

Annual Governance Statement 2019/2020

What is the Annual Governance Statement?

Legislation requires local Authorities to prepare and publish the Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review of the effectiveness of Chichester District Council's governance framework for 2019/2020 (which coincides with the annual statement of accounts). The statement communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas during the coming year.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, culture and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely inclusive, open honest and accountable manner.

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, properly accounted for and used economically, efficiently and effectively. It 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, and facilitating the exercise of its functions, which includes arrangements for the management of risk.

About the Council

Chichester District Council comprises 36 Councillors who represent 21 wards across the District. The District Council operates under a Leader and a Cabinet structure with Cabinet Members responsible for individual portfolios.

The Council employs around 566 members of staff and provides a range of services to residents. The Chief Executive and Head of Paid Services is Diane Shepherd.



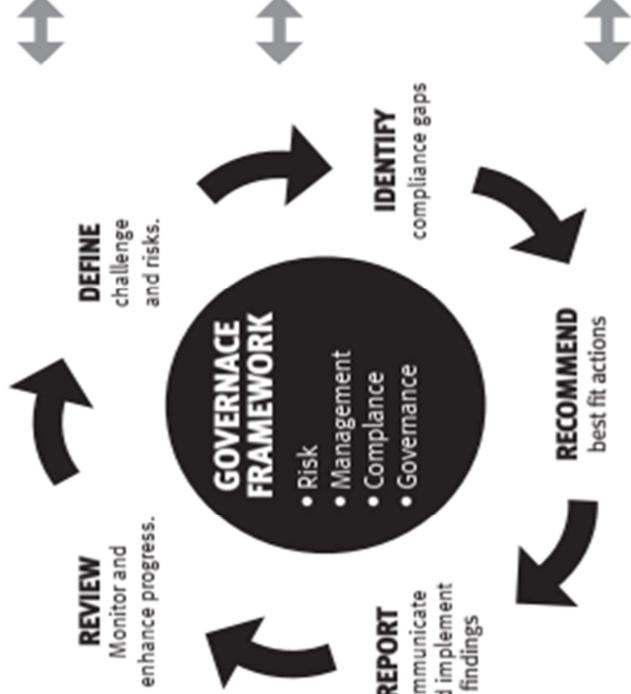
Chichester District Council

GOVERNANCE PRINCIPLES

- Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

INTERNAL CONTROLS

- Leadership, Culture and Planning**
 - Organisational goals and priorities.
 - Strategic and operational plans.
 - Performance management.
 - Medium term financial strategy.
- Statutory Officers & Decision Making**
 - The Constitution.
 - The Monitoring Officer.
 - Section 151 Officer.
- Policies & Procedures**
 - Codes of conduct.
 - Ways of working.
 - Anti-fraud, Bribery and Corruption Policy.
 - Whistleblowing Policy.
 - HR Policies and procedures.
- People, Knowledge, Finance, Assets**
 - Robust HR practices.
 - Information governance.
 - Performance monitoring and improvement.
 - Financial management and reporting.
 - Ethical and legal practices.
- Scrutiny and Transparency**
 - Task and Finish Groups.
 - Overview and Scrutiny Committees.
 - Freedom of Information requests.
 - Reports and decisions are considered by Legal and Finance staff.
 - Equality impact assessments.
 - Corporate Risk Directory.
- Partnership working.**
 - Annual Review and Report looking at Governance Arrangements.
 - Terms of Reference for partnerships.



CIPFA/SOLACE Good governance principles and the local code of governance

In 2016 CIPFA/SOLACE issued revised best practice guidance for 'Delivering Good Governance in Local Government'. The framework sets out seven principles that should underpin the governance of each Local Authority. The following sections look at how the Council is held to account for these seven principles.

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

The Constitution

The constitution sets out how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.

The Monitoring Officer

The monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer is assisted when required by appointed deputies. The Monitoring Officer ensures that the Council is compliant with law and regulations, as well as internal policies and procedures. He is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution. The monitoring officer for Chichester District Council is Nicholas Bennett, the Divisional Manager Democratic Services.

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the S151 of the Local Government Finance Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. The S151 Officer for Chichester is John Ward, the Director of Corporate Services.

Codes of Conduct

When joining the Council, members and officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts and hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and Officers are required to comply with the approved policies.

Anti-Fraud & Corruption Policy

The Council takes fraud, 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. The Council's Anti-Fraud and Corruption Policy was last updated April 2018.

Whistleblowing Policy

The Council is committed to high standards of openness and probity and accountability in all of its practices. The policy encourages employees and others to raise serious concerns within the Council rather than ignoring a problem or raising the matters externally. The Policy was last updated in April 2018. Any disclosures should be made in writing to the Councils Monitoring Officer.

