

## **GOVERNANCE COMMITTEE**

WEDNESDAY, 5TH JUNE 2019, 2.30 PM

COMMITTEE ROOM 1, TOWN HALL, CHORLEY

### **AGENDA**

#### **APOLOGIES**

- |          |   |                        |
|----------|---|------------------------|
| <p>1</p> | <p><b>MINUTES OF MEETING WEDNESDAY, 20 MARCH 2019 OF GOVERNANCE COMMITTEE</b></p>   | <p>(Pages 3 - 8)</p>   |
| <p>2</p> | <p><b>DECLARATIONS OF ANY INTERESTS</b></p> <p>Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.</p> <p>If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.</p> |                        |
| <p>3</p> | <p><b>DRAFT STATEMENT OF ACCOUNTS 2018/19</b></p> <p>To receive and consider the report of the Chief Finance Officer.</p>   | <p>(To Follow)</p>     |
| <p>4</p> | <p><b>CHARITY AND TRUST ACCOUNTS 2018/19</b></p> <p>To receive and consider the report of the Chief Finance Officer.</p>  | <p>(Pages 9 - 16)</p>  |
| <p>5</p> | <p><b>OUTCOME OF 2017/18 HOMES ENGLAND AUDIT - PRIMROSE GARDENS</b></p> <p>To receive and consider the report of the Director (Policy and Governance).</p>  | <p>(Pages 17 - 24)</p> |
| <p>6</p> | <p><b>EXTERNAL AUDIT PROGRESS UPDATE</b></p> <p>To receive and consider the report of the External Auditor, Grant Thornton.</p>   | <p>(To Follow)</p>     |
| <p>7</p> | <p><b>INTERNAL AUDIT ANNUAL REPORT 2018/19</b></p> <p>To receive and consider the report of the Interim Head of Shared Assurance Services.</p>  | <p>(To Follow)</p>     |

8	<b>STRATEGIC RISK UPDATE REPORT 2019</b>	(Pages 25 - 40)
	To receive and consider the report of the Director (Policy and Governance).	
9	<b>ANNUAL GOVERNANCE STATEMENT 2019</b>	(Pages 41 - 56)
	To receive and consider the report of the Monitoring Officer.	
10	<b>ETHICAL GOVERNANCE REVIEW - REPORT FROM WORKING GROUP</b>	(Pages 57 - 62)
	To receive and consider the report of the Monitoring Officer.	
11	<b>RIPA APPLICATION UPDATE</b>	
	The Monitoring Officer will present a verbal report at the meeting.	
12	<b>WORK PROGRAMME</b>	(Pages 63 - 64)
	To receive and consider the draft work programme.	
13	<b>ANY URGENT BUSINESS PREVIOUSLY AGREED WITH THE CHAIR</b>	

GARY HALL  
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Governance Committee Councillor Debra Platt (Chair), Councillor Anthony Gee (Vice-Chair) and Councillors Eric Bell, Julia Berry, Jean Cronshaw, Steve Holgate, Roy Lees and Kim Snape.

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**MINUTES OF GOVERNANCE COMMITTEE**

**MEETING DATE** Wednesday, 20 March 2019

**MEMBERS PRESENT:** Councillor Anthony Gee (Chair) and Councillors Jean Cronshaw, Alan Cullens, Gordon France, Yvonne Hargreaves, Steve Holgate and Kim Snape

**OFFICERS:** Gary Hall (Chief Executive/Statutory Finance Officer), Rebecca Huddleston (Director (Policy and Governance)), Chris Moister (Head of Legal, Democratic & HR Services/Monitoring Officer), Michelle Brennan (Auditor), Michael Jackson (Principal Financial Accountant) and Nina Neisser (Democratic and Member Services Officer)

**APOLOGIES:** Councillor Paul Leadbetter

**OTHER MEMBERS:** Councillor Peter Ripley (Independent Member), Mark Heap (Grant Thornton UK LLP) and Simon Hardman (Grant Thornton UK LLP)

**19.G.57 Minutes of meeting Wednesday, 23 January 2019 of Governance Committee**

**Decision – That the minutes of the Governance Committee meeting held on 23 January 2019 be confirmed as a correct record for signature by the Chair.**

**19.G.58 Declarations of Any Interests**

There were no declarations of any interests.

**19.G.59 External Audit Plan 2018/19**

The External Auditors, Grant Thornton, gave an overview of the planned scope and timing of the audit year ending 31 March 2019, allowing Members to understand the key requirements in bringing the plan together and the risks and consequences of the work being carried out.

The audit would focus on risks and the Committee's attention was drawn to the following significant risks that required specific audit consideration and procedures to address the likelihood of a material financial statement error:

- Management over-ride of controls
- Valuation of the pension fund net liability
- Valuation of land and buildings

Their risk assessment regarding the Council arrangements to secure Value for Money (VfM) had identified the following risks for further assessment:

- Financial sustainability, including medium term financial planning and delivering the capital programme
- Establishment of the housing company

Grant Thornton's interim visit took place in February/March and work was underway with final visits scheduled to take place in June and July.

The Committee discussed the short-term risks facing the council which included Brexit and the closure of accounts. Members held concerns about the impact that Brexit would have on pensions. Officers clarified that the valuation in accounts was the responsibility of the Pension Authority. Both Chorley Council and Grant Thornton were required to form a view on the robustness of the Pension Fund and reassurances were given that the external auditors had received assurances from the Pension Fund auditor.

**DECISION – That the report be noted.**

#### **19.G.60 Audit Progress and Sector Update Report**

The Committee received a report that showed the progress made by our External Auditors in delivering their responsibilities. The report also provided a summary of emerging national issues and developments that may be relevant to the Council and included a number of challenging questions in relation to these issues that the Committee may wish to consider.

Progress had been made as expected. Several points were highlighted within the report including the Financial Statements Audit which was progressing efficiently, Value for Money work which would see the VfM conclusion delivered in July 2019, and the certification of the housing benefits subsidy claim to be delivered by 30 November 2019.

Meetings with the council's finance team were taking place on a monthly basis as well as regular meetings with the Chief Executive to discuss strategic issues and audit progress. It was anticipated that these meetings would become more frequent as the closure of accounts deadline approached.

The sector update included Brexit concerns and work to ensure that councils were identifying key Brexit scenarios and using these to frame robust local contingency plans.

**DECISION – That the report be noted.**

#### **19.G.61 Internal Audit Plan 2019/20**

The Interim Head of Shared Assurance Services submitted a report that sought approval of the 2019/20 Internal Audit Plan for Chorley and Shared Services. This had been compiled by undertaking a detailed risk assessment which was appended to the report.

The plan was based on a resource of 340 days for Chorley Council and 120 days for Shared Services and comprised of a mix of existing in-house resources and bought-in provision from Lancashire County Council and Merseyside Internal Audit Agency (IT Audit).

Members were reassured that the core work continued to be delivered. Following approval of the 2019/20 Internal Audit Plan, any additions or changes could be made to the plan if required.

Members queried why the elections had been given a high-risk rating. Officers advised that this was due to financial, reputational and legal impacts as well as Brexit uncertainty which meant that the council could have to take part in European Elections. Reassurances were given that plans were in place to mitigate any risks. Members commended the exceptional work carried out by the council's Elections team.

**DECISION – That the 2019/20 Internal Audit Plan be approved.**

**19.G.62 Internal Audit Plan 2018/19 Quarter 4 Progress Report as at February 2019**

The Interim Head of Shared Assurance Services submitted a report that advised Members of the committee of the work undertaken for Chorley Council and Shared Services for the period 1 April 2018 to 1 March 2019 and work to be completed by 31 March 2019. The appended report highlighted the overall progress including completed works, work in progress and work yet to start.

101 days and 25.9 days, respectively, had been and would be completed by 31 March however, two pieces of work; consisting of ICT Reviews and Performance Management Information would be carried forward to commence in 2019/20. Further to this, the Commercial Properties audit would commence in March 2019 and would run over into 2019/20.

During January to March, audit work had been undertaken on the council's combined enforcement services. A report had been recently issued and it was agreed that this could be made available to Councillors. Members were also advised that since the time of writing the committee report, an ethical culture review had been undertaken.

**DECISION – That the report be noted.**

**19.G.63 Local Government Ethical Standards: A Review by the Committee on Standards in Public Life**

Members of the Governance Committee received an update on the Local Government Ethical Standards report prepared by the Committee on Standards in Public Life.

Since the introduction of the local code of conduct through the Localism Act 2011 there had been no formal review of the operation of local codes or investigatory processes. The Committee for Standards in Public Life had therefore undertaken a review on the effectiveness of the current arrangements.

Following this review, the Committee created recommendations for improvements both to the form of the codes themselves but also in relation to their operation and investigation into complaints. The Committee made a list of 26 formal recommendations, which included a model code and a move back to more prescriptive sanctions. These formal recommendations would not be easily implemented directly by the Council and some would require changes to legislation.

The Committee also made a series of 12 Best Practice recommendations. These were capable of being adopted by the Council without any further intervention from third

parties. Members were made aware that it was the intention to assess authorities against the implementation of these Best Practice Recommendations.

Overall, the Best Practice Recommendations were rational, supportive and sought to help Members. Members welcomed the requirement that the Code of Conduct would be reviewed and revised annually. Members were reassured that some of the recommendations were already implemented at Chorley Council and the council was broadly compliant with the Best Practice Recommendations.

It was proposed that a Working Group derived from the Governance Committee was to be formed to consider these Best Practice recommendations in detail. Recommendations would then be made to the Governance Committee on the adoption and incorporation of them into the Code of Conduct or council procedures as necessary. The membership of the Working Group was confirmed as follows; Councillors Yvonne Hargreaves, Kim Snape and Steve Holgate.

Cllr Holgate advised that LCC had recently undertaken a scrutiny review and published a report titled 'Does Local Government Work for Women?' It was suggested that it could be of benefit for Chorley Council to have sight this.

Members queried the involvement of Parish and Town Councils. Officers advised that the report would be presented at the Chorley Liaison meeting. It was suggested that it was premature to invite the Parish Councils to the standards committee as this would require a change in law.

**Decision;**

- 1. The formal recommendations were noted.**
- 2. That a working group formed from Governance Committee be established to consider the Best Practice recommendations and recommendations be made on the adoption and incorporation of them into the Code of Conduct or council procedures as necessary.**

**19.G.64 Process for authorising Draft Statement of Accounts 2018/19 for release**

Michael Jackson, Principal Financial Accountant, advised the Committee of a minor change to the process for authorising the Draft Statement of Accounts 2018/19 (SOA) for release.

Members were informed that the Senior Finance Officer was unavailable the week before signing the statement and therefore, the Deputy S151 Officer would sign the SOA before being signed and approved by the External Auditors.

As a result, the Governance Committee meeting would be taking place a week later than usual, on Wednesday 5 June, which meant that Members of the Committee would not have sight of the SOA until a few days after being signed. The Committee were reassured that Officers had consulted with the council's constitution, legislation, and CIPFA guidance. All advised that this was acceptable practice as the council was not required by legislation to consult with Members on the SOA before it was signed.

**DECISION – That the update be noted.**

**19.G.65 RIPA Application Update**

The Monitoring Officer reported that there had been no RIPA applications made.

**19.G.66 Governance Committee Work Programme 2019/20**

The Committee considered the work programme which set out the reports to be considered at each Governance Committee meeting throughout the Council year.

Chair

Date

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Report of	Meeting	Date
Chief Finance Officer	Governance Committee	5 June 2019

## CHARITY AND TRUST ACCOUNTS 2018/19

### PURPOSE OF REPORT

- To present for approval the accounts for the year ended 31 March 2019 for charities and trusts for which the Council is the sole trustee.

### RECOMMENDATION(S)

- That the accounts presented in Appendix A to E be approved.

### EXECUTIVE SUMMARY OF REPORT

- The Council's Statement of Accounts 2018/19 does not include the previous Trust Funds disclosure. As an alternative, figures are presented in this report, which therefore provides an opportunity of providing more detail about each charity or trust.

