

## Chichester District Council

Council – 14 July 2015

### Report of Corporate Governance and Audit Committee

#### 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 November '13 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.

In June '14 the Accountancy Services Manager met with the Heads of Service to re-assess all the Organisational Risks to ascertain if the risks still apply, and whether the initial risk score was correct or not. Where the risk was still relevant, they were re-scored taking into the account the mitigating action. Of the 10 Strategic Risks 7 have been scored as high, these will be reviewed on a quarterly basis by CMT and considered by the Strategic Risk Group.

During 2014/2015 the seven highest risks identified in the Corporate Risk Register were:

- **Deficit Reduction (Balanced Budget):** That the council is unable to set a balanced budget. This is an on-going risk.
- **Visions Priorities:** Lack of clear vision and priorities that is forward looking with members and officers not adhering to shared visions and priorities.
- **Project Management:** Failure to deliver key projects due to ineffective programme and / or project management skills.
- **Health & Safety:** Failure to adhere to H&S policies and procedures leading to the death or injury of an employee or third party resulting in prosecution.
- **Local Plan:** Failure to have an approved plan in place to protect the local environment and to deliver Housing Targets for the District. Council unable to collect Community Infrastructure Levy.
- **Business Continuity:** That a business continuity incident occurs and the organisation fails to respond effectively and continue to deliver services.
- **Contract Management:** Failure to manage contracts where contractor or key partner fails to deliver goods and / or services which prevents the council from delivering its corporate plan objectives for both projects and services.

The Council has taken early action as the current financial crisis started and has, over the last five years achieved almost £7.8m of savings. This has enabled the Council to set balanced budgets without the need to draw against reserves. Current predictions are that there is a need to find further savings to maintain a balanced position. The council will need to save a further £2.4m over the next three years and there is a plan to deliver this. Cabinet have agreed the Deficit Reduction Plan of £2.4m but officers and members will keep this under review.

## **Annual Governance Statement**

The Annual Governance Statement has been prepared in accordance with the CIPFA / SOLACE guidance on “Delivering Good Governance in Local Government”. The Statement clearly sets out the 6 fundamental principles of good governance:

- i. Determining the council’s purpose, its vision for the local area and intended outcomes for the community.
- ii. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- iii. Promoting our values and upholding high standards of conduct and behaviour.
- iv. Taking informed and transparent decisions and managing risk.
- v. Effective Management – capacity and capability of members and officers.
- vi. Engaging with local people and other stakeholders to ensure robust accountability.

CIPFA guidance also requires an Annual Review of Partnerships which has been produced by Internal Audit.

Internal Audit reviewed a sample of Partnerships to see whether the appropriate governance arrangements were in place. From the sample selected some of the Partnerships had been set up without referring to the partnership guidance. The guidance states that all partnerships that the council is involved in must have the following in place:

- Terms of Reference
- Action Plan with SMART (Specific, Measurable, Achievable, Realistic and Time Bound) outcomes, outcome measures and planned timescales.
- Risk Assessments
- Exit Strategy
- Lines of Accountability
- Regular Reviews
- Set financial arrangements
- Partnership register, to contact the Partnership Officer when setting up a new partnership or reviewing an existing one in order for the partnership register to be kept up to date.

In some cases information relating to Partnerships has been taken from the Service’s Service Plan, when reviewing these further some had been incorrectly classified as a

Partnership. The Partnership Officer will be contacting the relevant services to discuss the information on their service plans.

It is recommended that staff refer to the guidance when forming or reviewing a Partnership.

## **Significant Issues & Risks**

The drafting of the Annual Governance Statement has highlighted some risks that have come to light which are receiving attention from those charged with governance.

- **The impact on the Council and the future Grant settlement calculation and loss of external income streams**

The council has identified likely reductions from government and from local income streams. The report to cabinet “Transformation of Council Services” emphasised the need to continue to plan for the future and to be able to “flex the model” should the need arise. The implementation of the Deficit Reduction Plan will identify efficiencies or increased income to address the expected shortfall by 2017/2018.

- **Business Continuity**

The Health & Safety Manager has continued to work with the services to ensure that there is an adequate business continuity plan and that the findings from the Business Impact analysis prepared by Zurich have been implemented. In December a full exercise was carried out which raised a number of actions; these were completed by the end of March.

- **Emergency Planning**

The Head of Housing and Environment undertook an Emergency Planning review, the review highlighted West Sussex County Councils plans for the future, and the options available to the Council. It was decided that Chichester will operate a shared service between Arun and Chichester with two members of Housing & Environment assisting.

- **Westgate Centre Carbon Trust contract**

The council has received formal responses from tenderers for the replacement of the CHP’s at Westgate. All tenderers have been asked to tender for a CHP solution or a Discounted Energy Purchase Scheme.

- **Failure of the Local Plan**

The Council have submitted the Local Plan to the Government and are awaiting their opinion as to whether the plan can be classified as sound.

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.