

# **CHESTERFIELD BOROUGH COUNCIL**

## **ANNUAL GOVERNANCE STATEMENT 2023/24**

### **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 and facilitating the effective exercise of its functions, including 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 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 2024 and up to the date of approval of the Statement of Accounts.

### **The governance framework**

The Council Plan 2023 -2027 was agreed by Council in February 2023. The Plan identifies the Council's key priorities and aspirations over a four year period.

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 build a more resilient council**

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, directorate plans, team plans, budgets, the medium- term financial plan and valuing individuals and performance quarterly 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.

**Electoral Arrangements**

Following a review by the Local Government Boundary Commission the following changes came 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 rose 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.

## 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  
A Whistleblowing Code.

## Statutory Responsibilities

<b>Officer</b>	<b>Role</b>
<b>The Chief Executive</b>	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.
<b>The Monitoring Officer</b>	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 Monitoring Officer attends Corporate Leadership team meetings and is suitably qualified.
<b>The Chief Financial Officer</b>	The Chief Financial Officer ensures compliance with S151 requirements. 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 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 six 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, 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.

## **Business Transformation**

The Council has a programme of change which is focused around key strategic areas. These include change initiatives focused on budget savings, housing transformation, customer services improvements and ICT improvements.

Several projects have already been completed, including implementing hybrid working, relocating the Customer Service Centre, redesigning service teams, introducing new IT systems and introducing new ways to monitor our financial position.

## **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. Training needs are identified through Elected Member and employee valuing individuals and performance (VIP) reviews and continuous professional development is encouraged. Apprenticeship training schemes are available for new employees and for the existing workforce. 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.

## **Partnerships**

The Council works with many partnerships to deliver its aims. Where the Council has entered partnership arrangements it seeks to ensure that these promote the Council's vision, its purpose and intended outcomes for citizens and service users and that they are subject to appropriate governance and performance management arrangements.

The Council works actively in a number of partnerships aimed at improving quality of life outcomes through a range of community wellbeing activities across the borough. At a county

level, these partnerships include, the Integrated Care Partnership, the Derbyshire Health and Wellbeing Board and the Safer Derbyshire partnership. At a Chesterfield borough level the council has a lead role within the Health and Wellbeing Partnership, Community Safety Partnership, Local Place Alliance, the Childrens Locality partnership and the Skills and Employment partnership. The activities are progressed with local partners, across the public, private and community and voluntary sector.

Building Control are part of a limited company (The Derbyshire Building Control Partnership). There are a series of legal agreements that support the company including a shareholder agreement and a service level agreement. A separate Board has been set up to govern the company. The company continues to perform well.

A new partnership that highlights the risk of underage drinking and alcohol-related harm has launched. The Chesterfield Community Alcohol Partnership (Chesterfield CAP) has seen us team up with Derbyshire Constabulary, local schools and retailers, neighbourhood groups and health providers to highlight the risks of underage drinking, reduce anti-social behaviour, and improve the health and wellbeing of children and young people.,

A strategic partnership agreement has been reached with the University of Derby. Work is now progressing to develop and implement a delivery plan to realise the outcomes set out in the agreement.

The Council is a member of D2N2 Local Enterprise Partnership (LEP) and a non -constituent member of the Sheffield City Region mayoral combined authority. The LEP has now been incorporated into the East Midlands Combined County Authority.

The Council has also been actively engaged in the development and establishment of the East Midlands Combined County Authority, which had its inaugural meeting on 20 March 2024, at the Chesterfield Town Hall. The mayoral election is due to take place on 2 May 2024.

## **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 and Stephenson Memorial Hall refurbishment.

The Northern Gateway Enterprise Centre was officially opened in July 2022 and has a full complement of staff and services. The centre is now 85% let. The centre aims to provide space for new and small businesses where they can access a range of support that will help them to grow. Sustainability sits at the heart of the building, with built in energy efficient systems that help businesses keep costs down whilst also reducing their carbon footprint. The Northern Gateway Enterprise Centre was part funded through a grant from the South Yorkshire Mayoral Combined Authority Investment Fund, with additional funding provided by Chesterfield Borough Council.