Confidential report Please bold as appropriate	Yes	No

### CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	

### BACKGROUND

- As part of the process of decluttering the Council's Statement of Accounts in 2015/16, the previous Trust Funds note was omitted. Figures relating to the trusts were not material, and inclusion of the note in the statement would not improve users' understanding of the Council's financial position. Excluding the note from the statement means that the external auditors have not been obliged to audit it.
- Having excluded the note from the 2018/19 Statement of Accounts, this report gives Governance Committee members the opportunity to review and approve the accounts for each of the charities or trusts, presented as Appendix A to E. A brief summary of the financial performance of each charity or trust is presented in the following paragraphs. There is no statutory requirement for the accounts to be audited. Figures are not rounded so that all transactions can be seen in full. The note to the accounts had figures rounded to the nearest thousand pounds, which means that low value transactions were not visible.

7. Three of the charities or trusts hold external investments. No sums have been disinvested and reinvested, but the market value of investments varies from year to year. Such changes in market value are reflected in the relevant accounts.

#### **EDWARD MCKNIGHT MEMORIAL FUND**

8. This fund was established many years ago to pay for educational lectures in memory of Edward McKnight, Chorley's first librarian, who died in 1911. It has a cash balance, held by Chorley Council, which receives interest at the average rate earned on the Council's investments. It has not incurred any expenditure for many years. Its accounts are presented as Appendix A. These show that cash held for the fund as at 31 March 2019 was £5,357.18.

#### **WILLIAM COCKER CHARITY**

9. The William Cocker Charity is not registered with the Charity Commission, and there is no need to do so because of its low turnover. It was established for the provision of recreation grounds in Chorley, and the interest earned on its external investment is paid to Chorley Council for that purpose. Appendix B presents the accounts for the charity.

#### **PROCEEDS OF SALE OF FORMER FREE LIBRARY**

10. This registered charity was established in 1992 using the proceeds of the sale of the Avondale Road Library, previously known as the Free Library. The objects of the charity are such charitable purposes for the general benefit of the inhabitants of Chorley.
11. The main source of income is interest on the charity's external investments, but Chorley Council also pays interest (at the average rate earned on its investments) on the cash balance it holds for the charity. The balance held by the Council was £7,349.98 as at 31 March 2019, and all figures are presented in the accounts in Appendix C.

#### **W B PARK'S CHARITY**

12. It is understood that W B Park's Charity was established for the extension of the Infectious Diseases Hospital, Withnell. The Council holds a cash balance of £1,704.89 for the charity, which does not have interest added because of the difficulty of applying the charity's resources to an appropriate purpose. It is not a registered charity, and its accounts are presented as Appendix D.

#### **H T PARKE'S BATHS FUND**

13. The H T Parke's Baths Fund was established for the maintenance of Brinscall Baths. The interest earned on its external investment is paid to Chorley Council for that purpose. The fund is not registered as a charity. Appendix E presents its accounts for 2018/19.

#### **IMPLICATIONS OF REPORT**

14. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

15. This report has replaced the disclosure note previously presented in the Council’s annual Statement of Accounts, and it gives members the opportunity to review and query performance of each charity or trust before approving their accounts.

**COMMENTS OF THE MONITORING OFFICER**

16. The Monitoring Officer has no comments.

GARY HALL  
CHIEF EXECUTIVE & STATUTORY FINANCE OFFICER

<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
Gov.uk – Prepare a charity’s annual accounts	March 2016	Electronic document	Town Hall

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Martin Fisher	5354	28/05/19	Charity and Trust Accounts 2018-19.docx

### Edward McKnight Memorial Fund

<b>Receipts &amp; payments account for the year ended 31 March 2019</b>		
<b>2017/18</b>		<b>2018/19</b>
£		£
	<b>Receipts</b>	
14.00	Interest on cash held by Chorley Council	32.48
<b>14.00</b>	<b>Total receipts</b>	<b>32.48</b>
	<b>Payments</b>	
	No expenditure in year	
<b>0.00</b>	<b>Total payments</b>	<b>0.00</b>
<b>14.00</b>	<b>Net receipts/(payments)</b>	<b>32.48</b>
5,310.70	Bank and cash at the start of the period	5,324.70
<b>5,324.70</b>	<b>Bank and cash at the end of the period</b>	<b>5,357.18</b>

<b>Statement of assets and liabilities at 31 March 2019</b>		
<b>31 March 2018</b>		<b>31 March 2019</b>
£		£
	<b>Cash assets</b>	
5,324.70	Cash held by Chorley Council	5,357.18
<b>5,324.70</b>	<b>Total cash assets</b>	<b>5,357.18</b>
<b>5,324.70</b>	<b>Total assets</b>	<b>5,357.18</b>

**William Cocker Charity**

<b>Receipts &amp; payments account for the year ended 31 March 2019</b>		
<b>2017/18</b>		<b>2018/19</b>
<b>£</b>		<b>£</b>
	<b>Receipts</b>	
124.86	Interest on investments	117.45
<b>124.86</b>	<b>Total receipts</b>	<b>117.45</b>
	<b>Payments</b>	
(124.86)	Provision of recreation grounds in Chorley (paid to Chorley Council)	(117.45)
<b>(124.86)</b>	<b>Total payments</b>	<b>(117.45)</b>
<b>0.00</b>	<b>Net receipts/(payments)</b>	<b>0.00</b>
0.00	Bank and cash at the start of the period	0.00
<b>0.00</b>	Bank and cash at the end of the period	<b>0.00</b>

<b>Statement of assets and liabilities at 31 March 2019</b>		
<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£</b>		<b>£</b>
	<b>Other assets</b>	
3,559.44	External investments	3,630.83
<b>3,559.44</b>	<b>Total other assets</b>	<b>3,630.83</b>
<b>3,559.44</b>	<b>Total assets</b>	<b>3,630.83</b>

**Proceeds of Sale of Former Free Library  
(registered charity 1010457)**

<b>Receipts &amp; payments account for the year ended 31 March 2019</b>		
<b>2017/18</b>		<b>2018/19</b>
<b>£</b>		<b>£</b>
	<b>Receipts</b>	
3,773.67	Interest on investments	3,530.49
29.00	Interest on cash held by Chorley Council	16.82
<b>3,802.67</b>	<b>Total receipts</b>	<b>3,547.31</b>
	<b>Payments</b>	
<b>(17,928.73)</b>	<b>Total payments</b>	<b>0.00</b>
<b>(14,1426.06)</b>	<b>Net receipts/(payments)</b>	<b>3,547.31</b>
17,928.73	Bank and cash at the start of the period	3,802.67
<b>3,802.67</b>	Bank and cash at the end of the period	<b>7,349.98</b>

<b>Statement of assets and liabilities at 31 March 2019</b>		
<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£</b>		<b>£</b>
	<b>Cash assets</b>	
3,802.67	Cash held by Chorley Council	7,349.98
<b>3,802.67</b>	<b>Total cash assets</b>	<b>7,349.98</b>
	<b>Other assets</b>	
109,055.29	External investments	111,464.90
<b>109,055.29</b>	<b>Total other assets</b>	<b>111,464.90</b>
<b>112,857.96</b>	<b>Total assets</b>	<b>118,814.88</b>

**W B Park's Charity**

<b>Receipts &amp; payments account for the year ended 31 March 2019</b>		
<b>2017/18</b>		<b>2018/19</b>
<b>£</b>		<b>£</b>
	<b>Receipts</b>	
	No income in year	
<b>0.00</b>	<b>Total receipts</b>	<b>0.00</b>
	<b>Payments</b>	
	No expenditure in year	
<b>0.00</b>	<b>Total payments</b>	<b>0.00</b>
<b>0.00</b>	<b>Net receipts/(payments)</b>	<b>0.00</b>
1,704.89	Bank and cash at the start of the period	1,704.89
<b>1,704.89</b>	<b>Bank and cash at the end of the period</b>	<b>1,704.89</b>

<b>Statement of assets and liabilities at 31 March 2019</b>		
<b>31</b>		<b>31</b>
<b>March</b>		<b>March</b>
<b>2018</b>		<b>2019</b>
<b>£</b>		<b>£</b>
	<b>Cash assets</b>	
1,704.89	Cash held by Chorley Council	1,704.89
<b>1,704.89</b>	<b>Total cash assets</b>	<b>1,704.89</b>
<b>1,704.89</b>	<b>Total assets</b>	<b>1,704.89</b>

## Appendix E

<b>H T Parke's Baths Fund</b>		
<b>Receipts &amp; payments account for the year ended 31 March 2019</b>		
<b>2017/18</b>		<b>2018/19</b>
<b>£</b>		<b>£</b>
	<b>Receipts</b>	
101.84	Interest on investments	127.30
<b>101.84</b>	<b>Total receipts</b>	<b>101.84</b>
	<b>Payments</b>	
(101.84)	Maintenance of Brinscall Baths (paid to Chorley Council)	(127.30)
<b>(101.84)</b>	<b>Total payments</b>	<b>(127.30)</b>
<b>0.00</b>	<b>Net receipts/(payments)</b>	<b>0.00</b>
0.00	Bank and cash at the start of the period	0.00
<b>0.00</b>	<b>Bank and cash at the end of the period</b>	<b>0.00</b>

<b>Statement of assets and liabilities at 31 March 2019</b>		
<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£</b>		<b>£</b>
	<b>Other assets</b>	
2,443.03	External investments	2,422.66
<b>2,443.03</b>	<b>Total other assets</b>	<b>2,422.66</b>
<b>2,443.03</b>	<b>Total assets</b>	<b>2,422.66</b>





Report of	Meeting	Date
Director of Policy & Governance	Governance Committee	05/06/19

## **OUTCOME OF 2017/18 HOMES ENGLAND AUDIT - PRIMROSE GARDENS**

### **PURPOSE OF REPORT**

1. Update members on the outcome of the 2017/18 Homes England audit of the Primrose Gardens project.
2. Update members on the expected 2018/19 audit of Primrose Gardens Retirement Village project.

### **RECOMMENDATION(S)**

3. That the committee acknowledge the findings of the 2017/18 Homes England audit.
4. That the committee note that an email will be sent to Homes England outlining why the council will not meet the new requirement to complete the 2018/19 audit by July 2019.

### **EXECUTIVE SUMMARY OF REPORT**

5. The outcome of the Homes England Audit for 2017/18 is given in appendix one (incorrectly labelled as 2018/19 by Homes England). The council has received an amber grade as the valuation of the site was not signed off until the 31 March 2018 when the start on site was documented as 23 March 2018.
6. Homes England brought forward the deadline for the audit from October 2018 to August 2018. As a result of bringing this deadline forward, the Homes England audit report was expected in January 2019 however it was not received until 23 May 2019.
7. The council will be audited again for the year 2018/19. Homes England have now requested that the audit is completed by the end of July 2019, due to the statutory requirement to sign off the audit of the statement of accounts by the end of July this deadline is not achievable. The Interim Financial Services Manager will email Homes England to explain these 'extenuating circumstances' and advise that the audit will be completed by the end of August at the earliest.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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**CORPORATE PRIORITIES**

8. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

**BACKGROUND**

- 9. As part of the funding agreements with Homes England, the council has been subject to external audit of its housing projects including Cotswold House in 2016/17.
- 10. The council received a red grade for its audit of Cotswold House last year due to declaring the project practically completed before the practical completion date. However the council felt it was misled by the advice of the Homes England grant manager and wrote a letter to Homes England to this effect.
- 11. As a result of last year’s red grade the council was required to have the Primrose Gardens project audited as well. The report to Governance committee on 30 May 2018 suggested that the council may receive another red grade for the upcoming audit as the council was advised, once again by the Homes England grant manager, to declare a ‘start-on-site’ to release £2.4m of funds. This was because the pre-construction service agreement had been signed 24 March 2018 however, as per the grant conditions, the declaration of a start-on-site may have been premature as the demolition of the site did not begin until April 2018.

