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. This was updated this year to reflect the updating of the CIPFA/ Solace Framework last year. 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 2017 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. These systems and processes are fit for purpose and provide assurance that the Council are discharging their obligations to residents. These are founded on the Core Principles and sub-principles taken from our Code of Corporate Governance.

Core Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Behaving with integrity

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 employees one-to-one meetings and appraisals.

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 process and the use of standing orders. The public can therefore review and take comfort in the integrity of the decision makers.

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.

Demonstrating strong commitment to ethical values

There is a robust investigation procedure to address complaints made against Councillors conduct which includes the involvement of an Independent Person. Any hearing required would be before a cross party committee.

We have also adopted robust anti-fraud and corruption policies including a whistle-blowing policy and comply with the Code of Practice on Managing the Risk of Fraud and Corruption.

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.

Respecting the Rule of Law

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 with the Monitoring Officer ensuring the Constitution is reviewed annually.

Council reports to all constituted committees must include a comment from the Monitoring Officer to ensure that legal aspects are considered.

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.

Core Principle 2 – Ensuring Openness and Comprehensive Stakeholder Engagement

Openness

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.

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 Monitoring Officer must be consulted and provide comments. Where appropriate, comments are also included in relation to equality and HR.

Engaging Comprehensively with institutional stakeholders

The Council have a robust Communications Strategy 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.

Engaging Stakeholders Effectively including individual citizens and service users

We use our Communications and Community Engagement Strategy 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.

Core Principle 3 – Defining Outcomes in terms of Sustainable Economic Social and Environmental Benefits

Defining Outcomes

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.

Sustainable Economic Social and Environmental Benefits

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.

Core Principle 4 – Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes

Determining Interventions

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.

Feedback from residents in this process is very important to ensure what we deliver is both needed and wanted.

Planning Interventions

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 Communications Strategy to ensure proper consultation and a Risk Register.

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.

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.

Optimising Achievement of Intended Outcomes

The Council's Senior Management Team meet quarterly to review the status of projects and update progress across the organisation. These meetings provide an opportunity for different directorates to have input into projects that are not being delivered by them but which they may impact on or be impacted by. This communication contributes to the improvement of the delivery of the projects and optimisation of outcomes.

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.

Core Principle 5 – Developing the Entity's Capacity, including the Capability of it's Leadership and the Individuals within it

Developing the Entities Capacity

We have a Transformation 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 (which is used to identify processes and actions which take the most time), benchmarking and use of the Council's Corporate Strategy.

Developing the Capability of the Entity's Leadership and other Individuals

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 identity of the statutory officers.

Relationships are managed through regular and frequent member briefings.

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.

Officers and Councillors alike are held to account through the Residents Panel, Neighbourhood Meetings with residents, Stakeholder Forums and the Strategic Partnership Forum; as well as through Overview and Scrutiny Committee.

Core Principle 6 – Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management

Managing Risk

There is an established Risk Management Protocol and Risk Management Strategy 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.

Managing Performance

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.

Robust Internal Control

The Council require all directorates to complete assurance statements which identify compliance issues which may exist across the Council.

The Annual Governance Statement reflects on the adequacy and effectiveness of the Council's Governance Framework. This is then independently considered by external audit.

The Governance Committee complies with best practice and tests the Council's controls through the receipt of reports for consideration.

Managing Data

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.

Strong Public Financial Management

All decisions of the Council require a comment from the SFO, 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.

Core Principle 7 – Implementing Good Practices in Transparency Reporting and Audit to Deliver Effective Accountability

Implementing Good Practice in Transparency

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.

The Councils ModGov system enables the easy publication of meeting agendas, minutes and decisions and a built in search engine enables the public to easily find the document they are looking for.

I addition the Council have adopted the practice of publishing monthly all expenditure above £50 which is significantly lower than that required by legislation. This is good evidence of the Council's commitment to transparency.

Implementing Good Practices in Reporting

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.

It is the practice of the Authority to ensure that all key decisions are made by councillors in accordance with our approval processes. Compliance with these processes are considered within this Annual Governance Statement. In all instances formats follow best practice.

Assurance and Effective Accountability

We view improvement as a continuing process. Recommendations from Audit are reported to Governance Committee with confirmation as to how they can be implemented and the expected benefits.

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.

Residents have the right to ask questions at Council meetings in relation to matters on the meeting agenda which ensure immediate accountability to residents.

Partnership Working

Chorley Council have a strong record of working with Partners with examples being the shared services arrangement with South Ribble Borough Council and the exploration of the Integrated Community Wellbeing Service being developed with the Lancashire Care Foundation Trust. We can have confidence that SRBC have robust arrangements as they are subject to the same regime as ourselves. We have established a joint board with LCFT which will ensure we have the ability to

influence the development of the shared service to ensure it has strong governance arrangements which reflect our own.

Other contractual partners such as Active Nation and Veolia are obliged contractually to have strong governance arrangements with requirements such as transparent decision making, anti-fraud policies and procedures and procurement processes that are compliant with the Council's.

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 (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.

Head of Paid Service/ Section 151 Officer

- The Council's Chief Executive is both Head of Paid Service and Section 151 Officer. They confirm with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). In discharging these functions they have ensured the Council have a robust Medium Term Financial Strategy and monitor performance against those targets through regular performance reporting to the Executive Cabinet and Council.

