

ANNUAL GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31st MARCH 2020

1. Scope of responsibility

- 1.1. Chelmsford City Council ('the Council') has a duty under the Local Government Act 1999 to make arrangements that ensure continuous improvement in the way it works in terms of economy, efficiency and effectiveness. This includes a responsibility to ensure that Council business is conducted in accordance with the law and that public money is safeguarded and properly accounted for.
- 1.2. To fulfil this responsibility, the Council must put in place proper arrangements for the governance of its affairs and carrying out its functions, which includes arrangements for managing risk.
- 1.3. The Council has approved and adopted a Code of Corporate Governance which is consistent with the seven principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government 2016*.
- 1.4. This statement explains how the Council has complied with the Code. It also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment", which:
 - describes key elements of the Council's governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible;
 - describes processes applied in reviewing their effectiveness, and
 - lists actions proposed to deal with significant governance issues identified.

2. The purpose of the governance framework

- 2.1. The governance framework comprises:
 - the systems, policies, processes, culture and values by which the Council is directed and controlled; and
 - the Council's activities through which it accounts to, engages with and leads the community.
- 2.2. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

- 2.3. 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 on-going process designed to:
- identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives;
 - evaluate the likelihood of those risks being realised and the impact should they be realised; and
 - manage those risks efficiently, effectively and economically.
- 2.4. The governance framework outlined in this document has been in place at Chelmsford Council for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts. It should be noted that from March 2020, the Council was impacted by the Covid-19 pandemic, affecting service delivery across the organisation. Areas where it is known that this has impacted on the review of governance are highlighted below and a review of Covid-19 actions is outlined in the action plan at 3.10.

3. The Governance Framework

- 3.1. The Council’s Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA/SOLACE principles of delivering good governance (as updated in 2016).
- 3.2. Key highlights from the Governance Framework in place at Chelmsford City Council are shown against each of the seven principles below. Further evidence of compliance with the principles can be found in the Code of Corporate Governance.

Good Governance Principle	Chelmsford Council Key Elements 2019/20
<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p>✓ Member and Officer Code of Conduct form part of the Council’s Constitution. Officer Code of Conduct was revised in November 2019 to include new sections: Principles of Public Life; Disclosure of Criminal Convictions during employment; Environmental impact; Social Media; Communications and Publication; Working and contact with the media; Safeguarding. New joiners must sign off on the Officer Code as part of their induction.</p> <p>✓ The Council launched new corporate values and behaviours in 2019: Accountability, Creativity, Learning and Encouraging, Collaboration and Trust. With communications led by the Chief Executive, values and behaviours are being embedded through staff workshops, in relevant Council policies and procedures, in safer recruitment, selection and induction processes, and</p>

Good Governance Principle	Chelmsford Council Key Elements 2019/20
	<p>through the Council's wider training offer, including Member briefings.</p> <ul style="list-style-type: none"> ✓ The Council embarked on a refresh of its officer performance appraisal process in line with its new corporate values and behaviours in 2019; the project has been delayed due to Covid-19. ✓ Governance Committee continues to monitor complaints and investigations under the standards regime ✓ Refreshed policies and procedures on Member and Officer declarations of interests and of gifts and hospitality were launched on SharePoint during 2019, with interests remaining a standing item on all Committee, Cabinet and full Council meeting agendas ✓ The Council's Anti-Fraud and Corruption Strategy (March 2019), brings together anti-bribery, anti-money laundering and the fraud response plan. ✓ The whistleblowing policy available to the staff, key stakeholders and the general public via the Council's website. Service-related complaints and complaints about a Councillor can also be reported online ✓ The Council's Modern Slavery and Human Trafficking Statement sets out the actions to understand all potential modern slavery risks related to our services and puts in place steps to eliminate acts of modern slavery and human trafficking in the Council's services, businesses and supply chains. This Statement relates to actions and activities during the financial year 1 April 2019 to 31 March 2020 and is available online. ✓ The Articles of the Constitution (last reviewed July 2019), define the Monitoring Officer's role to ensure that all decisions comply with statutory requirements and are lawful. ✓ Ethical Awareness Training has been delayed due to Covid-19 but it is intended to be rolled out during 2020/21.
<p>Principle B Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> ✓ The Council has an FOI publication scheme on its website and also publishes certain information in line with the Local Government Transparency Code 2015. The Council also updates its FOI requests relating to Business Rates quarterly. ✓ The Council's Annual Report and Statement of Accounts is published online