Chesterfield Borough Council also owns Dunston Innovation Centre and Tapton Innovation Centre, both of which are also over 85% let.

One Waterside Place opened in January 2023 and within six months all six floors of office space had been let. One Waterside Place offers established businesses space to expand into, within sight of the railway station. Waterside Place delivers Grade A, large floorplate

office accommodation, which doesn't exist elsewhere in Chesterfield. The building incorporates two passenger lifts, raised access flooring, air conditioning, LED lighting, a high-quality entrance foyer, showers, on-site cycle parking facilities as well as attractive public realm and landscaping.

Plans to revitalise Chesterfield town centre and refurbish our historic theatre and museum are moving ahead. The £10.28 million Revitalising the Heart of Chesterfield scheme will improve the look, feel and flow of key areas, to create a more contemporary market town built on our proud history and heritage helping it thrive for generations to come. Detailed planning to transform key public spaces is now well underway, and includes Market Place, New Square, Corporation Street, Rykneld Square, and Burlington Street plus improvements that have already been carried out on Packers Row.

Our multi-million pound renovation and remodelling project at the historic Stephenson Memorial Hall home to Chesterfield Museum and the Pomegranate Theatre is also pressing ahead.

The Staveley Town Deal is a £25.2 million investment in the future of the town. The funding is being used to deliver ten projects which aim to create economic growth, support health and wellbeing and to also improve the town.

## **Climate Change**

Climate change is one of the biggest challenges facing today's world and we are playing our part, changing the way we do business to meet our target of becoming a carbon neutral organisation by 2030, while working with our communities to create a carbon neutral borough by 2050. Our climate change strategy (2023 to 2030) focusses on where we can make the biggest difference, and since we declared a climate emergency in 2019 our organisational emissions have fallen by 36%. This includes switching to cleaner energy, using greener vehicles, making our homes and buildings more energy efficient and changing the way we manage our green spaces. But we know there is more to do.

Our new Climate Change Strategy 2023 – 2030 was approved by Full Council in February 2023 and sets out our priorities and direction of travel to achieve our carbon neutral ambitions. To monitor progress, we develop annual Climate Change Strategy delivery plans which are approved by Cabinet. Performance is monitored quarterly by the Corporate Leadership Team and via portfolio holding meetings with challenge on a half yearly basis via Scrutiny and an annual report to Cabinet.

Examples of key activities completed in the 2023/24 delivery plan include:

- Adoption of a fleet decarbonisation plan,
- Research and policy recommendations to support the development of a new natural burial site,
- Stock condition surveys of 3 key assets,
- A decarbonisation feasibility study completed on a shared housing scheme,
- Improved climate change monitoring,
- Submission of funding bids for tree planting and maintenance.

The full Climate Change annual report for 2023/24 will be presented to Cabinet in summer 2024.

## **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" three 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.

Our new Customer Service Centre opened its doors in the Town Hall for the first time on Wednesday 20 December 2023 following its relocation to create a one-stop-shop for a wide range of public services. The move will allow customers to access many public services in one location including all revenue and benefits services, as well as licensing, planning, environmental services and housing services.

## **Grants**

This year the Council successfully administered a number of grants including the community recovery grant and business recovery grant following storm Babet in October 2023.

Funding has successfully been procured from the Governments UK Prosperity Fund (UKSPF). Over £114,000 of funding has now been awarded to community groups and local voluntary organisations in Chesterfield as part of a scheme to deliver grass roots projects that will improve life for local people.

## **Housing**

Chesterfield Council owns and manages approximately 8,800 homes, and governance arrangements in place include a Strategic Housing Board comprising the Chief Executive, Executive Director and senior managers, which oversees performance and landlord compliance information. A range of tenant engagement groups are also in place to ensure customers are at the heart of planning housing service improvements.

