

**CHESTERFIELD BOROUGH COUNCIL – ANNUAL GOVERNANCE STATEMENT 2018/19**  
**ACTION PLAN - PROGRESS AS AT THE END OF DECEMBER 2019**

	Governance Issue	Action Proposed			Progress at end December 2019	
		Description	By Date	Officer	Priority	
1	<p>Budget – many budget risks have been identified:-</p> <ul style="list-style-type: none"> <li>• Business rate pooling</li> <li>• Business rate appeals, valuation changes</li> <li>• New homes bonus allocations</li> <li>• ICT savings not being delivered</li> <li>• The outcome of the Governments Fair Funding and changes to business rate funding from 2020/21 is still not clear</li> <li>• Wage and staffing cost pressures</li> <li>• Escalating energy prices and general cost inflation</li> </ul>	<p>Need to continue to closely manage the Medium-Term Financial Plan to ensure that the Council remains of sound financial standing, and to support decisions on the alignment of budgets to enable delivery of the Council's corporate plan.</p> <p>This will be achieved through the established mechanisms for financial planning and reporting:</p> <ul style="list-style-type: none"> <li>• Finance and Performance Board</li> <li>• Corporate Cabinet and CMT workshops</li> <li>• Monthly budget monitoring reports to service managers</li> </ul>	Ongoing	Chief Finance Officer / SLT / CMT	H	<p>The final position on the General Fund in 2018/19 was £395k surplus.</p> <p>The MTPF has recently been updated and for 2019/20, the original deficit of £202k is now forecast as a £75k surplus. ICT savings of £227k are expected to be achieved.</p> <p>For 20/21, the forecast deficit has reduced from £803k to £242k.</p> <p>Deficits rise to just below £1m from 21/22 assuming further ICT savings are achieved.</p> <p>An action plan to balance future years deficits will be presented to Cabinet &amp; Council in February 2020.</p>

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	<ul style="list-style-type: none"> <li>Achieving income targets for rents, fees, charges and interest</li> <li>Delivering required budget savings</li> <li>Outcome of Brexit</li> <li>Introduction of Universal Credit</li> </ul> <p>The Council is forecast to balance the General Fund for 2018/19 with a £161K surplus. The MTFP (5yr) from 2019/20 shows a £202k deficit rising to £1.3m by 2023/24. There is a requirement for £1m in IT transformation savings by 2023/24 otherwise the deficit will be £2.3m. The HRA has projected to have a £21m balance at the end of 2018/19. Then the MTFP shows a closing balance of circa £7m per annum for the next 3 years.</p>	<ul style="list-style-type: none"> <li>Quarterly budget monitoring reports to the Council, Cabinet and Scrutiny Forum</li> <li>Quarterly Assistant Director meetings with finance on budgets</li> <li>CMT delivering savings and income growth</li> <li>Regular dialogue with the trade unions</li> </ul> <p>Further savings and income generation plans are ongoing.</p>				<p>The HRA balance at the end of 2018/19 was £29m. The MTFP currently being drafted shows an expected HRA closing balance of £15m for 2019/20, £6m for 2020/21 and £3m in future years.</p>

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2	Non- Housing Property Repairs – detailed condition surveys have been undertaken for 11 major assets and have been reviewed by Kier. A second tranche of 8 Council assets is currently being reviewed. Only large assets owned by the Council are being assessed. The risk to the Council is that a large number of assets will require substantial future property repairs spend which may not be budgeted for.	As the costs become clearer decisions will be required to rationalise poor quality assets, increase contribution to the property repairs fund or to borrow for major capital repairs.	Ongoing	Executive Director	H	<p>Detailed condition surveys have been undertaken for a number of major assets and have been reviewed by KIER. Only large assets owned by the Council have been assessed. A number of 10-year maintenance plans have already been drafted e.g. Pomegranate Theatre, Chesterfield Museum and the Winding Wheel Theatre. The 10-year maintenance plan for the Town Hall is currently being drafted.</p> <p>The risk to the Council is that a significant number of assets will require substantial future property repairs spend, which are likely not to be covered by existing budgets. The challenge the Council has is that previously the existing maintenance plans decided the annual revenue</p>

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						<p>contributions to the property repairs fund (PRF). Each CBC property budget contributes in to the PRF e.g. Town Hall.</p> <p>Existing budgets can't currently afford to increase their contributions to the PRF. Additionally, large major items (lifts etc) don't form part of the current contributions as they are funded from capital, which is dependent on a sufficient amount of capital receipts being achieved.</p> <p>The Council's 'Asset Management Group' have agreed that the whole of the Non-Housing property repairs need to be collectively reviewed to ascertain the complete picture for future maintenance plans and repairs budget requirements.</p>

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						<p>This work is being taken forward as a priority and a report will be prepared by February which will contain recommendations for consideration by stakeholders.</p> <p>As the costs become clearer decisions will be required to rationalise poor quality assets, increase contribution to the property repairs fund or to borrow for major capital repairs. Options for funding of the works will be required and progressed through the appropriate governance structure.</p>

