

### CHESTERFIELD BOROUGH COUNCIL

#### ANNUAL GOVERNANCE STATEMENT 2017/18

##### Scope of Responsibility

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

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

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

##### The purpose of the governance framework

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

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

The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2018 and up to the date of approval of the statement of accounts.

## **The governance framework**

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

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

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

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

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

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

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

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

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

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

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

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

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

The Cabinet is the part of the authority which is responsible for most day to day decisions. The overview and scrutiny committees support the work of the Council by scrutinising the decisions made. The Standards and Audit Committee are responsible for maintaining and promoting high standards of conduct and for considering the effectiveness of the Council's risk management arrangements and the control environment. The Committee also reviews reports from internal and external audit and other inspection agencies and seeks assurance that action has been taken where necessary.

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

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

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

The Council has a suitably qualified Business Transformation section and a Business Transformation Strategy.

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

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

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

Chesterfield Borough Council has a variety of means of communicating with all sections of the community and stakeholders including the Community Engagement Strategy, the Council's website, the publication of "Your Chesterfield" three times a year and an annual Community Engagement Programme.

### **Review of Effectiveness**

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

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

- Internal audit reviews of systems and procedures in accordance with the agreed internal audit plan
- Annual review of the Council's Code of Corporate Governance
- Assessment against the key elements of the governance framework
- Monitoring Officer reviews and monitors the operation of the Council's Constitution
- The Chief Executive, Executive Directors and Corporate Management Team monitoring the risks and the associated controls assigned to them

- The Chief Financial Officer (the Director of Finance and Resources) providing the Council and the Management team, with financial reports and financial advice covering the whole range of Council Activities
- Reviews by external agencies such as the Council's external auditor
- A review of the system of assurances/internal controls
- The Council's Standards and Audit Committee receives reports on the work of internal audit, including the annual report by the Internal Audit Consortium manager. The annual review of the Local Code of Corporate Governance is reported to both the Standards and Audit Committee and the Council's Cabinet.
- The Cabinet receives and considers reports on the outcome of reviews by the external auditor and other review agencies.

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

- Getting the green light from the Planning Inspectorate for our local plan: Core strategy which sets out how land across the borough will be used over the next 20 years. This includes a number of major regeneration schemes, such as Chesterfield Waterside and Peak Resort.
- Five of our parks have been awarded the prestigious Green Flag award.
- Chesterfield's recycling rate as a Borough has improved from 41% to 45%.
- We are investing 3.5m in a new Saltergate Car Park
- We have invested in the Pomegranate Theatre and the Winding Wheel, upgrading our cultural venues to bring larger and more varied shows to Chesterfield and attracting £495,000 in Arts Council England funding.
- Our £3m Parkside Housing Scheme provides high quality homes for older people and new affordable housing has recently been completed at Chesterfield Waterside.
- We have agreed local labour clauses on all eligible major developments.
- The Northern Gateway site development is underway including the redevelopment of the former co-op building. This will include a hotel, bars and restaurants and a gym.
- We invested £29 million in 2017/18 in our council house stock to ensure that it continues to meet the decent homes standard and deliver affordable warmth for our tenants.
- Delivering or supporting over 90 events per annum in parks and open spaces across the Borough.
- We are undertaking more commercial trading to secure a profit to re- invest in council services.

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

In relation to the main financial systems I am satisfied that reasonable assurance can be provided in respect of the governance, risk management and control arrangements.

However, during 2017/18 10 limited assurance reports have been issued and 2 inadequate assurance reports. In these areas the governance, risk management and control arrangements were not operating effectively, some key risks were not well documented and there was a risk that the systems objectives would not be achieved.

Where weaknesses have been identified internal audit has worked with management to agree appropriate corrective actions and a timescale for improvement.

## **A Review of 2016/17 Governance Issues**

A mid - year review of progress against the 2016/17 AGS action plan was undertaken by the Corporate Management team and was reported to the Standards and Audit Committee. The action plan identified 10 areas for improvement, of these 4 of the identified actions are completed, 1 is no longer applicable, 3 are behind the targeted timescale and 2 have revised timescales in place. Where necessary the uncompleted areas for improvement and associated actions have been carried forward to the 2017/18 AGS action plan.

