

Annual Governance Statement 2011-2012

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, and which includes arrangements for the management of risk.

Chichester District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the council has complied with the code and meets the requirements of regulation 4(2) of the Accounts and Audit code and also meets regulation 4(3) requiring the council to “approve an Annual Governance Statement, prepared in accordance with the proper practices in relation to internal control” to accompany the council’s Annual Accounts.

The purpose of the governance framework

The governance framework comprises the systems and processes, and 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 Framework in March 2002 and is in place at the year ended 31st March 2012 and up to date of approval of the annual accounts.

The governance framework

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. 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 in 2008.

The council has a Corporate Complaint 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.

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 number of value for money studies and service reviews were carried out identifying efficiency savings. All savings found are reported on the member's bulletin board.

The council publishes its Annual Financial Accounts in accordance with the CIPFA guidelines and is committed to rebalancing public finances through a series of expenditure cuts. Uncertainty surrounds the current economic and financial climate and in particular public sector spending plans and it is clear that significant cuts of government funding to local councils will follow in 2012-2013 onwards.

The council continues to track national events, quantifying local impact and taking early action to manage the impact. It is prudent that the council takes proactive management and starts preparing resilient budgets for future years. 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. As a result a risk analysis of the major financial issues potentially impacting on the councils finances over the next 5 years has been undertaken and is regularly updated as information emerges.

In November 2010 Cabinet received a report on "Transforming public services in Chichester District" when a new service model setting out the service requirement to meet the needs of the community in the context of the changing financial and policy environment was adopted. A number of services were identified outside of the model and consequently Assistant Directors were charged with reporting how the services outside the model could be disinvested and bring a report to Cabinet on

how this could be achieved. These reports identified services that could be scaled down or provided differently to minimise the cost and savings identified.

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. Any change to the Constitution is subject to Cabinet approval. 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 monthly bulletins through the council's intranet site.

The Monitoring Officer (District Solicitor) who was responsible for legal compliance and worked with departments to advise on legal issues left the council in November 2011 and for two months the Director of Corporate Services was appointed Monitoring Officer until the Chief Executive retired in December 2011. The Director of Corporate Services was then appointed the role of Head of Paid Services in the interim, and the Principal Solicitor was appointed Monitoring Officer. In March 2012 Full Council confirmed the appointment of the Director of Corporate Services to the position of Chief Executive and the Principal Solicitor as the council's Monitoring Officer. Following a management restructure the post of Director of Corporate Services was removed and the number of Directors was reduced from four to three.

The District Treasurer is the assigned Section 151 Officer; overall financial responsibilities for this role are detailed within the Constitution. In 2010 CIPFA produced a statement on the "Role of the Chief Financial Officer in Local Government"; the council conforms with the statement in all aspects except for the District Treasurer sitting on the management team. The District Treasurer reports directly to the Chief Executive providing a degree of independence and attends committees and management team meetings when necessary.

The Partnership Toolkit provides guidance around working in Partnership. A central register of all partnerships is maintained so that governance arrangements can be monitored. A working group of staff and members from the Corporate Governance and Audit Committee has been set up for 2012/2013 to closely scrutinise a sample of Partnerships on this register and report on their findings.

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 2010-2014 sets the tone of the council's respect agenda while the Constitution incorporates a Member's and Employees Code of Conduct and a protocol on Members/staff relations. Members conduct is monitored by the Standards Committee who also investigates allegations of misconduct by Parish Councillors. 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.

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 2011-2012
- HR Policies regarding discipline of staff – The number of staff dismissed in 2011-2012 was four; none of the cases were due to a breach in governance. Three were due to conduct and one related to sickness.

The council's Anti-Fraud and Corruption Policy is reviewed annually and any amendments are subject to the approval of the Corporate Governance and Audit Committee.

Taking informed and transparent decisions and managing risk

The Constitution sets out the process for policy and decision-making, the majority of reports presented to committees are reviewed by the Director of Corporate Services, and latterly the Chief Executive, this responsibility has now passed to the Director of Support Services and Economy.