Corporate Governance & Audit Committee

The Corporate Governance & Audit Committee has responsibility for reviewing reports that deal with issues that are key to good governance and undertakes the function of an Audit Committee. The committee has an agreed set of terms of reference which sets out their roles and responsibilities of its members. The committee meets four times a year and is made up of 8 members from 3 political parties and a local alliance.

B. Ensuring openness and comprehensive stakeholder engagement

Engagement and Communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the Council to account for the services they provide

Consultations

The Council has a number of consultation projects in operation and invite feedback from members of the public on a number of subjects. The Council also operate a Let's Talk Panel which members of the public can sign up to. Each time there is a new survey members of the panel are emailed to see if they would like to participate. The Council promotes the Let's Talk Panel and surveys that are active on social media channels to encourage people to take part.

Complaints

There is a complaints procedure in place for the Council to receive and investigate and complaints made about service delivery and against its members or staff. Details of which can be found on the Council's website. Results of complaints investigated together with the report on all complaints dealt with by the Local Government

Ombudsmen are reported annually to the Corporate Governance and Audit Committee.

Partnership Working

There are currently 9 strategic level partnerships that the council is involved with to deliver improved outcomes for the residents of the District Council. Some of the partnerships do not have exit strategies in place. This is because we do not lead or manage these partnerships and we are limited in what governance can be put in place, but officers are satisfied with how the partnerships are being run. All Council run partnerships have robust governance in place.

The annual review and report process is a method for ensuring our strategic partnerships have appropriate governance measures in place and should continue for the foreseeable future.

C. Defining outcomes in terms of sustainable, social and environmental benefits

Although the multi-agency Sustainable Community Strategy (SCS) for Chichester District 2009-2026 is no longer a statutory document, the Council continues to be informed by the priorities identified in it. These priorities are developed further through the Corporate Plan which 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 Pentana, the Council's performance monitoring software. Reports on the progress of these performance indicators are available on the Council's website. In addition the SCS sets the vision for working in partnership 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 LSP.

Cabinet and then Council 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. As part of the budget process a Task and Finish Group meets once to discuss the forthcoming budget, reviewing what is happening in the current year any impact for the new financial year and any changes in priorities or service demands.

The Council publishes its Annual Statement of Accounts in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines and International Financial 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 Financial Strategy model is regularly updated to take

account of any changes in assumptions. Service Managers have completed an initial impact assessment across the Council to understand the impact of a no deal Brexit on its services and the community.

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 and other challenges 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 approved by Cabinet in December 2018 and Council in January 2019. The Plan details the challenges facing the Council to provide services that meet community needs with a significantly reduced overall level of resource. It is reviewed annually and monitored during the year as necessary. The Council has an approved deficit reduction programme set in 2016, which was underpinned by the key financial principles in the Financial Strategy, which offers guidelines for making financial decisions over the next few years, and assists the Council in seeking to achieve a balanced budget or the time to consider the action required.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council is responsible for reviewing the effectiveness of its governance framework. The review of the effectiveness is undertaken by the work of the Corporate Management Team (which is the Strategic Leadership Team (SLT) and Divisional Managers) who have responsibility for the development and maintenance of the governance environment. The Internal Audit & Corporate Investigations Manager's annual report and comments made by the External Auditor also adds to the effectiveness of the governance framework at the Council.

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 to review the Constitution as and when required to ensure that it continues to operate effectively.

The Council was made up of 48 Members during 2019/20, four of these 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. A review has been undertaken by the Local Government Boundary Commission to reduce the number of Councillors from 48 to 36. The new number came into force at the Elections in May 2019.

The performance of key projects by exception is undertaken by SLT and Cabinet Members. Financial Monitoring is also undertaken throughout the year and will be reported to Members, and where necessary action can be taken where appropriate.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Recruitment and Induction

The Council operates a thorough interview and selection process to ensure that Officers are only appointed if they have the right level of skills and experience to effectively fulfil their role. If working with vulnerable adults they will be subject to an enhanced DBS check prior to appointment. New officers once appointed must attend an induction with HR which cover things such as Staff Handbook, Safeguarding and Health & Safety to name but a few. Newly elected Councillors are required to attend a comprehensive induction training session. This would range from general housekeeping issues to Constitutional and Executive Issues to Safeguarding to Finance & Budgets. Where a Councillor is appointed a member of a committee specific training is given relating to that Committee.

Training & Development

Officers are required to complete a number of mandatory e-learning courses including health & safety equalities and diversity and information governance. Compulsory training is provided for members who sit on committees. Other training is available to Councillors through Democratic Services.