**PRIMROSE GARDENS AUDIT**

- 12. The audit was undertaken by Grant Thornton in August to September 2018
- 13. The outcome of Grant Thornton’s work was that there were a number of breaches by the council including one that could have led to a severe (red) rating:
  - start-on-site was declared before contractual possession of the site had been passed on to the contractor. The pre-construction contract was signed on 24 March 2018 however the council could not provide evidence that possession of the site had been handed over before the council’s declared start-on-site date of 29 March 2018.
- 14. Grant Thornton submitted their findings to Homes England that have been moderated regionally and nationally. The declared outcome by Homes England is **one amber breach**:
  - *Valuation signed and dated (as evidenced in uploaded file) on 31.03.17 which is after SOS date of 23.03.17 and after signed contract of 24.03.17 therefore was not in place prior to exchange of contracts. Although the valuation took place on the 10th March, the valuation report has not been signed off until 31.03.17.*
- 15. The valuation was undertaken as part of the closure of accounts by the Valuation Office. The Valuation Office are required to sign off the valuations as at the end of the financial year (31 March). If they did not do this the assets in the council’s statement of accounts may not be deemed compliant with the requirements of CIPFA’s code of practice. It is not expected that the value would have changed between 10 March 2017 and the 31 March 2017.

16. Homes England brought forward the deadline for the audit from October 2018 to August 2018. As a result of bringing this deadline forward, the Homes England audit report was expected in January 2019 however it was not received until 23 May 2019.
17. Homes England require that:
  - The contents of the Homes England report should be acknowledged by the council's Chair or equivalent – as per last year this will be acknowledgement from the Governance Committee
  - Confirmation of this acknowledgement should be recorded in the information Management System (IMS) Compliance Audit Module by your Compliance Audit Provider Lead on behalf of your Board's Chair.
  - Online acknowledgement should be completed within one calendar month of the report email notification being sent.
18. Subject to acknowledgement by the Governance Committee, officers will update the IMS system to acknowledge the findings of the report.

### **2018/19 PRIMROSE GARDENS AUDIT**

19. The council will be audited again for the year 2018/19. Homes England have now requested, in the past month, that the audit is completed by the end of July 2019, due to the statutory requirement to sign off the audit of the statement of accounts by the end of July this deadline is not achievable. The Interim Financial Services Manager will email Homes England to explain these 'extenuating circumstances' and advise that the audit will be completed by the end of August at the earliest.
20. The Primrose Garden project practically completed on 21 March 2019. The council has confirmation from Eric Wright and Building Control to this effect. As such the council does not expect any severe (red) ratings from the 2018/19 audit.
21. However, the council did not get the site valued in 2018/19 for the following reasons:
  - it wasn't occupied so it is still classified as an asset under construction and therefore the valuers (Valuation Office) would have just valued it based on costs to date, this information is already available to the council
  - even if it was occupied the valuers may have taken into account the agreed tenancies but not the potential future tenancies, as such they could devalue the building despite the evidence suggesting the retirement village is in popular demand.
22. Officers will make these arguments to the auditors as part of the 2018/19 audit however it is possible the council will receive another amber rating with the outcome being another audit in 2020.

**IMPLICATIONS OF REPORT**

23. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

24. The outcome of this audit will have no financial implications for the council

25. The cost of the 2018/19 Homes England audit is estimated at £5k and has been included in the 2019/20 budget.

**COMMENTS OF THE MONITORING OFFICER**

26. No comments, the observations in the body of the report are noted.

REBECCA HUDDLESTON  
DIRECTOR OF POLICY & GOVERNANCE

Report Author	Ext	Date
James Thomson	5025	27/05/19



# Compliance Audit Report – 2018/19

## 30UE – Chorley Council

<b>Provider Code</b>	30UE
<b>Provider Name</b>	Chorley Council
<b>Final Grade</b>	Amber - Some failure to meet requirements
<b>Independent Auditor</b>	Grant Thornton UK LLP
<b>Homes England Lead Auditor</b>	Sally Roberts
<b>Homes England Head of Home Ownership and Supply</b>	Carl Moore

### Report Objectives and Purpose

Compliance Audits check Provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the Provider and Homes England concurrently. The Homes England Lead Auditor reviews the findings and records those determined to be 'breaches' in this report. Breaches are used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided at the end of this document.

Further information is available at: <https://www.gov.uk/guidance/compliance-audit>.

### Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.



## Compliance Audit Grade and Judgement

<b>Final Grade</b>	Amber - Some failure to meet requirements
<b>Judgement Summary</b>	<p>The Internal Auditor has identified one Medium severity breach in respect of a failure to meet grant conditions. Acquisition: Valuation report not valid at exchange of contracts.</p> <p>The audit has therefore been allocated an AMBER grade.</p>

## Audit Results

<b>Number of Schemes Audited</b>	1
<b>Number of Breaches Assigned</b>	1
<b>Number of High Severity Breaches</b>	0
<b>Number of Medium Severity Breaches</b>	1
<b>Number of Low Severity Breaches</b>	0

## Scheme details

<b>Scheme no</b>	<b>Address</b>	<b>Scheme type</b>
758761	Fleet Street, Chorley, PR7 2EY	Housing for Rent



## Details of Breaches by Scheme

Where there are breaches identified, remedial action must be taken in accordance with recommendations listed in the Compliance Audit Module to mitigate the potential for re-occurrence.

### Breach 1

IMS Scheme ID	758761
Scheme Address	Fleet Street, Chorley, , PR7 2EY
Breach Type	Grant conditions
Breach Text	8. Acquisitions: Valuation report not valid at exchange of contracts
Breach Comment	Valuation signed and dated (as evidenced in uploaded file) on 31.03.17 which is after SOS date of 23.03.17 and after signed contract of 24.03.17 therefore was not in place prior to exchange of contracts. Although the valuation took place on the 10th March, the valuation report has not been signed off until 31.03.17.



## Provider's Acknowledgement of Report

The contents of this report should be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement should be record in the IMS Compliance Audit Module by your CA Provider Lead on behalf of your Board's Chair. Online acknowledgement should be completed within one calendar month of the report email notification being sent.

Report acknowledged by:

Date:

## Compliance Grade Definitions

<b>Green Grade</b>	The Provider meets requirements: Through identifying no high or medium breaches, the Compliance Audit Report will show that the Provider has a satisfactory overall performance, but may identify areas where minor improvements are required.
<b>Grade Amber</b>	There is some failure of the Provider to meet requirements: Through identifying one or more high or medium breaches, the Compliance Audit Report will show that the Provider fails to meet some requirements, but has not misapplied public money. The Provider will be expected to correct identified problem(s) in future schemes and current developments.
<b>Grade Red</b>	There is serious failure of the Provider to meet requirements: Through identifying one or more high level breaches, the Compliance Audit Report will show that the Provider fails to meet some requirements and there is a risk of misuse of public funds. The Provider will be expected to correct identified problem(s) in future schemes and current developments.





Report of	Meeting	Date
Director Policy and Governance	Governance Committee	05 June 2019

## STRATEGIC RISK UPDATE REPORT

### PURPOSE OF REPORT

1. The Strategic Risk Register (SRR) is the vehicle by which the Council aims to identify and address any potential risks to the organisation and the delivery of its functions which therefore need to be managed strategically.
2. This report provides members with an updated SRR which includes 15 strategic risks to the Council, including actions in progress as well as new actions planned to further mitigate identified risks.

### RECOMMENDATION(S)

3. That Members note the strategic risks, controls in place and actions planned to further mitigate the strategic risks as set out in Appendix 1.

### EXECUTIVE SUMMARY OF REPORT

4. The Council operates in a continually changing political, economic and financial environment. The SRR is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
5. This report contains the latest revision of the Strategic Risk Register on GRACE (correct as of 22.05.19) for Members' information and comment.
6. The risk register is continually reviewed and considered a 'live' register. Currently the majority of risk categories remain stable for 2019 with seven of these identified as 'high risk', seven 'medium risk' and one 'low risk'. The majority of risk levels remain static as mitigating actions have ensured that the risks have been effectively managed and have therefore not escalated across the year.
7. Four inherent risk levels have been increased this year and the reasons behind these increases are explained within the body of the report.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
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Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	✓
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**BACKGROUND**

9. Risk management is a cornerstone of good corporate governance and the council has established a system of risk management which involves the creation of risk registers at a strategic level, service level and individual project levels.
10. Compiling the Strategic Risk Register requires a collective effort involving Senior Management Team (SMT) to identify the key strategic risk issues facing the Council. The Strategic Risk Register is stored and managed within the council's risk management system GRACE. SMT are responsible for identifying, owning monitoring and mitigating strategic risk including ensuring that any actions against each risk are completed. The GRACE system also contains separate risk registers for individual projects and service level risk registers owned and controlled by individual services managers and project managers.
11. Good progress has been made over the last year with regards to the GRACE system and its use. All strategic risks are now contained and embedded within the GRACE system and have been reviewed to inform this latest position. Directors continue to own individual risks with actions being owned by the most relevant Senior Officer within the organisation.

**HOW THE RISKS ARE SCORED**

12. All risks are stored within the GRACE system and are scored on a 4x4 risk matrix as outlined below:

<b>Major</b>	4	4 Low	8 Medium	12 High	16 High
<b>Serious</b>	3	3 Low	6 Medium	9 Medium	12 High
<b>Minor</b>	2	2 Low	4 Low	6 Medium	8 Medium
<b>Insignificant</b>	1	1 Low	2 Low	3 Low	4 Low
		1	2	3	4

**Rarely** – there is a slight possibility that the event will occur

**Unlikely**- there is a possibility that the event will occur or there is a history of occasional occurrence within the authority

**Likely** – There is a strong possibility that the event will occur or there is history or regular occurrence within the Authority

**Highly likely** - there is little doubt that the event will occur

13. All of the risks have been re-assessed for 2019 by SMT on the likelihood of the risk occurring against the impact for the organisation if it did occur taking into consideration any controls, completed actions or actions planned over 2019/20. The resulting score out of 16 is used to aid in prioritising the risk and mitigating actions.

**SUMMARY OF THE RISKS**

14. A summary of the updated **inherent** risks for 2019 can be found below:

Risk No.	Description of Risk	Matrix Score May 2019	Change in inherent risk level from 2018
R1	Failure to realise the value of large budget investments and achieve return on investments	16 (High)	→
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	16 (High)	→
R3	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	16 (High)	→
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	16 (High)	→
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	12 (High)	→ (residual risk lower 2019)
R6	Failure to react to changing service demand	8 (Medium)	→
R7	Reduction in satisfaction with the Council	9 (Medium)	→
R8	Failure to sustain our performance in light of budget cuts	9 (Medium)	→
R9	External legislative and policy change affecting service delivery (Universal credit, GDPR, BREXIT)	8 (Medium)	→
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change	12 (high)	→
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	9 (Medium)	↑
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber-attack	8 (Medium)	↑
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making	6 (medium)	↑
R14	Failure to build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	4 (Low)	→
R15	Failure of (existing) Shared Service arrangements	12 (high)	↑

