

Chichester District Council

Annual Governance Statement 2012-2013

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 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 Framework in March 2002 which is in place at the 31st March 2013.

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. 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 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; these savings have been delivered.

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. All savings identified 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.

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 in December '12 and detailed the challenges facing the council to provide services that meet Community needs with a significantly reduced overall level of resource. The Council is anticipating further funding reductions over the course of the next five years and are projecting a deficit on our revenue position that must be addressed if we are to comply with the legal requirement of setting a balanced budget each year.

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. The constitution was reviewed, updated, and considered by Cabinet and approved by Council in May '13. 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 workshops in particular the Local Plan. Members receive monthly bulletins through the council's intranet site.

The Principal Solicitor is the council's Monitoring Officer who is responsible for legal compliance and works with departments to advise on legal issues across the Council.

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.

Partnership Guidance was published in 2012 to assist staff when setting up a Partnership. A central register of all partnerships is maintained so that governance arrangements can be monitored. CMT will identify the high risk partnerships (Strategic & Operational) where the council is most at risk. In July 2012 staff and members from the Corporate Governance and Audit Committee met to examine in detail the workings of the Healthier Chichester Partnership, West Sussex Waste Partnership and Better Together. Three recommendations were made around Governance, reviewing Partnerships and updating Partnership guidance. A further report will come back to Corporate Governance & Audit Committee on the key Partnerships.

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 2010-2014 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. 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 was one Whistleblowing case in 2012-2013.
- HR Policies regarding discipline of staff – The number of staff dismissed in 2012-2013 was 6.

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.

A new Members Code of Conduct was adopted by the council in October 2012. The code details the general obligations of members of Chichester District Council. It is the member's responsibility to comply with the provisions of the code. There is also a register of member's interests which is available on the council's website.

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.

3.4. Taking informed and transparent decisions and managing risk

All cabinet reports are authorised by the relevant Director and reviewed by Legal & Finance before they are presented to the committee. The District Treasurer & Monitoring Officer will attend if required, answering specific questions raised by Members. The majority of reports presented to committees are reviewed by the Director of Support Services and Economy.

During 2012/2013 there was a breach in Contract Standing orders relating to the Car Parks service. A report will be taken to the Corporate Governance & Audit Committee which will give details of this breach.

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 2013. 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 Plan – failure to gain approval on housing requirements

In March 2012 the Corporate Governance & Audit Committee 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 Council's Insurers were commissioned to look at strategic risks. This has now been completed and has been reported to Corporate Governance & Audit Committee. Action Plans have been completed which give details of how the council will mitigate the identified Operational and Strategic Risk.

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 with the cabinet member concerned and updated as necessary.

The council's insurers Zurich have prepared a Business Impact Analysis and will report their findings to CMT in June '13. Once the report has been published the Health & Safety Manager will work with services to implement Zurich's findings for services that are deemed critical and ensure business continuity plans are prepared. No formal testing of the major systems has been undertaken in 2012-2013, however, desktop reviews were undertaken the last being in October 2011. No service specific feedback was given on the adequacy of their Business Continuity Plans. However, general advice was given relating to aspects of Business Continuity across the organisation at the Annual Business Continuity Management Meeting in February 2012. 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 and an upgrade of the Shadow Planner software was undertaken and further training was started but has not been completely rolled out to all administrators. A number of incident occurred (Snow, Floods and Fire at the Depot) with no or minimal impact on service delivery.

During the period 2012 / 2013 the Development Management Service experienced significant difficulties processing planning applications for the South Downs National Park Authority (SDNPA). Over a period of time this had a knock on effect to areas outside of the Park. This occurred due to the SDNPA's IT system going live without sufficient testing; there was also a lack of processes and procedures in place. Development Management officers met with the SDNPA, and prepared an action plan to overcome the problems that had been identified. Since the Action Plan was implemented significant progress has been made with processing of planning applications. The SDNPA has also employed an IT consultant to overcome the IT issues that were affecting the Development Management Service.

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 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 covalent 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. The Outcome Management Group no longer meets. Performance issues relating to staff are dealt with by the Manager / Director and if it is considered necessary the Director will report by exception to CMT. An officers employee specification includes competencies, however a review will be undertaken to ensure that the competencies mentioned are up to date and relevant. Statutory officers have 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, 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.

The Petition scheme was reviewed during the summer of 2012. This involved consultation with members which suggested general support for retaining the Council's current scheme and electronic petition facility, but had raised the possibility of amending the threshold in the scheme so that 250 signatures would be required for a petition to be considered under the scheme. The Council's current contract with other councils in West Sussex, funded by Government grant, for the provision of e-petition software will expire in December 2013. Cabinet received a paper in July to consider recommendations for the future of the scheme, who had regard to the need for a petition to demonstrate significant support from the community, but were concerned not to exclude small communities or minorities from participating. They also emphasised the role of elected members in representing the concerns of their communities. They also noted that the electronic petition facility has been used only once, and felt that an evaluation should be made of its value for money before continuing it beyond the present contract. It was resolved:

- (1) That the Petition Scheme be retained until December 2013, subject to the amendments as set out at Cabinet, and then be reviewed.
- (2) That the threshold defining a petition should rise from 100 to 250 signatures, subject to an Equality Impact Assessment being carried out on petitions with less than 250 signatures.

On-line consultation methods have progressed during the year, with the purchase of webhost, which enables surveys to be designed, produced and analysed electronically. These surveys are accessed via the council's website. Facebook and Twitter continue to be used to promote consultation and links are used with the West Sussex e-panel to promote the surveys generally.

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

Several consultation exercises have been carried out, which include:

- Council Tax
- Public Conveniences
- Introduction of Pay on Exit at Avenue De Chartres Car Park
- Westgate Leisure
- Community Safety Partnership
- Local Plan

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.

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.

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 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 councils 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 are 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 part in county 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 five times during the year, 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.

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 a terms of reference which were approved by Full Council.

At the Full Council meeting on the 9th October 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 Council a co-opted Independent Person and a Parish Councillor who are invited to attend meetings of the Sub Committees in an advisory capacity.

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.

5. Significant Governance Issues

The issues that the Council identified as risks in 2012-2013 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. | CMT, District Treasurer & Cabinet | Implement the Deficit Reduction Plan which will identify efficiencies or increased income to address the expected shortfall by 2017/2018. |
| Loss of external income streams. | | | |
| Business Continuity | A report was undertaken on the use of Shadow Planner which is Business Continuity | Chief Executive Director / | Internal Audit report - March 2012. |

| Risk | Mitigating Action | Responsibility | Target date |
|--|---|---|---|
| | 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 training has started but has not been rolled out to all Business Continuity Administrators. | Service Manager | Zurich has undertaken a Business Impact Analysis and will report to CMT in June '13. The use of Shadow Planner for future use needs to be reviewed. On-going |
| Westgate Centre Carbon Trust contract. | The council has appointed a Chartered Mechanical and Electrical Services Engineer to investigate the design and installation of the heat and power generating plant and control systems. A provision is being made for a Disaster Recovery solution to ensure Business Continuity. | Cabinet / Council and CMT | The functionality of the Combined Heat and Power Engines (CHP's) is being investigated further. Situation On-going. |
| New Legislative Requirements | The government are consulting on a range of new proposals. Service managers 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. | CMT, Service Managers, District Treasurer | On-going |
| Impact of the Welfare / Benefit reforms. | The Council have undertaken an extensive awareness campaign to raise awareness of the changes, and the consequences for the social housing sector. | Cabinet / Council, CMT | 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.