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## Chelmsford City Council Joint Governance and Audit & Risk Committee

**21<sup>st</sup> June 2023**

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### **Local Code of Corporate Governance and Draft Annual Governance Statement 2022/23**

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Report by:

Legal and Democratic Services Manager

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#### Purpose

To present the updated Local Code of Corporate Governance and Draft Annual Governance Statement 2022/23 for Committee's approval.

#### Recommendations

The Joint Committee is requested to approve the updated Local Code of Corporate Governance and the Draft Annual Governance Statement 2022/23 for publication with the Statement of Accounts.

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#### 1. Introduction

- 1.1. The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.2. In order to achieve effective corporate governance, the Council has adopted the guidance contained in the Guidance and Framework documents published by CIPFA/SOLACE 'Delivering Good Governance in Local Government' which identifies seven Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain a Local Code of Governance. Each principle is translated into a range of specific requirements that should be reflected in the Local Code.

1.3. These seven principles are:

- **Core Principle A** – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- **Core Principle B** – Ensuring openness and comprehensive stakeholder engagement
- **Core Principle C** – Defining outcomes in terms of economic, social and environmental benefits
- **Core Principle D** – Determining the interventions necessary to optimise the achievement of the intended outcomes
- **Core Principle E** – Developing the entity's capacity, including the capability of its leadership and the individuals within it
- **Core Principle F** – Managing risks and performance through robust internal control and strong public financial management
- **Core Principle G** – Implementing good practices in transparency, reporting and audit to deliver effective accountability

1.4. The Local Code of Corporate Governance sets out the framework of policies, procedures, behaviours and values by which Chelmsford City Council is governed, and describes how the organisation complies with each of the core principles to deliver the best outcomes for the local communities it represents, and to ensure effective governance across the organisation.

1.5. The Annual Governance Statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015. Once approved, the AGS will form part of the Statement of Accounts and will be signed by the Chief Executive and the Leader of the Council.

1.6. In line with the CIPFA/SOLACE framework, the AGS is "an open and honest self-assessment" of the Council's performance across all of its activities and:

- Describes the key elements of the Council's governance arrangements during 2022/23, covering all corporate systems and the range of activities for which the Council is responsible
- Identifies the evidence available where improvements have been made and focusses on examples of good practice

- Describes processes applied in reviewing their effectiveness
- Lists actions proposed to provide more effective governance arrangements

1.7. The AGS will be reviewed as part of their external audit process. Should any significant issues arise during the external audit, the AGS may be revisited to ensure it accurately reflects the situation.

## 2. Conclusion

The Local Code of Corporate Governance and the AGS 2022/23 reflects the governance arrangements for the Council, and accordingly the task of approving the AGS falls jointly on the Governance and Audit & Risk Committee. This approach reflects good practice in aligning the work of the committees with responsibility for monitoring governance in the authority.

**List of appendices:** Local Code of Corporate Governance (Appendix A) and Draft Annual Governance Statement 2022/23 (Appendix B)

**Background papers:** None

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### Corporate Implications

**Legal/Constitutional:** Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 require that the Council must conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement, which must be considered and approved by Committee. The Annual Governance Statement has to be approved prior to approving the Council's Statement of Accounts.

**Financial:** Failure to have appropriate governance arrangements puts the Council financial management in a weakened position and therefore increases the risk of failing to deliver Our Chelmsford Our Plan.

**Potential impact on climate change and the environment:** None

**Contribution toward achieving a net zero carbon position by 2030:** None

**Personnel:** None

**Risk Management:** Inadequate governance arrangements in the Council may impact on the Council's ability to sufficiently mitigate its Principal Risks, which may impact on the Council's financial position/reputation.

**Equality and Diversity:** None

**Health and Safety:** None

**Digital:** None

**Other:** None

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**Consultees:** Management Team noted and endorsed the Local Code of Corporate Governance and Draft Annual Governance Statement in May 2023.

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**Relevant Policies and Strategies:** None

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## Appendix A

# Local Code of Corporate Governance 2022/23

## Introduction

Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Chelmsford City Council is committed to the practice of good governance; ensuring good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users.

## The Principles of Good Governance

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) provide a framework for developing and maintaining a Local Code of Corporate Governance and for discharging accountability for the proper conduct of public business, to support the publication of an Annual Governance Statement.

The CIPFA/SOLACE guidance *Delivering Good Governance in Local Government* identifies seven Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain a Local Code of Governance. Each principle is translated into a range of specific requirements that should be reflected in the Local Code.

These seven principles are:

**Core Principle A** – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

**Core Principle B** – Ensuring openness and comprehensive stakeholder engagement

**Core Principle C** – Defining outcomes in terms of economic, social and environmental benefits

**Core Principle D** – Determining the interventions necessary to optimise the achievement of the intended outcomes

**Core Principle E** – Developing the entity's capacity, including the capability of its leadership and the individuals within it

**Core Principle F** – Managing risks and performance through robust internal control and strong public financial management

**Core Principle G** – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Chelmsford City Council's Local Code of Governance has been prepared in accordance with the CIPFA/SOLACE Guidance. The following section describes how Chelmsford City Council complies with each of the core principles and the supporting principles to deliver the best outcomes for the local communities it represents.

