

CHESTERFIELD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2020/21

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 2021 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 and this has impacted on the council for the whole of 2020/21. 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
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The following new activities were required during the response and recovery phases and have been coordinated through the council's tactical task and finish teams: -

- Provision of support to local pharmacies to deliver medicines and food parcels. Over 10,000 prescriptions were delivered by our staff.
- Provision of marshalling at Covid-19 testing stations.
- Delivery of the 'keeping people in' initiative.
- Delivery of business grants to Chesterfield businesses.
- Delivery of further Test and Trace grants within the community to those who are on low income and need to self-isolate.
- Delivery of the further phases of business grants generated by the need for a 2nd and third national lockdown and movement to local tiered restrictions.
- Co-ordination and live streaming of virtual meetings.
- Development of new policies to support redeployment, furlough, flexible furlough and agile working.

In support of these activities, the Council has developed a central list of available resources, co-ordinated by the HR business partners and have redirected those staff from 'closed' or low priority services to support the new activities. Those staff who were unable to work from home or be redeployed have been furloughed where they meet the criteria of the scheme.

Urgent changes were made to the delegation scheme within the Constitution to enable the Council to continue to make decisions in the exercise of its functions during the pandemic, including facilitating decisions by virtual meetings. These changes were approved by the Standards and Audit Committee. These arrangements have operated well and are deemed fit for purpose.

In September 2020 following the adoption of an economic recovery plan, Cabinet approved a strategic and community recovery approach aimed at supporting the borough in recovery from the impacts of COVID-19. This included 4 targeted recovery priorities: -

Partnership and collaboration
Social connectedness
Young people
Carbon reduction

Three task and finish groups have been implemented to deliver recovery activities. These groups are focusing on the economy, community wellbeing and the safety of our workforce.

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. A significant amount of work is progressing across the partnerships in Chesterfield and Derbyshire to understand the impacts of COVID-19 in more detail and to develop targeted activities to tackle these impacts.

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

Chesterfield Borough Council has secured a forward funding agreement with the developer, Chesterfield Waterside Ltd, as a key strategic investment opportunity for the town. Funding for the delivery of the high-quality office building was approved as part of Chesterfield Borough Council's ambitious growth strategy. The investment is designed to kick-start the town's economic recovery from Covid-19 and will spearhead major developments around the train station as part of the council's HS2 Station Masterplan.

The new office building, known as No.1 Waterside Place, will provide office accommodation of the highest specification. It represents the first step in delivering the commercial element of Chesterfield Waterside's Basin Square neighbourhood.

Also, in terms of partnerships, the council have successfully managed the end of the Kier and Arvato public private partnerships with services and staff returning to CBC.

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 Corporate risk register and service risk registers are regularly reviewed and appropriate training is provided. The corporate risk register has been updated during the year to reflect the risks created by the COVID-19 pandemic.

The ICT and digital improvement programme have continued to move at pace during the year. More end to end digital services are available, increased access channels are available for our residents and we have a stable and resilient ICT infrastructure. The ICT improvement programme has been fundamental to enabling services to continue during the COVID-19 pandemic.

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 Leadership team meetings and is suitably qualified.

This year the Corporate Management Team has been restructured and rebranded the Corporate Leadership Team. Roles and responsibilities have been reviewed in order to ensure that there is the right capacity and skills at the top level to take the council forward. This review will be extended to the tiers below in the coming year.

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 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.

The Council has assessed its arrangements against the CIPFA Financial Management Code and is compliant with these. 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. Full compliance with the Code is a requirement from 2021/22.

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 Leadership 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 Leadership Team monitoring the risks and the associated controls assigned to them
 - 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
 - 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.
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It can be demonstrated that the Council's governance arrangements support the council's plan by the sheer volume of achievements. Although many targets have undoubtedly been affected by COVID-19, many continue to progress at pace. A few of the Council's achievements during the year are: -

- Staff across the Council were re-deployed to support key Covid-19 response activities including ensuring key services such as the crematorium could be maintained but also to support new areas of work including business grant allocations, food and medicine deliveries, supporting testing facilities, town centre ambassadors and supporting the community and voluntary sector volunteering programmes.
- Construction has started on the Northern Gateway enterprise centre.
- First phase of commercial development at Waterside.
- Successfully bidding for £2.4 million in external funding to help secure maximum benefits from HS2 for Chesterfield communities and businesses.
- Progressing ambitious plans for the Heart of Chesterfield project including securing a further £650k in external funding to support market improvements.
- Refreshing the skills action plan and activities to ensure it responds to the significant employment and skills challenges emerging from the pandemic, in particular for young people.
- Rough sleepers strategy - the Covid-19 pandemic has placed an absolute focus on rough sleeping.
- The Getting everyone in and Keeping Everyone In requirements have improved access to support and accommodation.
- Year 2 of the five-year housing environmental schemes programme – improvement works at Grangewood are now complete. Phase 1 at Barrow Hill is complete with phase 2 progressing on time and within budget.
- Significant progress has been made on the climate change action plan against key areas including housing capital programme priorities, energy efficiency, tree planting etc.
- Core elements of the Derbyshire Care Leaver Offer are now in place including council tax support, housing policy changes and key worker activity plus enhanced leisure provision.
- Core elements of the Armed Forces Covenant action plan are now in place including revised leave policy for reservists, attained the Bronze Award in the Ministry of Defence's Employer Recognition Scheme, service concessions etc.