F. Managing Risks and performance through robust internal control and strong financial management

Risk Management

The Council has a Risk Management Strategy and Policy. The Strategic Risk Group (SRG) reviews the strategic and programme board and updates risk registers annually and the high scoring organisational risk register bi-annually. The Group's membership is drawn equally from the Cabinet and the Corporate Governance & Audit Committee. The outcomes of the reviews are reported to the Corporate Governance & Audit Committee. The SRG meet twice a year. The Strategic Leadership Team meets on a quarterly basis to discuss new and emerging risks.

Performance Management

Projects and performance indicators are set out each year in Service Plans. This process is led by Divisional Managers, with sign off by Directors and Cabinet Members. All content from Service Plans is loaded onto performance management software Pentana, from where it can be monitored and reported on. The Service Planning process allows for review of current projects and performance indicators as well as identification of new ones.

Divisional Managers all have access to reports for their section from Pentana. These show current progress on projects and current performance on performance

indicators. Reports are available for monitoring content relevant to the various programme boards and these are reported at their meetings as required.

In addition, reports on certain key performance indicators are generated quarterly from Pentana and published on the Council's website (<http://www.chichester.gov.uk/corporateplan>).

A half- yearly progress report on key projects relevant to the Corporate Plan is also reported from Pentana and taken to Overview and Scrutiny Committee (OSC), generally in November.

The Corporate Improvement Team also puts together the Council's Annual Report – an overview of work on key projects and performance on performance indicators looking back over the previous year and some key items identified for next year. This is reported to Cabinet, annually in July and is informed by content from Pentana, supplemented by information from Services. This process will be delayed this year due to the Covid 19 pandemic.

Financial Management

The S151 Officer is responsible for the delivery of good financial management. This Officer is responsible for ensuring that:

- That public money is safeguarded at all time.
- Budgets are robust and agreed in advance.
- Value for money is provided by services.
- That the finance function is fit for purpose.
- The key financial assumptions and financial risks that the Council face are identified.

The S151 Officer advises on financial matters to both Cabinet and full Council and is involved in ensuring that the authority's strategic objectives are delivered in line with long term financial goals. The S151 Officer together with finance staff ensure that new policies or service proposals are accompanied by a full financial appraisal and are fully funded.

The S151 officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. He also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the council makes sufficient financial provision for the cost of Internal Audit.

The council's financial management arrangements conform to the governments requirements of the CIPFA Statement on "The role of the chief financial officer in Local Government (2010). The Director of Corporate Services (Chief Financial Officer and S151) works with the Chief Executive and CMT helping to develop and implement strategy and deliver the strategic objectives.

The Director of Corporate Services has an input into all major decisions, and advises on financial matters to the Cabinet.

In response to the Covid 19 pandemic changes were made to decision making and financial regulations before the end of the financial year to ensure that the Council continued to run smoothly whilst maintaining the appropriate level of control.

Data Management

Following the introduction of General Data Protection Regulations the council has tested compliance against these regulations. The council has a designated data protection officer (Divisional Manager Democratic Services Nicholas Bennett) and clear and established processes for ensuring data is handled appropriately. There is regular reporting to the Corporate Governance & Audit Committee on matters of information governance.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

Transparency

The Council and its decisions are open to the residents of the District, service users, partners and its staff. The Council has a number of formal committees these can cover the right of councillors and public to ask questions, also a Committee to look at councillor's conduct.

Transparency can be found in processes that govern how the Council operates and also the formal roles that are held by officers and Councillors.

The Freedom of Information Act (FOI) gives anyone the right to ask information held by a public authority, which includes Chichester District Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

All reports that require a decision are considered by Legal and Finance staff with expertise in the particular function before they are sent to the relevant committee.

Equality impact assessments are carried out on all major services, functions, projects and policies in order to understand whether they impact on people who are protected under the Equality Act 2010 in order to influence decision making.

Effective Scrutiny

The Council operates a number of Tasks and Finish groups which are established by the Overview and Scrutiny Committee which gives each Group its Terms of Reference. Topics which are chosen to be scrutinised are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing in that particular area and whether improvements can be made, and where a service is being scrutinised whether they are providing the best possible, cost effective service for people of the District. Cabinet can establish task and finish groups that report to it.

Effectiveness of Governance Arrangements

The Council's governance framework includes decision-making processes that are set out in the Council's Constitution; this is continually being reviewed together with the rules.

