

## **Chichester District Council**

### **Annual Governance Statement 2015-2016**

#### **1. Scope of responsibility**

Chichester District 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. Chichester District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Chichester District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Accounts and Audit (England) Regulations 2011 require every Council to agree and publish an Annual Governance Statement (AGS).

CIPFA (Chartered Institute of Public Finance and Accountancy) have produced an "Application Note to Delivering Good Governance in Local Government: A Framework". This application note builds on the governance requirements of an authority's AGS. In updating this AGS, the application note has been considered.

#### **2. The purpose of the governance framework**

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is designed to manage risk to a reasonable level; it cannot eliminate risk completely and therefore provides reasonable and not absolute assurance of effectiveness. It 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, to evaluate the likelihood and impact should they be realised and to manage them efficiently, effectively and economically.

The Council adopted the CIPFA/SOLACE (Society of Local Authority Chief Executives) Framework in March 2002 which is in place at the 31<sup>st</sup> March 2016.

#### **3. The Principles of Good Governance**

The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out six core principles of good governance, these are:

### **3.1. Determining the council's purpose, its vision for the local area and intended outcomes for the Community**

Although the Sustainable Community Strategy for Chichester District 2009-2026 is no longer a statutory document, the council continues to be informed by the priorities identified in it. The document has been refreshed during 2016. These are developed further through the corporate plan that sets out the Council's contribution to this partnership document. The Council measures its key priorities by a range of performance indicators which are set out within the Corporate Plan and monitored through Covalent the council's performance monitoring software. Reports on the progress of these performance indicators are available on the council's internet site. In addition the Sustainable Community Strategy sets the vision for working in partnerships with other local and national organisations supported by the Local Strategic Partnership (LSP) – Chichester in Partnership, including the publication of a consultation exercise undertaken with partners and stakeholders on behalf of the Local Strategic Partnership.

Cabinet agreed the key financial principles of the 5 year financial strategy, which included continuing to review the council's costs in order to find further savings. A Task and Finish Group meets to discuss the budget, and reviews what is happening in the year and any impact for the new financial year.

The Council publishes its Annual Financial Accounts in accordance with the CIPFA guidelines and International Reporting Standards. As uncertainty continues to surround the current economic and financial climate and in particular public sector spending plans. It is clear that central funding cuts of local councils will continue. The Council is therefore committed to delivering its own services more effectively, in the light of these planned reductions.

The Council continues to track national events, quantifying local impact and taking early action to manage the impact. The objective is to put the Council in the best possible position to deal with the financial issues it faces whilst still protecting the most vulnerable members of the community. It is important that the issues and the scale of the financial position are understood and the council is committed to finding solutions and options. A five year Financial Strategy and Plan was taken to Cabinet and Council in December '15 which detailed the challenges facing the council to provide services that meet community needs with a significantly reduced overall level of resource. The key financial principles in the Financial Strategy offer guidelines for making financial decisions over the next few years, and will assist the Council in achieving balanced budgets.

Following a successful Examination the Council's Local Plan for the period 2014-2019 was adopted on the 1<sup>st</sup> July 2015, (subject to review within 5 years) and provides greater certainty about growth and development within the plan area. The Council is also taking forward proposals for the Southern Gateway area of Chichester as part of the emerging vision for Chichester City Centre.

### **3.2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.**

The Council's Constitution clearly defines the roles and responsibilities of the Chief Executive, Chief and Senior Officers, Members and Committees and outlines procedural standards, scheme of delegation and protocol on Member/Officer relations. A further review of the Constitution has taken place and was taken to Cabinet and full Council. The

Leader, Cabinet Members and the Committee Chairmen and deputies receive verbal briefings from the Senior Officers on a regular basis and all Members receive pre-council briefings and participate in workshops particularly for the Local Plan. Members receive monthly bulletins through the Council's intranet site, to keep them informed of any new developments.

The Principal Solicitor was the council's Monitoring Officer, a post responsible for legal compliance; Conduct and Compliance and working with departments to advice on legal issues across the Council. From the 1<sup>st</sup> May 2016 the Council appointed the post of Legal & Democratic Services Manager which will take over the role of the council's monitoring officer from the Principal Solicitor.

The Head of Finance & Governance is the assigned Section 151 Officer; overall financial responsibilities for this role are detailed within the Constitution.

The Partnership Guidance to assist staff when setting up a partnership was updated in 2015 to strengthen the risk management element of partnerships. Partnership training has been undertaken with Members as part of the induction programme in 2015, guidance has also been published on the intranet for officers. There are currently 10 strategic level partnerships that the council is involved with. An annual review of partnerships is undertaken and the findings are then reported to the Corporate Governance & Audit Committee.