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3	<p>Workforce Capacity and capability – Ongoing budget challenges and service demands mean that the Council will need continue to manage workforce capacity and capability.</p> <p>In 2018/19 both Executive Directors and the Assistant Director of Housing have left the Council leaving a capacity issue at SLT/CMT level.</p>	<p>The vacancies at SLT / CMT level have been advertised. SLT and CMT will review the impact of new workloads and projects to determine priorities and direct resources. Vacancy control processes are in place, allowing the Council to review and determine whether vacancies should be filled. Individual performance, capacity and capability will continue to be closely monitored through the half yearly performance reviews and training and development plans are in place to address capability gaps. A ‘people’ plan, which is aligned to the workforce strategy is being developed and will be implemented in 2019/20.</p>	Ongoing	SLT / CMT / HR	H	<p>The Council have been successful in appointing 2 new Executive Directors and an Assistant Director Housing. An interim Assistant Director of Commercial Services is in place. Although the Council were unable to appoint a Director of Finance interim arrangements are in place. The Corporate Management Team structure is currently being reviewed and revised to accommodate current vacancies and emerging priorities. Vacancy control processes continue to be followed, ensuring that service demands can be met whilst managing budget.</p> <p>The ‘People Plan 2019 – 2023’ has been developed and adopted by Council. Our strategic priorities for people 2019-2023 are to Develop great leaders,</p>

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						Manage change well, Develop capacity and skills, Support employee wellbeing, Recognition and reward.

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4	ICT - A comprehensive ICT Improvement Plan has been approved and is now in its implementation stage. Until completion there is still the risk that the Council's IT systems are not fully fit for purpose or that the savings identified will not be achieved	The implementation of the approved IT Improvement Plan will be closely monitored and reported upon.	Ongoing	Assistant Director – Customers, Commissioning and Change	M	The ICT Improvement Plan continues to achieve targeted objectives. The 1st phase of savings have been realised and resilience of core ICT systems is improving. The Council has achieved continued accreditation for PSN and Cyber Essentials Plus.

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5	Health and Safety – A Health and Safety Recovery Plan has been developed and progress against this is being monitored on a regular basis. Until the recovery plan is fully implemented there remain risks to the Council.	Progress against the Health and Safety Recovery Plan will continue to be monitored by the Corporate Health and Safety Group and reported to the Health and Safety Committee.	Ongoing	Assistant Director – Health and Wellbeing	M	<p>Good progress has been made on the recovery plan. This has been formally recognised by the recent internal audit assessment of Corporate Health and Safety (October 2019) that identified reasonable assurance levels for the systems and processes now in place.</p> <p>There are still some capacity issues that need addressing. There is a plan in place and a resource proposal is being developed to put in place an enhanced corporate health and safety service within CBC.</p>

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6	Procurement – There is a 3 year procurement plan in place to ensure that all of the Council’s processes are robust from start to finish and that value for money is being obtained. A lot more work is still required to ensure that the Council can demonstrate that the tendering and letting of contracts is in line with EU Regulations, Financial Regulations and Standing Orders.	The Council is looking to extend its procurement contract with the NHS for at least 2019/20. Other options will be explored in 2019 if the NHS contract does not offer VFM. Contract discussions are ongoing hopefully for completion in early 2019. The Council’s contract registers will be brought fully up to date in order that the Council is in a better position to understand its procurement requirements. Staff training and development will be further developed in 2019.	Ongoing	Assistant Director – Customers, Commissioning and Change / CMT	M	All contracts above £5k that have been identified with service teams are now recorded on the contract register. However, we remain in a position where some historic contracts are still being identified which require investigation, review and re procurement. This is simply because of organisational change and information and people knowledge being lost or potentially misunderstood. Further supplier analysis is ongoing combining a gresso analysis and procurement team and service manager work planning which should flush out contracts not currently identified by service managers. The corporate contracts register now holds around 450 contracts which is a significant improvement.

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						<p>New contracts held are compliant but where gaps are identified with historic contracts these are being retrospectively addressed through revised compliant process as they become due for renewal. Liaison with service teams is identifying some supply which is not compliant which also requires addressing. High value contracts are considered compliant and have in most instances involved the CBC legal team and/or been driven by project managers working with both the legal team and procurement team. Smaller value contracts are being procured in accordance with the councils Financial Regulations by teams or individual service managers where they engage and use resources such as Aspire.</p>

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						Information is available to all managers on Aspire, mandatory training is being finalised. The training should ensure more consistent performance and robust compliance. The procurement unit are programming meets with service managers to agree how completion of any non compliant matters are to be prioritised with the initial assumption this will be done on a "highest value" basis. A protocol for this was agreed as part of contract register management some time ago but has not yet been fully implemented due to the procurement unit recruitment and transfer to the wholly owned subsidiary arrangements. Full roll out is now being scheduled. The Council is finalising the contract extension with the

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						NHS from October 2019 for 18 months to allow for retendering of the procurement service.