Good Governance Principle	Chelmsford Council Key Elements 2019/20
	<ul style="list-style-type: none"> ✓ Comprehensive Council Tax information is available online. ✓ Council, Cabinet and committee meetings are open to the public and guidance on attending and speaking at public meetings is available online ✓ A calendar of meetings ensures that timely reports are submitted to, published by and distributed by Legal and Democratic Services to ensure Members' information needs, and relevant statutory deadlines, are met. ✓ A full record of decisions made in, and supporting material presented to, Committees, Cabinet and full Council is published online. ✓ Notices of Key Decisions, Executive Decisions and Urgent Decisions are also issued in advance/made available online (as appropriate). ✓ Further detail on stakeholder engagement is available in the Council's Consultation and Engagement Strategy, including the role of the Citizens Panel ✓ The Monitoring Officer continues to provide guidance for Parish Councils on the standards regime.
<p>Principle C</p> <p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> ✓ The adoption of the Council's new Local Plan, setting out sustainable development objectives in the Chelmsford area for the next 30 years, was due to take place on 31 March, but was delayed due to Covid-19. A new meeting is planned for end of May 2020. ✓ Our Chelmsford, Our Plan (Jan 2020) is available online setting out the Council's medium-term strategic priorities to improve the lives of residents, focussing on sustainable economic, social and environmental goals, aligned to the Local Plan where appropriate. ✓ The Council's evolving strategic planning framework will ensure that operational activities link directly to Our Chelmsford, Our Plan priorities. The Our Plan Action Plan breaks down strategic actions to measurable economic, social and environmental outcomes for future monitoring. ✓ With oversight from the Chelmsford Policy Board (established in May 2019), the following dedicated plans were put in place during 2019/20: <ul style="list-style-type: none"> • Homelessness Review and Strategy 2020-24 (to review levels of homelessness and determine actions to tackle it)

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	<ul style="list-style-type: none"> • The Climate and Ecological Emergency Action Plan (<i>to promote and embed the green and sustainable agenda at Chelmsford</i>) <p>✓ In line with the Public Sector Equality Duty, the Council's Equalities Impact Assessment regime has been strengthened during 2019/20 to ensure fair access to services.</p>
<p>Principle D</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>✓ Directors meet regularly with both their Cabinet Members and the Chief Executive to discuss progress in their respective areas of responsibility.</p> <p>✓ The Medium-Term Financial Strategy 2020-25 (January 2020) details a sustainable funding strategy for the Council, taking account of Our Chelmsford, Our Plan objectives and informing annual budget setting.</p> <p>✓ Established financial monitoring arrangements have been comprehensively revised during 2019/20 to ensuring budget information is readily available to inform decision-making – monthly for senior managers, quarterly for Management Team as a whole, and six-monthly for Cabinet</p> <p>✓ The Council's Performance measures (KPIs) are currently in transition and will be monitored in view of the impact of Covid-10:</p> <ul style="list-style-type: none"> • Operational KPIs continue to be monitored locally, where these are considered to add value. • Major Income Streams (formerly 'high risk income') Pls continue to be circulated monthly to senior management and Cabinet members • Our Plan Action Plan monitoring will commence in due course (per C above) <p>✓ Chelmsford Policy Board (joint Members and Officer) Working Groups are set to oversee implementation of the dedicated strategies and actions plans they have developed during 2019/20, recommending interventions to Cabinet as necessary.</p> <p>✓ Appropriate governance arrangements are in place, or planned, to oversee specific elements of the new Local Plan e.g. Chelmsford Garden Village Delivery Board (established June 2019).</p> <p>✓ A suite of risk indicators (KRIs) is being developed, as suitable risk information sources become available, to support and inform risk prioritisation and treatment.</p>

