

Annual Governance Statement 2023/24

1. INTRODUCTION

The Annual Governance Statement is a point in time assessment of the council's governance framework. It considers information assembled over the course of the previous 12 months to make an evidence-based assessment of the systems, processes, culture and values that feed into our internal control environment and our compliance with them. This document draws the evidence together and provides a valued judgement of our governance environment.

The AGS provides an overview of the council's key governance systems and explains how they are tested and the assurance that can be relied upon to show that these systems and processes operating effectively. The Statement comprises an overview of the key elements of its governance framework and what evidence has been received in order to determine the effectiveness of the arrangements. In addition, the Statement contains an update on the areas for improvement identified last year, together with proposed areas for improvement for the coming year.

2. What is Corporate Governance?

Chorley Council is responsible for ensuring that our business is conducted in accordance with the law, to the highest standards and that there is a sound system of governance (incorporating the system of internal control). Public money must be protected and properly accounted for. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and delivering an efficient and effective service.

To meet this responsibility, we have put in place arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure we do the right things, in the right way, for the right people, in a fair, open, honest and accountable way.

Our Governance Framework is based on the CIPFA/SOLACE Framework¹. It promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at Chorley Council. It is important to note that a robust governance framework only has value if it is complied with and contains sufficient controls to ensure this.

The adopted Local Code of Corporate Governance incorporates and demonstrates how the 7 principles detailed by the CIPFA/SOLACE Framework, and set out below, are complied with.

Good governance means:-

- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- ensuring openness and comprehensive stakeholder engagement
- defining outcomes in terms of sustainable economic, social and environmental benefits
- determining the interventions necessary to optimise the achievement of the intended outcomes
- developing the council's capacity, including the capability of its leadership and the individuals within it
- managing risks and performance through robust internal control and strong public financial management
- implementing good practices in transparency, reporting, and audit to deliver effective accountability

Our Local Code was reviewed and approved by Governance Committee on 31 March 2023 and can be accessed through this hyperlink [here](#).

¹ The CIPFA / SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers) framework "Delivering Good Governance in Local Government".

3. The Council's Governance Framework

The governance framework comprises the systems, processes, culture and values by which we direct and control our activities including those by which we account to, engage with and lead the community. It enables us to monitor how we are achieving our long-term aims and to demonstrate where this has led to improved services that are delivering value for money. The council has responsibility for ensuring that there is a sound system of governance.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our priorities and aims, so it can only offer reasonable protection. It is based on an ongoing process that is designed to:

- Identify and prioritise the risks that could prevent us achieving our aims and objectives
- Assess the likelihood and impact of the risk occurring
- Manage the risks efficiently, effectively and economically.

The local code should enable members to satisfy themselves that council has processes, systems and checks which ensure our objectives are being met lawfully, in accordance with the corporate and medium term financial strategies and in a way that demonstrates value for money. The framework is the basis for the decision-making structures, compliance with it enables members to have sufficient information to test recommendations and to make a reasonable, evidence based decisions.

We must demonstrate our commitment to good governance through honest self-assessment and regularly reviewing how we can be better, using the governance framework to self-identify issues and improvements and take steps to implement them quickly.

Values of good governance

The Council also promotes and demonstrates the values of good governance by upholding high standards of conduct and behaviour. The following strong arrangements are in place to ensure that appropriate standards of behaviour are maintained:

Codes of Conduct (Members and Officers)
Member Officer Protocol
Suite of HR policies
Suite of Counter Fraud Policies

4. How we review the effectiveness of the Governance Framework

This section identifies the structures, committees bodies and officer roles which serve to review the appropriateness of the governance arrangements and their application.

The Council has a responsibility to keep the effectiveness of its governance arrangements under review to ensure continuous improvement. This review is informed by the work of the Governance Committee supported by management, internal and external auditors and other review agencies.

Governance Committee - The Governance Committee provides member oversight and scrutiny of the Council's business controls. The Governance committee undertakes all of the core functions of an audit committee as identified in the relevant CIPFA guidance. During 2023, an assessment of the skills and knowledge of the Committee was undertaken, and bespoke training delivered to Committee members by CIPFA in October 2023.