**Core Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

**Summary:** The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, it has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, the Council can demonstrate the appropriateness of all its actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Supporting Principle	Evidence
<p><b>1. Behaving with Integrity</b></p> <ul style="list-style-type: none"> <li>- Ensuring councillors and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the Council.</li> <li>- Ensuring councillors take the lead in establishing specific standard operating principles or values for the Council and its staff and that these are communicated and understood. These should build on the Seven Principles of Public Life (also known as the Nolan Principles)</li> <li>- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</li> <li>- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</li> </ul> <p><b>2. Demonstrating strong commitment to ethical values</b></p> <ul style="list-style-type: none"> <li>- Seeking to establish, monitor and maintain the organisation’s ethical standards and performance</li> <li>- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation</li> <li>- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</li> </ul> <p><b>3. Respecting the Rule of Law</b></p> <ul style="list-style-type: none"> <li>- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>- Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li> <li>- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>- Dealing with breaches of legal and regulatory provisions effectively</li> <li>- Ensuring corruption and misuse of power are dealt with effectively</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#">Code of Conduct for Members</a></li> <li>- <a href="#">Code of Conduct for Officers</a></li> <li>- <a href="#">Constitution</a></li> <li>- <a href="#">Members &amp; Officers Registers of Interests and Gifts &amp; Hospitality</a></li> <li>- <a href="#">Annual reports of Committees (July) (Audit/Governance/Overview and Scrutiny)</a></li> <li>- <a href="#">Counter Fraud &amp; Corruption Strategy 2023 and Action Plan</a></li> <li>- <a href="#">Modern Day Slavery Statement</a></li> <li>- <a href="#">Equality Duty and Gender Pay Gap</a></li> <li>- <a href="#">Whistle blowing Policy</a></li> <li>- <a href="#">Governance Committee</a></li> <li>- <a href="#">Task &amp; Finish Groups (example Nov 22)</a></li> <li>- <a href="#">Committee Minutes detailing declarations of interests</a></li> <li>- <a href="#">Procurement and Social Value Strategy</a></li> <li>- <a href="#">Committee Terms of Reference</a></li> <li>- <a href="#">Chelmsford Values</a></li> <li>- <b>Member Induction</b></li> <li>- <b>OurConversations</b></li> <li>- <b>Job Description/Specifications</b></li> </ul>

**Core Principle B – Ensuring openness and comprehensive stakeholder engagement**

**Summary:** The council is run for the public good and therefore should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Supporting Principle	Evidence
<p><b>1. Openness</b></p> <ul style="list-style-type: none"> <li>- Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness</li> <li>- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</li> </ul> <p><b>2. Engaging comprehensively with institutional stakeholders</b></p> <ul style="list-style-type: none"> <li>- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</li> <li>- Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit</li> </ul> <p><b>3. Engaging with individual citizens and service users effectively</b></p> <ul style="list-style-type: none"> <li>- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>- Ensuring that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement</li> <li>- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</li> <li>- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>- Taking account of the impact of decisions on future generations of taxpayers and service users</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#"><u>Our Chelmsford, Our Plan</u></a></li> <li>- <a href="#"><u>Overview &amp; Scrutiny Committee</u></a></li> <li>- <a href="#"><u>Minutes of Committee Meetings</u></a></li> <li>- <a href="#"><u>Committee meetings open to the Public/Public Questions at Meetings</u></a></li> <li>- <a href="#"><u>Committee Agendas sent to Parish Councils and Local press</u></a></li> <li>- <a href="#"><u>Petition Scheme</u></a></li> <li>- <a href="#"><u>Online Customer Service contact forms</u></a></li> <li>- <a href="#"><u>Online website feedback forms</u></a></li> <li>- <a href="#"><u>Comments, Compliments and Complaints system</u></a></li> <li>- <a href="#"><u>Statement of Accounts</u></a></li> <li>- <a href="#"><u>Overview &amp; Scrutiny Annual Report to Full Council</u></a></li> <li>- <a href="#"><u>Consultation &amp; Engagement Strategy</u></a></li> <li>- <a href="#"><u>Neighbourhood Plans and Village Design Statements</u></a></li> <li>- <a href="#"><u>Consultations on Planning Policy</u></a></li> <li>- <a href="#"><u>Access to Information</u></a></li> <li>- <a href="#"><u>Meeting Agenda publication deadlines adhered to</u></a></li> <li>- <a href="#"><u>Dates of Meetings published on website in advance</u></a></li> <li>- <a href="#"><u>The Transparency Code</u></a></li> <li>- <a href="#"><u>CityLife Website</u></a></li> </ul>

Supporting Principle	Evidence

**Core Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

**Summary:** The long-term nature and impact of many of the Council’s responsibilities means that it should be sustainable. Decisions should further the Council’s purpose, contribute to intended benefits and outcomes, and remain within the limits of the Council’s authority and resources. Input from all groups of stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Supporting Principle	Evidence
<p><b>1. Defining outcomes</b></p> <ul style="list-style-type: none"> <li>- Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions</li> <li>- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>- Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>- Identifying and managing risks to the achievement of outcomes</li> <li>- Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available</li> </ul> <p><b>2. Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</li> <li>- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>- Ensuring fair access to services</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#">Our Chelmsford Our Plan</a></li> <li>- <a href="#">Local Plan</a></li> <li>- <a href="#">Livewell Development Accreditation</a></li> <li>- <a href="#">Annual Statement of Accounts</a></li> <li>- <a href="#">Reports from Cabinet Member for Fairer Chelmsford to Full Council</a></li> <li>- <a href="#">Medium Term Financial Strategy</a></li> <li>- <a href="#">Procurement and Social Value Strategy</a></li> <li>- <a href="#">Financial Rules</a></li> <li>- <a href="#">Contract Rules</a></li> <li>- <a href="#">Internal Audit Plan</a></li> <li>- <a href="#">Capital, Investment Treasury Management Strategies</a></li> <li>- <a href="#">Counter Fraud &amp; Corruption Strategy 2023 and Action Plan</a></li> <li>- <a href="#">Equality Duty and Gender Pay Gap</a></li> <li>- <a href="#">Annual reports of Committees (July) (Audit/Governance/Overview and Scrutiny)</a></li> <li>- OurConversations</li> </ul>