15. Further details about each of these risks, residual and target scores and their mitigating controls and actions can be found within the detailed register in Appendix 1.
16. The risk scores for five risks have been changed as highlighted in the table above. Four inherent risk scores have increased for 2019 demonstrating a higher overall risk for the council this year and one residual risk score has decreased, indicating a lower level of risk due to the strong controls in place against this risk.
17. The majority of strategic risk levels have remained similar to 2018 as mitigating actions and controls have ensured that the risks have been effectively managed and have therefore not escalated across the year. However all actions and controls have been reviewed and updated against these risks and any changes recorded within the GRACE system.
18. No new risks have been added to the register for 2019 however the scope of R9 has been changed slightly to include the United Kingdom's withdrawal from the European Union (BREXIT) as an external policy change which will need to be considered in relation to risk to service delivery.
19. The highest scoring risks (R1-R4) continue to focus on delivering Council priorities, including large scale investment projects, new ways of working and alternative business models including options for income generation. There are significant challenges facing the organisation within the coming year including budgetary pressures and internal and external change, coupled with an ever-increasing demand for our services.
20. The financial standing of the council is robust and anticipated savings have largely been achieved over 2018/19, however the level of uncertainty around the council's operating environment and potential for further funding reductions in future mean that we must continue to transform by reducing costs and increasing income to ensure that we can sustain quality services for residents. The Transformation Board is a key control against many of the highest scoring risks and it continues to perform well in delivering the change needed to achieve a sustainable operational and financial position. The Transformation Strategy will be revised in 2019 to ensure new opportunities are identified. Our approach to partnership working will also be reviewed to maintain a fit for purpose approach in light of changing partnership delivery models. Both items are key actions in mitigating and reducing risk over the next 12 months.
21. The risk score for R1 'failure to realise the value of large budget investments and achieve return on these investments' continues to be the highest rated risk for the Council. This risk includes the council's investment into large scale commercial developments such as the Digital Office Park, Market Walk and investment into key employment sites, all of which are key corporate projects for the council. The need to see a return on this long-term investment to assist the Council in achieving a sustainable financial position in future years means this risk continues to be high. Actions planned to mitigate this risk over 2019/20 include continuing ongoing monitoring of large investment projects.
22. Risk R2 refers to failure to achieve desired outcomes through partnership working and deterioration in relationships. Although established working relationships continue to be in place (Public Service Reform and Integrated Community Wellbeing Service) this risk remains one of the highest facing the council given the reliance we have on partnership working to support our sustainability in light of reductions in Government funding and to work effectively in partnership with other organisations to provide joined up support for our most vulnerable residents. Work continues to deliver established partnerships already in place and strong control measures are listed to mitigate this risk over the coming months.
23. Risk R3 refers to budget cuts in key public and third sector partners having a negative impact on local level service delivery. Despite strong controls and mitigating actions in place internally to mitigate this risk, external financial pressures at both a national and county wide level still exist meaning that this risk level is maintained. We continue to work with partners to

ensure that we are providing the most cost effective and sustainable solutions possible to sustain local services affected by county level budget cuts.

24. Risk R4, 'failure to optimise opportunities for new ways of working and alternative business models including options for income generation' remains at a high-risk rating for 2019. The work of the Transformation Board continues to assess options for income generation and several actions are planned over 2019/20 to reduce this risk level including the development of an Income Generation Strategy, a peer review to consider the council's business models and a refresh of the Transformation Strategy to ensure it reflects the latest position and ambitions for the council.
25. This years' review sees a decrease in the residual risk score for risk R5, 'lack of resources to deliver the council's priorities due to public sector funding cuts'. The residual risk score has reduced due to strong controls in place against this risk and the actions delivered against the transformation plan. The council has been successful in bridging the budget gap year-on-year through efficiencies and income generation. However there remains large and unquantifiable uncertainties in funding levels from 2020/21 onwards and as such the residual risk score is still rated as medium.
26. Risks R6 to R10 and R14 remain stable with additional controls and actions incorporated. Risk R10 'failure to realise the benefits of new technology and related impact on driving organisational change' has been given the same rating in 2019 to reflect the scale and pace of change related to new technology, and the impact this has in terms of organisational capacity. There are several high-profile projects being delivered to achieve more efficient services through the use of better technology to support new ways of working, for example, the Streetscene Modernisation Strategy and roll out of Office 365, both of which are being managed in line with the council's project management methodology.
27. Risk R11 'reduction in staff satisfaction and morale with the council including increase in sickness absence' has been given a higher rating for 2019 to reflect the Senior Management restructure currently being undertaken and the potential impact it may have on staff. It must however be noted that the delivery of the Organisational Development Strategy is listed as an action against this risk and delivery of the actions within this strategy will ensure that any impact on staff is mitigated as much as possible and resilience remains high.
28. Risk R12 'Incidents affecting service delivery/ business continuity or widespread damage, injury or risk to the public including cyber-attack' has been set at a higher level for 2019 to reflect the continued work around business continuity plans for services which is due to be completed in 2019. Strong controls continue to be in place against this risk and actions identified, including undertaking relevant risk exercises, will help to ensure that our response to this risk is strengthened across the next year.
29. R13 has been rated as a medium risk for this year, compared to a low risk last year. This risk has been rated higher to reflect risk around damage to the Council's reputation given the large number of high-profile pieces of work being completed over the next year. As with all the risks listed, there are again strong actions in place including continued monthly monitoring of customer satisfaction and responding to any issues raised by residents through social media.
30. R15 'failure of shared services arrangements' has been given a higher risk rating compared to 2018. This is to reflect the external factors that have slowed the progress in expanding the current shared service arrangements and the ongoing risk of any changes given the reliance we have on these arrangements as a council and the savings they currently achieve.

**IMPLICATIONS OF REPORT**

31. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area	✓	Policy and Communications	

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

17. There are no financial implications associated with the report.

**COMMENTS OF THE MONITORING OFFICER**

18. No comments.

REBECCA HUDDLESTON  
DIRECTOR POLICY AND GOVERNANCE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Kate Howcroft	5061	28/05/2019	SRRupdate 2019

Appendix 1

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date	
R1	Failure to realise the value of large budget investments and achieve return on investment	ML	Financial	Budget setting process	16 (high)	9 (medium)	6 (medium)	Delivery of Investment Strategy	31/07/19	
				Regular budget monitoring				Development of Wholly Owned Company	31/10/19	
				Project and programme management				Ongoing monitoring of investment projects	31/03/20	
				Market Walk Steering Group				Transformation Board	31/03/20	
				SMT Programme Board						
				Representation in the Corporate Strategy						
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	RH CS	Partnership/contractual	Continued support to the development of ICWS	16 (high)	6 (medium)	4 (low)	Build relationships with new senior management in partner organisations	31/03/20	
				Continued delivery of actions within the Transformation Strategy				Delivery of year 3 of the Public Service Reform Partnership	31/12/19	
				Phase 1 ICWS				To review the Council's approach to partnership working	31/12/19	
				PIVOT evaluation						
			Reputational	Public Service Reform Programme evaluation						
				Joint Integrated Community Wellbeing service monitoring and Executive						
				Partnership working						
				Public Service Reform Partnership and role of the Executive						
				Transformation Board						
				Existing working relationships						

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R3	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	RH	Financial Partnership/contractual Reputational Strategic	Chorley Council response to LCC consultations	16 (high)	8 (medium)	6 (medium)	Delivery of the Transformation Board forward plan	30/09/19
				Chorley Public Service Reform board				Exploration of alternative sustainable delivery models for services currently supported	30/06/19
				Continued delivery of the Transformation Programme				Officers and Members to lobby and influence key public sector partners	31/03/20
				Cost effective, sustainable solutions to intermediate measures identified in response to County Council cuts				Refresh of the Transformation Strategy	30/09/19
				Existing relationships with key public sector partners					
				Impact assessment undertaken regarding LCC's budget cuts					
				Joint Integrated Community Wellbeing Service monitoring and Executive					
Re- commissioned third sector contracts to maintain local service delivery									
Reserve budget enabled council to respond to LCC budget cuts such as bus and library services									
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	RH CS	Financial Operational Partnership/contractual Reputational	Key strategic partnership framework	16 (high)	8 (medium)	6 (medium)	Delivery of the MTFS	31/03/20
				Corporate Strategy				Explore alternative delivery models for development projects	31/07/19
				Chorley Public Service Reform Partnership				Income generation strategy	31/07/19
				Transformation Strategy					



Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
								Peer review to consider the Council's business models	31/12/19
								Refresh of the Transformation Strategy	31/7/19
								Review key strategic partnership framework	31/07/19
								Update previous report on business models	31/12/19
								Fees and Charges policy	31/03/20
<b>R5</b>	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	RH	Financial  Reputational	Refreshed Corporate Strategy and service level business plans  Refreshed Medium Term Financial Strategy  Additional budget investment in priorities  Continued organisational development  Delivery of the Transformation programme  Changes to service provision  Increase in Council tax 2018/19	<b>12</b> (high)	<b>6</b> (medium)	<b>4</b> (low)	Annual corporate planning and budget process including developing the big issues paper and engaging with Members  Delivery of the MTFS – ongoing and overseen by the Transformation Board  Delivery of the Organisational Development Strategy	28/02/20  31/03/20  31/12/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
				Transformation Board				Delivery of the Transformation Board forward plan Focus on business growth generating additional income to make the council financially self-sufficient Refresh of the Transformation Programme Senior management restructure	31/03/20 31/03/20 31/07/19 31/07/19
<b>R6</b>	Failure to react to changing service demand	AK	Strategic Technological	Delivery of the Single Front Office Delivery of the digital inclusion project ICT Digital Strategy Self service capability via the Council website Use of system data and regular monitoring and reporting Transformation Board Volumetric data capture	<b>8</b> (medium)	<b>6</b> (medium)	<b>4</b> (low)	Implementation of the ICT and customer strategies Implementation of the Digital Strategy Review of the Single Front Office operating model	31/03/20 01/04/20 30/09/19

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R7	Reduction in satisfaction with the Council	AK	Reputational	Corporate Health Dashboard	9 (medium)	6 (medium)	6 (medium)	Additional investment in priority areas	31/03/20
				Customer focus within the Digital and ICT Strategies				Delivery of communications, campaigns and events	27/12/19
				Customer satisfaction survey				Monthly customer satisfaction process being improved for 2019/20	30/09/19
				Strong customer service culture				Tangible improvement projects in the Corporate Strategy 2019	29/11/19
				Resident satisfaction survey 2017					
				Single Front Office					
R8	Failure to sustain our performance in light of budget cuts	RH	Operational Reputational Strategic	Annual business planning process	9 (medium)	6 (medium)	4 (low)	Delivery of Transformation Board forward plan	31/10/19
				Benchmarking exercises including LG Inform				Refresh performance management framework	31/10/19
				Organisational Development Plan				Transformation Strategy refresh	31/03/20
				Performance dashboard for SMT					
				Performance indicators					
				Performance management framework					
				Performance monitoring and annual refresh of local indicators					
Transformation Strategy									

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R9	External legislative and policy change affecting service delivery (Universal Credit, GDPR, BREXIT)	RH CS	Legal/regulatory	Additional resources dedicated	8 (medium)	8 (medium)	4 (low)	GDPR audit	30/11/19
				BREXIT risk register				Monitor BREXIT negotiations/ deal	31/12/19
			Operational	Chorley Welform Reform Partnership				Refresh GDPR training for staff	31/12/19
			Reputational	Credit Union					
				GDPR policies in place and DPO role assigned to the head of HR, Legal and Democratic					
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	AK	Operational Technological	Digital Strategy	12 (high)	6 (medium)	2 (low)	Accommodation review	31/12/20
				Single Front Office				Continued roll out of Office 365	30/09/19
				Worksmart initiatives				Delivery of Streetscene Modernisation Strategy 2018	31/03/20
				ICT strategy				Delivery of tech talks	30/09/19
								Refresh of the Transformation Strategy	31/07/19
								Undertake benefits realisation around technology changes	31/03/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	CM	Human Resources	<p>Continued application of sickness absence policy</p> <p>Delivery of additional management training</p> <p>Health and safety policies</p> <p>Healthcare cash back scheme</p> <p>Implementation of the Emotional Wellbeing Policy</p> <p>Internal communications plan</p> <p>Leading edge management competencies</p> <p>Listening day working groups</p> <p>Local indicator refresh – sickness targets</p> <p>OD health and wellbeing programme</p> <p>Refresh of internal communications strategy</p> <p>Refresh of internal communications strategy</p> <p>Staff Survey 2017</p>	9 (medium)	6 (medium)	3 (low)	<p>Accommodation focus groups</p> <p>Delivery of the OD Strategy</p> <p>Staff survey</p> <p>Tech talks</p>	<p>30/06/19</p> <p>31/12/20</p> <p>30/09/19</p> <p>30/06/19</p>

