

Chichester District Council

Annual Governance Statement 2013-2014

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 31st March 2014.

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.

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 the effect for the New Year. All savings identified are reported on the member's bulletin board, the last being September '14.

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 cuts to government funding to local councils will continue.

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 '13 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 fully reviewed, updated, and considered by Cabinet and approved by Council in May '13. Subsequent minor revisions were made in July '13 and a further revision to take account of the new management structure was

made in March '14. 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, and attend workshops to keep them informed of new developments.

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

The Head of Finance & Governance is the assigned Section 151 Officer; overall financial responsibilities for this role are detailed within the Constitution. From the 1st April '14 the management structure has changed and the Head of Finance & Governance now sits on the Strategic Leadership Team. The Head of Finance & Governance also reports directly to the Chief Executive, therefore satisfying CIPFA's Role of the Chief Financial Officer.

Partnership Guidance published in 2012 was introduced to assist staff when setting up a Partnership. A central register of all partnerships is maintained so that governance arrangements can be monitored. High risk partnerships (Strategic & Operational) have been identified where the Council is most at risk.

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' misconduct allegations are considered by an assessment sub-committee under the umbrella of the Standards Committee who 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 the hearing Sub committee. 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 2013-2014.
- HR Policies regarding discipline of staff – The number of staff dismissed in 2013-2014 was 1.

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 revised 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 Executive Director and reviewed by Legal & Finance before they are presented to the cabinet. The Head of Finance & Governance and the 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 Risk Group which is SLT plus Key Members. 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 and then onto Cabinet. During 2013/2014 the eight highest risks identified in the Corporate Risk Register were:-

- Deficit Reduction (Balanced Budget)
- Vision / Priorities
- Health & Safety
- Local Plan
- Project Management
- Cessation of Agency arrangement for South Downs National Park
- Business Continuity
- Contract Management

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 prepared a Business Impact Analysis and reported their findings to CMT in June '13. The Health & Safety Manager has worked 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 2013/2014. A decision was made in November 2013 to cease using Shadow Planner and to replace it with a simplified system which would be stored on the Council's X drive. Heads of Service will have a copy on their desktop on their Laptops; they also have options to store key documents on either their phones or an encrypted memory stick. The systems would be categorised as critical (systems up and running in 3 days) and non-critical (over 3 days). Work is continuing to complete the non-critical plans, in the meantime should an emergency last for more than three days the information stored on Shadow Planner would be

used. The Health & Safety Manager will test the robustness of the plans when they have been completed.

The Emergency Planning process was managed by the Assistant Director Environmental Health and has subsequently transferred to the Head of Environment and Housing. The service has successfully responded to incidents of flooding and the winter storms along the coast. The Assistant Director Environmental Health produced a report which detailed the background of the Emergency Planning process and made four recommendations on how the service could be carried forward and also how it could be staffed. During 2013/2014 very little progress was made with carrying the Emergency Planning process forward, this was due in part to the fact that there was not an Emergency Planning Officer in post for most of 2013/2014. In May '13 a peer review was undertaken by West Sussex County Council which gave a Health Check on the state of Chichester's Emergency Planning process. In February '14 the Head of Environment and Housing undertook an Emergency Planning review for CMT which gave details of the weaknesses identified in the peer review. The review also highlighted West Sussex County Council plans for the future. Following the writing of this report a new Emergency Planning Officer was appointed on the 4th March '14, unfortunately this person has subsequently resigned. The Head of Environment and Housing is planning to report further on the way forward for the Emergency Planning process and SLT are currently considering this function.

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 at present 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. Performance issues relating to staff are dealt with by the Manager / Head of Service and if it is considered necessary the Executive Director will report by exception to CMT now called SLT. An officers employee specification now includes competencies, and is also reflected in their annual appraisal. CMT are undertaking a leadership training programme, and organisational development will be moving from Personnel to the Corporate Improvement Team. Statutory officers have specifications that match the legislative requirements of their role.

During 2013/2014 it was discovered that Financial Regulations were not being complied with in relation to the reconciliation of income. Internal Audit have undertaken a review of all reconciliations on outturns greater than £20k but excluded Council Tax and Non Domestic Rates. A report detailing the findings of the audit will be reported to Corporate Governance & Audit Committee. For further information see the Income Management – Reconciliation summary report date the 5th September '14.

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 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 are encouraging organisations to start their own Petitions one such site www.change.org was used by Wisborough Green for their recent petition to save their public toilets.

On-line consultation methods continue to be undertaken, webhost which is the software used, 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.

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 / 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 are appointed with specific areas of responsibility.

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 provide information, to require information from partner authorities and partners and to review and scrutinise decisions and to call in a decision made by the Council's Executive but not yet 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 a terms of reference which were approved by Full Council.

At the meeting of the Full Council 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 and an update of the plan is reported to committee at each meeting. 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 resources 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 Issues

The issues that the Council identified as risks in 2013-2014 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.	SLT, District Treasurer & Cabinet now called Head of Finance & Governance	Implement the Deficit Reduction Plan which will identify efficiencies or increased income to address the shortfall expected in 2017/2018.
Loss of external income streams.			
Business Continuity	Zurich has undertaken a Business Impact Analysis which was been reported to CMT in June '13. The council has decided to replace Shadow Planner and to replace it with simplified version that will be kept on the councils X drive. Work is continuing to complete the non-critical plans, in the meantime should an emergency last for more than three days the information stored on Shadow Planner would be used.	Chief Executive Director / Service Manager	The Health & Safety Manager will update progress made to the September Corporate Governance & Audit Committee

Risk	Mitigating Action	Responsibility	Target date
Emergency Planning	A peer review was undertaken by West Sussex County Council giving an "Emergency Planning Health Check"	Chief Executive / Exec Director	Situation On-going
Westgate Centre Carbon Trust contract.	The Council have been out to tender to for the replacement of the CHP's, unfortunately no tenders were received. A revised tender is being prepared for a revised solution.	Cabinet / Council and CMT	Situation On-going.
Failure of the Local Plan	The Council have submitted the Local Plan to the Government and are awaiting their opinion as whether it can be classified as sound.	Council / Council, SLT	Situation 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.