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<p>Principle E</p> <p>Developing the Council's capacity, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> ✓ The Council's Constitution is available on the Council's website and subject to ongoing review, as overseen the Constitution Working Group. ✓ The Council's People Strategy and Workforce Plan 2016-2020/ Organisational Development Strategy 2020 (currently still in draft) sets out how the Council will develop and utilise its workforce to meet Our Chelmsford, Our Plan objectives. ✓ Leadership and Management Training, based around conversational leadership, was rolled out to all Service Managers and Team Leaders during 2019. ✓ The Council's wider training offer is scheduled to be refreshed in April 2020, including full alignment with the new corporate values and behaviours. ✓ A comprehensive member induction and training programme commenced in May 2019, with further sessions set out in individual Committee work programmes. ✓ The Council works to ensure the physical and mental health and wellbeing of its staff through Workplace Health Champions events and the employee assistance programme. ✓ The Council participates in a number of partnerships, including Safer Chelmsford, South Essex Parking, Essex Online, and works closely with Essex County Council on a number of initiatives: Mid Essex Children's Partnership Board, Essex Safeguarding Adults Board, and Chelmsford Youth Strategy Group.
<p>Principle F</p> <p>Managing risks and performance through robust internal control and strong financial management</p>	<ul style="list-style-type: none"> ✓ The Council's Risk Management Strategy (reviewed by Audit & Risk Committee in May 2020) recognises that risk management is an integral part of Council activities ✓ Central to the risk framework is the identification and management of the Council's Principal Risks, each assigned to a Directorate lead. Quarterly reporting to Management Team and six-monthly reporting to Audit & Risk Committee ensures arrangements are working effectively. This also now reflects the impact of Covid-19 on the Principal Risks. ✓ The Internal Audit Annual Report to Audit & Risk Committee confirms that an effective internal audit service is resourced and maintained ✓ The Council Principal Risks and Internal Audit Plan are aligned the Our Chelmsford, Our Plan objectives

Good Governance Principle	Chelmsford Council Key Elements 2019/20
	<ul style="list-style-type: none"> ✓ In their Scrutiny role defined by the Constitution, Overview & Scrutiny Committee has proposed, during 2019/20, to take a deep dive approach to performance, reviewing Council activities, including local performance measures, on a Directorate by Directorate basis. ✓ The Chief Financial Officer makes regular reports to Cabinet on the financial position, budget setting and monitoring, medium-term forecasts, the annual report and statement of accounts and any other financial matters as necessary. ✓ The Council’s financial management arrangements conform to the governance requirements of the 2016 CIPFA Statement on the Role of the Chief Financial Officer in Local Government. ✓ The Council’s approach to counter-fraud is informed by the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014) and self-assessed at least every two years (most recently, March 2019) using the 2016 Fighting Fraud & Corruption Locally Checklist. ✓ The Audit & Risk Committee is constituted in line with, and operates with regard to, the CIPFA Position Statement on Audit Committees and associated Practical Guidance for Local Authorities (2018). ✓ During 2019/20, the Council’s designated Data Protection Officer has coordinated a review of the Council’s Information Governance Policy and Data Breach Policy and Procedure, in conjunction with the new policy framework developed by Digital Services to counter cyber risk. ✓ The Council has established policies for Freedom of Information, Environmental Information and Data Subject requests, and ensures continuous improvement under its GDPR Compliance Action Plan.
<p>Principle G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</p>	<ul style="list-style-type: none"> ✓ As detailed above, a vast array of information is accessible to the general public via the Council’s website in an understandable style appropriate to the intended audience. ✓ The Annual Governance Statement is jointly prepared by the Chief Financial Officer and the Monitoring Officer, presented to the Leader and Chief Executive, approved by Joint Audit & Risk and Governance Committee and published alongside the Statement of Accounts.

Good Governance Principle	Chelmsford Council Key Elements 2019/20
	<ul style="list-style-type: none"> ✓ Governance Committee, Audit & Risk Committee, and Overview & Scrutiny Committee report annually on their work to full Council. ✓ The Council conforms, in all material respects, to the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations 2010. ✓ The Annual Internal Audit Report demonstrates that internal audit recommendations inform positive improvement across the Council, as acknowledged on a quarterly basis in the Council's Principal Risk Register.