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber-attack/information management breach.	CS	Information Strategic	Business Continuity Plan Emergency Plan Flu pandemic plan. Multi agency flood plan Chorley COMAH Plan Staff awareness of ICT risks/threats and reporting of any issues National, regional and local security plans. Command and control structure in place Response to rise in UK threat levels Emergency arrangements continue to be in place Staff awareness Continued member of the PSN network	8 (medium)	4 (low)	4 (low)	Business continuity plans refreshed and reviewed  Cyber risk report to be produced  Undertake risk exercise  Updated DR plan to be produced	31/10/19  31/08/19  31/03/20  31/03/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making.	GH	Reputational	<p>Communication and engagement with local stakeholders and residents</p> <p>Governance procedure in place</p> <p>Planning Policies in place</p> <p>Monthly monitoring of resident satisfaction</p> <p>Resident satisfaction survey 2017</p> <p>Monitoring of social media (comments, threads, themes) responding appropriately and alerting where needed</p> <p>Monthly monitoring of customer satisfaction</p>	6 (medium)	4 (low)	2 (low)	<p>Continued tailored communication and engagement</p> <p>monthly monitoring of customer satisfaction</p>	<p>31/03/20</p> <p>31/03/20</p>
R14	Failure to build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	CM	Strategic	<p>All Party Leaders meetings</p> <p>Attendance at political group meetings to address key issues</p> <p>Boundary review</p> <p>Corporate Strategy development and engagement with political parties</p> <p>Meetings with Leader/Leader of Opposition</p>	4 (low)	2 (low)	2 (low)	Work with political groups to manage change following recent elections	31/08/19

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R15	Failure of existing Shared Service arrangements	GH	Operational	Strategic partnerships framework	12 (high)	6 (medium)	2 (low)	Review governance arrangements	31/07/19
			Partnership/contractual	Effective governance arrangements				Review of Shared Assurance Services and Shared Financial Services	30/09/19
			Financial	Best practice to shape future services					
			Reputational						

**Risk owners**

GH – Gary Hall (Chief Executive)

CS – Chris Sinnott (Deputy Chief Executive/ Director Early Intervention and Support)

RH – Rebecca Huddleston (Director Policy and Governance)

AK – Asim Khan (Director Customer and Digital)

ML – Mark Lester (Director Business, Development and Growth)

CM – Chris Moister (Head of Legal, Democratic and HR Services)





Report of	Meeting	Date
Director of Policy and Governance	Governance Committee	5 June 2019

## ANNUAL GOVERNANCE STATEMENT 2019

### PURPOSE OF REPORT

- To present the draft Annual Governance Statement (AGS) to the Governance Committee for review and approval.

### RECOMMENDATION(S)

That the draft Annual Governance Statement appended to this report be approved and referred to the Executive Leader of the Council and the Chief Executive for signature.

### EXECUTIVE SUMMARY OF REPORT

- Pursuant to the Local Government Act 1999, the Authority are required to continuously review our system of Governance. As part of this review we publish an Annual Governance Statement (AGS) alongside the annual financial statements.
- CIPFA and SOLACE issue guidance on the form of the AGS and the self-assessment process that authorities must undertake to compile it.
- This draft AGS is presented to Members of this Committee to review and approve. It has been properly drafted in accordance with the guidance issued. The assessments which have informed the preparation of the AGS demonstrate that the Council have strong governance arrangements.
- When approved the AGS will be formerly signed off by the Leader of the Council and the Chief Executive. It will then be submitted for external audit alongside the 2018/19 financial statements.

Confidential report Please bold as appropriate	Yes	No

### CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

### BACKGROUND

- Under the Accounts and Audit Regulations 2015 every Council is required to

conduct an annual review of the effectiveness of its system of governance and publish an AGS each year alongside its financial statements.

9. CIPFA and SOLACE have issued a Framework and supporting guidance entitled "Delivering Good Governance in Local Government", under which councils are required to:
  - develop and maintain an up-to-date local code of governance consistent with certain "core principles" set out in the Framework;
  - review their existing governance arrangements against the Framework;
  - prepare a governance statement in order to report publicly on the extent to which the Council complies with its own code on an annual basis including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
10. The CIPFA SOLACE Framework defines proper practice for the form and content of the AGS. The Framework requires the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) to sign the AGS. They must be satisfied that the document is supported by reliable evidence and accurately reflects the Council's system of governance.
11. The AGS is a corporate document and should involve (in addition to the most senior officer and the most senior member as signatories) a variety of people charged with delivering governance, including:
  - the monitoring officer in meeting his/her statutory responsibilities;
  - the responsible financial officer who is responsible for the accounting control systems and the preparation of the statement of accounts;
  - directors assigned with the ownership of risks and the delivery of services;
  - members (e.g. through audit or scrutiny committees); and
  - others responsible for providing assurance (e.g. Internal & External Audit).
12. The AGS is owned by all senior officers and members of the authority. A shared approach should be taken to compiling the AGS because any delegation to a single individual or section will dilute its significance and encourage other people to distance themselves from their proper responsibilities.
13. The guidance also states the need for a review body in the process such as the Governance Committee, which should be charged with critically reviewing the AGS and its supporting documentation. It is vital that this review body remains independent from the AGS compilation and is given real powers to make recommendations and ultimately changes to the process as it sees fit.
14. The AGS includes reference to significant governance issues, actions taken in the previous year and identifying those matters that are rolling on into this year. As in previous years, the issues highlighted are not significant but are matters raised across the organisation and therefore it is proper to bring them out in the AGS.
15. Also included this year is reference to known issues which will arise in the near future and are likely to have a significant impact in the Council's governance arrangements. The issues being Brexit and the changes to the Council following the boundary review.

#### **CORPORATE SELF-ASSESSMENT**

15. A corporate group consisting of the following officers contributed to the self-assessment and draft AGS
  - Chief Executive (S151 Officer)
  - Director of Policy and Governance
  - Head of Legal Democratic and HR Services(Monitoring Officer)
  - Interim Audit and Risk Manager

- Principal Auditor

18. Section 5 of the Appendix discloses what the management group consider to be main opportunities to enhance the Council’s governance arrangements taking account of organisational changes and the corrective action implemented following last year’s self-assessment. This view has been derived from the group’s cumulative knowledge of the Council’s system of governance and the views of independent assurance sources such as External Audit.
19. The role of the Chief Finance Officer and the role of the Head of Internal Audit has been assessed, to ensure that the roles are undertaken to professional standards and that the Council ensures that appropriate support arrangements are provided to enable them to fulfil their duties.

**SERVICE ASSURANCE STATEMENTS**

20. In addition to the corporate self-assessment, assurance has also been obtained from Directorates, as it is they who are responsible for implementing the respective governance systems and procedures within their service areas. Service Assurance Statements have been compiled which require Directors in consultation with Heads of Service and Managers to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any non-compliance issues.
21. Whilst the Service Assurance Statements will provide an assessment of individual service compliance, the completed Service Assurance Statements are primarily used to ascertain whether there are any common areas of concern across the organisation. If so, do these constitute significant governance issues. Again, any non-compliance issues emerging from the Service Assurance Statements have also been included in Section 5 of the AGS at the Appendix.

**RESULTS OF ASSESSMENTS**

22. The Council were found to have strong governance arrangements with few identified areas for improvement. The Committee are asked to consider section 3 of the AGS which details at a high level how the Council discharge their obligations.
23. Section 5 of the AGS identifies proposed areas for improvement. These are issues that have been highlighted as needing improvement, the issues are not in themselves significant. They are areas which suggest partial compliance with requirements or where there is insufficient evidence to demonstrate full compliance. There are no areas of significant none compliance by the Council.

**KNOWN FUTURE ISSUES WHICH MAY AFFECT GOVERNANCE ARRANGEMENTS**

24. Members will note an additional section within the AGS which addresses known future issues which are likely to have an affect on Council governance arrangements. This includes reference to Brexit and the boundary review.

**IMPLICATIONS OF REPORT**

25. This report has implications in the following areas and the relevant Directors’ comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	

No significant implications in this area		Policy and Communications	
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4. Corporate risks have been identified within the AGS.

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

5. No Comments.

**COMMENTS OF THE MONITORING OFFICER**

6. No Comments.

Rebecca Huddleston  
 Director of Policy and Governance

Report Author	Ext	Date
Chris Moister	5160	16 May 2019

**CHORLEY COUNCIL**

**ANNUAL GOVERNANCE STATEMENT**

**1. Scope of responsibility**

The residents of the Borough of Chorley expect the Council to conduct our business in a lawful and transparent way. In particular the Council have a duty to safeguard public money and account for it in an economic, efficient and effective way.

We have a continuing duty to review and improve how we discharge our functions focussing on the priorities of economy, efficiency and effectiveness.

To do this, the Council have put in place arrangements for the governance of its affairs. These arrangements assess the effectiveness of the exercise of its functions, and consider how well we manage risk.

We have 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. A copy of the code is on our website. This statement explains how the Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

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

The governance framework comprises the systems and processes, and culture and values, by which control and direct the Council. It provides how we account to, engage with and lead the community. It enables us to monitor the achievement of our strategic objectives and to consider whether our objectives have led to the delivery of appropriate, cost effective services for that community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. This enables us to manage risk efficiently, effectively and economically.

The governance framework has been in place at Chorley Council for the year ended 31 March 2019 and up to the date of approval of the annual report and statement of accounts.

**3. The governance framework**

The following table describes the key elements of the systems and processes that comprise the authority’s governance arrangements. These are founded on the Core Principles and sub-principles taken from our Code of Corporate Governance.

<b>Core Principle 1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>		
<b>The Council’s commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<b>Behaving with integrity</b>	<ul style="list-style-type: none"> <li>✓ The council have established both for Councillors and Staff Codes of Conduct and training is provided on both. Standards of behaviour are also assessed during employee one-to-one meetings and appraisals.</li> <li>✓ It is essential that not only decisions are taken with integrity but are seen to be so. The Council have established transparent decision making processes through the Contract Procedure Rules, an online declaration of interests</li> </ul>	<b>Local Code of Governance Codes of Conduct Performance and Development process CPRs and Standing Orders Register of Interests</b>