## **Significant governance issues**

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

The following significant governance issues have been identified:

<b>No.</b>	<b>Issue Identified</b>	<b>Action to address</b>
1.	Budget – There is a budget gap in relation to the general fund as identified in the Medium Term Financial Plan 2018/19 – 2022/23.	<p>Need to continue to closely manage the Medium Term Financial Plan to ensure that the Council remains of sound financial standing, and to support decisions on the alignment of budgets to enable delivery of the Council’s corporate plan for the period 2018-2023.</p> <p>This will be achieved through the established mechanisms for financial planning and reporting:</p> <ul style="list-style-type: none"> <li>• Finance and Performance Board</li> <li>• Corporate Cabinet and CMT workshops</li> <li>• Monthly budget monitoring reports to service managers</li> <li>• Quarterly budget monitoring reports to the Council, Cabinet and Scrutiny Forum</li> <li>• Quarterly Assistant Director meetings with finance on budgets</li> <li>• Regular dialogue with the trade unions</li> </ul> <p>Further savings and income generation plans are ongoing.</p>
2.	Data Protection – the Council is working towards an action plan which will ensure that we are able to comply with the new European Data Protection Regulations that come in to force from May 2018.	<p>A detailed action plan has been produced and additional resource provided to achieve it. Good progress has been made, including development of revised GDPR compliant policies, updated privacy notices, achievement of Cyber Security + and PSN accreditation. Progress against the action plan will be closely monitored and key milestones in this plan are currently on track. Information risk areas have been identified relating to ICT and these have been incorporated into the approved ICT Improvement Programme.</p>

3.	<p>Information Technology - the Council's IT infrastructure is in need of investment to ensure that it is fit for purpose and can successfully support the Council's transformation projects.</p>	<p>The Council has completed an external review of its ICT service and a three year improvement plan has been developed and approved by Council. This is being implemented from 2018.</p>
4	<p>Non Housing Property Repairs – The previous 10 year plan has not been adhered to, monitored for completion or adjusted as a result of condition surveys. The first dozen assets have now been assessed for condition and costed for capital and revenue works required. This issue has been carried forward from 2015/16.</p>	<p>The Council's partner will undertake further work to assess the condition of the remaining Council's assets and build the work required in to capital and revenue plans. The next tranche of assets has been identified.</p>
5	<p>Health and Safety - There has been a lack of capacity to ensure that corporate health and safety arrangements are fit for purpose. This has been compounded by the departure of the Health and Wellbeing manager and continuing asbestos work. This issue has been carried forward from 2016/17.</p>	<p>A new Health and Wellbeing Manager has been appointed from April 18. A revised staffing structure and an action plan with resource requirements has been developed in consultation with health and safety representatives. This has been approved by the Health and Safety Committee. Progress against the action plan will be monitored by the Corporate Leadership team and the Standards and Audit Committee.</p>
6	<p>Procurement – A recent audit identified that there is no approved strategy in place and that there has been no training for officers. The procurement process requires improvement from start to finish, from identifying the procurement need through to the letting and management of the contract so the Council can demonstrate that the tendering and letting of contracts is in line with EU Regulations, Financial Regulations and Standing Orders. The Council should also take steps to</p>	<p>Training will be provided to officers as a matter of urgency. The Council will compile a comprehensive contracts register and publish this on its website. The draft procurement strategy will be approved. The Council also intends to undertake a full review of its means of procuring in 2018/19.</p>



	comply with the government transparency code (details of contracts over £5,000 to be published).	
7	Workforce Capacity – Ongoing budget challenges and service demands mean that the Council will continue to need to manage workforce capacity.	Workforce capacity needs to be managed and reviewed regularly.

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 2017/18 Annual Governance Statement action plan which is detailed at Appendix D.

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 T Gilby  
Leader of Chesterfield Borough  
Council

**Date:**

**On behalf of Chesterfield Borough**