In September 2023, the effectiveness of the Governance Committee was measured against CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2022. An action plan has been developed to further strengthen the Committees arrangements. In addition, the Committee were also supportive of the proposal to recruit an independent person with suitable experience to provide additional support.

The Governance Committee also has responsibility for consideration of standards complaints under the Council's Code of Conduct for Members and convenes Standards Sub-Committees drawn from the main committee to hear complaints which have warranted investigation.

Shared Services Joint Committee - The Joint Committee monitors service performance of the shared services partnership between South Ribble Borough and Chorley Councils and is a good example of our effective governance of partnerships.

Scrutiny Committee

The Scrutiny Committee have continued to play an active role in the business of the Council, holding the Executive to account and assisting in the development of Policy and feeding into the budget cycle. It was Chaired by a councillor who is member of the opposition party.

The Scrutiny Budget and Performance Panel meets to challenge and comment on the quarterly performance and budget monitoring reports prior to consideration by Cabinet as part of our new rigorous Performance Management Framework.

Member Training

The Council holds the North West Employers Member Development Charter and has a cross-party Member Development Working Group that takes an overview of Member training and development. A Member Personal Development Planning is now embedded with member PDP's being completed.

During the year all Member training was provided a number of different topics and Member briefings held to support member understanding of council business.

Members have also attended a number of external training courses and conferences via the LGA and other providers.

Management Team / Leadership Team

Following a period of transition all Director roles have now been appointed to, meaning a full membership of the Senior Management Team. Similarly, the Senior Leadership Team has only one vacancy which has been recruited to. This should provide a period of stable management for the council.

Head of Paid Service

The Chief Executive is the Head of paid service and member of the Senior Management Team, in addition the Deputy Chief Executive Role has been appointed to providing support to the Chief Executive and greater organisational resilience.

Section 151 Officer / Director of Finance

The Director of Finance/ Section 151 Officer is a member of the Senior Management Team.

Statutory Regulation / Monitoring Officer

This role is fulfilled by the Director of Governance who is also a member of the Senior Management Team.

Corporate Governance Group / Officer arrangements

In developing this Annual Governance Statement, the council's senior officers have worked collectively to understand and assess the effectiveness of the implementation of the council's governance framework. This work has been overseen by a Corporate Governance Group comprising:

- Chief Executive
- Deputy Chief Executive
- Director of Governance (Monitoring Officer)
- Director of Finance S151 Officer
- Director Change and Delivery
- Head of Audit and Risk

The Corporate Governance Group (CGG) have worked with the council's Senior Management Team who have individually produced and collectively reviewed service assurance statements which assess compliance with and understanding of the council's governance framework. This assessment has supported the production of this document.

It is also important to note the ongoing role that a council's senior officers have in ensuring that good governance is enacted in the working of the organisation.

The CGG terms of reference have been reviewed. These now ensure greater accountability of Heads of Service for their responsibilities to the governance environment. Whilst the Director of Governance will continue to be responsible for maintaining and monitoring the governance framework, the CGG will support the drive for its embedding in the organisation.

Service Assurance Statement

The Service Assurance Statement procedure enables directors and heads of service to review the governance environment in their own services. Different approaches to this exercise have been taken to this process including paper questionnaires, email questionnaires and on-line completion. In response to feedback and the roll out of new software a group session was arranged with all directorates completing the exercise using a voting system. Heads of Service with responsibility for different governance areas, introduced each section and provided information of what a "strong" response would look like. Directorates discussed their services performance and with Heads completing the voting individually.

The performance data was provided live and there was a group discussion where good practice was shared and common barriers to compliance highlighted.

The responses were then collated to identify corporate areas of non compliance which have been included in the AGS as improvement actions.

Programme Board

A corporate programme board continues to meet quarterly to review and monitor the performance of the Corporate Strategy projects and performance measures ahead of reporting to Cabinet. The board is made up of the Senior Management Team as those accountable for overall programme delivery and ensuring compliance with the Performance Management Framework. The board receive an update report highlighting issues, concerns and risks by exception. The board will discuss issues and identify solutions before cascading directions back to project managers and teams.