### **3.3. Promoting our Values and Upholding High Standards of Conduct and Behaviour**

The culture of the organisation is founded upon good organisational performance, external recognition, high staff morale and good employee attitude to internal controls. The Workforce Development Plan 2015-2018 sets the Council's vision for providing good quality relevant services to the community, while the Constitution incorporates a Member's and Employees Code of Conduct and a protocol on Members/staff relations. This has been updated and was adopted by the Council following the Joint Employee Consultative Panel which met in April 2015; this will cover the period 2015–2018. Members' misconduct allegations are considered by an assessment sub- committee under the umbrella of the Standards Committee which also investigates allegations of misconduct by Parish Councillors. The Council's monitoring officer will review the case together with an independent person and a decision will be made as to whether there is a case to answer. If a decision is made that there is a case to answer it would be referred to a hearing subcommittee.

There is a complaints procedure in place for the council to receive and investigate any complaints made against its Members or staff, as well as a Register of Interests to ensure that any conflict of interests are open and transparent.

Results of complaints investigated together with the report on all complaints dealt with by the Local Government Ombudsman are reported annually to the Corporate Governance and Audit Committee.

The Council takes fraud and corruption and maladministration very seriously. The culture of the council sets the foundation for the prevention of fraud and corruption by creating an environment that is based upon openness and honesty in all council activities, and has the following policies in place, which aim to prevent or deal with such occurrences:

- Anti-Fraud and Corruption Policy
- Whistleblowing Policy – There were no Whistleblowing cases in 2015-2016.
- HR Policies regarding discipline of staff – During 2015/2016 there were 8 dismissals 3 of these were in the probationary period.

The Council's Anti-Fraud and Corruption Policy is reviewed and any amendments are subject to the approval of the Corporate Governance and Audit Committee, this was last updated in June 2014. Following the disbanding of the Benefits Fraud Team one member of staff has been retained and has become the Council's Corporate Counter Fraud Officer with effect from 30<sup>th</sup> November, 2015. He has had meetings with all Heads of Service to establish where he can assist departments with fraud investigations. He has identified a total of £25,545 in savings for the period December 2015 to March 2016.

The council has a Corporate Complaints Procedure, forms and guidance for which is available on the council's website. (Results of complaints investigated together with the report on all complaints dealt with by the Local Government Ombudsman are reported annually to the Corporate Governance and Audit Committee).

### **3.4. Taking informed and transparent decisions and managing risk**

All cabinet reports are authorised by the relevant Executive Director and reviewed by the Head of Finance and Governance/Section 151 Officer and the Monitoring Officer before they are presented to the cabinet. The Monitoring Officer and Section 151 Officer will also attend Cabinet if required, to answer any specific questions raised by Members.

The Council's risk register are reviewed regularly and presented to the Strategic Risk Group which comprises of Senior Leadership Team (SLT), 3 Members from Cabinet and 3 Members from the Corporate Governance and Audit Committee. Job descriptions of Senior Officers reflect their "Risk Management Responsibilities" and Internal Audit's Annual Audit Plan is drawn up using a risk-based approach, commenting on risk management in the area under review in their report. On a bi-annual basis the Council's Risk Registers including any new and emerging risks is presented to the Corporate Governance and Audit Committee and then onto Cabinet. During 2015/2016 the six highest risks identified in the Corporate Risk Register were:-

- Financial Resilience
- Skills / Capability / Capacity
- Business Continuity
- Cyber Risk Attack Across Entire Estate
- Non Achievement of Recycling Target of 50% by 2020
- Devolution of Public Services

Major projects incorporate a full risk assessment prior to action being taken. As the project progresses a risk assessment is included in the Project Initiation Document (PID) report to committee and during the project risks are reviewed with the cabinet member concerned and updated as necessary.

The Health & Safety Manager has continued to work with 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 2014 a full exercise was carried out which raised a number of actions; these were completed by the end of

March 2014. A decision was made to cease using Shadow Planner and to replace it with a system called Resilience Direct. This is a storage solution and can be used to store key documents should the Council's system go down. Service functions are categorised as critical (systems up and running in 3 days) and non-critical (over 3 days). The Health & Safety Manager will continue to test the robustness of the plans. The Health & Safety Manager together with Zurich is intending to review the existing business impact analysis during the financial year 2016/2017.

The Council operates a shared service with Arun for the provision of its Emergency Planning service. The Emergency Planning Officer will be based between Arun and Chichester with two members of the Housing and Environment Service assisting.