Supporting Principle	Evidence

**Core Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Summary:** The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs robust decision-making mechanisms to ensure that its desired outcomes are achieved in a way that provides the best trade-off between the various types of resource inputs, whilst still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Supporting Principle	Evidence
<p><b>1. Determining interventions</b></p> <ul style="list-style-type: none"> <li>- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided</li> <li>- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul> <p><b>2. Planning interventions</b></p> <ul style="list-style-type: none"> <li>- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</li> <li>- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>- Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> <li>- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>- Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>-Preparing budgets in accordance with objectives, strategies and the medium-term financial plan</li> <li>- Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> </ul> <p><b>3. Optimising achievement of intended outcomes</b></p>	<ul style="list-style-type: none"> <li>- <a href="#"><u>Constitution</u></a></li> <li>- <a href="#"><u>Our Chelmsford Our Plan</u></a></li> <li>- <a href="#"><u>Corporate Risk Management Strategy and Framework</u></a></li> <li>- <a href="#"><u>Principal Risk Register</u></a></li> <li>- <a href="#"><u>Medium Term Financial Strategy</u></a></li> <li>- <a href="#"><u>Role of Statutory Officers</u></a></li> <li>- <a href="#"><u>Governance Committee</u></a></li> <li>- <a href="#"><u>Code of Conduct for Members</u></a></li> <li>- <a href="#"><u>Code of Conduct for Officers</u></a></li> <li>- <a href="#"><u>Committee Terms of Reference</u></a></li> <li>- <a href="#"><u>Officer Scheme of Delegation</u></a></li> <li>- <a href="#"><u>Protocol for Relations between Members &amp; Officers</u></a></li> <li>- <a href="#"><u>Complaints Procedure</u></a></li> <li>- <a href="#"><u>Regular Performance Reports to Overview &amp; Scrutiny Committee</u></a></li> <li>- <a href="#"><u>Procurement and Social Value Strategy</u></a></li> </ul>

Supporting Principle	Evidence
<ul style="list-style-type: none"> <li>- Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> <li>- Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> <li>- Ensuring the achievement of 'social value' through service planning and commissioning</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Chelmsford Values</b></li> <li>- <b>OurConversations</b></li> <li>- <b>Committee Reporting timetable</b></li> <li>- <a href="#"><u>Capital, Investment Treasury Management Strategies</u></a></li> </ul>

**Core Principle E – Developing the Council’s capacity, including the capability of its leadership and the individuals within it**

**Summary:** The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. The Council must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has operational capacity for its requirements, as a whole. Because both individuals and the environment in which the Council operates will change over time. There will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in the Council is strengthened by the participation of people of many different types of backgrounds, reflecting the structure and diversity of the communities it represents.

Supporting Principle	Evidence
<p><b>1. Developing the Council’s capacity</b></p> <ul style="list-style-type: none"> <li>- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>- Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> <li>- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</li> </ul> <p><b>2. Developing the capability of the Council’s leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority</li> <li>- Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged; ensuring members and officers have the appropriate skills, knowledge, resources</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#"><u>Constitution</u></a></li> <li>- <a href="#"><u>Committee Terms of Reference</u></a></li> <li>- <a href="#"><u>Officer Scheme of Delegation</u></a></li> <li>- <a href="#"><u>Protocol for Relations between Members &amp; Officers</u></a></li> <li>- <a href="#"><u>Apprenticeship Scheme</u></a></li> <li>- <a href="#"><u>Internship Scheme</u></a></li> <li>- <b>Chelmsford Values and Behaviours</b></li> <li>- <b>OurConversations</b></li> <li>- <b>Chief Executive Roadshow</b></li> <li>- <b>Departmental Meetings</b></li> <li>- <b>Staff Forum and Survey</b></li> </ul>

Supporting Principle	Evidence
<p>and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</p> <ul style="list-style-type: none"> <li>- Ensuring that there are structures in place to encourage public participation</li> <li>- Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>- Holding staff to account through regular performance reviews which take account of training or development needs</li> <li>- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Officer Induction Programme and Corporate Welcome</b></li> <li>- <b>Member Training and Induction</b></li> <li>- <b>Job Descriptions</b></li> <li>- <b>Organisational Development Strategy (currently in draft)</b></li> </ul>

**Core Principle F – Managing risks and performance through robust internal control and strong public financial management**

**Summary:** The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly this culture does not happen automatically, it requires repeated public commitment from those in authority.

Supporting Principle	Evidence
<ol style="list-style-type: none"> <li><b>1. Managing risk:</b> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making; implementing robust and integrated risk management arrangements and ensuring that they are working effectively; Ensuring that responsibilities for managing individual risks are clearly allocated</li> <li><b>2. Managing performance:</b> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review; Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook; Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible or, for a committee system, encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making; Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement; Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</li> <li><b>3. Robust internal control:</b> Aligning the risk management strategy and policies on internal control with achieving objectives; Evaluating and monitoring risk management and internal control on a regular basis; Ensuring effective counter fraud and anti-corruption arrangements are in place; Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance,</li> </ol>	<ul style="list-style-type: none"> <li>- <a href="#"><u>Corporate Risk Management Strategy and Framework</u></a></li> <li>- <a href="#"><u>Principal Risk Register</u></a></li> <li>- <a href="#"><u>Audit &amp; Risk Committee Minutes</u></a></li> <li>- <a href="#"><u>Overview &amp; Scrutiny Committee Minutes</u></a></li> <li>- <a href="#"><u>Regular performance reports to Overview &amp; Scrutiny Committee</u></a></li> <li>- <a href="#"><u>Committee Agendas published before deadlines</u></a></li> <li>- <a href="#"><u>Internal Audit reports to Audit Committee</u></a></li> </ul>