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.

Head of Shared Assurance Services

- The Head of Shared Assurance Services ensures that the Council's assurance arrangements confirm with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the Public Sector Internal Audit Standards.

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 to undertake the Member Audit function 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.

- Members of this committee receive specific training each year to ensure that they are able to discharge their functions. Efforts are taken to ensure that membership of this committee are retained year on year.

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 Annual Report in itself is a tool not just for reporting on internal control but improving them.

- The Internal Audit Annual Report contains the opinion of the Head of Shared Assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. Whilst the Council's governance and control environment continues to be effective, the introduction of the Governance, Risk and Control Self-Assessment (GRACE) software will strengthen the current risk management arrangements.

- 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's internal audit and other officers have regular meetings with External Audit throughout the year to discuss general governance issues that may have arisen. In addition

External Audit are sometimes invited to comment on the Council's development or amendment of governance policies.

- 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. 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.	- Identify priority issues for customers and Shared Services - Consult customers - Produce packages - Deliver training - Develop self-service continual training via intranets	**COMPLETED** Extensive user training and compliance education has been provided in 2016/17 Budget holders are provided with 1-2-1 sessions with service accountants. Additional support and training will be on-going to incorporate system and process improvements.
2. Information Management	2.1 To ensure that there are clear document retention guidelines which are complied with by Services.	- Develop program of work to replace SharePoint corporately - Utilise document management system within the new application.	**TO BE CONTINUED** Although system solution has not yet been identified, document retention has been incorporated into the new Customer and Digital Strategy which is to be presented to Executive Cabinet in June 2017.
	2.2 To ensure that the Council is fully compliant with the Data Protection Act and Freedom of Information requirements.	- DPA/FOI policies to be included within programme of briefings in core brief messages (see 6.1)	**TO BE CONTINUED** Although this has been included within the programme of briefings in core brief, further work is to be undertaken to ensure compliance with new requirements in legislation.
3. Risk Management	3.1 To embed the Risk Management Framework at service level	- Oversee revision of service risk registers following the management	**COMPLETED** Acquired new software (GRACE) to enable risk and

			restructure.	control self-assessment by services. Training has been delivered to Key Officers. Corporate risk register and Service risk registers uploaded onto GRACE and risks and controls allocated to specific owners.
	3.2 Revise and re-issue Business Continuity Plans	- Review & update documentation - Arrange awareness training	**COMPLETED** Acquired new software (CONNIE) to enable BCP self-serve by services from 2017/18.
	3.3 Review and update all Health & Safety risk assessments	- Review & update documentation - Arrange awareness training	**TO BE CONTINUED** SMT have agreed 'way forward' regarding the development of risk assessments. A risk assessment process and templates have been progressed and the new approach is currently being piloted.
4. Performance Management	4.1To ensure compliance with the Data Quality Policy	- Review of roles and responsibilities for performance management - Individual briefing for collection and responsible officers - Identify training needs and undertake training	**COMPLETED** New Performance Indicators have been agreed and Data Quality Policy applied.
5. Value for Money / Transparency	5.1 To ensure that services can demonstrate VFM & compliance with the revised Transparency Code	- Review VFM requirements and current arrangements for demonstrating	**COMPLETED** Majority of areas have been reviewed with regard to VFM. VFM linked to the delivery of the Transformation Strategy. Compliance with the Transparency Code is on-going.
6. Corporate Policies	6.1 To ensure that all employees are aware of the requirements of corporate policies.	- Programme of briefings included in core brief messages	**TO BE CONTINUED** This is an on-going area and is to be incorporated into the more structured approach to OD and e-learning training.
7 Fraud & Corruption	7.1 To ensure compliance with the requirements contained within the Fighting Fraud & Corruption	- To review the current arrangements against the FFCL checklist.	**COMPLETED** A review against the FFCL checklist has been undertaken and

	Locally – The local government counter fraud and corruption strategy and companion.	- Implement findings arising from review.	the results presented to Governance Committee in March 2017. 4 areas identified for strengthening which have been incorporated into the Shared Services BIP.

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

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.	- Develop program of work to replace SharePoint corporately - Utilise document management system within the new application.	**CONTINUED FROM 2016/17** System solution has not yet been identified, document retention has been incorporated into the new Customer and Digital Strategy which is to be presented to Executive Cabinet in June 2017.
	1.2 To ensure that the Council is fully compliant with the Data Protection Act and Freedom of Information requirements.	- GDPR new requirements in legislation are to be in place by May 2018. Action Plan to be implemented to ensure compliance within the timescales - More effective use of the information champions.	**CONTINUED FROM 2016/17**
2. Risk Management	2.1 Review and update all Health & Safety risk assessments	- Review & update documentation - Arrange awareness training	**CONTINUED FROM 2016/17**
3. Corporate Policies	3.1 To ensure that all employees are aware of the requirements of corporate policies.	- Rolling programme of briefings on corporate policies are to be included in core brief messages	**CONTINUED FROM 2016/17**
4. Equality & Diversity	4.1 To further embed equality and diversity throughout the Council	- Raise awareness of need to complete EIA for any new policies - To refresh approach by ensuring that Equality comments are incorporated into all appropriate reports	**NEW FOR 2017/18**

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