Internal Audit Opinion 2020/21

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 2020/21.

Although COVID-19 has meant that less internal audit work has been undertaken than usual during the year, in my opinion, 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.

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 2019/20 Governance Issues

As part of formulating the 2020/21 Annual Governance Statement a review of progress against the issues raised in 2019/20 has taken place. Whilst positive progress has been made, the impact of COVID-19 has delayed some actions. Where further action / monitoring is required these areas have been carried forward to the 2020/21 Annual Governance Statement action plan which will be delivered through the 2021/22 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>Budget Many budget risks continue from previous years: -</p> <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 • Achieving income targets for rents, fees, charges and 	<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"> • Finance and Performance Board • Corporate Cabinet and CMT workshops

	<p>interest</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Monthly budget monitoring reports to service managers • Quarterly budget monitoring reports to the Council, Cabinet and Scrutiny Forum • Regular dialogue with the trade unions • Looking at how to increase the income levels of services such as venues and leisure centres <p>There will also be a range of activities to inform and shape the quarterly review of the MTFP:</p> <ul style="list-style-type: none"> • Horizon scanning to identify future pressures and opportunities (ongoing) • Assessing implications of external pressures e.g. local government finance review/fair funding, new homes bonus and business rate changes (ongoing) • Delivery of savings identified in Action Plan during 2021/22 (ongoing) • Delivery of the savings targets included in the budget and meeting income targets (ongoing) • Ensuring all opportunities for external funding to mitigate impact of pandemic on organisation are identified
2	<p>Asset Management</p> <p>The Council needs 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. • Disposal of assets that are no longer required 	<p>The Council's Asset Management Group are in the process of ascertaining 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</p>

		<p>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 2021 which will contain recommendations for consideration by stakeholders.</p> <p>The asset management system will be replaced as part of the ICT improvement programme.</p>
3	<p>Workforce Capacity and capability Ongoing budget challenges and service demands mean that the Council will need to continue to manage workforce capacity and capability.</p> <p>This year the top 3 tiers of the staffing structure have been reviewed and there is now a new Corporate Leadership team in place.</p> <p>Capacity issues remain at lower tiers and these are in the process of being addressed.</p>	<p>The people plan 2019 – 23 is in the process of being implemented and aims to develop great leaders, manage change well, develop capacity and skills, support employee wellbeing and promote recognition and reward.</p> <p>The Corporate Leadership Team will review staffing structures beneath them particularly tiers 4 and 5.</p> <p>There will be a review of staff subject to red book terms and conditions.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands 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>
4	<p>Project and programme management / decision making / governance processes.</p> <p>As the Council's 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 paper on the organisational development strategy is going to Cabinet in April 2021. This paper will include a Corporate Project Management Framework for approval.</p> <p>The Framework provides strategic direction, processes, governance and tools to support the corporate development and management of projects across the Council.</p>

	Work in this area has been delayed due to COVID-19	The Corporate Project Management Framework will be implemented and go live from August 2021
5	<p>Procurement</p> <p>A lot of work has been undertaken in this area:-</p> <ul style="list-style-type: none"> • Adoption of a procurement strategy • Agreement to bring the procurement service back in house by Cabinet January 2021 • New E Procurement system purchased and live from the 1st January 2021 • Training is being rolled out to all relevant officers <p>The new systems and processes will take time to embed</p>	<p>A new in-house procurement team will be appointed.</p> <p>All relevant officers will have completed training on the new procurement system and processes by November 2021.</p> <p>A Procurement plan is being developed in accordance with new strategic approach. Internal performance management to be developed within new CBC Procurement team.</p>
6	<p>Health and Safety</p> <p>Good progress has been made on the recovery plan and with the Health and Safety Committee however capacity issues remain that need addressing to ensure that a comprehensive corporate function is provided.</p>	<p>A review will take place to ensure that there is the right capacity and competencies in place.</p>
7	<p>COVID-19 / Recovery / impact on the community</p> <p>The Council's Business Continuity Plan has been utilised to focus efforts on the highest prioritised areas.</p> <p>The Council has been successful in keeping key services running and looking after the community and its own staff.</p> <p>The challenge ahead is to aid economic recovery and to support the community in its recovery.</p> <p>In September 2020 Cabinet approved a strategic and community</p>	<p>The Council will ensure that it plays a key role in helping the community to recover.</p> <p>The Council will progress its economic development plans and community recovery approach.</p>

	recovery approach aimed at supporting the borough in recovery from the impacts of COVID-19. This included 4 targeted recovery priorities: Partnership and collaboration Social connectedness Young people Carbon reduction	
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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 2020/21 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