During 2024/25 the Housing Service will come under the Regulator of Social housing revised regulatory regime. The Social Housing (Regulation) Act 2023 became law in July 2023, providing the regulator with additional powers to deliver enhanced consumer regulation. The consumer standards are a key part of the new regulatory framework, setting the outcomes that landlords must deliver to ensure that homes are decent, safe and well maintained, and tenants receive quality landlord services and are treated with fairness and respect.

The Housing Ombudsman's Complaint Handling Code becomes statutory from 1<sup>st</sup> April 2024 and requires landlords to have a Member Responsible for Complaints on their governing body. This role will be performed by the Cabinet Member for Housing. In February 2024 a complaints performance report covering the first three quarters of 2023/24 was presented at Cabinet to demonstrate compliance with the Housing Ombudsman's Code of Practice. This included a copy of the full self-assessment against the Ombudsman's Code of Practice.

All major financial and operational decisions affecting the housing service are reported to the Council's Cabinet. The Annual rent and service charge report was approved by Cabinet in January 2024 to increase rents to council properties by 7.7%, in accordance with the

Regulator of Social Housing's Rent Standard. Service charges for heating, cleaning and other services were increased to ensure that revenue collected covers the costs of providing the services.

In February 2024 the Housing Service Capital and Revenue Reports (including Medium Term-Financial Plan) were approved at Cabinet to set the budgets for 2024/25 and ensure investment in our properties and ongoing frontline services to tenants. The reports provide the necessary authority for the council's Housing Service to take forward a number of transformation projects and other response measures to address the ongoing financial challenges facing the social housing sector.

As well as its social landlord function, the Housing Service manages homelessness and the Housing Register, and is responsible for facilitating improvements to private sector homes, including Green Homes Grants to improve energy efficiency, and aids and adaptations to help people live independently. It also delivers enforcement activity to improve the quality of private rented homes and produces the Chesterfield Housing Strategy every three years (the 2024-27 Strategy will be presented to Cabinet in April 2024).

## **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 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 2023/24**

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 2023/24. 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 to date 5 substantial, 8 reasonable, 4 limited and 1 inadequate assurance reports have been issued. Managers have either already implemented or 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 particularly in respect of the limited and inadequate assurance reports where improvements are required.

## A Review of 2022/23 Governance Issues

As part of formulating the 2023/24 Annual Governance Statement a review of progress against the issues raised in 2022/23 has taken place. Positive progress has been made and is summarised in the table below.

No.	2022/23 Governance Issue	Actions taken in 2023/24 to address
1.	<p><b>Financial Sustainability</b></p> <p>The Council’s financial position is being impacted by many factors including: -</p> <ul style="list-style-type: none"> <li>• risks and uncertainties over future funding,</li> <li>• the cost-of-living crisis,</li> <li>• a period of exceptionally high inflation impacting on the cost of large scale projects and service procurement of supplies and services,</li> <li>• Significant increase in utilities and fuel prices,</li> <li>• Substantial increase in salary costs following the in – year pay award and the rise in the living wage,</li> <li>• reductions across the Council’s income streams, particularly in areas such as, car parking, markets and town centre retail units,</li> <li>• Costs associated with climate change initiatives.</li> </ul>	<p>The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023. This report set out a detailed approach to addressing the budget gap following extensive work with the Council’s Corporate Leadership Team (CLT) and Cabinet Portfolio Holders, drawing on the thematic interventions set out in the Budget Strategy.</p> <p>Given the considerable size of the budget gaps all Council services, corporate and front line, were asked to develop savings proposals in relation to each of the 5 thematic interventions set out within the Council’s Budget Strategy.</p> <p>Stage 1 savings proposals were built into the draft MTFP. These are largely officer operational decisions or decisions delegated to Cabinet members. These are proposals that will have little or no impact on service delivery and limited policy implications if at all.</p> <p>The Stage 2 savings proposals however required further development. Following on from the approval of the Budget Strategy Implementation Plan in November, officers have progressed the development of these</p>