Review of effectiveness

3.3. 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 the senior Management Team who have responsibility for the development and maintenance of the governance environment
- the work of Cabinet and the Committees, including the Audit & Risk Committee, Governance Committee and Overview & Scrutiny Committee
- the Internal Audit Annual Report
- comments made by the external auditors and other inspection agencies

3.4. As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:

- A **robust Internal Audit function** where the planned work is based on identified key risk areas. The Council's Internal Audit Service arrangements conform to Public Sector Internal Audit Standards
- An **embedded reporting system for internal audit issues** also that ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the Audit & Risk Committee.
- A **comprehensive risk management process** which ensures the Principal Risks across the Council are captured and reported to Management Team and Members.
- A **comprehensive budget monitoring process** that is reported monthly to senior managers, quarterly to Management Team and six-monthly to Cabinet.

3.5. The outcome of the review is presented in 3.9 below, which detail areas for improvement during 2020/21.

3.6. Effectiveness of Other Organisations

- The Council acts as lead partner in the South Essex Parking Partnership (SEPP which carries out the on-street parking enforcement in Chelmsford, Basildon, Brentwood, Castle Point, Maldon and Rochford, on behalf of Essex County Council (ECC), the highways authority, through delegated responsibilities under a Joint Agreement signed by all partner authorities in 2011. Signs and lines maintenance and new TRO's (Traffic Regulation Orders) are also provided by the Partnership. The Partnership has operated successfully, in accordance with the Traffic Management Act 2004 (TMA 2004), including timely production of an Annual Report and agreed Business Plan, and generation of a surplus during each year of operation.
- The One Chelmsford Board acts as Chelmsford's Responsible Authorities Group under the Crime and Disorder Act 1998, which is a statutory function. There are a number of other statutory partners: Chelmsford City Council, Essex Police, ECC, Essex County Fire and Rescue Services, Probation Services and Health (CCG). The current chair is Chelmsford Council's Chief Executive and our member representative is the Leader of Chelmsford Council. The group has a terms of reference and presents a finance report annually.
- The Council does not currently engage in commercial activities through trading subsidiaries or investment vehicles.

3.7. Internal Audit Opinion

- The annual opinion categories range from No Assurance, Limited Assurance, Moderate Assurance to Substantial Assurance. The annual opinion given for 2018-19 was Moderate Assurance.
- The work undertaken during 2019-20 has enabled the Audit Services Manager to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. For the year-ended 31st March 2020, the opinion is that the adequacy and effectiveness of the Council's arrangements is *Moderate Assurance* – overall the Council's systems for control, risk and governance are generally adequate with some improvement required. Revision to assurance ratings and residual risks will be closely monitored through follow-ups in 2020/21. Further detail on audit outputs is provided in the Internal Audit Annual Report.
- *However, it should be noted that this opinion is based on work completed prior to the Council's response to Covid-19. The inevitable changes to processes and procedures during the C.19 response phase, may have impacted on the Council's usual control framework and increased the Council's exposure to risk, loss and fraud. However, Internal Audit are working closely with Risk Management to monitor the management of these risks and provide assurance/advice where required and will adapt the audit plan for 2020 accordingly to ensure any emerging risks are captured and reported accordingly.*

3.8. External Audit and Inspectorates

- The annual external audit produced an unqualified opinion in 2019/20 on both the Statement of Accounts and the Council’s use of resources, with no material misstatements identified and only immaterial unadjusted misstatements remaining. The same also applies to the audit of grant claims and returns.

3.9. Review of Actions from 2018/19 Annual Governance Statement

Significant issue identified in 2018/19 AGS	Action taken in 2019/20 to address the issue
<p>Digital Strategy</p> <ul style="list-style-type: none"> • <i>Close monitoring whilst the project continues</i> • <i>Anticipating any future issues</i> 	<p>All previous recommendations made by the External Auditors have been implemented, as this year’s unqualified audit opinion confirms. Digital Services is, subject to Covid-19 constraints, operating as business as usual under the new platform. The new Digital Portfolio Office will promote engagement with Services and ensure that the Council takes full advantage of the new digital platform. Governance arrangements were devised in consultation with Accountancy, Internal Audit and Procurement. Internal Audit follow up due July 2020.</p>
<p>New Riverside Leisure Centre performance monitoring</p> <ul style="list-style-type: none"> • <i>Monitoring visitor numbers and bookings to see if the forecasted income revenue will be delivered.</i> 	<p>An interim 6-month performance review for Riverside was circulated to all councillors in January 2020. A Task and Finish Group established by the Overview and Scrutiny Committee is undertaking a Riverside Project Evaluation [March 2020]. A performance review of Leisure and Heritage Services [to include Riverside] was due to be considered at Overview and Scrutiny Committee in 2020; this will now be considered as soon as the Covid-19 pandemic allows.</p>
<p>New Corporate Plan performance monitoring</p> <ul style="list-style-type: none"> • <i>Close monitoring by management team whilst the new corporate plan continues to be implemented.</i> 	<p>Our Chelmsford, Our Plan actions, currently monitored through SharePoint are expected to be tracked through the new TechnologyOne Performance Planning module, although implementation may be delayed due to the Covid-19 pandemic. Regular reporting is expected to begin once the Council returns to business as usual. Additional scrutiny will be provided by a Deputy Cabinet Member specifically assigned to oversee Our Plan implementation.</p>
<p>Cabinet Members reporting to Overview and Scrutiny Committee</p>	<p>In their Scrutiny role defined by the Constitution, Overview and Scrutiny Committee has proposed to take a deep dive approach to performance, reviewing</p>