Data Security / Information Governance

The Data Protection Officer function is fulfilled by the Director of Governance. The Senior Information Risk Owner is the Director (Customer and Digital).

The Information Security Council consisting of the SIRO, DPO, Head of ICT, Customer and Digital and recently recruited Cyber Security Officer oversees data security, information governance and compliance. The terms of reference have been refreshed to ensure clear responsibility lines are established. The ISC will work with the Senior Leadership Team to monitor performance and assess development and training needs.

Organisational Development

The HR Hub has brought together in one place both the OD strategy and wider eLearning opportunities making it easier to manage and identify gaps in staff's knowledge and / or experience but also a framework to address them. Greater use of the system has been developed with Managers able to monitor completion of mandatory training within their teams.

There has been a noticeable improvement in completion of mandatory training demonstrating that the enhanced monitoring arrangements have improved performance.

Corporate Complaints / Local Ombudsman

The number of customer complaints processed as stage one complaints *information awaited*

The Council are aware of complaints which were made to the Local Government Ombudsman in the year 2023/24.

External Audit

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

The most recent review undertaken (which is for the period 2022/23 concluded in January 2024) whilst continuing to make 4 Key Recommendations for improvements has acknowledged the Council's continued commitment to enhance the governance environment, The 4 Key Recommendations which were identified in the previous years audit (concluded in August 2023) related to issues identified by the council and were being addressed in existing management actions. The Council has continued to engage with External Audit in raising awareness of issues identified and work with them to keep them informed of planned actions and improvements, maintaining an open and transparent relationship.

Approach to Risk Management

Significant work has been undertaken to develop the council's approach to risk management. Internal Audit have provided further training and assistance to teams on the use of GRACE, the Council's risk management system, In addition there is evidence that directorates are reviewing their risks and the Corporate Governance Group are also reviewing that risk reviews are being undertaken.

A Risk Appetite Escalation process has been produced to support the Risk Management Strategy and provides guidance to staff on both scoring risks and corporate ownership of red rated residual risks which will be required to be reported to SMT for agreement.

Wyre Council recently completed an audit of the Council's Risk Management Arrangements and provided a Reasonable opinion (out of ratings of Substantial, Reasonable, Limited and Minimal). It should be noted that of the risks examined 3 were rated as being substantial and 3 reasonable. This provides independent assurance of the Council's position.

Internal Audit and the Head of Audit Opinion

Internal Audit is responsible for providing assurance on the quality and effectiveness of the system of governance and internal control. A risk based Internal Audit Plan is produced. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service. This report includes recommendations for improvements that are included within a Management Action Plan and require agreement or rejection by service managers.

The Internal Audit Annual Report contains a statement/ judgement on overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

The Annual Internal Audit report contains the following opinion from the Head of Internal Audit:

Whilst, as this report highlights, there have been 5 Internal Audit reviews awarded limited assurance rating, a large proportion of the agreed actions to strengthen the arrangements have been implemented in year. Taking this into account, alongside the significant increase in the percentage of audit actions implemented, indicates a strengthened control environment.

The actions identified in the 2023 Annual Governance Statement are either implemented or are in the process of being implemented with only a small number being carried forward to the 2024 action plan.

The Council's risk management arrangements have been externally reviewed and found to be of a sound nature.

Based on the work undertaken and evidence available to Internal Audit including other sources of assurance, it is considered that the overall adequacy and effectiveness of the Council's governance, risk management and control processes are adequate for the financial year ended 31st March 2024.

5. Governance Environment

Significant progress has been made in the last 12 months in embedding improvements to the Governance Environment of the council. Implementation rates of Internal Audit Management Actions and AGS Improvement Actions have improved, demonstrating a commitment by the organisation to strong governance and compliance. This improvement is reflected in the proposed actions detailed in this section.

However, it must be recognised that there continue to be issues which need to be addressed. Assurance can be taken that these are increasingly isolated both in terms of frequency and organisationally, but these failings continue to have potentially serious consequences for the council.

AGS Management Actions 2023/24

These have been categorised into

Completed – the action has been implemented in full.

Partially Implemented – where the action has been partially implemented, but in the view of the organisation the partial implementation has mitigated the risk so that it does not need to be carried forward. These improvements will continue to be monitored independently of the AGS Improvement Actions

Carried Forward – where there are still outstanding issues.