	<p>The Housing Revenue Account is also under pressure as rents increase by less than inflation.</p>	<p>proposals through to appropriate decision-making, in line with the Council’s constitution, including carrying out specific engagement and consultation activities as required to support decision making.</p> <p>The Council has well established and robust budget processes. These have been followed when compiling the 2024/25 budget and medium-term projections. A prudent approach has been taken to the estimates and assumptions used in the preparation of the budgets.</p> <p>A number of funding and financing adjustments have taken place such as removing the planned revenue contribution to fund the capital programme and pausing the voluntary repayment of debt.</p>
2	<p><b>Asset Management</b> The Council needs to continue to improve the way in which it manages its assets: -</p> <ul style="list-style-type: none"> <li>• Introduction of a new IT system,</li> <li>• Development of a 10-year maintenance plan based on condition surveys and supported by the budget,</li> <li>• Inclusion of climate change assessments,</li> <li>• Disposal of assets that are no longer required.</li> </ul>	<p>An Asset Management Strategy, AMS, was approved by Council on the 19<sup>th</sup> July 2023. The strategy seeks to provide a clear direction of travel for the successful and effective management of the councils non housing assets over the next four years.</p> <p>An AMS delivery plan for 2024/25 was approved by Cabinet on 19 March 2024, setting out a range of activities to improve the way in which assets are managed. Condition surveys and zero carbon reduction surveys have been completed for HLC, VIC and former Customer Service Centre.</p>
3	<p><b>Workforce Capacity and Capability</b></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>Workloads have been closely monitored and vacancy control processes have continued to be followed, ensuring that service demands can be met whilst managing budget shortfalls. Where it has not been prudent to delete vacant posts, vacancies have been held.</p> <p>The people plan 2019 – 23 has largely been implemented and the next people plan is under development. Learning and development opportunities have been provided enabling cross skilling of employees. In addition, employees have been provided</p>

	<p>The cost of living crisis has contributed towards workloads exceeding staff capacity.</p>	<p>with redeployment opportunities as service areas have been redesigned or stopped.</p> <p>A voluntary redundancy and voluntary early retirement scheme were launched in 2023. This scheme has helped the council to reduce its workforce by approximately 30 FTE on a voluntary basis, reducing the need for compulsory redundancies at this time. Acceptance for the scheme was assessed against workforce demands and key skills and knowledge.</p> <p>Staffing structures have continued to be reviewed during 2023/24.</p>
4	<p><b>Procurement</b></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"> <li>• The Head of Procurement post in the new structure was not filled during 2022/23,</li> <li>• The Procurement Service cannot prevent non-compliant spending due to Unit 4 (the accounting system) requiring development,</li> <li>• Services are not always involving the Procurement Unit with major spends,</li> <li>• Insufficient training of budget officers in respect of procurement legislation (internal and external).</li> </ul>	<ul style="list-style-type: none"> <li>• A Head of Procurement has been appointed and started in April 2023</li> <li>• An improvement plan is in development.</li> <li>• The Senior Procurement Officers have completed face to face training sessions with budget officers resulting in increased engagement.</li> <li>• Aspire (Council's intranet) has been updated to reflect current processes and to assist budget officers in identifying when to liaise with the Procurement Section (e.g., procurement decision tree).</li> <li>• Regular procurement meetings have been implemented across all key service areas.</li> <li>• New reporting has been developed which targets noncontract spend.</li> </ul>
5	<p><b>Health and Safety</b></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 &amp; 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</p>	<p>The Health, Safety and Risk Service is currently being reshaped and capacity within this service will be increased during the 1<sup>st</sup> quarter of 2024/25.</p> <p>A schedule has been developed for the systematic review of policies and several new or revised policies are being implemented, including an asbestos policy and management plan, operational policies and</p>

