

**Chichester District Council**

**Report of Corporate Governance and Audit Committee to Full Council**

**Background**

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 and properly accounted for and used economically, efficiently and effectively.

To this end members and senior officers are responsible for ensuring that proper arrangements exist for the governance of the Council's affairs and stewardship of its resources.

In March 2019 the Corporate Governance & Audit Committee considered the Strategic and Organisational Risk Registers to ensure the adequacy of the Council's actions to control and manage risks.

During 2018/2019 the seven highest risks identified in the Corporate Risk Register were:

- **Southern Gateway:** Failure to deliver the outcomes of the project leading to reputational damage and financial exposure to CDC as lead partner, and potential repayment of the Local Enterprise Partnership and other funding.
- **Local Plan:** Failure to complete the Local Plan Review and achieve an adopted Local Plan by 2020. This would mean that the Council would face challenge that it does not have an up to date Local Plan and the impact it would have.
- **Impact of Universal Credit (UC) on working claimants across the District:** Failure to provide appropriate support and guidance for claimants affected by the welfare reforms, including the rollout of Universal Credit (UC) on working age claimants across the district, resulting in the risk of rent arrears and the threat of homelessness.
- **Financial Resilience:** Failure to maintain a robust and deliverable budget will lead to a lack of resources to fund services and council priorities, leading to reactionary decision making, and reputational consequences. Failure to maximise income streams.
- **Business Continuity:** Failure to react to an incident that would adversely affect the delivery of services, including leading to a breach of the Council's statutory duties under the Civil Contingencies Act and result in both inability to service the community and reputational damage.

- **Cyber Risk across ICT Estate**

Failure to protect the Council against a cyber-attack across the ICT estate resulting in service disruption and reputational damage.

- **Brexit**

The risks of Brexit and in particular of a “no deal” Brexit scenario and its impact on the council, its services and communities.

- **Changing use of the High Street in City and Rural Towns**

Risk to the City and rural towns as a result of the changing use of the high street impacting their sustainability and vitality. Failure to adapt to the changing use of the high street by consumers and businesses, impacting the local economy, and the wider financial impact on the council as a result of reduced income streams from car parks, business rates etc.

The Council has a 5 year Financial Strategy model which is underpinned by key financial principles, which determines the approach in its aim to achieve a balanced budget over the medium term, without the use of reserves, except where this is necessary on the short term.

As part of the 2017- 2018 budget cycle the Council accepted a four year funding offer from the Government to help provide some degree of certainty, and the 2019-2020 Budget will be the final year of this agreement (as the Government assumed the starting point of the arrangement was from 2016-2017). Associated with the funding agreement the Council also has an approved 2016 deficit reduction plan which was expected to achieve savings or additional income amounting to £3.8m. The plan is monitored regularly by the appropriate Programme Board; either the Commercial Board of the Business Improvement Board and as part of the Council’s quarterly revenue and capital regime monitoring. To date £3.5m has been achieved.

## Annual Governance Statement

The Annual Governance Statement as attached at appendix 2 has been prepared in accordance with the CIPFA / SOLACE guidance on “Delivering Good Governance in Local Government”. The Statement is attached and clearly sets out the 7 fundamental principles of good governance (A to G) as identified below:

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

## Other Potential Risk Issues

The drafting of the Annual Governance Statement has highlighted some risks that are ongoing and receiving attention from those charged with governance. These can have common themes and may overlap with other areas of risk that have been identified. They are being monitored to track whether there are any changes in their risk score. The risks identified are listed below:

- **Loss of key procurement staff:**

A member of the Legal team is covering this area. It is the intention to replace the Procurement Officer when a suitably qualified person can be found.

- **Loss of key staff / expertise Communications, Licensing & Events Division:**

A review will be undertaken to ensure that appropriate posts and skill sets are in place on order to deliver an effective and efficient service.

Other than those areas set out above, which are themselves subject of further on-going review, members of the Committee are assured that key systems are in place within the Council. This is supported by the internal audit service, which has the responsibility to review independently and report to Committee.

Cllr K O'Kelly  
Chairman of Corporate Governance & Audit Committee