All cabinet reports are also reviewed by Legal & Finance before they are presented to the committee to ensure accuracy, the District Treasurer & Monitoring Officer will attend if required, answering specific questions raised by Members.

The council's risk register is reviewed regularly and presented to the Corporate Management Team (CMT). 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 an annual basis the council's Risk Register which includes new and emerging risks is presented to the Corporate Governance and Audit Committee, the last report was presented in March 2012. The three highest risks identified in the Corporate Risk Register were:-

- The impact on the council of future grant settlement calculations
- Continuation of the current recession and loss of external income streams
- Local development framework – failure to gain approval on LDF and housing requirement consensus

Following the March 2012 Corporate Governance & Audit Committee it was agreed to set up a task and finish group of officers and Members to review any new risks and to review the risk register. In a separate exercise Zurich, the Councils Insurers are looking at strategic risks, these will be fed into the review currently being undertaken by the task and finish group.

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) to committee and during the project risks are reviewed and updated on a regular basis.

In terms of Business Continuity a Business Impact Analysis has taken place, which will enable the Directors and Managers to prioritise planning of business continuity and core service delivery in the event of a major incident affecting the council's services. This is due to be updated this financial year. No formal testing of the major systems has been undertaken in 2011-2012, however, desktop reviews have been undertaken in most areas. A report on the functionality and use of Shadow Planner, which is the council's business continuity software, was taken to the Corporate Governance and Audit Committee in March 2012. An upgrade of the Shadow Planner software has taken place and further training will be undertaken. There is still some concern as to whether the system is working properly.

Effective Management – Capacity and capability of Members and Officers

A comprehensive induction and training programme exists for officers and Members. New and existing Members of the council attended a Member Induction programme, which was undertaken following the local elections. The comprehensive training programme incorporated dealing 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.

Performance issues relating to Projects and Schemes are reported to the Outcomes Management Group by exception and placed on the council's website and Knowledge Hub, an electronic forum to post and discuss issues relating to the council's business and policy. Job descriptions for key officers have specifications that match the legislative requirements of their role.

Engaging with local people and other stakeholders to ensure robust accountability

The council's committee meetings are held in public, the press and public are only excluded when the report is presented as a Part 2 item in accordance with Part 1 of Schedule 12A to the Local Government Act 1972.

The council publishes its vision, strategy, plans and performance information within the Annual Report which is subject to scrutiny from the Overview and Scrutiny Committee. This, along with the Annual Statement of Accounts, disclosure of spend over £500 with officer remuneration and the Senior Staff pay policy is published and made available to the public.

An e-petition was received in November 2011 and considered by Full Council in February 2012. The petition was relating to the proposal to introduce car parking charges on Sundays in city centre car parks. Since then the Localism Act has removed the requirement for a facility to be made available for members of the public to create e-petitions along with the requirement for a scheme to be in place for the

handling of paper petitions. Cabinet and Full Council considered a review of the petition scheme and the implementations following the enactment of the Act. The decision was taken that the petition scheme should remain in place and that the electronic facility would be retained for the final year of the contract. A further review was carried out in July 2012 to determine the future of the petition scheme and the e-petition facility once the contract has ended (in December 2013).

On-line consultations methods have progressed during the year, with the introduction of e-forms to enable individuals to complete surveys online. Further on-line facilities have been introduced to improve engagement. This has included Facebook and Twitter, along with greater use of the website for promotion of engagement activities.

Online polls have continued to be used, this allows members of the public to provide their views on a range of topics that the council are involved with.

Consultations continue to be carried out, these include:
Westgate Leisure Centre - Gym Survey
Bracklesham Beach – Beachfront management survey
Smarter Choices – Stockbridge consultation

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 information collectively.

Twitter day – a full day of tweeting was held to promote some of the activities of the authority, this generated feedback from the public.

Training has been provided to all Managers relating to both social media and engagement and for Judicial Reviews in particular relating to consultation and engagement.

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.

Sport development provide sport and leisure activities and events to increase opportunities for participation in sport and physical activity and improvement to health delivered directly and in partnership with other sports and leisure providers.

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 and the Directors 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. Amendments are subject to approval by the council.