	comprehensive corporate health and safety function in place. All managers have completed accident and investigation training.	procedures, the introduction of dynamic risk assessments and councillor safety guidance. Regular Service Director reports have been presented to the Health and Safety Committee, who also receive regular oversight of accidents and incidents and occupational health activity.
6	<b>Cyber Risk and Network Security</b>  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>Good progress has been made to strengthen the council's network security and weekly vulnerability reporting has been introduced.</p> <p>A vulnerability management policy has been developed and will be presented for adoption in May 2024. Other ICT policies have been reviewed, refreshed, and publicised.</p> <p>The council has achieved PSN accreditation and undertakes annual external audits to provide reassurance against cyber risks.</p> <p>Work has been undertaken to implement cloud-based disaster recovery, providing greater resilience.</p> <p>Work has continued towards obtaining ISO 27001 although external assessment against the standard is not scheduled to be undertaken until the 2<sup>nd</sup> half of 2024 due to changing contractor resources.</p>

### Significant governance issues 2023/24

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. Whilst progress has been made on the 2022/23 significant governance issues identified work is still ongoing to drive forward further improvement and so these areas have been raised again.

The areas identified below either present significant future challenges and/or require further targeted improvements.

No.	Issue Identified	Action to address
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<p>1.</p>	<p><b>Financial Sustainability</b></p> <p>Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.</p> <p>In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way.</p> <p>The financial impact of Covid-19 and the cost-of-living crisis on Council services has been and continues to be significant, resulting in new cost pressures and reductions in income, particularly in areas such as car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover.</p> <p>These challenges are exacerbated by the uncertainty of future financial settlements for local government and how available funding will be shared. Local authorities continue to be provided with one-year financial settlements, which provide little financial certainty and security.</p> <p>The Council is required to keep a separate account for its activities as a housing landlord. This is called the Housing Revenue Account (HRA). The account is ring-fenced and does not receive any subsidy from the Government or from Council Tax, and nor is it allowed to subsidise the General Fund.</p> <p>As a result of the introduction of self-financing in April 2012 the Council is</p>	<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>Delivery of planned budget savings</p> <p>Further work will be undertaken to ensure a balanced and financially sustainable Medium Term Financial Plan.</p> <p>The CFO will undertake rigorous training for elected members and officers on the implications and actions needed to meet the requirements of the CIPFA Financial Management code as part of a programme to enhance financial management skills and accountabilities across the organisation.</p> <p>Given the size and scale of the challenges the CFO advises that a fundamental review of the HRA Medium Term Financial Plan and 30-year Business Plan be undertaken during 2024, to review the assumptions informing their construct, the finances needed to maintain the council's housing stock at least to the minimum Decent Homes Standard and achieve compliance with new regulatory standards, and identify the savings and efficiencies that will need to be made over the medium term to maintain a balanced, risk-adjusted and financially resilient Housing Revenue Account.</p>
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	<p>required to produce a 30-year HRA Business Plan that is financially viable, delivers a reasonable standard of housing for tenants and maintains homes to at least the minimum Decent Homes Standard.</p> <p>Government rent policy has resulted in significant reductions in the resources available to the Council's Housing Service in recent years. The mandated rent cap of 7% in 2023/24 (which was 4.1% less rent policy), had the cumulative impact of removing £1.5m of annual income (after voids) in perpetuity, with an estimated loss over the business plan period in terms of income of £61m. This is in addition to the impact of the four-year rent reductions imposed by Government between 2016 and 2020, which further reduced the amount of income available to the 30-year Business Plan. The HRA has been significantly impacted by the rapid increase in inflation. This has resulted in additional costs relating to pay awards, utilities and contracts, due to material, fuel, and labour cost increases, both in the current financial year, as well as across the MTFP.</p>	
2	<p><b>Asset Management</b></p> <p>The Council needs to continue to improve the way in which it manages its assets. The Mentor system that is used to collect rents on the Council's property portfolio is long overdue for replacement.</p>	<p>An AMS Delivery Plan for 2024/25 has been approved which sets out a range of activities aimed at developing long term asset management and carbon reduction plans. Six properties have been prioritised for surveys and the development of maintenance and carbon reduction activities over the next 2 years.</p> <p>Other condition surveys will 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 the climate reduction plan.</p>