	<p>process and the use of standing orders. The public can therefore review and take comfort in the integrity of the decision makers.</p> <ul style="list-style-type: none"> <li>✓ The Council do however have processes and policies in place to provide avenues to challenge decision making through whistleblowing, complaints and the call in procedure.</li> <li>✓ The Council have a suite of counter fraud and anti-corruption policies in place – i.e. Whistleblowing policy, Antifraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance, RIPA</li> </ul>	<p><b>Whistleblowing Policy</b>  <b>Customer Charter Call in procedures</b>  <b>Anti-fraud and Corruption Policies</b></p>
<p><b>Demonstrating strong commitment to ethical values</b></p>	<ul style="list-style-type: none"> <li>✓ The Council have adopted in our Contract Procedure Rules the requirement for partners and contractors to adopt our, or have equivalent ethical standards of behaviour.</li> <li>✓ The Council have a Scrutiny Committee in place who act as the Council’s watchdog, promoting open and transparent decision making, democratic accountability and to hold the executive to account for its actions.</li> </ul>	<p><b>CPRs</b>  <b>Partnership Framework</b>  <b>Terms of reference for Scrutiny Committee</b></p>
<p><b>Respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>✓ The Council’s Constitution, policies and standing orders are all drafted in accordance with legislation. Application of these processes is tested through local assurance testing.</li> <li>✓ The Council report and Decision Making Templates include a comment from the Monitoring Officer to ensure that the legal implications of decisions are considered.</li> <li>✓ The Council is fully aware that they must pay attention to the advice of the Council’s Monitoring Officer and have good reasons, which must be documented should they depart from it. In the event the Council acts unlawfully, the Monitoring Officer must report this to Full Council. The Monitoring Officer has never had cause to take this step.</li> <li>✓ The Council has appointed statutory officers including; Head of Paid Service/S.151 Officer and Monitoring Officer who fulfil their responsibilities within legislative and regulatory requirements.</li> </ul>	<p><b>Constitution</b>  <b>Service Assurance Statements – AGS process</b>  <b>Committee Management System (report templates)</b>  <b>Roles of Statutory Officers within the Constitution.</b></p>
<p><b>Core Principle 2. Ensuring Openness and Comprehensive Stakeholder Engagement</b></p>		
<p><b>The Council’s commitment to Good Governance</b></p>	<p><b>How the Council meets these principles</b></p>	<p><b>Where you can see Governance in action</b></p>
<p><b>Openness</b></p>	<ul style="list-style-type: none"> <li>✓ The council have a robust approach to freedom of information and aim as part of our Digital Strategy to make as much information held by the Council accessible through our website as possible.</li> <li>✓ The Council’s Standing Orders have provision for public questions to be raised on any item on the agenda at both Full Council and Executive Cabinet meetings.</li> <li>✓ All key decisions must be taken in writing and are published in accordance with the legislation. As part of the process both the Senior Financial Officer and the Monitoring Officer must be consulted and provide comments. Where appropriate, comments are also included in relation to equality and HR.</li> </ul>	<p><b>Digital Strategy</b>  <b>Council website</b>  <b>Performance and Development process</b>  <b>Committee Management System (report templates)</b>  <b>Compliance with Transparency Act</b>  <b>Equality Scheme</b></p>
<p><b>Engaging comprehensively with institutional stakeholders</b></p>	<ul style="list-style-type: none"> <li>✓ The Council have an Internal Communications Strategy and media protocol which forms the basis for our relationships with our stakeholders. We ensure that we keep accurate records of stakeholder contacts to ensure they are engaged with properly and for the correct purposes.</li> <li>✓ A consultation and engagement toolkit is used within our project management methodology.</li> </ul>	<p><b>Internal Communications Strategy</b>  <b>Media Protocol</b>  <b>Consultation and Engagement Toolkit</b></p>
<p><b>Engaging stakeholders effectively including individual citizens and service users</b></p>	<ul style="list-style-type: none"> <li>✓ We use our Consultation and Engagement Toolkit to ensure that residents are properly consulted on matters which affect or interest them. This consultation contributes to the achievement of the Council’s intended outcomes. Increasingly we are using web based and social media to engage with our residents but recognise that in order to consult properly we must use a mix of methods.</li> </ul>	<p><b>Internal Communications Strategy</b>  <b>Residents Panel</b>  <b>Consultation and Engagement Toolkit</b>  <b>Digital Strategy</b></p>

<b>Core Principle 3. Defining Outcomes in terms of Sustainable Economic Social and Environmental Benefits</b>		
<b>The Council's commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<b>Defining outcomes</b>	<ul style="list-style-type: none"> <li>✓ The Council have a clearly defined vision which forms the premise of our Corporate Strategy. The Strategy itself is developed in consultation with residents and stakeholders and its implementation is through the delivery of corporate projects and service level plans. All corporate projects have an initial document which defines the outcomes and projects are monitored through the MyProjects system.</li> <li>✓ Contracts are in place for our key partnerships covering in particular Waste, Leisure, Payroll, Shared Services (with South Ribble BC).</li> </ul>	<p><b>Corporate Strategy</b>  <b>Service Level Plans</b>  <b>Corporate Projects</b>  <b>Project Management Toolkit</b>  <b>MyProjects system</b>  <b>Partnership Framework</b></p>
<b>Sustainable economic social and environmental benefits</b>	<ul style="list-style-type: none"> <li>✓ The Council have refreshed the Medium Term Financial Strategy to ensure that Capital investment is structured to maximise its life span whilst being adaptable for future use. Specific consideration is made of social and economic wellbeing of residents as evidenced by projects that provide affordable supported accommodation, employment opportunities and social benefits.</li> <li>✓ The Council's contract procedure rules include the ability to consider social value when awarding contracts.</li> </ul>	<p><b>Medium Term Financial Strategy</b>  <b>Corporate Projects</b>  <b>Compliance with Transparency Act</b>  <b>CPRs Public Reform Strategy</b></p>
<b>Core Principle 4. Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes</b>		
<b>The Council's commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<b>Determining interventions</b>	<ul style="list-style-type: none"> <li>✓ We have a robust approach to setting interventions. Members and Officers work closely together and consult on the preparation of the Corporate Strategy which sets the framework for council delivery. The benefits of interventions are considered not only based on cost but also upon need and impact in order to ensure best value is met.</li> <li>✓ Feedback from residents in this process is very important to ensure what we deliver is both needed and wanted.</li> </ul>	<p><b>Corporate Strategy</b>  <b>Consultation and Engagement Toolkit</b></p> <p><b>Digital Strategy</b>  <b>Public Reform Strategy</b></p>
<b>Planning interventions</b>	<ul style="list-style-type: none"> <li>✓ The Council have a strong framework for planning the implementation of our interventions. We publish a calendar of meetings, and the Key Decision forward plan to confirm dates for decisions to be taken but in addition ensure all report writers are aware of publication of agenda dates to press for reports to be prepared in good time. We have a clear internal communications strategy to ensure proper consultation and a Risk Register.</li> <li>✓ We are promoting the use of the Project Management Toolkit which ensures that there is a clear scope, timetable and outcomes for each project and Key Performance Indicators are set to monitor each service.</li> <li>✓ Each project or intervention has a budget and there are regular meetings between management accountancy both with project managers and service heads for monitoring purposes.</li> </ul>	<p><b>Calendar of meetings</b>  <b>Forward Plans</b></p> <p><b>Corporate Risk Register</b></p> <p><b>Project Management Toolkit</b>  <b>KPIs</b></p> <p><b>Budget monitoring</b></p> <p><b>Quarterly Budget Reporting</b></p>
<b>Optimising achievement of intended outcomes</b>	<ul style="list-style-type: none"> <li>✓ We have a Corporate Strategy which has been agreed by Council and reflects the council's priorities. The Strategy is aimed at meeting the fundamental needs of local residents, like health housing and jobs, while continuing to get Chorley in the best social and economic position for the future.</li> <li>✓ We have a Transformation Programme in place. The overriding aim of this is to support the council to achieve its ambitions for public service reform namely by achieving; <ul style="list-style-type: none"> <li>• A greater integration of public services, particularly around prevention and early intervention;</li> <li>• Focus on prevention and early intervention across public services;</li> <li>• Decision making and accountability at the lowest practical level;</li> </ul> </li> </ul>	<p><b>Corporate Strategy</b></p> <p><b>Digital Strategy</b></p> <p><b>Transformation Programme</b></p> <p><b>Medium Term Financial</b></p> <p><b>Quarterly Budget Reporting</b></p> <p><b>Partnership Framework</b></p>



	<ul style="list-style-type: none"> <li>The system-wide sharing of responsibility for management of demand and reduction of cost shunting between organisations.</li> </ul> <p>✓ The Medium Term Financial Strategy is refreshed regularly to ensure it stays current and reflects any changes in council priorities. This ensures proper budgetary planning.</p>	
<p><b>Core Principle 5. Developing the Entity’s Capacity, including the Capability of it’s Leadership and the Individuals within it</b></p>		
<p><b>The Council’s commitment to Good Governance</b></p>	<p><b>How the Council meets these principles</b></p>	<p><b>Where you can see Governance in action</b></p>
<p><b>Developing the entities capacity</b></p>	<ul style="list-style-type: none"> <li>✓ We have a Transformation Programme and Medium Term Financial Strategy which the Council uses to plan for future changes to the organisation, planning for future capacity needs. Such transformation is achieved through rough cut costing, benchmarking and use of the Council’s Corporate Strategy.</li> <li>✓ We have a long term partnership with South Ribble BC to deliver Financial and Assurance services which both increases capacity and skills whilst delivering efficiency savings.</li> <li>✓ We have an Organisational Development Strategy which outlines the Council’s approach to organisational development. Its purpose is to; <ul style="list-style-type: none"> <li>Align with the Transformation Programme to build organisational capability to support its delivery;</li> <li>Identify opportunities to build organisational capability collaboratively with partners;</li> <li>Build organisational capability to support business as usual activities at individual, service and organisational levels;</li> <li>To ensure that the council has the leadership to support and drive changing governance models.</li> </ul> </li> </ul>	<p><b>Transformation Programme</b></p> <p><b>Digital Strategy</b></p> <p><b>Corporate Strategy</b></p> <p><b>Medium Term Financial Strategy</b></p> <p><b>Organisational Development Strategy</b></p> <p><b>Shared Services Collaboration Agreement</b></p>
<p><b>Developing the capability of the entity’s leadership and other individuals</b></p>	<ul style="list-style-type: none"> <li>✓ Roles are clearly defined within the Council through the use of job descriptions and structure charts. The Constitution details the responsibilities of officers and councillors and the roles of the statutory officers; Head of Paid Service, Chief Finance Officer and Monitoring Officer.</li> <li>✓ Good practice standards are annually assessed against the CIPFA statements for the roles of the Chief Finance Officer and Head of Internal Audit</li> <li>✓ Relationships are managed through regular and frequent member briefings.</li> <li>✓ The Council have updated the Organisational Development Plan ensuring that all staff have the opportunity to benefit from personal and professional development, and this is monitored through one to ones and the annual appraisal process.</li> <li>✓ Officers and Councillors alike are held to account through the Residents Panel, Neighbourhood Area Meetings with residents, Stakeholder Forums and the Chorley Partnership; as well as through Overview and Scrutiny Committee.</li> </ul>	<p><b>Job descriptions</b></p> <p><b>Organisational Structure Chart</b></p> <p><b>Constitution</b></p> <p><b>Roles of Statutory Officers</b></p> <p><b>Organisational Development Plan Annual Appraisal Process</b></p> <p><b>Residents Panel</b></p> <p><b>Neighbourhood area meetings</b></p> <p><b>Stakeholder Forums Chorley Partnership</b></p>
<p><b>Core Principle 6. Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management</b></p>		
<p><b>The Council’s commitment to Good Governance</b></p>	<p><b>How the Council meets these principles</b></p>	<p><b>Where you can see Governance in action</b></p>
<p><b>Managing risk</b></p>	<ul style="list-style-type: none"> <li>✓ There is an established Risk Management Framework which ensures that risk is considered in all aspects of decision making. This includes the identification of risks but also ensuring responsibility for them is allocated correctly.</li> </ul>	<p><b>Risk Management Framework</b></p> <p><b>Fighting Fraud and Corruption Locally – The Local Government</b></p>



