

Chichester District Council

COUNCIL

22 November 2016

Draft Annual Report of the Corporate Governance and Audit Committee 2015-16

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 2016 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 2015/2016 the six highest risks identified in the Corporate Risk Register were:

- **Financial Resilience:** That the council is unable to set a balanced budget. This is an on-going risk.
- **Skills / Capability / Capacity:** Failure to have resilience in the staff structure due to cost reductions and so lack the right number of staff with the right skills to deliver services
- **Business Continuity:** That a business continuity incident occurs and the organisation fails to respond effectively and continue to deliver services.
- **Cyber Attack Across Entire Estate:** Failure to have necessary processes and procedures in place to eliminate a Cyber Attack.
- **Non Achievement of Recycling Target of 50% by 2020:** Failure to achieve a Recycling Target of 50% by 2020 could mean the council will incur significant fines.
- **Devolution of Public Services:** Failure to engage in the Devolution of Public Services could potentially lead to the council being isolated and therefore unable to influence and shape the process.

The Council has taken early action as the current financial crisis started to emerge and has, over the last five years achieved in excess of £7.8m of savings and increased income. During the period 2013-2016 the Council has achieved revenue savings of 2.2m and has generated additional income of £1.4m (£1.2m more than expected). Despite exceeding the target the financial forecast still looks unpredictable. The financial strategy

and plan 2016/2017 approved by Council in December 2015, anticipated further funding reductions over the next five-years. It has been via this medium term modelling that the council has been able to plan ahead and implement sensible and considered efficiencies. This planning has helped to avoid making severe service cuts, yet thus far enabled the council to set balanced budgets.

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.

Other Potential Risk Issues

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, these can have common themes and can 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 as being new or emerging are listed below:

- **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.
- **Contract Management:** Failure to manage and specify contracts where contractor or key partners fails to deliver goods and or services which prevent the council from delivering its corporate plan objectives
- **Failure of partners to deliver:** Delivery partners have been engaged and consulted on the draft Infrastructure Business Plan throughout its preparation.
- **Staff resources to deliver projects:** To have sufficient staff to deliver projects across the council.
- **Financial resources to deliver projects:** The investment fund has been increased to allow further projects to come forward.
- **Triple dip recession and impact on income streams:** The Office for National Statistics (ONS) is raising concerns about the state of the economy and as the council is reliant on its income streams this risk should remain. Although the triple dip recession did not occur, there is continued uncertainty about the UK economy, post referendum result.

- **Termination of leisure contract either by the council or the contractor:** Need to ensure that there are strong working relationships between the contractor and regularly monitor performance.
- **Community Tensions:** To monitor the media reporting of local responses/concerns to local or national issues.

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.