		<p>A new IT system to manage the Council's assets will be commissioned, which will include a new rent collection module.</p> <p>A Corporate Landlord policy will be developed to improve the management of the council's estate.</p>
3	<p><b>Workforce Capacity and Capability</b></p> <p>The Council needs to continue to manage workforce capacity and capability to be able to deliver the Council Plan and meet the budget challenges identified.</p> <p>2023/24 has continued to see recruitment difficulties in many parts of the organisation. This includes recruitment of suitably experienced and qualified officers into Human Resources, Finance, Legal and Property and Technical services.</p> <p>Sickness levels have increased within the organisation during 2023/24. Whilst this increase is in line with national trends around sickness which are being experienced across the public and private sectors post covid, sickness is now higher than pre covid trends.</p>	<p>Strategic workforce planning activities are being undertaken within the Corporate Leadership team, including reviewing the organisational design of the Council, transforming housing property services, and reviewing terms and conditions of employees.</p> <p>The people plan 2024 – 2027 will be finalised and adopted, continuing to build on the themes of developing great leaders, managing change well, developing capacity and skills, supporting employee wellbeing and promoting recognition and reward.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands can be met whilst managing budget.</p> <p>Learning and development opportunities will continue to be provided to employees, with a focus on improved health and safety training, apprenticeship delivery, meeting the requirements of the housing regulator and improving the digital skills of our workforce.</p>
4	<p><b>Procurement</b></p> <p>Work is still underway to further improve procurement processes.</p> <p>The Procurement Act 2023 received Royal Assent in October 2023, with an anticipated 'go-live' date of October 2024. The new legislation significantly impacts public procurement meaning all contracting authorities will need to make substantial changes to the way goods, services and works are procured and contracts are managed to ensure compliance with the new Act.</p>	<ul style="list-style-type: none"> <li>• The procurement improvement plan will be finalised.</li> <li>• The Corporate Leadership Team will receive quarterly updates on procurement activity, risks and issues,</li> <li>• Further training will be provided to officers in respect of how to comply with the new Procurement Act.</li> <li>• 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,</li> </ul>

	<p>The Procurement Service cannot currently prevent non-compliant spending due to Unit 4 (the accounting system) requiring development. Although an improved situation, some Services are still not involving the Procurement Unit with major spends, Further training of budget officers will be required in respect of the new Procurement Act.</p>	<ul style="list-style-type: none"> <li>• New reporting has been developed which targets non- contract spend and identifies opportunities to improve value for money.</li> </ul>
5	<p><b>Health and Safety</b> Good progress has been made however: -</p> <ul style="list-style-type: none"> <li>• There are still policies that require reviewing and updating.</li> <li>• The restructure is not yet in place.</li> </ul>	<p>Policy review work will continue to be delivered during 2024/25. The restructure of the service will be implemented during the 1<sup>st</sup> quarter of the new financial year, and this will provide greater resource to enable the service to become proactive, providing a business partnering approach to service directorates and implementing regular monitoring and improvement activity.</p>

Cabinet and the Standards and Audit Committee have considered and reviewed the effectiveness of the governance framework and have advised that the arrangements continue to be regarded as fit for purpose and in accordance with the governance framework.

During 2023/24 significant progress has been made in tackling the areas of governance that were identified as requiring additional focus in 2022/23. These areas have been reviewed and updated, with a number continuing from previous years where significant future challenges are still evident and/or they require further targeted improvements.

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:**

\_\_\_\_\_  
Dr H Bowen  
Chief Executive

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Councillor P Gilby  
Leader of Chesterfield Borough Council



**Date:**

**On behalf of Chesterfield Borough**