Supporting Principle	Evidence
<p>risk management and control is provided by the internal auditor; Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon</p> <p><b>4. Managing data:</b> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data; Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies; Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</p> <p><b>5. Strong public financial management:</b> Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance; Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<ul style="list-style-type: none"> <li>- <a href="#">Audit Plan</a></li> <li>- <a href="#">Capital and Revenue Monitoring reports to Audit &amp; Risk Committee</a></li> <li>- <a href="#">Treasury Management Committee and Strategy</a></li> <li>- <a href="#">Reports from Cabinet Member for Fairer Chelmsford to Full Council</a></li> <li>- <a href="#">Accessing Council Information</a></li> <li>- <a href="#">Data Protection – Privacy Policy</a></li> </ul>

**Core Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability**

**Summary:** Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on those actions completed, but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Supporting Principle	Evidence
<p><b>1. Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul> <p><b>2. Implementing good practice in reporting</b></p> <ul style="list-style-type: none"> <li>- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>- Ensuring members and senior management own the results reported</li> <li>- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#">Audit &amp; Risk Committee Minutes</a></li> <li>- <a href="#">Overview &amp; Scrutiny Committee Minutes</a></li> <li>- <a href="#">Governance Committee Minutes</a></li> <li>- <a href="#">Annual Internal Audit Report</a></li> <li>- <a href="#">External Audit Annual Audit Letter</a></li> <li>- <a href="#">Committee meetings open to the Public/Public Questions at Meetings</a></li> <li>- <a href="#">Committee Agendas sent to Parish Councils and Local press</a></li> <li>- <a href="#">Statement of Accounts</a></li> <li>- <a href="#">Reports from Cabinet Member for Fairer Chelmsford to Full Council</a></li> </ul>

Supporting Principle	Evidence
<p>- Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate</p> <p>- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</p> <p><b>3. Assurance and effective accountability</b></p> <p>- Ensuring that recommendations for corrective action made by external audit are acted upon</p> <p>- Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</p> <p>- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p> <p>- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p> <p>- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</p>	<ul style="list-style-type: none"> <li>- <a href="#">Comments, Compliments and Complaints system</a></li> <li>- <a href="#">Constitution</a></li> <li>- <a href="#">Counter Fraud &amp; Corruption Strategy 2023 and Action Plan</a></li> <li>- <a href="#">Equality Duty and Gender Pay Gap</a></li> <li>- <a href="#">Whistleblowing Policy</a></li> <li>- <a href="#">Consultation &amp; Engagement Strategy</a></li> <li>- <a href="#">Petition Scheme</a></li> <li>- <a href="#">The Transparency Code</a></li> <li>- <a href="#">Accessing Council Information</a></li> </ul>

### Review of the Code

The Council’s Code of Corporate Governance will be reviewed on an annual basis with a view to ensuring that:

- a) The Council’s governance arrangements are adequate and operating effectively in practice, or
- b) If reviews of governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future

The Audit & Risk and Governance Committees, meeting jointly, will consider the annual review of the code in June each year.

### Annual Governance Statement

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. This Code will help to ensure that proper arrangements are in place to meet that responsibility. As mentioned above, the Council will undertake an annual review of its governance to ensure continuing compliance with best practice.

In addition, an Annual Governance Statement will be presented in June each year to the Council’s Audit & Risk Committee and Governance Committee meetings. The Statement will comprise an open and honest self-assessment of the Council’s performance across all of its activities, with a clear statement of the actions being taken, or which are required, to address areas of concern.

In view of the importance of the Statement, it will be signed off on behalf of the Council by the Leader of the Council and the Chief Executive. It will then be published on the Council's website and in other ways as appropriate. Together with this Code, the Governance Statement will be amended as appropriate following its annual review to form an important part of the Council's Annual Statement of Accounts.

# ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023

## 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. The governance framework outlined in this document has been in place at Chelmsford Council for the year ended 31 March 2023.



### 3. The Governance Framework

- 3.1. The Council's Governance Framework is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA/SOLACE principles of delivering good governance.
- 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 2022/23
<p><b>Principle A</b></p> <p><b>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>✓ Member and Officer Code of Conduct form part of the Council's <a href="#">Constitution</a>. The Constitution Working Group in May 2022 recommended that the Council adopt the latest version of the Local Government Association's Model Code of Conduct for Councillors which was approved and adopted as Part 5.1 of the Constitution by Full Council in July 2022. The Monitoring Officer has undertaken six training sessions in relation to the model code of conduct.</li> <li>✓ The Employee Code of Conduct has been reviewed in light of the changes to the Member Code of Conduct to establish whether changes are necessary to bring the Employee Code of Conduct into alignment. The area of gifts and hospitality was specifically considered. The employee code was already similar to the LGA Model code and no changes were considered necessary (as reported to <a href="#">Governance Committee</a> in January 2023)</li> <li>✓ The <a href="#">Council's Financial Rules</a> form part of the Constitution and were reviewed in detail, supported by Corporate Governance Group, Constitution Working Group, Cabinet and were approved by Full Council in July 2022. Corresponding Practice Notes are due to be updated in 2023.</li> <li>✓ Policies and procedures on Member and Officer declarations of interests and of gifts and hospitality are available, with interests remaining a standing item on all Committee, Cabinet and full Council meeting agendas. Governance Committee received an update from the Monitoring Officer in June 2022 relating to declaration of interests and gifts and hospitality.</li> <li>✓ The Council's approach to counter-fraud was revised and refreshed in 2022, including the production of a new Counter Fraud Strategy, as approved by Audit and Risk Committee in December 2022. Actions required to deliver and implement the Strategy were set out in a corresponding action plan, with an update provided to March 2023 Audit and Risk Committee regarding actions completed relating to Fraud Risk Register, development of new Fraud Response Plan and plans for developing</li> </ul>



Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<p>and rolling out Council wide counter fraud training during 2023. The Council also participates in mandatory NFI exercises, of which the latest bi-annual main exercise was November 2022.</p> <p>✓ The whistleblowing policy is available to staff, key stakeholders and the general public <a href="#">via the Council's website</a>. A review of the Whistleblowing Policy was undertaken by the Monitoring Officer and reported to Governance Committee in January 2023 which confirmed the current policy is compliant with legislation. An Annual Whistleblowing Report was provided to Governance Committee in October 2022.</p> <p>✓ <a href="#">Service-related complaints</a> and <a href="#">complaints about a Councillor</a> can also be reported online. <a href="#">Governance Committee</a> continues to monitor complaints and investigations under the Standards regime and received the annual review of <a href="#">Complaints to the Local Government and Social Care Ombudsman</a> in October 2022.</p> <p>✓ The <a href="#">Council's Modern Slavery and Human Trafficking Statement</a> 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. As reported to Audit and Risk Committee in September 2022, the Council's new Modern Slavery Co-ordinator now enables the Chelmsford Against Slavery Partnership (CASP) to be progressed and provides resources and expertise to take forward this important area of work, including a review of Property Services and Housing Services. The Council will continue to raise awareness of Modern Slavery practices within the Council's operations and supply chain. Going forward, progress relating to CASP Modern Slavery will be reported to the One Chelmsford Board and Overview and Scrutiny Committee.</p> <p>✓ The Council has a responsibility to ensure that all commissioning and procurement supports the Council's Our Chelmsford Our Plan principles within the legislative framework for public procurement and the Council's own internal rules and procedures, as well as promoting sustainable and ethical sourcing, procurement, commissioning and contract management wherever possible. This is set out in the Council's <a href="#">Social Value Procurement Policy and Strategy 2020-25</a>. An annual Procurement and Social Value update was provided to Audit &amp; Risk Committee in December 2022.</p> <p>✓ The <a href="#">Articles of the Constitution</a>, define the Monitoring Officer's role to ensure that all decisions comply with statutory requirements and are lawful.</p>

Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<p>✓ Ethical Governance training was undertaken in relation to the adoption of the Model Code of Conduct during late 2022. Decision-Making awareness for Councillors Training was undertaken during 2021. Further training in relation to both elements will be provided after May 2023 elections.</p>
<p><b>Principle B</b>  <b>Ensuring openness and comprehensive stakeholder engagement</b></p>	<p>✓ The Council has an FOI <a href="#">publication scheme</a> on its website and also publishes <a href="#">certain information</a> in line with the Local Government Transparency Code 2015. The Council also updates its FOI requests relating to Business Rates <a href="#">quarterly</a>.</p> <p>✓ The Council's Annual Statement of Accounts is <a href="#">published online</a>.</p> <p>✓ Comprehensive <a href="#">Council Tax information</a> is available online</p> <p>✓ Council, Cabinet and Committee meetings are open to the public and guidance on attending and speaking at public meetings is available <a href="#">online</a>.</p> <p>✓ A <a href="#">calendar of meetings</a> 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.</p> <p>✓ Notices of Key Decisions, <a href="#">Executive Decisions</a> and <a href="#">Urgent Decisions</a> are also issued in advance/made available online (as appropriate).</p> <p>✓ Further detail on stakeholder engagement is available in the <a href="#">Council's Consultation and Engagement Strategy</a>.</p> <p>✓ The Monitoring Officer continues to provide guidance for Parish tier Councils on the standards regime. Parish tier councillors were invited to some of the model code of conduct update sessions which took place late 2022.</p>
<p><b>Principle C</b>  <b>Defining outcomes in terms of sustainable economic, social and environmental benefits</b></p>	<p>✓ The Council's <a href="#">Local Plan</a> was adopted in May 2020. This sets out sustainable development objectives, policies and a Spatial Strategy to accommodate new development growth in the period to 2036. In accordance with national policy, a review of the plan is required at least every five years. To this end, an <a href="#">Issues and Options consultation</a> ran for 10 weeks to October 2022 to review the amount and potential locations for new development of homes, jobs and infrastructure, and areas for protection, such as open space and sites for wildlife which will cover the period to 2041. A</p>

Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<p>consultation feedback document was published in February 2023 following consideration by Chelmsford Policy Board and a revision to the timetable to review the Local Plan was also agreed. A new Officer team was formed in July 2022 to deal with all planning matters relating to Chelmsford Garden Community.</p> <p>✓ In order for the Council to keep its CIL Governance arrangements up to date and in line with the adopted Local Plan, a revised arrangement was adopted by Cabinet in June 2021. A further review will be carried out within the next 2 years, or earlier should Government legislation make that necessary.</p> <p>✓ The Council's <a href="#">Community Funding Scheme</a> is available to voluntary or community organisations who work for the benefit of Chelmsford residents. There are three different grant schemes: Discretionary Fund Grant; Neighbourhood Community Infrastructure Levy (CIL) Grant in unparished wards; and Greener Chelmsford Grant (which supports “green” community initiatives to help local groups deliver elements of the Climate and Ecological Emergency Action Plan). Additional Council grants include Active Chelmsford (for projects or work aimed at engaging inactive residents of the Chelmsford district) and other CIL grants to external organisations that deliver the strategic infrastructure required to deliver the objectives of the Local Plan.</p> <p>✓ Following Full Council approval at its meeting in March 2022, the Council proceeded to make a formal legal order in August 2022 to create two new Parish tier Councils – Chelmer Village Council and Chelmsford Garden Community Council with effect from 1st April 2023. The Council appointed representatives from the City Council and existing local parish councils to both shadow councils to assist with the initial set up of the new councils. Those shadow councillors became the first parish tier councillors from 1<sup>st</sup> April 2023 and will remain in place until the election process is completed in early May 2023. A further formal legal order was made in February 2023 to deal with transfer of assets from existing parishes to the new councils. Full details are <a href="#">here</a>.</p> <p>✓ <a href="#">Our Chelmsford, Our Plan</a> 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.</p> <p>✓ The Council’s strategic planning framework ensures that operational activities link to Our Chelmsford, Our Plan priorities. The Our Plan Action Plan breaks down strategic actions to</p>

Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<p>measurable economic, social and environmental outcomes for monitoring through T1. T1 Action Plans are also in place for the Climate and Ecological Emergency and the Council's Health and Wellbeing Strategy.</p> <p>✓ The Council in response to a Notice of Motion - Standing Against Racism and Discrimination, resolved to adopt the All-Party Parliamentary Group (APPG) on British Muslims definition of Islamophobia; continue focus groups and meetings to find out more about how we support our diverse communities and expectations of the Council as a whole; improve knowledge and understanding by using our museums, theatres, festivals and outside events to showcase the diversity of our city; monitor the figures relating to hate crimes and action taken via the Community Safety Partnership; support the work of the Working Group on Connectivity and Local Democracy to tackle discrimination, encourage participation and open up community discussion and; report back regularly to all councillors. The Council has also adopted the IHRA definition of antisemitism. The Council's activities in this field are monitored by the Anti-Racism Working Group.</p> <p>✓ In line with the <a href="#">Public Sector Equality Duty</a>, the Council publishes equality information (including workforce and gender pay gap data) and has set equality objectives to continually improve services to ensure equal access for all customers, work effectively with under-represented communities, promote equality and diversity through working practices and recruit and retain staff with the right skills and behaviours to work for the benefit of all sectors of our local community.</p>
<p><b>Principle D</b></p> <p><b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b></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 <a href="#">Medium-Term Financial Strategy (MTFS)</a> 2022-27 details a sustainable funding strategy for the Council, taking account of Our Chelmsford, Our Plan objectives and informing annual budget setting. A detailed and comprehensive MTFS was presented to Cabinet and Council in July 2022, which reported the increase of financial uncertainty due to the long-term impact of Covid-19; potential economic recession and current inflation; and no clear funding arrangement from Government. The MTFS and the Council's Budget are a means of meeting the expected challenge.</p> <p>✓ Financial monitoring arrangements ensure that budget information is readily available to a variety of stakeholders to inform decision-making – including senior managers, Management Team and</p>

Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<p>Cabinet Members, alongside formal reporting to Audit and Risk Committee at outturn, mid-year review to Cabinet and Overview and Scrutiny Committee and regular reporting to Cabinet members.</p> <p>✓ The Council undertook a self-assessment against the seven standards in CIPFA’s Financial Management Code using the assessment criteria established by CIPFA. The outcome (i.e. that the Council is materially compliant with the CIPFA FM Code) was reported to <a href="#">Audit and Risk Committee in September 2022</a>, with further actions arising from the assessment outlined. These actions are being monitored by the Council’s S151 Officer.</p> <p>✓ The Council’s Performance is monitored as follows:</p> <ul style="list-style-type: none"> <li>• A programme of deep-dive performance reviews is presented to <a href="#">Overview &amp; Scrutiny Committee</a> throughout the year, each review focussing on a specific area of Council activity. In 2022/23, these included: Rough Sleeping, Temporary Accommodation, SEPP, Cultural Services, Housing Delivery, Safer Chelmsford.</li> <li>• Overall progress in implementing Our Chelmsford, Our Plan Action Plan is reported in annually to Overview &amp; Scrutiny Committee in <a href="#">November</a>. Key priorities from the Plan have also been identified by portfolio holders for quarterly reporting to the Policy Leadership Team (PLT).</li> <li>• The Climate and Ecological Emergency Action Plan progress is reported <a href="#">annually</a> to Overview &amp; Scrutiny Committee.</li> <li>• Health and Wellbeing Action Plan progress is reported quarterly to Livewell Chelmsford.</li> <li>• Operational PIs continue to be monitored locally.</li> </ul> <p>✓ <a href="#">Chelmsford Policy Board</a> (joint Members and Officer) Working Groups oversee implementation of the dedicated strategies and actions plans, recommending interventions to Cabinet as necessary. The Board receives updates from the Working Groups when there is significant progress to report.</p> <p>✓ <a href="#">Chelmsford Garden Village Delivery Board</a> is in place to oversee specific elements of the development of proposals for <a href="#">Chelmsford Garden Community</a>.</p>

Good Governance Principle	Chelmsford Council Key Elements 2022/23
<p><b>Principle E</b></p> <p><b>Developing the Council’s capacity, including the capability of its leadership and the individuals within it</b></p>	<ul style="list-style-type: none"> <li>✓ The Council’s <a href="#">Constitution</a> is available on the Council’s website and subject to ongoing review, as overseen by the Constitution Working Group.</li> <li>✓ The Council works to ensure the physical and mental health and wellbeing of its staff through Workplace Health Champions events, Mental Health First Aiders, the Employee Assistance Programme, Wellness action plans and weekly Our News articles.</li> <li>✓ The Council participates in a number of partnerships, including <a href="#">Safer Chelmsford</a>, <a href="#">South Essex Parking</a>, and works closely with Essex County Council on a number of initiatives: Mid Essex Children's Partnership Board, Essex Safeguarding Adults Board, Mid Essex Alliance and Chelmsford Youth Strategy Group.</li> <li>✓ Recruitment of an Independent Person for the Governance Committee during 2022/23. This was advertised in accordance with the Localism Act 2011 and interviews of 6 applicants were undertaken by Governance Committee in March 2023. Two candidates were recommended for appointment at Annual Council in May 2023. The Governance Committee meeting in June 2023 will include a training session for the entire committee for the new term of office post elections. This will assist the new independent persons in their induction along with any new committee members that are appointed after the elections. One existing parish councillor representative is being recommended for continued appointment at Annual Council. The remaining two parish representative vacancies will be dealt with after the elections.</li> <li>✓ The Monitoring Officer undertook six training sessions during 2022/23 in relation to the Member Model Code of Conduct. These initially included only City Councillors, but later sessions were extended to parish tier authorities. The slides and a recording of one of the sessions have been circulated to all city councillors and all councillors have been made aware of the changes. Further training will be provided after the 2023 Local Elections and the induction programme will include appropriate arrangements.</li> </ul>