Significant issue identified in 2018/19 AGS	Action taken in 2019/20 to address the issue
<ul style="list-style-type: none"> • <i>Feedback from the Overview & Scrutiny Committee as to whether this is beneficial.</i> • <i>Feedback from the Monitoring Officer and Director of Corporate Services on how this is progressing</i> 	<p>Council activities, including local performance measures, on a Directorate by Directorate basis; however, the Cabinet Member aspect of this delayed by the Covid-19 pandemic. The Committee currently has one or two Cabinet members scheduled for each future meeting. This was due to start in April 2020 but has been delayed by Covid-19. This work will continue throughout 2020/21 and the Committee will hear from each Cabinet Member.</p>
<p>Cyber Security</p> <ul style="list-style-type: none"> • <i>Implementation of Cyber Security strategy and ongoing monitoring of cyber security risk</i> 	<p>Significant investment has been made during 2019/20 in terms of policy development and a suite of policies was rolled out to staff and Members through metacompliance and supported by mandatory online cyber awareness training for all staff. Ongoing monitoring and management of security incidents and events continues at operational level, with wider digital services risks and issues continuing to be tracked and monitored. Discussions were underway to bring together existing data sources to determine whether an asset-based cyber risk assessment can be compiled which will meet the Council's needs. These discussions will resume once business as usual is restored.</p>

3.10. Areas for improvement or monitoring during 2020/21:

Key improvement/ review area	Action to be taken in 2020/21	Responsible Officer
<p>Monitoring the impact of Covid-19 on Council governance arrangements:</p> <ul style="list-style-type: none"> • Impact of delivering local government response: <ul style="list-style-type: none"> ○ Changes to Council Meetings and decision-making arrangements ○ New collaborative arrangements ○ Funding and cash flow challenges 	<ul style="list-style-type: none"> • Continuous monitoring of impacts/ changes during Covid-19 Response Phase. • 'Lessons Learnt' Review – post Covid-19 	<p>As delegated by Management Team</p>

Key improvement/ review area	Action to be taken in 2020/21	Responsible Officer
<ul style="list-style-type: none"> ● Impact on business as usual in the delivery of services ● Impact of new policies and procedures, and emergency assistance ● Impact of longer-term disruption and consequences: <ul style="list-style-type: none"> ○ Delay to existing projects and programmes ○ Identification of new risks/escalation of existing risks 		
Overview and Scrutiny role – performance management	Continuation from 2019/20. Cabinet Members to attend Overview and Scrutiny meetings as part of their role in reviewing Council activities and local performance measures.	Legal and Democratic Services Manager
RIPA (Regulation of Investigatory Powers Act)	Review of Policies and Procedures	Legal and Democratic Services Manager
Capital and Investment Strategy	To review the monitoring approach of the Council’s Capital and Investment Strategy (via the Treasury Management Sub Committee).	Director of Finance
Corporate Governance Group Trial	To trial the development of a Council-wide Corporate Governance Group in order to monitor the effective development and operation of corporate governance arrangements in the Council and to regularly review and monitor compliance with the council’s Local Code of Corporate Governance.	Director of Finance/ Legal and Democratic Services Manager

4. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year. We did not find any matters that needed addressing during our review other than those that were previously identified and have been progressed.

Signed.....

Leader of the Council

Signed.....

Chief Executive

Signed.....

Director of Financial Services

Date: 2020