

# CHORLEY COUNCIL

## ANNUAL GOVERNANCE STATEMENT

### 1. Scope of responsibility

Chorley Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. We are responsible for safeguarding public money, making sure it is properly accounted for and used economically, efficiently and effectively. Chorley Council also has a duty under the Local Government Act 1999 to take steps to constantly review and improve the way in which our functions are exercised. In undertaking this review we are obliged to have regard to a combination 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.

Chorley Council has 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 for 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 2016 and up to the date of approval of the annual report and statement of accounts.

### 3. The governance framework

The following paragraphs describe the key elements of the systems and processes that comprise the authority's governance arrangements;

#### ***Identifying & communicating the authority's vision of its purpose and intended outcomes for citizens and service users***

The Corporate Strategy sets out the Council's vision, priorities and strategic objectives. These are closely linked with the Public Service Reform Programme, which clearly articulates a shared vision for the Borough of Chorley.

Long term outcomes and interim performance targets have been established for each

strategic objective.

The Public Service Reform Programme and Corporate Strategy are published widely and are also available on the Council website and intranet. They form the basis for training provided within the Council's organisational development plan and Circle of Service event for managers of the council.

### ***Reviewing the authority's vision & its implications for the authority's governance Arrangements***

The Public Service Reform Programme and Corporate Strategy are regularly reviewed and the Council's vision and strategic objectives have been refined to reflect changing aspirations, both locally and nationally. As part of the annual consideration of the Corporate Strategy the Monitoring Officer and Section 151 Officer comment on the strategy in the report presented to Full Council providing an opportunity to consider implications on governance arrangements prior to any changes being adopted.

A performance management framework is in place for both the Council and the Public Service Reform Partnership, the latter providing clear arrangements for joint working, including specific projects.

### ***Translating the vision into objectives for the authority and its partnerships***

The Council have a robust process of consultation with residents and partner organisations on setting objectives based upon the council's vision. This process includes undertaking surveys of residents online and in hard copy, engagement events with the public and consultation with partners.

### ***Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources***

The Council's Corporate Strategy contain key projects that are geared towards achieving overall strategic objectives. They also contain challenging targets in respect of both performance indicators and local performance targets. Feedback is sought from customers and residents about the services they receive to ensure that the council meets expectations. This system is in turn supported by individual staff performance and development reviews to ensure that everyone understands their individual and service unit contribution to corporate goals.

The Council has an in-house performance management system from which reports are produced to ensure that trends in performance can be identified and corrective action introduced if appropriate. This is supported by a robust data quality control system, which ensures the accuracy of the reported information.

Performance against targets is monitored at officer and member levels, by Strategy Group, Executive Cabinet, Overview & Scrutiny and the Governance Committee.

The Council have also introduced a project management system on which all corporate projects must be placed which monitors progress against set milestones and co-ordinates best use of resources. This system has been enhanced and the role out of the new project management system will be implemented early in 2016/17.

### ***Defining & documenting the roles & responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication***

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and

accountable to local people. It contains clear distinctions between what constitutes an executive and non-executive decision.

Decision-making within the Council's Policy and Budgetary Framework is facilitated through the Executive Cabinet and by individual Executive Members but is supported by a framework of Statutory and Overview & Scrutiny Committees.

Non Executive Functions are undertaken by Full Council or the relevant committee subject to any delegations. The Constitution also sets out the situations where senior officers of the Council can make decisions under delegated authority.

***Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff***

The Council's Constitution contains the formal Codes of Conduct that articulate the standards of ethical behaviour that are expected from members and officers. These incorporate procedures for the disclosure of personal interests and offers of gifts and hospitality. Both members and officers have been extensively briefed on personal conduct and disclosure requirements.

An automated system has been established on the Council's intranet for officer and member disclosures.

***Reviewing the effectiveness of the authority's decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality***

The Head of Governance arranges for the review of the Council Constitution on an annual basis. This includes a review of Standing Orders, Contract Procedure Rules, Financial Procedure Rules and Responsibilities for Functions.

The Council operates a call in process on all Executive Member decisions providing an opportunity to test the reasons for the decision before a Call in Panel of the Overview and Scrutiny Committee, and have adopted the new regulations governing the publication of council decisions.

All data collected by the council is required to have a procedure governing its collection and as part of the reporting system the data collector and authoriser are required to confirm the data has been checked.

***Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability***

The standard member reporting procedure requires a consideration of risk for all significant decisions. This is also underpinned by a robust structure and system for identifying and evaluating all significant business risks at both the strategic and operational levels, the key elements of which are a Strategic Risk Register and service level risk assessments built into the business planning process.

As part of the Council's project management procedure Project Managers are required to complete a risk assessment.

***Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained***

The Council maintains an anti-fraud and anti-corruption strategy and an anti-fraud action plan. This is reviewed annually and appropriate training is provided.

### ***Ensuring effective management of change and transformation***

Proposals for change and transformation are considered by the Executive and, particularly around staff changes the Council maintain HR policies and procedures to manage these changes.

### ***Ensuring the authorities financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact***

The CIPFA Statement has been considered and the financial management arrangements conform with the governance requirements. Any issues would be identified in the Councils annual audit.

### ***Ensuring the authorities assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact***

The CIPFA Statement has been considered and the Council is fully compliant in all aspects

### ***Ensuring effective arrangements are in place for the discharge of the monitoring officer function***

The Council's Monitoring Officer is the Head of Governance, an experienced solicitor with significant Local Government Experience.

