

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 2018 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.

Core Principle 1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
The Council's commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Behaving with integrity	<ul style="list-style-type: none">✓ 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-two-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	Codes of Conduct Performance and Development process CPRs and Standing Orders (See Sec. 5 Action8) Register of Interests Whistleblowing Policy

	<p>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.</p> <ul style="list-style-type: none"> ✓ 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. 	<p>Customer Charter (See Sec. 5 Action 3) Call in procedures Anti-fraud and Corruption Policies (See Sec. 5 Action 5)</p>
<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> ✓ 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. ✓ 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. 	<p>CPRs (See Sec. 5 Action 8) Terms of reference for Scrutiny Committee</p>
<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> ✓ 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. ✓ The Council report and Decision Making Templates include a comment from the Monitoring Officer to ensure that the legal implications of decisions 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. 	<p>Constitution Service Assurance Statements – AGS process Committee Management System (report templates) Role of Monitoring Officer.</p>
<p>Core Principle 2. Ensuring Openness and Comprehensive Stakeholder Engagement</p>		
<p>The Council's commitment to Good Governance</p>	<p>How the Council meets these principles</p>	<p>Where you can see Governance in action</p>
<p>Openness</p>	<ul style="list-style-type: none"> ✓ 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. ✓ 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. ✓ 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. 	<p>Digital Strategy Council website Performance and Development process Committee Management System (report templates) Compliance with Transparency Act (See. Sec. 5 Action 6)</p>
<p>Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> ✓ The Council have a 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. ✓ A communication and engagement toolkit is used within our project management methodology. 	<p>Communications Strategy (See Sec. 5 Action 7) Communication and Engagement Toolkit</p>
<p>Engaging stakeholders effectively including individual citizens and service users</p>	<ul style="list-style-type: none"> ✓ 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. 	<p>Communications Strategy (See Sec. 5 Action 7) Community Engagement Strategy Digital Strategy</p>
<p>Core Principle 3. Defining Outcomes in terms of Sustainable Economic Social and Environmental Benefits</p>		
<p>The Council's commitment to Good Governance</p>	<p>How the Council meets these principles</p>	<p>Where you can see Governance in action</p>
<p>Defining outcomes</p>	<ul style="list-style-type: none"> ✓ 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 	<p>Corporate Strategy Service Level Plans Corporate Projects</p>

	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.	MyProjects
Sustainable economic social and environmental benefits	<ul style="list-style-type: none"> ✓ 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. ✓ The Council's contract procedure rules include the ability to consider social value when awarding contracts. 	Medium Term Financial Strategy Corporate Projects Compliance with Transparency Act (See Sec. 5 Action 6) CPRs (See Sec. 5 Action 8)
Core Principle 4. Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes		
The Council's commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Determining interventions	<ul style="list-style-type: none"> ✓ 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. 	Corporate Strategy Community Engagement Strategy Communications Strategy (See Sec. 5 Action 7) Digital Strategy Sustainable Community Strategy
Planning interventions	<ul style="list-style-type: none"> ✓ 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. 	Calendar of meetings Forward Plans Communications Strategy (See Sec. 5 Action 7) Corporate Risk Register Project Management Toolkit KPIs Budget monitoring Quarterly Budget Reporting
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ✓ 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. ✓ We have a Transformation Strategy in place. The overriding aim of this strategy is to support the council to achieve its ambitions for public service reform namely by achieving; <ul style="list-style-type: none"> • A greater integration of public services, particularly around prevention and early intervention; • Focus on prevention and early intervention across public services; • Decision making and accountability at the lowest practical level; • The system-wide sharing of responsibility for management of demand and reduction of cost shunting between organisations. ✓ 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. 	Corporate Strategy Transformation Strategy Medium Term Financial Quarterly Budget Reporting

Core Principle 5. Developing the Entity's Capacity, including the Capability of it's Leadership and the Individuals within it		
The Council's commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Developing the entities capacity	<ul style="list-style-type: none"> ✓ We have a Transformation Strategy 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. ✓ 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"> • Align with the Transformation Strategy to build organisational capability to support its delivery; • Identify opportunities to build organisational capability collaboratively with partners; • Build organisational capability to support business as usual activities at individual, service and organisational levels; • To ensure that the council has the leadership to support and drive changing governance models. 	Transformation Strategy (See Sec. 5 Action 4) Corporate Strategy Medium Term Financial Strategy Organisational Development Strategy
Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ✓ 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 Area Meetings with residents, Stakeholder Forums and the Chorley Partnership; as well as through Overview and Scrutiny Committee. 	Job descriptions Organisational Structure Chart Constitution (See Sec. 5 Action 8) Roles of Statutory Officers Organisational Development Plan Annual Appraisal Process Residents Panel Stakeholder Forums Chorley Partnership
Core Principle 6. Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management		
The Council's commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Managing risk	<ul style="list-style-type: none"> ✓ 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. 	Risk Management Framework (See Sec. 5 Action 2)
Managing performance	<ul style="list-style-type: none"> ✓ 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. 	Performance Indicators and Performance reporting Work of Overview and Scrutiny Committee and Task Groups
Robust internal control	<ul style="list-style-type: none"> ✓ 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. 	Service Assurance Statements Annual Governance Statement Governance Committee Terms of Reference
Managing data	<ul style="list-style-type: none"> ✓ The Council have clearly defined policies and procedures for managing and storing data. Additional work is required 	ICT Strategy Digital Strategy