Of the 15 actions 11 are marked completed or partially implemented.

There are 4 actions proposed to be carried forward to next year.

Theme	Areas of identified failings	Suggested improvement	Current Position
Process/ System	Failure to identify, monitor and report of fraud risks facing the Authority	To develop the Council's approach to fraud following the assessment of the Council's arrangements against Fighting Fraud and Corruption Locally 2020-2025	completed
	Failure to have a system in place to ensure key corporate policies are regularly reviewed, version controlled and remain up to date and accurate.	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation	Carry forward to 2024/25 – process has been prepared and is in process of being implemented by IT.

	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.	Carry forward to 2024/25 – work has been taken to strengthen the individual controls and Procurement have been identified to own the procedures. A new Procurement Team Leader has been appointed and they will be tasked with developing a process to co-ordinate the existing controls.
	Inventories	To improve the quality of the council's asset inventory records to enable accurate insurance cover to be provided	completed
	Cyber Security, use of ICT equipment and system access	A programme of Cyber security training sessions should be developed and delivered to highlight to all officers and members the risks faced by the council.	completed
	IT system access	Review and improve leaver form and process to ensure all relevant teams and points of contact are notified in a timely fashion to action.	Partially Implemented – the form and process have been reviewed operation of the processes will be monitored
Staff development	Performance Development Review	Undertake a review of the PDR process to identify barriers for its use and improvements to the system	completed
	Mandatory training modules to be completed in full	<p>All Directors to ensure all mandatory training is completed within the agreed timescales.</p> <p>Corporate Governance Group to review and hold Directors to Account on below target completion rates.</p> <p>Enhanced training to be provided on</p> <ul style="list-style-type: none"> • Finance 	Partially Implemented – there has been a significant improvement in completion rates for mandatory training, whilst it has not reach 100% compliance to meet the action, it is not seen as being a significant risk to the council.

		<ul style="list-style-type: none"> • Data Protection/Information Governance • Procurement 	
Corporate	Constitution	Constitution to be reviewed and updated where applicable. This is to specifically include the Financial Procedure Rules and Scheme of Delegation.	Carried forward 2024/25 – both the code of conduct and the social media protocol have been reviewed. The scheme of delegation has been reviewed and will be approved shortly. The Financial Procedure Rules and Contract Procedure Rules will be considered when the Procurement Legislation is fully implemented.
	Business continuity	<p>Business Continuity Plans to be held using the dedicated system and allocated into Category A and B Services.</p> <p>Testing Exercise of the Business Continuity Plans to be undertaken</p>	Complete
	Data Security and Information Management	<p>Embed the Information Security Council and processes for owning and monitoring performance.</p> <p>Review existing data security and information policies.</p> <p>Establish reporting into Corporate Governance Group.</p>	complete
	Transparency Code	Full review of all obligations and performance to ensure the publication of all mandatory data sets	Carried forward to 2024/25 – progress has been made on this action, however, it is not yet complete.
	Agreed Audit Actions	Improve percentage implementation rates of service management actions agreed with Internal Audit.	complete

	Risk	Define risk management appetite and implement escalation and reporting mechanisms for non-strategic risks	complete
	Procurement	Review and centralise the conflict of interest procedure. Further develop the contract management process to include registration of the contract on the transparency register and align with the decision-making process.	Complete

Sundry Debtors

An internal audit review of Sundry Debtors identified failings in compliance with the Fair Funding Charter and policies and processes. In particular, it identified a lack of oversight, failure to adhere to policies and procedures, absence of audit trail for debt collection activities and absence of appropriate reporting of aged debt. On implementation of the improvement actions a debtor was identified who owed the council a sum which would be material to the council accounts. Further consideration highlighted the following failings

Monitoring – no evidence of proper monitoring arrangements were identified in relation to this debt.

Ownership – there was disagreement between services in terms of ownership of the debt.

Approvals – whilst the actions taken may have been reasonable there were no documented decisions in relation to the outstanding sum.