Procedures are in place for maintaining and reviewing the effectiveness of the Council's governance arrangements throughout the year, these include the following:

- **Elected Members** – Make decisions in accordance with the Constitution and in accordance with the aims and objectives of the Council.
- **Overview and Scrutiny Committee** – Has the ability to scrutinise decisions made and maintains an overview of Council activities.
- **Standards Committee** – Meet to consider any complaints against Councillors and to review policies and procedures for maintaining high ethical standards.
- **Internal Audit Section** - Has a four year audit plan which is flexible and enables internal audit to respond to changing risks and priorities of the organisation.
- **Corporate Governance & Audit Committee** – Reviews, monitors and scrutinises governance arrangements and finances of the Council, and also discusses the findings of audit reports and any other issues that relate to governance and risk management.
- **Corporate Management Team** – Review and update governance arrangements, identify and review new and emerging risks and review existing risks.
- **Strategic Risk Group** – Regularly reviews, updates and reports on the Risk Registers.
- **Internal Audit Annual Report & Opinion** – This will be presented to the Corporate Governance & Audit Committee on the 23rd July 2020 in conjunction with this document which contains an assurance statement regarding internal control.
- **Divisional Manager - Democratic Services (Monitoring Officer)** - Ensures that the Council's operations are carried out lawfully.

Conclusion

Whilst the Covid 19 pandemic has proved challenging for the Council, and changes have been made to decision making and financial regulations our opinion that Corporate Governance, along with supporting controls and procedures, remain very strong within the Council.

Ref	Governance Issues	Source	Action taken	Responsible Officer	Timescale
1	Southern Gateway Regeneration	Risk Management	The Cabinet and Council approved the preferred developer for the Southern Gateway Regeneration project in December 2019. Since that date a working group has been working on the appointment process towards the completion of the development agreement. Cabinet also approved delegated authority to the Director of Growth & Place after consultation with the Strategic Leadership Team, the Leader and Cabinet Member for Growth & Place. Due to the high profile of the Southern Gateway Regeneration Project a number of groups are proposed to ensure that a comprehensive approach of the engagement of the community and the Members is achieved and that these groups are kept informed of the phases of the regeneration project as it progresses and are consulted at key stages.	Director of Growth & Place	On-going
2	Financial Resilience	Risk Management	The Council secured Government funding certainty for 2019/20 when it accepted the 4 year funding in 2016/17. The Council is part of the West Sussex Councils 75% Business Rates Retention Pool Pilot for 2019/20. This will retain an extra one off £21m to the pool for 2019/20. The Council uses its 5 year strategy model to forecast its future budget requirements. Although due to the 2019 comprehensive spending review, the fair funding review for 2020/21 and the localisation of business rates together with the effects of the Covid 19 pandemic there remains a lot uncertainty surrounding future government funding.	Director of Corporate Services	On-going
3	Business Continuity	Risk Management	Physical controls against loss of IT or buildings are good and would be unlikely and less of a risk. Off suite replication of the IT system was the subject of	Director of Planning & Environment	On-going

			<p>a PID which was approved by Cabinet and Council. The Corporate Health & Safety Team has undertaken an exercise as part of the PID to identify the systems that each division relies on (deemed critical) and how quickly they need the systems restored and whether they need 100% of the systems. This has enabled IT to scope what equipment and systems would be needed off site. There are options where a percentage of staff could be given access to systems in the first few days of an interruption whilst accessibility is gradually increased. The health of the Business Continuity plans, and the Business Impact Assessment and process remain strong</p>		
4	Cyber Risk across the entire Estate	Risk Management	<p>Incorporated as part of the plan to manage the annual Public Services Network (PSN) compliance submission a plan to address improvements identified during the during our ICT security assessment has now been actioned. Process improvements have resulted in full encryption and verification of the weekly data back- up routine. A PID detailing the construction and commissioning of a resilient server farm has been produced and was approved by Cabinet and Council.</p>	Director of Corporate Services	On-going
5	Local Plan	Risk Management	<p>The timescale for submitting the Local Plan for independent examination has been extended following the receipt of advice from the Planning Advisory Service that we should ensure that the evidence behind the Plan is robust, given the challenging issues that we face in relation to transport and environmental constraints; and that the 'Duty to Cooperate' with nearby authorities has been met. This is to increase the prospect of the plan being found sound by the inspector.</p>	Director of Planning & Environment	On-going

6	Brexit	Risk Management	Service managers have completed an initial impact assessment across the Council to understand the possible impact on the authority directly as well as community impacts. Contingency plans have been developed by services to deal with short term disruption such as potential for fuel shortages, and disruption to supply chains. Developments continue to be monitored by SLT and plans will be adapted as more information becomes available.	Director of Corporate Services	On-going
7	HR Recruitment	Internal Audit	A series of actions have been agreed in response to this audit.	Joe Mildred	On-going reporting through an audit follow-up report.
8	Westward House – Cash Handling	Internal Audit	A series of actions have been agreed in response to this audit.	Linda Grange	On-going reporting through an audit follow-up report.

Eileen Lintill – Leader of the Council

Diane Shepherd – Chief Executive