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, in addition there are five Cabinet Members appointed with specific areas of responsibility.

There is an Overview and Scrutiny Committee which has the authority to require explanations from senior staff, committee / panel / forum chairmen or any councillor in discharging their responsibilities as well as other organisations. They receive reports on performance in order to assist them in their duties and consider all Cabinet decisions under the terms of the call in provisions. In addition to our own Scrutiny function the Council takes place in country wide joint scrutiny on issues of common interest.

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 determine 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 District Treasurer 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 meet four times during the year, increasing to five from 2012/2013, to consider regular reports from Internal Audit on system reviews, reports from the District Treasurer and Accountancy Services Manager in addition to Annual Audit and inspection letters from the External Auditor.

The Standards Committee has met once in the year 2011/2012. Following the Localism Bill 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 a terms of reference which will be sent to Full Council for approval. Once approved it is the intention to increase the number of members and to have independent members on the committee.

Internal Audit are responsible for reviewing the council's internal control system by reporting and where necessary making recommendations to management. Internal Audit reviews are designed to assess the effectiveness of the internal controls on which the council relies for managing risk. Each year an annual audit plan is approved by the Corporate Governance & Audit Committee an update of the plan is reported to committee at each of the meetings. In their annual report Internal Audit is required to report on the effectiveness of the section. Internal Audit reports on the three year plan and the annual plan. The make-up of the section, the number of audits that have been undertaken during the year, and any non-programmed work undertaken; this is agreed with the Chairman of Corporate Governance & Audit Committee in certain circumstances.

Governance Issues & Risks

The issues that the Council identified as risks in 2011-2012 are detailed below:

Risk	Mitigating Action	Responsibility	Target date
The impact on the Council and the future Grant settlement calculation.	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. In considering planning arrangements there is a 5 year risk matrix that considers revenue implications and a 5 year model that considers Capital resources.	CMT, District Treasurer & Cabinet	Services deemed "outside the model" to be disinvested from April 2012. Financial monitoring is on-going.
Continuation of the current recession and loss of external income streams.			
Business Continuity	A report was undertaken on the use of Shadow Planner which is Business Continuity Software used by the Council. The report identified that Shadow Planner is not working as it should. An upgraded version of the Shadow Planner software has been released and training is being rolled out to Business Continuity Administrators. Business Continuity has been identified as one of our major risks. A	Chief Executive Director / Service Manager	Internal Audit report - March 2012. System control improvements recommended - On-going

	report will be presented to Corporate Governance & Audit Committee in January 2013.		
Westgate Centre Carbon Trust contract.	A detailed investigation was undertaken by Internal Audit regarding the contract award & delivery reported to Cabinet & CGAC in 2011. There is still a problem with the operation of the CHP's (Combined Heat and Power Engines) this is subject to a follow up which has been commissioned. The recommendation relating to Procurement training has not taken place but arrangements are being made. The Consultant's report is due in October 2012. This report will set out the actions needed to remedy the situation and will be presented to Cabinet.	Cabinet / Council and CMT	Report Sept 2011, Some of the recommendations still to be implemented, and the functionality of the Combined Heat and Power Engines (CHP's) still needs to be investigated. On-going.
Building Control where due to a systems error invoices had not been raised.	A detailed review of the raising of invoices was undertaken in 2010/2011 and was reported to the Corporate Governance & Audit Committee in September 2011. Some of the recommendations made have taken time to be implemented in full. The last recommendation relating to an interface between Uniform and Financials is at present being tested before going live. Internal Audit are tracking the progress which is being made and reporting to the Corporate Governance & Audit Committee.	Director / Service Manager	Internal Audit Report - Sept 2011. Some of the recommendations still to be implemented - On-going
New Legislative Requirements.	The government are currently consulting on a range of new proposals. Service managers	CMT, Service Managers, District	On-going

	are keeping a close watch on changes that will impact on their service area & regular briefings are prepared for members. The financial consequences are built into the medium term financial planning.	Treasurer	
Local Plan	The Council are in the process of preparing a Local Plan; this will enable the council to attract Community Infrastructure Levy.	CMT, Director, Service Manager	On-going

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 in the council.