Good Governance Principle	Chelmsford Council Key Elements 2022/23
<p><b>Principle F</b></p> <p><b>Managing risks and performance through robust internal control and strong financial management</b></p>	<ul style="list-style-type: none"> <li>✓ The Council's Risk Management Strategy 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, aligned to Our Chelmsford, Our Plan objectives, each assigned to a Directorate lead. Quarterly reporting to Management Team and six-monthly reporting to <a href="#">Audit &amp; Risk Committee</a> ensures arrangements are working effectively. The Council's Fraud Risk Register summary was also presented to Audit &amp; Risk Committee in March 2023.</li> <li>✓ The Internal Audit Annual Report to <a href="#">Audit &amp; Risk Committee</a> confirms that an effective internal audit service is resourced and maintained and provides an annual opinion on the adequacy Council's governance, risk management and internal control arrangements.</li> <li>✓ The risk-based Internal Audit Plan is aligned to Our Council, Our Plan objectives, the Council's Principal Risks and Fraud Risk Register.</li> <li>✓ Following the independent Cyber Security "posture review" in 2020/21 which assessed the Council's maturity with regards to information and cybersecurity, the VCISO service was initiated in March 2022, to assist the Council aligning to the IASME Governance Gold Standard for information security. Updates from the VCISO were provided to Corporate Governance Group throughout 2022/23, including monitoring actions arising from the Council's self-assessment against Cyber Essentials best practice, conducted in November/December 2022. Work continues to produce the forward strategy for cyber resilience which will be made up of three main components: an executive briefing covering the key elements of the strategy, setting out a structured approach to realisation and shared across the organisation; a more detailed document with more in-depth analysis held by Digital Services and available for access by interested parties; and a technological road map for the ongoing development of the Council's digital infrastructure against the strategy. The Council also procured a 3 year contract for incident response, should the authority be compromised we will have access to expert advice quickly who are aware of our setup and will run regular exercises with us.</li> <li>✓ The Chief Financial Officer makes regular reports to Members on the financial position, budget setting and monitoring, medium-term forecasts, the annual statement of accounts and any other financial matters as necessary. Financial risks included within the Principal Risk Register are refreshed in the light of changing financial circumstances.</li> </ul>



Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<ul style="list-style-type: none"> <li data-bbox="743 231 2168 414">✓ The Council undertook a self-assessment against the seven standards in CIPFA’s Financial Management Code using the assessment criteria established by CIPFA. The outcome (i.e. that the Council is materially compliant with the CIPFA FM Code) was reported to <a href="#">Audit and Risk Committee in September 2022</a>, with further actions arising from the assessment outlined. These actions are being monitored by the Council’s S151 Officer.</li> <li data-bbox="743 438 2168 694">✓ The Council’s approach to counter-fraud was revised and refreshed in 2022, including the production of a new Counter Fraud Strategy, as approved by Audit and Risk Committee in December 2022. Actions required to deliver and implement the Strategy were set out in a corresponding action plan, with an update provided to March 2023 Audit and Risk Committee regarding actions completed relating to Fraud Risk Register, development of new Fraud Response Plan and plans for developing and rolling out Council wide counter fraud training during 2023. The Council also participates in mandatory NFI exercises, of which the latest bi-annual main exercise was November 2022.</li> <li data-bbox="743 718 2168 1125">✓ Chelmsford City Council is committed to high standards of health and safety management within a risk management framework. This means having in place effective management arrangements within directorates to ensure the wellbeing of our staff, service users, members of the public and others affected by our organisation and services. The Council uses external health and safety advisors to assist in managing the Council’s high-risk services. The Council has a Health, Safety &amp; Welfare Forum that has senior level representation from across the organisation. The aim of the Health, Safety and Welfare Forum is to promote co-operation in instigating, developing and carrying out measures to ensure and improve the health, safety and welfare at work of all employees. Management Team are kept informed of issues as when they arise, and key policies are reported on and discussed as required, and an Annual Health and Safety Report was provided to Audit &amp; Risk Committee in September 2022.</li> <li data-bbox="743 1149 2168 1364">✓ Business rates expanded reliefs and emergency grants were provided by the Government to support businesses and organisations during the pandemic. In March 2022, BEIS confirmed that the Council’s activities in relation to the first tranche of grants between April 2020 and September 2020 had provided adequate assurance. In December 2022, BEIS advised they would be starting to conduct their post-payment assurance activities in relation to the remaining COVID Business Support Grants.</li> </ul>



Good Governance Principle	Chelmsford Council Key Elements 2022/23
	<ul style="list-style-type: none"> <li>✓ The Audit &amp; 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). An update to this guidance was produced in 2022 and a self-assessment will be undertaken in 2023 to ensure Committee compliance with new requirements.</li> <li>✓ The annual update to Members on RIPA arrangements was presented to Governance Committee October 2022, covering review of the Council's RIPA and RIPA Social Media Policies and training of key personnel.</li> <li>✓ An Information Governance Update was presented to Governance Committee in October 2022 to provide an annual update on the Council's approach to the assurance and management of information. Achievements and further developments included: 90% statutory requests (Freedom of Information, Environmental Information Regulation and Data Protection Act Subject Access requests) were answered within timescale, data breach summary, training and awareness, cyber security review, policies, consents, privacy notices, risk management, phishing, contracts, DPIA's.</li> </ul>
<p><b>Principle G</b></p> <p><b>Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</b></p>	<ul style="list-style-type: none"> <li>✓ As detailed above, a vast array of information is accessible to the general public via the <a href="#">Council's website</a> in an understandable style appropriate to the intended audience.</li> <li>✓ The Council's Corporate Governance Group continued to meet regularly during 2022/23 and included reviewing and updating the Annual Governance Statement, reviewing progress against the AGS action plan, collaborating and sharing governance updates and best governance practice from across the Council.</li> <li>✓ The <a href="#">Annual Governance Statement</a> is presented to the Leader and Chief Executive, approved by Joint Audit &amp; Risk and Governance Committee and published alongside the <a href="#">Statement of Accounts</a>.</li> <li>✓ Governance Committee, Audit &amp; Risk Committee, and Overview &amp; Scrutiny Committee report annually on their work to full Council.</li> <li>✓ The Annual Internal Audit Report demonstrates that internal audit recommendations inform positive improvement across the Council.</li> </ul>

### 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 work of the Corporate Governance Group who provide feedback to Management Team.
- 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** that ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the Audit & Risk Committee.
- A **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** including access for senior managers to live financial information and latest budget forecasts, with quarterly reporting to Management Team and biannual reporting to Cabinet.

3.5. The outcome of the review is presented in 3.10 below, which detail areas for improvement during 2023/24.

### 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 first introduced in 2011 with a new agreement for a further term signed by all partner authorities in 2022. 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 2021/22 was Moderate Assurance.

The work undertaken during 2022/23 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 31<sup>st</sup> March 2023, 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 2023/24. Further detail on audit outputs is provided in the Internal Audit Annual Report.

### 3.8. External Audit and Inspectorates

In the last 20 years the Council has published its accounts in-line with statutory deadlines and had no qualifications made by its external auditor. However, the effectiveness of the external audit process has been weakened by a nationwide crisis in external audit provision. Across England only 1 in six audits have been completed on time. For the City Council like many Councils that means audits have taken over a year from the balance sheet date to be completed. External audit provides an essential independent challenge of a Council's finances, however that challenge can only be truly effective when done in a timely manner. The issue is being addressed nationally but it is unclear when the situation will improve.

### 3.9. Review of Actions from 2021/22 Annual Governance Statement

Ref	2021/22 AGS	Action taken in 2022/23 to address the issue
GOV22_1	<p><b>Financial Rules</b> - Updated financial rules will be reviewed and approved by Council and associated operational Practice Notes updated and implemented accordingly.</p>	<p><b>Complete.</b> A review of the Council's Financial Rules was undertaken in 2022/23 and were approved at Full Council July 2022. Supplementary Practice Notes are now in draft and due to be reviewed Spring 2023.</p>
GOV22_2	<p><b>Cyber Security</b> - Continue to progress our cyber security recommendations that come from the vCISO service. Align to best practice and frameworks as relevant. Deliver updated Cyber Security strategy and review all policies. Procure a retainer for Cyber Security incident response team.</p>	<p><b>Ongoing.</b> The VCISO service was initiated in March 2022 to assist the Council achieving accreditation to the IASME Governance Gold Standard for information security. Updates from the VCISO were provided to Corporate Governance Group throughout 2022/23, including monitoring actions arising from the Council's self-assessment against Cyber Essentials best practice, conducted in November/December 2022. Work continues to produce the forward strategy for cyber resilience which will be made up of three main components: an executive briefing covering the key elements of the strategy, setting out a structured approach to realisation and shared across the organisation; a more detailed document with more in-depth analysis held by Digital Services and available for access by interested parties; and a technological road map for the ongoing development of the Council's digital infrastructure against the strategy.</p>
GOV22_3	<p><b>Financial Management Code Action Plan</b> - A self-assessment against CIPFA's Financial Management Code will be completed and action plan produced to meet any shortfalls.</p>	<p><b>Complete.</b> The Council undertook a self-assessment against the seven standards in CIPFA's Financial Management Code using the assessment criteria established by CIPFA. The outcome (i.e. that the Council is materially compliant with the CIPFA FM Code) was reported to <a href="#">Audit and Risk Committee in September 2022</a>, with further actions arising from the assessment outlined. These actions are being monitored by the Council's S151 Officer.</p>
GOV22_4	<p><b>Member Code of Conduct</b></p>	<p><b>Complete.</b> The Constitution Working Group in May 2022 recommended that the Council adopt the latest version of the Local Government Association's Model Code of Conduct for Councillors which was approved and adopted as Part 5.1 of the Constitution by Full Council in July 2022. The Monitoring Officer has undertaken 6 training sessions in relation to the model code of conduct.</p>
GOV22_5	<p><b>Community Governance Review</b></p>	<p><b>Complete (to April 2023).</b> Following Full Council approval at its meeting in March 2022, the Council proceeded to establish a formal legal order in February 2023 to create two new Parish tier Councils – Chelmer Village Council and Chelmsford Garden Community Council with effect from 1st April 2023. The Council has appointed representatives from the City Council and existing local parish councils to both shadow councils and will remain in place until after the first election cycle is complete. Full details are <a href="#">here</a>.</p>

### 3.10. Areas for improvement or monitoring during 2023/24:

Ref	Area	Action to be taken in 2023/24	Responsible Officer
GOV23_1	Counter Fraud	Monitor progress of delivery of actions in the Counter Fraud Strategy Action Plan to ensure that the Council's Counter Fraud Strategy is delivered	Audit Services Manager
GOV23_2	Cyber Security	Continue to progress our cyber security recommendations that come from the vCISO service. Align to best practice and frameworks as relevant. Deliver updated Cyber Security strategy and review all policies.	Digital Services Manager
GOV23_3	Records Management	To review current records management processes and develop action plans for the implementation of any changes that need to be made, including consideration of prioritisation, resources and timescales for implementation within services.	Relevant Information Asset Owners
GOV23_4	Constitution/Policy Alignment	To complete the review of any parts of the constitution that have not been reviewed within the last 4 years. This will include any practice or procedure notes.	Legal & 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

Date:

Signed.....

Chief Executive