	however to embed these and update the Council's IT systems.	Data Security Policy GDPR Implementation Project (See Sec. 5 Action 1)
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.	Committee Management System (report templates) CPRs (See Sec. 5 Action8) Budget monitoring and Quarterly Budget Reports
Core Principle 7. Implementing Good Practices in Transparency Reporting and Audit to Deliver Effective Accountability		
The Council's commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
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.	Council's website Compliance with Transparency Act (See Sec. 5 Action 6)
Implementing good practices in reporting	<ul style="list-style-type: none"> ✓ 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. 	Statement of Accounts Quarterly Performance Reports (See Sec. 5 Action 4) Scheme of Delegation Annual Governance Statement
Assurance and effective accountability	<ul style="list-style-type: none"> ✓ 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.. ✓ 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. 	Internal Audit reporting to Governance Committee Governance Committee Terms of Reference Overview and Scrutiny work programme Communications Strategy (See Sec. 5 Action 7)

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)
 - Director of Policy and Governance
 - Head of Legal, Democratic and HR Services
 - 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 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 has recently undertaken a peer review by the Audit Managers of 2 Lancashire authorities and this determined that the Service was fully compliant with the Public Sector Internal Auditing Standards.
- The Public Sector Internal Audit Standards require the Head of Shared Assurance 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 2017/18.

Risk Management – The Council’s arrangements were further strengthened during 2017/18 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.

Governance – Actions have been taken during 2017/18 to strengthen the Council’s governance arrangements. The Annual Governance Statement Action Plan for 2018/19 includes details of actions to further strengthen Council’s governance arrangements. The 2018 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"> - Develop program of work to replace SharePoint corporately - Utilise document management system within the new application. 	In Progress - New systems due for implementation in Summer 2018 (High Priority on ICT work plan)
	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"> - 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. 	In Progress – Project Documentation has been completed and in the process of implementation Due for completion May 2018.
2. Risk Management	2.1 Review and update all Health & Safety risk assessments	<ul style="list-style-type: none"> - Review & update documentation - Arrange awareness training 	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.
3. Corporate Policies	3.1 To ensure that all employees are aware of the requirements of	<ul style="list-style-type: none"> - Rolling programme of briefings on corporate policies are to be 	CONTINUING– a policy of the month has been attached to Core Brief

	corporate policies.	included in core brief messages	and referenced on intranet. This will continue.
4. Equality & Diversity	4.1 To further embed equality and diversity throughout the Council	<ul style="list-style-type: none"> - 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 	CONTINUING

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.	<ul style="list-style-type: none"> - Develop program of work to replace SharePoint corporately - Utilise document management system within the new application. 	CONTINUED FROM 2017 These outstanding actions will be considered as part of the GDPR Implementation project (See 1.2 below).
	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"> - 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 2017 Project Documentation has been completed and in the process of implementation due for completion May 2018.
2. Risk Management	2.1 Review and update all Health & Safety risk assessments	<ul style="list-style-type: none"> - Review & update documentation - Arrange awareness training 	CONTINUED FROM 2017 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.
	2.2 Further embed GRACE risk management system.	<ul style="list-style-type: none"> - Directors are to ensure compliance with the Risk Management Framework. 	
3. Customer Complaints	3.1 To improve the recording of customer complaints	<ul style="list-style-type: none"> - To undertake a review of how customer complaints are received to ensure that they are all captured and recorded centrally. 	Risk identified from Service Assurance Statements
4. Value for money and cost assurance	4.1 Increased use of comparative data and benchmarking to	<ul style="list-style-type: none"> - Increased use of LGA Inform to demonstrate VFM 	Risk identified from Service Assurance Statements

	demonstrate VFM.		
5. Fraud	5.1 Increased fraud awareness	- Fraud awareness training to be delivered to all relevant officers using e-learning modules.	Risk identified from Service Assurance Statements. This is a recurrent risk and part of the work in this area will be to identify a more robust awareness raising programme.
6. Transparency	6.1 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.	Risk identified from Service Assurance Statements. There are a small number of particular categories/ areas of non-compliance which will need to be considered and actioned individually.
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	Risk identified from Service Assurance Statements.
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'.	Risk identified by Procurement team through an internal corporate assessment process.

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.

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