Given the value of the debt, and in addition to the implementation of the agreed management actions, further steps have been taken. This includes a specific action plan being adopted in relation to this debt. These actions include meetings with the debtor, agreeing a repayment plan in relation to elements of the debt, appointment of accountants to act on behalf of the council to review debtors accounts and it is also proposed to appoint an insolvency specialist to support the council in protecting their interests in relation to the debt should there not be an agreement reached in relation to a repayment plan.

External Audit Key Recommendations

External Audit have made in previous years 4 key recommendations in relation to the councils governance environment. These were initially identified in the year 2021/22 presented to the council in August 2023 and readopted for year 2022/23 received in January this year. The recommendations arose from issues identified by an internal audit review concerning the use of a contractor. All key recommendations had been addressed as actions in the AGS for 2023. Progress against those actions is detailed in the table above. As many of these actions have been implemented in the last 12 months, these will be considered by External Audit when they undertake the value for money assessment for the year 2023/24.

Improvement Actions

2024 AGS Actions	Finding	Action	Time Scale
Procurement	New procurement legislation	A project team to assess and update CPRs in line with new legislation. CPRs to be relaunched with training and awareness. Procurement Strategy to be developed.	Quarter 2
GDPR	ROPA outdated	Ensure ROPA is reviewed and accurate. Implement process to ensure accuracy is maintained.	Quarter 1
Training	Governance essentials	Governance Essentials training to be delivered to manager network. (below SLT Level) Governance Essentials refresher training to be periodically delivered prior to SLT meetings.	This programme will be developed and delivered throughout the year.
Project Management	Lack of awareness of	Project Management Framework to be reviewed and re-launched with training and awareness.	Quarter 2 for review

	project management		
Policy / guidance accessibility	Lack of awareness of policies	Agree corporate approach for the centralised location of all key policies. Ensure most up to date versions are accessible and old versions removed. Re-launch policy of the month (or other method of communicating) to raise awareness of policy and requirements.	Quarter 1
Impact Assessments	Lack of compliance with equality legislation	Training and awareness of equality legislation. Monitoring of Impact Assessment to ensure completion and actions implemented.	Quarter 2 – training to continue through year
Customer complaints / Access Charter	Lack of formal process / lack of awareness	Implement a corporate approach to customer complaints. Raise awareness of customer access charter	Quarter 2
Communication	Communications Strategy	strategies to be reviewed and updated.	Quarter 2
Policy review procedure	A process is required to document review of policies.	A procedure has been developed and is being implemented as a digital process	tbc
Contract Management / Procurement	Ownership of Process needs to be allocated to single team/ officer	Procurement to review existing controls and take on co-ordination role and development of linking process for allocation and monitoring of Contracts. Work to be tied to requirements of new Procurement Act	Quarter 2

Constitution	Requires updating	Scheme of delegation has been reviewed and will be approved shortly. Contract Procedure Rules/ Financial Procedure Rules will be updated to address the Procurement Act changes	Quarter 1 Tbc
Transparency Code	Revisit publication of data to ensure compliance.	In particular the council's publicised asset register. The council are updating their asset software which will ensure correct publication	Tbc

6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. Whilst, there are a number of issues identified actions are being taken to ensure they are addressed. As part of that process the council will monitor implementation of all actions set out in our Action Plan.

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Leader of the Council

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Chief Executive

Date:

On behalf of the Members and Senior Officers of Chorley Council.

GLOSSARY

Annual Audit Letter	An External Audit report presented to Council and containing the findings of the Audit Commission's work. It is a requirement of the Code of Practice for Auditors.
Assurance	An evaluated opinion based on evidence and gained from review.
CIPFA	Chartered Institute of Public Finance and Accountancy
Control Environment System of Internal Control	Comprises the organisation's policies, procedures and operations in place to : Establish and monitor the achievement of the organisation's priorities; Identify, assess and manage the risks to achieving the organisation's objectives; Facilitate policy and decision making; Ensure the economical, effective and efficient use of resources; Ensure compliance with policies, legislation and regulations; Safeguard the organisation's assets; Ensure the integrity and reliability of information, accounts and data.
Corporate Governance	Corporate governance is the system by which local authorities direct and control their functions and relate to their communities.
SOLACE	Society of Local Authority Chief Executives