All Council, Executive Cabinet and Executive Member decisions are considered by the Monitoring Officer and require a comment to be added prior to the decision being made.

### ***Ensuring effective arrangements are in place for the discharge of the head of paid service function***

The Council's head of paid service is appointed by Council decision and the role is prescribed by the Council's constitution.

### ***Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities***

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

### ***Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful***

The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including:

- Monitoring Officer;
- Section 151 Officer;
- Internal Audit;
- External Audit;
- Performance management system.

The Council has designated the Head of Governance and Property Services as Monitoring Officer, who plays a key role in ensuring compliance. After consulting with the Chief Executive, the Monitoring Officer will report to the full Council if he/she considers that any proposal, decision or

omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The standard committee reporting procedure and template now requires the monitoring officer and statutory finance officer to consider legality and compliance in respect of all decisions made by members.

***Arrangements for whistle blowing and for receiving and investigating complaints from the public***

The Council has an up to date Whistle Blowing Policy, which has been publicised via the Council web site, intranet and other channels. All members of staff are briefed on the Policy including how, and whom they should make a disclosure.

The Council also operates a formal Corporate Complaints Procedure, which has been widely publicised.

***Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training***

Formal induction programmes and training & development plans are in place for both members and senior officers. All senior officers participate in the corporate staff appraisal scheme.

***Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation***

Strategies are in place in respect of communications, marketing and consultation and include Council administered forums and public meetings.

***Enhancing the accountability for service delivery effectiveness of other public service providers***

The Chief Executive has regular meetings with counterparts in public service providers. The Authority participate in three tier forum meetings with County and Parish Councils.

***Incorporating good governance arrangements in respect of partnerships and other group working as identified in the Audit Commission's report on the governance of partnerships, and reflecting these in the authorities overall governance arrangements***

The Council has adopted a formal Framework for Partnership Working which specifies the minimum governance requirements in respect of all the Council's partnerships and the enhanced requirements in respect of its key partnerships.

#### **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 Governance and Property (Monitoring Officer)
  - Head of Policy & Communications
  - Head of Shared Assurance Services
- 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 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 Governance 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***

- Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Service. The report includes recommendations for improvements that are included within a Management Action Plan and require agreement or rejection by service managers. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.
- 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 Report identified the following areas as having Limited Control
  1. Community Infrastructure Levy and Section 106 monitoring arrangements – this review produced a number of management actions which are in the process of being implemented.
- The Annual Report in itself is a tool not just for reporting on internal control but improving them.
- The Internal Audit Team is subject to on-going inspection by the Council's external auditors, who place reliance on the work carried out by them.

### ***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. Significant governance issues

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

Theme	Agreed Improvement	Actions and Outcomes
1. Staff/Member Development	1.1 To develop the current level / programme of financial training packages for Budget Holders (& Members) to include use of systems, process improvement and financial management techniques.	Training has been delivered as required. Budget holders have regular (monthly) meetings with their accountant to discuss the current budget position and highlight any known future issues.
	1.2 To ensure that the Governance Committee comply with the latest CIPFA guidance on Audit Committees.	This has been implemented by ensuring reports presented to the Committee comply with the latest guidance.
2. Information Management	2.1 To ensure that there are clear document retention guidelines which are complied with by Services.	This has been undertaken in that Services are required to have their own document retention policies, however please see plan for next year.
	2.2 To ensure that the Council is fully compliant with the Data Protection Act and Freedom of Information requirements.	This is an ongoing obligation and whilst the Council's policies are robust there will be a programme of staff awareness building of these rules as part of the delivery of the new Information Security Framework.
	2.3 To ensure that an effective Disaster Recovery Plan is in place.	Confirmed
3. Equality & Diversity	3.1 To ensure full compliance with the Council's Equality Scheme.	Confirmed, consideration of Equality and Diversity issues is now a requirement on Council report templates.

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

Theme	Agreed Improvement	Comments
1. Staff/Member Development	1.1 To develop the current level / programme of financial training packages for Budget Holders (& Members) to include use of systems, process improvement and financial management techniques.	This is a carry over from the previous year and reflects in part the continuous need to provide training on this issue but recognises the organisational changes which have taken place following the Senior Management restructure.
2. Information Management	2.1 To ensure that there are clear document retention guidelines which are complied with by Services.	Whilst actions have been taken to deliver this improvement (see above) the Council are seeking to provide a different document management solution. We have been working with Microsoft to investigate the functionality of SharePoint and have concluded

		that the product doesn't fit with our future requirements. We have developed a program of work which will aim to replace SharePoint corporately and have already carried out a proof of concept for a MyShare solution (without SharePoint) and plan to develop this application during quarter 2 (into September) with a view to rolling out across the organisation over quarter 3 and 4.
3. Risk Management	3.1 To embed the Risk Management Framework at service level 3.2 Revise and re-issue Business Continuity Plans 3.3 Review and update all Health & Safety risk assessments	
4. Performance Management	4.1 To ensure compliance with the Data Quality Policy	
5. Value for Money / Transparency	5.1 To ensure that services can demonstrate VFM & compliance with the revised Transparency Code	
6. Corporate Policies	6.1 To ensure that all employees are aware of the requirements of corporate policies.	
7. Fraud & Corruption	7.1 To ensure compliance with the requirements contained within the Fighting Fraud & Corruption Locally – The local government counter fraud and corruption strategy and companion.	

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. 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

**C Moister**  
Monitoring Officer