

CHESTERFIELD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2019/20

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 2020 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

COVID-19

Coronavirus was categorised as a pandemic by the World Health Organisation on 11 March 2020. The challenge to the Council was how to continue to provide essential services to residents. The Council's Business Continuity Plan was brought in to play and systems and processes were revised and introduced to focus efforts on the highest prioritised areas. These included:-

- Payments of benefits
- Emergency housing repairs
- Waste collection
- Payment of salaries
- Payment of invoices to suppliers
- Homelessness / rough sleeping
- Death management
- Access to parks and open spaces
- Careline Services

The Council has worked closely with our partner Arvato to ensure that business support grants were paid out as promptly and as accurately as possible. 2175 business grants have been paid out to the value of 25.7 million.

In the community, staff have been redeployed in support of local pharmacies to deliver medicines to residents' homes, have made regular food parcel deliveries to those in need, have provided marshalling services to NHS test sites and are working with local community groups and charities to support a range of activities. Staff have also been redeployed around the council to support the rollout of small business grants, to work at the crematorium and to help ensure the Careline service can keep running for the benefit of the borough's elderly residents.

Updates have been provided to staff and residents through the Council's website and other social media channels such as face book. Many staff are working from home and the progress made in respect of the implementation of the IT strategy has allowed this to happen effectively and securely. The roll out of Microsoft teams has enabled staff to hold meetings and stay in touch remotely.

One issue in March 2020 was the inability to conduct council meetings due to COVID - 19 however, the Council's scheme of delegation was promptly reviewed and updated to allow remote council meetings accessible online by the public, to take place and legal decisions to be made. These virtual meetings have now been rolled out with specific member training and guidance.

The Council's governance arrangements have operated well during the pandemic and allowed all of the above to take place and to keep essential services running.

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.

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.

In July 2019 the Council took the decision to remain a member of D2N2 Local Enterprise Partnership (LEP) and relinquish membership of Sheffield City Region LEP although remaining a non constituent member of the SCR mayoral combined authority. This decision was taken against the backdrop of the sustained central government message that LEP overlaps had to cease and increasing pressure from both LEP chairs for CBC to exercise its choice in the matter.

We are a key partner in the East Midlands HS2 partnership which comprises of a cross party group of County Borough, District and City Council leaders, two local enterprise

partnerships and the East Midlands Chamber of Commerce, Midlands Connect and a range of other stakeholders. The prospect of an HS2 connection at Chesterfield station is already driving major regeneration of the town centre and adjacent commercial areas.

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.

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. 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.

The Council has adopted a 'People Plan 2019 – 2023' which aims at developing great leaders, managing change well, developing capacity and skills, supporting employee wellbeing and providing recognition and reward.

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

The ICT improvement programme is progressing and has so far achieved its targeted objectives. The first phase of savings have been realised and the resilience of core ICT systems is improving. The Council has achieved continued accreditation for the Public Service Network and Cyber Essentials Plus.

The Council has a number of growth and regeneration projects underway e.g. Chesterfield Waterside, Peak Resort, Northern Gateway, Staveley Corridor. A partnership arrangement has been established with DCC, to be led through a Joint Growth Board in order to provide improved focus on the delivery of key projects within the Borough.

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 company is consolidating its position in the market and has significantly outperformed the budget forecast as set out in the original business case.

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 (interim arrangements currently in place). 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 2019. The Internal Audit Consortium Manager is a senior manager, professionally qualified and leads an appropriately resourced and experienced audit team. The external review of internal audit confirmed that the team is compliant with the PSIAS.

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

Review of Effectiveness

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

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

- Internal audit reviews of systems and procedures in accordance with the agreed internal audit plan
- Annual review of the Council's Code of Corporate Governance
- Assessment against the key elements (as specified by CIPFA) 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 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 the Council's governance arrangements support the council's plan by the sheer volume of achievements. A few of these are: -

- Chesterfield was the first town to declare itself an "Apprentice Town" and there are now over 3500 apprentices learning and earning in Chesterfield.
- The Saltergate multi story car park opened in July 2019.
- The new 3G pitch opened at Queens Park Sports Centre in September 2019.

- 16 council houses are on target to be built or procured by the end of 2019/20. This includes 10 new properties at Heaton Court and 2 at Houldsworth drive plus 2 acquisitions.
- Avant Homes have commenced working on new residential properties at Waterside to construct 177 new homes.
- Excellent progress has been made on the improvement programme at Grangewood estate which includes extensive refurbishment of 5 residential blocks containing 150 flats and environmental improvements for the state.
- In terms of IT, procurement of the Council's digital platform is complete and development of the new solution is underway. By year end customers will be able to access a secure customer portal to obtain personalised information and request council services online.
- The Coroners office moved into the town hall in January 2020 providing an income source to the council.
- A climate change emergency has been declared and the council have set up a working group to explore how the council and the borough can work towards becoming carbon neutral. A fully costed action plan has now been developed.

Internal Audit Opinion 2019/20

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

In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2019/20. However, the exception to this is in respect of procurement policies and procedures for which an inadequate assurance internal audit report has been issued. In this area governance, risk management and control arrangements were not operating effectively. A number of recommendations have been made to reduce the risk to the organisation and improve the arrangements in place.

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

Overall, 25 /28 (89%) of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.

