

# 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 local 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 2022 and up to the date of approval of the annual report and statement of accounts.

### 3. The governance framework

Our Governance Framework is based on the CIPFA/SOLACE Framework<sup>1</sup>. 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 South Ribble Borough 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.

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<sup>1</sup> 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".

- 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 updated this year and approved by Governance Committee on 16 March 2022.

### **Impact of Covid on the Council's governance arrangements**

Covid continued to impact on the delivery of council business in the year 21/22 however the changes implemented in the previous year had become more embedded and there were no new changes to the governance environment required in that time.

### **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 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
- Shared Service Lead (Transformation and Partnerships)
- Shared Service Lead 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.

A terms of reference for the CGG have been developed which will further enhance the governance monitoring and reporting arrangements.

### **Management Team / Leadership Team**

In this period the Council progressed the shared services agenda with South Ribble Council and all director posts are now shared across both authorities and a number of new shared service lead posts have been appointed to. In addition a new Director of Change and Delivery post has been established to assist in strategic delivery.

The council's Senior Management Team is made up of the Chief Executive, Deputy Chief Executive and Directors, as well as the Shared Service Lead for Communications and Visitor Economy who attends as an observer. The team meets weekly. They consider the strategic direction of the council, supporting effective organisational management and support for the delivery of the council's agreed priorities. In addition, the senior management team meet on a quarterly basis as a programme board to consider the progress made in delivering the council's corporate plan, address any issues and manage risk.

A shared Senior Leadership Team has also been established. This meets monthly and its membership includes all Assistant Directors and Service Leads in addition to the SMT members. This meeting focusses on overseeing internal communications, organisational development and transformation. In addition, the meeting receives reports on service performance and HR issues.

### **Programme Board**

A corporate programme board meets 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.

### **Monitoring Officer**

As the Council's Monitoring Officer, the Director 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**

Strong Internal Audit and Risk Management disciplines are embedded and the Shared Audit and Risk 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 Public Sector Internal Audit Standards require the Head of Audit to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance.

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

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**

Due to the expansion of shared services, the Council has strengthened its governance and risk management arrangements. The past 12-18 months have seen the introduction or the improvement of a range of corporate processes to provide a robust governance framework. The Council must now work to ensure that the processes are fully embraced across the whole authority so that the governance framework becomes fully embedded in all Council activities.

## **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:

Table A

| Themes   | Improvement Required  |                        |
|--|---|------------------------|
| Induction/Recruitment                                | To ensure all new employees receive a comprehensive induction covering all core areas, the corporate induction will be updated to include welcome videos from the senior management, introduction to the borough and mandatory training covering core policies and health and safety.<br>Continued focus on HR System transformation is required to ensure a robust administrative process is operational and suitable controls are in place for all aspects of Human Resources and Organisational Development                        | Complete               |
| Corporate Information Source for Officers (The Loop) | To improve the user experience for employees and ensure essential information is easy to access. The following improvements to The Loop should be considered: <ul style="list-style-type: none"> <li>• Defined area on The Loop for all core policies.</li> <li>• Service areas to review information they have published on the Loop and to remove outdated material.</li> <li>• Create a manager zone within The Loop to ensure all essential guidance and resources for managerial responsibilities are easily sourced.</li> </ul> | Substantially complete |
| Risk Management                                      | Ensure risk management is embedded throughout the organisation and within all Council activities.   | Ongoing                |
| GDPR - RoPA  | A full review will be undertaken to ensure that the register is up to date with data responsibilities correctly defined, and continue to monitor and expedite the outstanding data disposal actions to ensure they are implemented imminently.  | Carried forward        |
| Key Corporate Policies                               | Adopt a standardised version control format for all policies and strategies.<br>Review and update key policies and strategies and ensure that the latest version is available on The Loop and the Council's website where appropriate.  | Carried forward        |

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| Value for Money  | Adopt an organisation wide Transformation Strategy & Programme incorporating a value for money elements to deliver efficient services through service reviews and shared services. | Complete |
| Inventories      | Directors will ensure that inventories are compiled and maintained in accordance with the Councils guidance notes for service unit fixed assets registers.                         | Complete |
| Transparency Act | Publish up to date information and include all mandatory criteria.   | Complete |

The Council have identified the following improvements which will strengthen our corporate governance arrangements:

Table B

| Theme              | Areas for improvement   | Suggested improvement  |
|--------------------|---|--|
| Process/<br>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  |
|                    | 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   |
|                    | Contract Management System  | Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.   |
|                    | Risk Management   | A range of reports to be developed to allow Directors to challenge data held with GRACE including partnership, project and operational risks.  |
|                    | Cyber Security, use of ICT equipment and system access  | Once approved, awareness of the contents of the Shared Information Security Framework should be raised using all communication methods.<br><br>A programme of Cyber security training sessions should be developed and delivered to highlight to all officers and members the risks faced by the |

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|                   |  | council.<br><br>Align where appropriate all IT forms and processes across the shared council environment.  |
| Staff development | Equality   | Once approved, the refreshed equality framework should be rolled out including training and updating of EIAs on website  |
|                   | Organisational Development<br><br>OD Strategy to be developed (May 22)<br>Mandatory training modules to be completed in full | OD to ensure monitoring reports are issued to Directors on a regular basis. This is to include monitoring of compliance with new HR policies and processes.<br><br>All Directors to ensure all mandatory training is completed within the agreed timescales.                   |
| Corporate         | Constitution   | Constitution to be reviewed and updated where applicable.  |
|                   | Business continuity  | To put forward a business case for the future management of business continuity to standardize and align process across the two authorities.<br><br>To establish a forward plan of testing to ensure plans are robust, encompass all council activity and are fit for purpose. |
|                   | GDPR   | Review data use and retention policies and compliance with RoPA and data destruction policies.   |

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