	<ul style="list-style-type: none"> <li>✓ The council takes a proactive approach to both prevent and detect fraud and this is supported by the Council's Anti-Fraud &amp; Corruption Strategy, Internal Audit programmes, fraud investigations, participation in National Fraud Initiative exercises, and publication of proven cases</li> </ul>	<p><b>Counter Fraud and Corruption Strategy 2016-2019</b></p>
<p><b>Managing performance</b></p>	<ul style="list-style-type: none"> <li>✓ This is part of the Council's approach to business transformation. Service delivery is monitored through service meetings, performance indicators, benchmarking and budget monitoring. The Executive Members have regular service briefings in relation to their portfolios. Overview and Scrutiny Committee are engaged and Task Groups have responsibility for considering and suggesting improvements in relation to service delivery.</li> <li>✓ The Governance Committee is responsible for reviewing and challenging the adequacy of the council's governance arrangements. It closely monitors progress on control matters including improvement plans, external and internal audit programmes and reports, risk management, budget and financial investment reports.</li> </ul>	<p><b>Performance Indicators and Performance reporting</b></p> <p><b>Work of Overview and Scrutiny Committee and Task Groups</b></p> <p><b>Role of Governance Committee.</b></p>
<p><b>Robust internal control</b></p>	<ul style="list-style-type: none"> <li>✓ The council maintains a robust Internal Audit service, which annually provides an independent and objective opinion on the internal control environment, verifies compliance with policies, laws and regulations, evaluates and makes recommendations to improve the effectiveness of risk management, value for money and governance processes</li> <li>✓ The Council require all directorates to complete assurance statements which identify compliance issues which may exist across the Council.</li> <li>✓ The Annual Governance Statement reflects on the adequacy and effectiveness of the Council's Governance Framework. This is then independently considered by External Audit.</li> <li>✓ The Governance Committee complies with best practice and tests the Council's controls through the receipt of reports for consideration.</li> </ul>	<p><b>Audit Plan, Audit Charter</b></p> <p><b>Service Assurance Statements</b></p> <p><b>Annual Governance Statement</b></p> <p><b>Governance Committee Terms of Reference</b></p>
<p><b>Managing data</b></p>	<ul style="list-style-type: none"> <li>✓ The Council have clearly defined policies and procedures for managing and storing data. Additional work is required however to embed these and update the Council's IT systems.</li> </ul>	<p><b>ICT Strategy</b></p> <p><b>Digital Strategy</b></p> <p><b>Information Security Framework</b></p> <p><b>GDPR Audit Plan</b></p>
<p><b>Strong public financial management</b></p>	<ul style="list-style-type: none"> <li>✓ All decisions of the Council require a comment from the CFO, which will address budgeting issues and compliance with Best Value and the Council's contract procedure rules. There are regular meetings between budget holders / project managers and Finance to monitor budgets and any changes can be identified early.</li> </ul>	<p><b>Committee Management System (report templates)</b></p> <p><b>Asset register</b></p> <p><b>CPRs</b></p> <p><b>Budget monitoring and Quarterly Budget Reports</b></p> <p><b>Compliance with CIPFA Statement on Role of CFO</b></p>
<p><b>Core Principle 7. Implementing Good Practices in Transparency Reporting and Audit to Deliver Effective Accountability</b></p>		
<p><b>The Council's commitment to Good Governance</b></p>	<p><b>How the Council meets these principles</b></p>	<p><b>Where you can see Governance in action</b></p>
<p><b>Implementing good practice in transparency</b></p>	<ul style="list-style-type: none"> <li>✓ We feel it very important for the discharge of our obligations that as much information as possible is made available to the public. This is done through publication on the Council's website.</li> </ul>	<p><b>Council's website</b></p> <p><b>Compliance with Transparency Act</b></p>
<p><b>Implementing good practices in reporting</b></p>	<ul style="list-style-type: none"> <li>✓ The Council comply with good practice in relation to value for money reporting and the annual Statement of Accounts considers how public finances have been stewarded.</li> <li>✓ It is the practice of the Authority to ensure that all key decisions are made by councillors in accordance with our</li> </ul>	<p><b>Statement of Accounts</b></p> <p><b>Quarterly Performance Reports</b></p> <p><b>Scheme of Delegation</b></p>

	approval processes. Compliance with these processes are considered within this Annual Governance Statement.	<b>Annual Governance Statement</b>
<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>✓ We view improvement as a continuing process. Internal Audit reports to Governance Committee include a summary of areas for improvement and implementation is reported on an exception basis.</li> <li>✓ Overview and Scrutiny Task Groups report proposed improvements to Executive Cabinet who decide whether to accept the recommendations or not. Where accepted Cabinet will later report as to the progress of the implementation of improvements.</li> <li>✓ Residents have the right to ask questions at Council meetings in relation to matters on the meeting agenda which ensure immediate accountability to residents.</li> </ul>	<b>Internal Audit reporting to Governance Committee Governance Committee Terms of Reference Overview and Scrutiny work programme</b>

**4. Review of effectiveness**

Chorley Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Council's governance framework:

**Corporate Level Review**

- A management group consisting of the following officers has been established to oversee the compilation of the Annual Governance Statement:
  - Chief Executive (S151 Officer)
  - Head of Legal, Democratic and HR Services (Monitoring Officer)
  - Director of Policy and Governance
  - Interim Audit and Risk Manager
- The group has conducted a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA / SOLACE.

**Service Level Review**

- The Council has also introduced Service Assurance Statements requiring Directors and Heads of Service to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

**Monitoring Officer**

- As the Council's Monitoring Officer, the Head of Legal Democratic and HR Services has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Monitoring Officer will report and recommend to Council any proposed amendment to the Constitution, which falls outside the Monitoring Officers delegated powers, for adoption.

**Scrutiny Committee**

- The Council has an Overview and Scrutiny Committee which can challenge a decision which has been made by the Executive Cabinet or a statutory committee but not yet implemented, to enable them to consider whether the decision is appropriate.

### ***Governance Committee***

- The Council has appointed a Governance Committee whose terms of reference comply with the CIPFA guidelines. These extend to monitoring the Council's governance, risk management and internal control framework and include reviewing the adequacy of the governance framework.

### ***Standards Sub-Committee***

- The Council has appointed a Standards Sub-Committee of the Governance Committee whose terms of reference comply with the prevailing national guidance on standards and codes of conduct for members.

### ***Internal Audit***

- Strong Internal Audit and Risk Management disciplines are embedded and the Shared Assurance Service maintains excellent working relationships with Senior Management, the Governance Committee and the Council's External Auditors to provide an integrated approach to the provision of assurance within the Council. The Internal Audit Service is fully compliant with the Public Sector Internal Auditing Standards, this was established following a peer review by the Audit Managers of 2 Lancashire authorities in April 2018.
- The Public Sector Internal Audit Standards require the Interim Audit and Risk Manager to provide an opinion on the overall adequacy and effectiveness of the organisations's framework of control, risk management and governance.

**Control** – The Internal Audit Service provides an independent opinion on the adequacy of the internal control system. All recommendations for improvement are agreed with Senior Management and a summary is reported to the Governance Committee. Only one Internal Audit report with a limited controls assurance rating was issued during 2018/19.

**Risk Management** – The Council's arrangements were further strengthened during 2018/19 by the continued development of the GRACE risk management system. Extensive training was delivered to Officers and the revised Risk Management Framework was approved by the Governance Committee in March 2018.

**Governance** – Actions have been taken during 2018/19 to strengthen the Council's governance arrangements (see identified governance issues below). The Annual Governance Statement Action Plan for 2019/20 includes details of actions to further strengthen Council's governance arrangements. The 2019 AGS has been produced following a rigorous assessment process, both internal and external.

### ***External Audit***

- The Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and system of internal control by the Authority, the executive, Governance Committee, Overview and Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## **5. Identified Governance Issues**

In the previous year the following themes were identified as requiring action and improvement:

Theme	Agreed Improvement	SMART Actions & Milestones	Status
1. Information Management	1.1 To ensure that there are clear document retention guidelines which are complied with by Services.	<ul style="list-style-type: none"> <li>- Develop program of work to replace SharePoint corporately</li> <li>- Utilise document management system within the new application.</li> </ul>	<p><b>COMPLETE</b>                      These actions were considered as part of the GDPR implementation project. Service specific retentions periods have been prepared. GDPR Audit Plan developed and detailed audits will be undertaken during 2019/20.</p>
	1.2 To ensure that the Council is fully compliant with the Data Protection Act and Freedom of Information requirements.	<ul style="list-style-type: none"> <li>- GDPR new requirements in legislation are to be in place by May 2018. Action Plan to be implemented to ensure compliance within the timescales</li> <li>- More effective use of the information champions.</li> </ul>	<p><b>COMPLETE</b>                      Full compliance with GDPR requirements.</p>
2. Risk Management	2.1 Review and update all Health & Safety risk assessments	<ul style="list-style-type: none"> <li>- Review &amp; update documentation</li> <li>- Arrange awareness training</li> </ul>	<p><b>In progress - Significant works have been done this year in high risk areas both in training and risk assessment documentation. This is being rolled out across remaining areas depending on risk.</b></p>
	2.2 Further embed GRACE risk management system.	<ul style="list-style-type: none"> <li>- Directors are to ensure compliance with the Risk Management Framework.</li> </ul>	
3. Customer Complaints	3.1 To improve the recording of customer complaints	<ul style="list-style-type: none"> <li>- To undertake a review of how customer complaints are received to ensure that they are all captured and recorded centrally.</li> </ul>	<p><b>In progress – work is still on-going</b></p>
4. Value for money and cost assurance	4.1 Increased use of comparative data and benchmarking to demonstrate VFM.	<ul style="list-style-type: none"> <li>- Increased use of LGA Inform to demonstrate VFM</li> </ul>	<p><b>COMPLETE</b></p>
5. Fraud	5.1 Increased fraud awareness	<ul style="list-style-type: none"> <li>- Fraud awareness training to be delivered to all relevant officers using e-learning modules.</li> </ul>	<p><b>In progress - This is a recurrent risk and part of the work in this area will be to identify a more robust awareness raising programme.</b></p>
6. Transparency	6.1 To ensure full compliance with the revised requirements of the Transparency Code.	<ul style="list-style-type: none"> <li>- A review of compliance with the Code has been undertaken and areas of non-compliance are to be actioned.</li> </ul>	<p><b>In progress - There are a small number of particular categories/ areas of non-compliance which will need to be</b></p>

			<b>considered and actioned individually.</b>
7. Communication	7.1 To review and update the Communication Strategy for both internal and external communications	- To review and update the Communication Strategy for both internal and external communications	<b>In progress - Internal Communication Strategy has been reviewed and updated.</b>
8. Compliance with Contract Procedure Rules (CPRs)	8.1 To further embed procurement policies and procedures, and to strengthen the current CPRs.	- To develop and implement a contract management system through 'Agile Point'.	<b>In progress – work is still on-going</b>

The Council will take the following steps in the forthcoming financial year to build and strengthen our corporate governance arrangements:

<b>Theme</b>	<b>Agreed Improvement</b>	<b>SMART Actions &amp; Milestones</b>	<b>Status</b>
1. Risk Management	1.1 To further embed the risk management system	- To review & update Risk Management Framework - Arrange and provide risk management training	<b>CONTINUED FROM 2018</b>
2. Customer Complaints	2.1 To improve the recording of customer complaints and identify benefit of actions taken	- To undertake a review of how customer complaints are received to ensure that they are all captured and recorded centrally - To identify and record the benefit of actions taken	<b>CONTINUED FROM 2018</b>
3. Fraud	3.1 To Review and update Anti-fraud policies	- To review and update the Anti-fraud policies	<b>Risk identified from the corporate assessment</b>
	3.2 To increase fraud awareness	- Fraud awareness training to be delivered to all relevant officers using e-learning modules - Fraud reports to be presented to Governance Committee on a regular basis.	<b>CONTINUED FROM 2018</b>
	3.3 To compile and monitor a fraud risk register	- Fraud risk register to be compiled and monitored on a regular basis	<b>Risk identified from the corporate assessment</b>
4. Transparency	4.1 To ensure full compliance with the revised requirements of the Transparency Code.	- A review of compliance with the Code has been undertaken and areas of non-compliance are to be actioned namely; <ul style="list-style-type: none"> <li>• Recording of officer decisions;</li> <li>• Publication of contracts</li> </ul>	<b>CONTINUED FROM 2018</b>
5. Communication	5.1 To review and update the Communication Strategy for both	- To review and update the Communication Strategy for external communications	<b>CONTINUED FROM 2018</b>

	internal and external communications	<ul style="list-style-type: none"> <li>- To review and update the consultation engagement toolkit</li> <li>- To re-iterate to staff the need to keep customers informed (call-back procedure)</li> </ul>	
6. Compliance with Contract Procedure Rules (CPRs)	6.1 To further embed procurement policies and procedures, and to strengthen the current CPRs.	<ul style="list-style-type: none"> <li>- To develop and implement a contract management system through 'Agile Point'</li> <li>- To arrange and provide training to relevant staff</li> <li>- To review and update the Council's CPRs</li> </ul>	<b>CONTINUED FROM 2018</b>
7. Project Management	7.1 To review and update the Project Management Toolkit as part of the creation of the centralised Programme Management Office	<ul style="list-style-type: none"> <li>- To review and update the Project Management Toolkit to more fully incorporate finance, risk and statutory compliance monitoring</li> </ul>	<b>Risk identified from Service Assurance Statements</b>
8. Performance Management	8.1 To further embed Data Quality Policy	<ul style="list-style-type: none"> <li>- To provide data quality training and support</li> </ul>	<b>Risk identified from Service Assurance Statements</b>
9. Ethical Governance	9.1 To incorporate best practice recommendations made by Committee on Standards in Public Life into Council procedures and Code of Conduct.	<ul style="list-style-type: none"> <li>- To establish Governance Committee working group</li> <li>- Working Group to consider best practice recommendations with a view to incorporating them into Council procedures / Code of Conduct</li> <li>- Provide Code of Conduct training for Parish Councillors</li> </ul>	<b>Risk identified from corporate assessment &amp; Monitoring Officer report</b>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. The Themes will be entered as Management Actions onto the MyProjects system and allocated to the most appropriate Director or Head of Service for action. Progress will be monitored by the Senior Management Team using MyProjects.