A Review of 2018/19 Governance Issues

A mid - year review of progress against the 2018/19 AGS action plan was undertaken by the Corporate Management team and was reported to the Standards and Audit Committee. The action plan identified 6 areas for improvement. Positive progress has been made in every area. Where further action / monitoring is required these areas have been carried forward to the 2019/20 AGS action plan which will be delivered through the 2020/21 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 Management Team has identified that there are some areas where action can be taken to improve the governance arrangements in place.

The following areas for improvement and focussed risk management have been identified:

No.	Issue Identified	Action to address
1.	Budget – many budget risks continue from previous years: - <ul style="list-style-type: none"> • Business rate appeals • ICT savings not being delivered • The outcome of the Governments Fair Funding and changes to business rate funding is still not clear • Staffing cost pressures • Escalating energy prices and general cost inflation • Achieving income targets for rents, fees, charges and interest • Delivering required budget savings • Additional costs, unachieved savings targets and income reduction in terms of COVID-19 that may not be fully reimbursed by central government 	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. This will be achieved through the established mechanisms for financial planning and reporting: <ul style="list-style-type: none"> • Finance and Performance Board • Corporate Cabinet and CMT workshops • Monthly budget monitoring reports to service managers • Quarterly budget monitoring reports to the Council, Cabinet and Scrutiny Forum • Regular dialogue with the trade unions • Due to COVID -19 an additional full budget review in June 2020 to identify savings / non essential areas of spend, income opportunities • Looking at how to increase the income levels of services such as venues and leisure centres

		<p>An action plan to balance deficits from 2021/22 was presented to Cabinet and Council in February 20. Each element of this action plan must be delivered during the next 12 months to ensure a balanced medium term forecast over the full 5 years of the MTFP.</p>
2	<p>Non Housing Property Repairs – Contributions to the property repairs fund by the council's properties such as the town hall do not match the maintenance plans that have been drawn up. Future property repairs anticipated spend is unlikely to be covered by existing budgets. Large major items (lifts etc.) don't form part of the current contributions as they are funded from capital.</p>	<p>The Council's Asset Management Group are reviewing the whole of Non – Housing property repairs to ascertain the complete picture for future maintenance plans and repairs budget requirements.</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> <p>This work is being taken forward as a priority and the target for a report being prepared is by September 2020 which will contain recommendations for consideration by stakeholders. This is however; dependant on Officer availability to complete this work due to the demands on resources as a result of the COVID 19 virus.</p>
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>There is still a capacity issue at SLT/CMT level although there are interim arrangements in place to cover vacant posts. The impact of COVID 19 will have</p>	<p>The people plan 2019 – 23 will start to be implemented, this aims to develop great leaders, manage change well, develop capacity and skills, support employee wellbeing and promote recognition and reward.</p> <p>The Corporate Management Team structure review will be completed.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands</p>

	<p>further exacerbated this situation and some projects may need to be deferred.</p>	<p>can be met whilst managing budget. This will be managed together with a renewed Voluntary Redundancy Programme, as set out in the savings action plan.</p> <p>The timescales of projects will be reviewed and adjusted accordingly</p>
4	<p>Project and programme management / decision making / governance processes.</p> <p>As the Councils ambitions have developed and increasing numbers of projects have been started, governance arrangements to ensure effective project management have not been implemented consistently across the Council.</p>	<p>A Corporate Project Management Framework has been produced and approved through the appropriate governance arrangements.</p> <p>The Framework provides strategic direction, processes, governance and tools to support the corporate development and management of projects across the Council.</p> <p>The Corporate Project Management Framework will be implemented and go live from August 2020</p>
5	<p>Procurement – work has been undertaken to improve the procedures and processes in place however an inadequate internal audit report has recently been issued for the following main reasons:-</p> <ul style="list-style-type: none"> • There is a contracts register in place but this is not up to date or fully accurate. • The procurement plan is not comprehensive. • The agreement with the NHS is due to end at the end of September 2020 and a procurement exercise needs to take place • Some historic contracts still exist. 	<p>The format of the contracts register will be reviewed and the register will be brought up to date.</p> <p>The contracts register will be used to produce a comprehensive procurement plan.</p> <p>The contract with the NHS procurement team has been extended to allow for the retendering of the procurement service.</p> <p>Liaison will continue with service teams to identify any supply that is not compliant and remedial action will be taken. Mandatory training requirements will be</p>

	<ul style="list-style-type: none"> • Training modules have been developed but very few staff have completed these. • A draft strategy has been written but has not yet been approved or adopted. 	<p>finalised and rolled out.</p> <p>A procurement strategy will be adopted.</p>
	<p>COVID-19 - The challenge to the Council was how to continue to provide essential services to residents. The Council's Business Continuity Plan was utilised to focus efforts on the highest prioritised areas. Staff were enabled to work from home and redeployed where possible to help provide essential services. Urgent changes were made to the Council's delegation scheme to enable decisions when physical meetings became impossible, and then to allow remote meetings to take place and legal decisions to be made. In due course a safe transition back to physical meetings will be managed. Another challenge moving forward will be the safe re-opening of services such as car parks, leisure centres and the venues. These include the health and safety of staff and customers.</p>	<p>Whilst every indication is that the implementation of the Council's business continuity plans was successful, a full exercise will be undertaken by the Corporate Management Team to identify any lessons learnt that can be implemented in the future.</p> <p>The Council's budgets will need to be revisited as not only has there been an increase in expenditure but also a substantial loss of income.</p> <p>Risk assessments will be undertaken in line with government guidelines.</p>

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 2019/20 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 T Gilby
Leader of Chesterfield Borough
Council

Date:

On behalf of Chesterfield Borough