### **3.5. Effective Management – Capacity and capability of Members and Officers**

A comprehensive induction and training programme exists for officers and Members. The training programme incorporates dealing with and understanding new and current legislation, understanding their role as a ward member and developing their personal skills. Training programmes for staff are incorporated into staff appraisals and development programmes.

Member's attendance at meetings is recorded on the modern gov system. In the event of continual non-attendance the matter would be passed to the leader of the political group concerned for action to be taken. Performance issues relating to staff are dealt with by the Manager / Head of Service. An officer's employee specification includes competencies, and is currently included in their annual appraisal. Responsibility for organisational development has moved from HR to the Corporate Improvement Team. Statutory officers have employee specifications that match the legislative requirements of their role.

### **3.6. Engaging with local people and other stakeholders to ensure robust accountability**

The Council's committee meetings are held in public and are recorded; these recordings are suspended when the item goes into part 2. The press and public are only excluded when the report is presented as a Part 2 item in accordance with the applicable paragraph(s) within Part 1 of Schedule 12A to the Local Government Act 1972. In addition audio recordings are also held on the Council's website.

The Council's vision and strategy is included in the Corporate Plan see <http://www.chichester.gov.uk/corporateplan> the annual performance report on the Council's Corporate Plan is reviewed by the Overview and Scrutiny Committee mid-year and then the Annual Report of the Corporate Plan goes to Cabinet and Council for approval. The Statement of Accounts, expenditure over £500 and the Senior Staff Pay Policy is available on the Council's website.

The Council's contract with other councils in West Sussex, funded by Government Grant for the provision of e-petition software expired in December 2013. Since then the Council has encouraged organisations to start their own Petitions one such petition was the Traders Market petition.

On-line consultation methods continue to be used, webhost software, enables surveys to be designed, produced and analysed electronically. These surveys are accessed via the Councils website.

On-line polls have continued to be used, which allows members of the public to provide their views on a range of topics in which the Council is involved.

Community Forums – Regular meetings with Parish Councils have continued at Forum level over the year. These meetings are held quarterly and provide a mechanism to engage with the Parishes and to communicate and review information collectively.

The Council continues with its work on Youth Engagement , the Community Wardens main areas of activity are encouraging and increasing community involvement, dealing with environmental issues (e.g. graffiti, litter, abandoned cars, dog fouling etc) within the area by working with appropriate agencies working with police, police community support officers (PCSOs) and local communities to reduce crime, anti-social behaviour and fear of crime in the area including providing intelligence and evidence to the police and acting as a professional witness.

#### **4. Review of effectiveness**

The Council has responsibility to review the effectiveness of its governance framework. The review of the effectiveness is undertaken by the work of the Corporate Management Team (which is SLT and Heads of Service) who have responsibility for the development and maintenance of the governance environment. The Principal Auditor's annual report and comments made by the external auditor also adds to the effectiveness of the governance framework at the council. The process that has been applied in maintaining and reviewing the system of governance includes the following elements:-

The Council adopted a constitution to ensure it is efficient, transparent, and accountable to local people. Some of these processes are required by law; others are based on decisions made by the council. It is the responsibility of the Council's Monitoring Officer who reviews the constitution as and when required to ensure that it continues to operate effectively.

The Council is made up of 48 Council Members four of these Members take up the roles of Leader and Deputy Leader of the council, Chairman and Deputy Chairman. The Leader and Deputy Leader plus five Cabinet Members (soon to become six) are appointed with specific areas of responsibility. There is currently a review being undertaken by the Local Government Boundary commission to reduce the number of Councillors from 48 to 36. This review was requested by the Council.

The Council's Overview & Scrutiny Committee has the power to make reports and recommendations to the Council's Executive on issues which affect the area. The Committee can require Members and Officers to attend meetings and for partner authorities to provide information. The Committee also reviews and scrutinises decisions and may call in a decision made by the council's Executive which has not yet been implemented. The Council also takes part in county wide joint scrutiny reviews on issues affecting the wider area and has a representative on the West Sussex County Council Health and Social Care Select Committee to allow the authority to contribute to health related reviews. In addition to the responsibilities outlined within the statement, the Corporate Governance and Audit Committee also has responsibilities for:

- Control and monitoring arrangements for risk.
- Review and determination of the Internal Audit priorities based on the Governance issues and the risks assessments made.
- Review progress / effectiveness and probity of Corporate Governance within the authority.
- Report to full Council on significant issues or concerns raised.
- Review and make recommendations to Cabinet and the council on the council's financial regulations and contract standing orders.
- Consider reports from the Head of Finance & Governance on the council's financial control system, the council's insurance policies and self-insurance arrangements.
- Monitor the operation of the Members Allowance scheme; approve annually the final accounts of the council and as required to monitor the efficiency of the council's services.