**6. Future changes which will affect Governance Arrangements**

This Council face 2 known significant changes in the near future which are likely to have significant impacts on our Governance Arrangements. These have not been highlighted by the work undertaken to identify governance issues, but it is proper to raise this within the Annual Governance Statement as we look forward to future challenges.

Brexit has been at the forefront of national consciousness for a number of years, however the impacts of leaving the European Union remain uncertain until such time as the terms of exit are agreed or known. At present, most European Legislation has been adopted as national law and steps are being taken to enact some of the remainder. There should be minimal impact on the Council's governance arrangements should the current legislative situation be maintained. However, some of the legislation, such as that pertaining to procurement and state aid, may have to be amended depending on the terms of the exit deal and any participation by the United Kingdom in the European Economic Area.

Although there are many unknowns, the Council have sought to manage these risks through the establishment of a corporate Brexit risk register which is being monitored by the Senior Management Team. Each Directorate has been asked to identify likely risks (both strategic and operational) and where appropriate establish action plans to mitigate these risks.

The second significant change to the Council takes place in May 2020, with the establishment of the new ward boundaries. The Council will be reducing the number of members from 47 to 42 and establishing 14, 3 member wards.

Whilst there will be no changes to the decision-making processes for the Council, the change in the number of members is likely to have implications for the membership of decision making bodies. There will also be consequential changes to how elections are administered in terms of the location of polling stations amongst other issues.

A number of long serving members have indicated that they will be standing down at the next election. The Council recognise that this will likely lead to a loss of knowledge and experience particularly in relation to some of the more technical committees such as Governance and Overview and Scrutiny. This risk will be addressed through the Member Development programme with specialised training being provided as required.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Cllr. A. Bradley**  
Leader of the Council

**G Hall**  
Chief Executive  
& Section 151 Officer

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Report of	Meeting	Date
Monitoring Officer	Governance Committee	5 June 2019

## **ETHICAL GOVERNANCE REVIEW - REPORT FROM WORKING GROUP**

### **PURPOSE OF REPORT**

1. To advise members of the Governance Committee as to the recommendations of the Working Group and to seek agreement for the presenting of the recommendations to Full Council for adoption.

### **RECOMMENDATION(S)**

2. That Members of the Governance Committee accept the recommendations of the Working Group on the implementation of changes to the Council's Code of Conduct and associated processes for presenting to Full Council for approval and implementation.

### **EXECUTIVE SUMMARY OF REPORT**

3. Governance Committee received on 20 March a copy of the report Local Government Ethical Standards by the Committee for Standards in Public Life (The Review).
4. The report contained 26 formal recommendations and 15 best practice recommendations. Governance Committee resolved to set up a working group to consider the best practice recommendations further with a view to incorporating them into the Council's code of conduct and associated procedures. Governance Committee also noted that the formal recommendations would generally require changes to national legislation or be beyond the vires of the Council to adopt without other changes.
5. This report details the best practice recommendations and provides details of how they have already been or can be adopted by the council.
6. The Working Group considered the proposals and made recommendations for their adoption and implementation. These can be found in the body of this report.

<b>Confidential report</b> Please bold as appropriate	Yes	No

### **CORPORATE PRIORITIES**

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	X

### **BACKGROUND**

8. The Working Group met on 11 April and appointed Cllr S Holgate to the Chair. In attendance were Cllrs Hargreaves and K. Snape and the Independent Person Peter Ripley. The Working Group received a report from the Monitoring Officer and considered proposals regarding the implementation of the Best Practice Recommendations. The views of the Working Group are expressed below.

**Best Practice 1**

**Local Authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.**

8. It is recommended that the Code of Conduct be amended to include the following:-

*I will not bully or harass any person (including any council employee) and will not intimidate or improperly seek to influence any person.*

*(Note: Bullying may be characterised as: offensive, intimidating, malicious or insulting behaviour; or an abuse or misuse of power in a way that intends to undermine, humiliate, criticise unfairly or injure someone. Harassment may be characterised as unwanted conduct which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for an individual.)*

**Best Practice 2**

**Council's should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.**

9. It is proposed to amend the council's Code of Conduct to include the following

*I will co-operate with all investigations of complaints made under the councils code of conduct.*

*I will not make any trivial or malicious allegations against another councillor.*

10. The procedure on consideration of complaints will confirm that trivial or malicious complaints be excluded at the discretion of the Monitoring Officer with the agreement of the Independent Person.

**Best Practice 3**

**Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.**

11. The suggested reviews and consultations will be undertaken annually with a view to presenting the results to Governance Committee at the first meeting in each calendar year.

**Best Practice 4**

**An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.**

12. The Code of Conduct is already available on the Council's website. Consideration will be done to improve its prominence. However, this may be delayed while a wider piece of work on the website is undertaken.

**Best Practice 5**

**Local Authorities should update their gifts and hospitality register at least once per quarter and publish it in an accessible format such as CSV.**

13. The hospitality and gifts register, like the register of interests, is updated by members with

the current declarations being published contemporaneously. It is suggested however that members are reminded of the obligation to disclose gifts and hospitality quarterly through In The Know.

**Best Practice 6**

**Council's should publish a clear and straightforward public interest test against which allegations are filtered.**

14. It is proposed to have the following public interest test within the complaints procedure:-
  - a. Is there evidence which supports the complaint?
  - b. Is the conduct something which is possible to investigate?
  - c. Is an investigation proportionate and in the public interest?
15. The following considerations will be included to provide context on how the test will be applied:-
  - a. Complaints older than 6 months will not normally be investigated;
  - b. Whether the incident was witnessed by a third party and the independence or otherwise of the third party;
  - c. Cost of the investigation including officer time;
  - d. Any other relevant factor such as previous complaints brought either by the complainant or against the councillor.

**Best Practice 7**

**Local authorities should have access to at least two Independent Persons.**

16. An appointment exercise will be undertaken this summer in order to try to identify a second independent person.
17. Members are reminded that it is formally recommended that the appointment to the role of Independent Person be fixed for 2 years with an option of a 2 year extension. This change will require a change in legislation, but any such change will exacerbate the recruitment issue. The current Independent Person has been in post for 6 ½ years and this has not caused any issues for the council. But it is recognised that if there is a move to a single national approach or where councils have more complaints to address the familiarity of the Independent Person with councillors and complainants may cause difficulties.

**Best Practice 8**

**An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious or trivial.**

18. The Council have already adopted this as part of our investigation process with the Independent Person reviewing the results of all filtering and being able to comment on them.

**Best Practice 9**

**Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.**

19. Again, this forms part of the Council's process and will not require any amendment to our procedure document.

**Best Practice 10**

**A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.**

20. These documents are already available on the council's website. They will be reviewed as part of the annual process adopted pursuant to best practice 3.

**Best Practice 11**

**Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.**

21. Whilst this relates to Parish Council business it is proposed to change the complaints procedure document to include  
"Complaints in relation to conduct by Parish Councillors towards the Parish Clerk  
Where a complaint relates to the conduct of a Parish Councillor towards the Parish Clerk, the complaint should be submitted by the chair or the parish council as a whole. In exceptional circumstances complaints will be accepted when made by the Clerk themselves."

**Best Practice 12**

**Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.**

22. Although not documented it has been the practice of the Monitoring Officer to support parish council's and in particular clerks in relation to standards matters. There is no intention to change this. It is proposed to document this in an additional document that relates specifically to Parish Council related complaints. At present it is not envisaged that there will be any further resources required to meet this change, however should this change the support will have to be qualified in some way or additional resources be provided.

**Best Practice 13**

**A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.**

23. The council's procedure already provides for investigations to be done by either the Deputy Monitoring Officer or a solicitor from the legal team. Were the matter to be more serious or lead to allegations of conflict of interest then the Council will instruct an independent investigator.

**Best Practice 14**

**Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.**

24. This proposal is particularly relevant given the intention to establish the Housing Company. It has to be recognised that the Company would have a distinct legal identity. However, there are no legal issues which would prevent the company making a decision to implement the proposal itself. It is proposed therefore to incorporate this recommendation into any governance arrangements adopted by the company (or indeed any company established going forward).

**Best Practice 15**

**Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.**

- 25. Briefing meetings with group leaders are already held. It is suggested that quarterly, the Monitoring Officer attend these meetings for this purpose. Should any issues arise between the scheduled attendances then this can be added as an agenda item at the meetings as required.

**IMPLICATIONS OF REPORT**

- 9. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

- 10. There are no specific risk areas in relation to the recommendations in this report although it should be noted that adoption of the recommendations will form part of any peer or similar review in the future.

**COMMENTS OF THE INDEPENDENT PERSON**

- 11. The recommendations by the Working Group meeting which I was pleased to be invited to attend seem an appropriate way to respond locally to the Review. It is reassuring that in many cases Chorley had already adopted the recommended Best Practice or can move quickly to adoption.
- 12. It is disappointing, however, that changes seen to be necessary to the Chorley website to comply with Best Practice may be delayed while a wider piece of work on the website is undertaken; it would be helpful to have some indication as to the possible timescale for the changes to be implemented.

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

- 13. No Comment.

**COMMENTS OF THE MONITORING OFFICER**

- 14. Contained in the body of the report.

CHRIS MOISTER  
MONITORING OFFICER

Background Papers		
Document	Date	File
Ethical Standards Working Group Report		<a href="http://mod/ieListDocuments.aspx?CId=963&amp;MId=7509&amp;Ver=4">http://mod/ieListDocuments.aspx?CId=963&amp;MId=7509&amp;Ver=4</a>
Report Author	Ext	Date
Chris Moister	5160	28 May 2019

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## Governance Committee work programme 2019/20

### 5 June 2019

Report	Officer
Draft Statement of Accounts 2018/19	Michael Jackson
Charity and Trust Accounts 2018/19	Martin Fisher
Outcome of the Primrose Gardens Homes England Audit	James Thomson
External Audit Progress Update	Grant Thornton
Internal Audit Annual Report 2018/19	Janice Bamber
Strategic Risk Update Report	Rebecca Huddleston
Annual Governance Statement 2019	Chris Moister
Ethical Governance Review – report from working group	Chris Moister
RIPA Application Update	Chris Moister

### 24 July 2019

Treasury Management Annual Report 2018/19 and Monitoring 2019/20	Michael Jackson
Statement of Accounts 2018/19	James Thomson
RIPA Application Update	Chris Moister
Internal Audit Annual Plan 2019/20 Progress Report Q1	Janice Bamber

### 20 November 2019

Chorley Borough Council Annual Audit Letter 2019	Michael Jackson
Treasury Management Activity Mid-Year review 2019/20	Michael Jackson
RIPA Application Update	Chris Moister
Internal Audit Annual Plan 2019/20 Progress Report April to October 2019	Janice Bamber

### 22 January 2020

Chorley Certification Letter 2018/19	James Thomson
Annual Standards Report	Chris Moister
Annual GDPR Report	Chris Moister
RIPA Application Update	Chris Moister
Internal Audit Annual Plan 2019/20 Progress Report April –December 2019	Janice Bamber

### 18 March 2020

External Audit Plan 2019/20	James Thomson
Audit Progress and Sector Update	James Thomson



Report	
RIPA Application Update	Chris Moister
Internal Audit Plan 2020/21	Janice Bamber
Internal Audit Plan 2019/20 Progress Report April 2019 – February 2020	Janice Bamber