The Corporate Governance & Audit Committee meets five times during the year to consider regular reports from Internal Audit on system reviews, reports from the Head of Finance & Governance and Accountancy Services Manager in addition to Annual Audit and inspection letters from (EY) the nominated External Auditor.

Following the Localism Act the Council agreed to set up a Standards task and finish group to look at the future workings of the standards regime and also to determine the terms of reference which were approved by Full Council.

At the meeting of Full Council on 22<sup>nd</sup> September 2015 members approved the new arrangements for the Standards Committee. The make-up of the committee will consist of seven members of the Council; there are two Sub Committees (Assessment Sub-Committee and Hearing Sub-Committee) made up of three Members of the Standards Committee, in addition an independent person attends in an advisory capacity. Where the complaint is against a Parish Councillor the independent person or the Parish representative must not have had close association with the accused.

The overall responsibility of Internal Audit is to continually review the adequacy of the council's internal control's and report where necessary, any recommendations to management. Internal Audit reviews are designed to assess the effectiveness of the internal controls on which the council relies for managing risk. A report is prepared annually by Internal Audit on the effectiveness of the section. Internal Audit produces a three year plan which includes; the resources of the section and the number of audits to be undertaken during each year. The annual audit plan is approved by the Corporate Governance & Audit Committee and progress against this plan is reported 5 times during the year.

## **6. Significant Governance Issues**

There were no significant governance issues identified in 2015/2016.

## **7. Risks Identified**

The risks that the Council identified during 2015-2016 are detailed below:

Risk	Mitigating Action	Responsibility	Target date
Financial Resilience	The council needs to maintain a deliverable budget with the resources to fund services and council priorities and achieve action and priorities including deficit reduction plans, and to maximise income streams.	SLT, Head of Finance & Governance	Implement the Deficit Reduction Plan which will identify efficiencies or increased income to address the shortfall expected by 2021/2022.
Loss of income streams.			
Skills / Capability / Capacity	The Workforce Development Plan has been completed and has been applied from the 1 <sup>st</sup> April '16 as part of the appraisal process. The Hay review and the high achiever scheme and the mentoring scheme has yet to come fully into effect. The new pay strategy report went to Cabinet in September 2016.	SLT, Head of Business Improvement / HR Manager	With the Work Force Development Plan taking effect from the 1 <sup>st</sup> April 16, other areas mention will be kept under review by the Head of Business Improvement and the HR Manager.
Business Continuity	The council now have Business Continuity document storage solution hosted off site (on a system called Resilience Direct) which means that the staff can access key documents in the event of loss of IT services and systems.	Chief Executive Director / Service Manager	The Health & Safety Manager will continue to test the robustness of the plans with CMT.
Cyber Risk Attack across Entire Estate	Procedures and Policies are in place to deal with the risk. Controls in place include email filtering, and Anti-Virus software.	SLT / Head of Business Improvement	Situation On-going has a target date of 31 <sup>st</sup> March 2017.
Non-Achievement of Recycling Target of 50% by 2020	The council is working with all other districts within West Sussex on a uniform approach to achieve the 2020 target. There is a partnership working through the inter-authority waste group to consider how to reduce residual waste and increase recycling	SLT / Head of Service – Contract Services	1 <sup>st</sup> January 2020
Devolution of Public Services	Meetings have been held following positive feedback from the Minister, but further work is required to develop the details for each work	Chief Executive	Situation On - going



Risk	Mitigating Action	Responsibility	Target date
	stream. Each council will then be asked to confirm its commitment to devolution and endorse a set of proposals that will formally be submitted to the Government.		

The process of preparing the Annual Governance Statement has in itself added value to the Corporate Governance and Internal Control framework of the Council.

### **Certification / Effectiveness of Governance Arrangements**

The Council is committed to the Governance arrangements and the stewardship of its resources. This commitment can be demonstrated by the following arrangements, where Governance is discussed and reviewed and where necessary actioned.

- Internal Audit - Has a three-year plan of Audits where Governance arrangements are reviewed.
- Corporate Governance & Audit Committee – Discuss the findings of the Audit Reports and any other issues that relate to Governance.
- Corporate Management Team – Review and update Governance arrangements, identify and review new and emerging risks.
- Risk Register – To keep risks, which could affect the Council, under review.

It is therefore our opinion that Corporate Governance, along with supporting controls and procedures, remains very strong within the Council.

Signed:

Leader of the Council

Mrs D Shepherd  
Chief Executive

Dated: