

Title of meeting: Governance and Audit and Standards Committee
Date of meeting: Thursday 26 September 2013
Subject: Annual Governance Statement 2012/13
Report From: Meg Southcott, Strategy Adviser, Strategy Unit
Wards Affected: None
Key Decision (over £250K): No

1. Purpose of Report

1.1. The purpose of this report is to:

- a) Provide an update on progress being made against the key governance issues, as highlighted in the 2011/12 Annual Governance Statement.
- b) Share the updated Local Code of Governance
- c) Seek Members' approval of the Annual Governance Statement (AGS) for signature by the Leader of the Council and the Chief Executive.

2. Recommendations

2.1. It is recommended that the Governance and Audit and Standards Committee:

- a) Note the progress made against the 2011/12 annual governance issues as set out in **Appendix A**.
- b) Approve the 2013 Local Code of Governance in **Appendix B** for publication.
- c) Approve the 2012/13 Annual Governance Statement in **Appendix C** for publication (subject to any amendments requested by the committee).

3. Background

3.1. Authorities are expected to publish the Annual Governance Statement (AGS) for 2012/13 with their Statement of Accounts. The CIPFA/SOLACE framework for the Annual Governance Statement requires the AGS to be signed by the most senior Officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent).

3.2. The Annual Governance Statement (AGS) is a statutory document, which provides an overview of the governance arrangements within the Council. The purpose of the Annual Governance Statement is to demonstrate that systems and processes are in place to ensure that Council business is conducted lawfully and in accordance with proper standards. It also demonstrates that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

3.3. The Annual Governance Statement (AGS) outlines the significant governance issues currently facing the Council and acknowledges the Council's responsibility to secure continuous improvement in the way in which its functions are exercised.

4. Progress Against the 2011/12 Annual Governance Issues

- 4.1. On 28th June 2012, the Governance and Audit and Standards Committee approved the 2011/12 Annual Governance Statement. As part of that meeting, the Committee requested regular progress updates on actions to mitigate the risks of the governance issues.
- 4.2. Progress has been made in tackling the governance issues identified in the 2011/12 Annual Governance Statement. A summary of progress can be found in **Appendix A**. Although good progress has been made, it is proposed that the majority of the issues roll over into the 2012/13 Annual Governance Statement to allow further work to take place, with the exception of two issues, listed below:

Governance Issue	Assurance
The 2010 OFSTED inspection in Safeguarding and Looked After Children (LAC) identified areas for immediate improvement	A peer review of Safeguarding and LAC took place in 2012, superseding the OFSTED actions. All actions are complete and any issues will continue to be monitored and addressed through a sub-committee of the Portsmouth Safeguarding Children Board.
Lack of Financial Services resource with regard to the closedown programme and inaccuracies within the group accounts	The resource issue has been resolved and performance issue related to inaccuracies within the group accounts addressed.

5. Updating the Local Code of Governance

- 5.1. Portsmouth City Council's Local Code of Governance was last updated in March 2010. With the support of relevant officers, Portsmouth City Council's Local Code of Governance has been updated to reflect current practice. A copy of which can be found in **Appendix B**. Once approved, the code will be uploaded onto the Council's website. The Local Code outlines how the Council is accountable to its users, stakeholders and the wider community and describes how its functions are carried out through its members, employees, procedures and processes by which it undertakes its work. It reflects the six core principles set out in the Society of Local Authority Chief Executives and Senior Managers (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) 2007 Good Governance Framework, which is aimed at helping local authorities to develop and maintain sound governance arrangements.
- 5.2. In March 2013, Portsmouth City Council established nine internal corporate governance controls, which all staff are expected to comply with. Each control has been assigned a Lead, who is responsible for ensuring compliance and a Policy Holder, who is responsible for providing the tools and mechanisms for Leads to effectively monitor compliance. Internal control questionnaires are sent to Heads of Service on an annual basis to evaluate overall compliance. The nine controls have been incorporated into the Local Code to illustrate how they support the CIPFA/SOLACE good governance principles and strengthen the Council's overall governance arrangements.

6. Finalising the 2012/13 Annual Governance Statement

- 6.1. The content of the 2012/13 Annual Governance Statement has been updated with input from relevant officers to ensure that current practice is reflected. The 2012/13 Annual Governance Statement can be found in **Appendix C**.
- 6.2. The following sources have been reviewed for potential significant governance issues:
- a) AGS Significant Governance Issues (2011/12)
 - b) Internal control questionnaires (March 2013)
 - c) Self-assessment of the G&A&S Committee (March 2013)
 - d) Recommendations from the Corporate Peer Challenge (March 2013)
 - e) Recommendations from the Safeguarding Peer Review (November 2012)
 - f) Recommendations from the LA focused Ofsted Inspections (February 2013)
 - g) Information Governance Audit/Data Protection Breaches (June 2013)
 - h) Annual Internal Audit Report for the 2012/13 Financial Year
 - i) External District Audit Report (2012)
 - j) Office of Surveillance Commissioners RIPA Report (2013)
 - k) City Deal Bid (2013)
 - l) National legislation transfer of additional responsibilities to LAs (April 2013)
 - m) Annual Complaints/Members Complaints (2012)
 - n) Employee Opinion Survey/Pulse Results (May 2013)
 - o) The Transformation Programme - Next Steps (2013)
- 6.3. The 'Significant Governance Issues' section of the 2012/13 Annual Governance Statement has been finalised and actions to address them have been put in place (see table on pages 11-18). This year more issues have been identified than in previous years primarily because of a new approach recently introduced.
- 6.4. Progress in tackling the issues will continue to be reported to the committee on a regular basis and monitored by the Corporate Governance Group on a quarterly basis. A progress update request timetable has been created and will be shared with leads to ensure timely progress updates are received.
- 6.5. Further work to improve compliance with our internally agreed corporate governance controls will continue to take place and Heads of Service will be issued with personalised action plans to address compliance issues highlighted through in the internal control questionnaire responses. In March 2013 Heads of Services were issued a 'Good Governance Guidance' handbook outlining key responsibilities, measures of compliance and tools and support available to ensure effective monitoring of compliance. The guidance document will be refreshed at least annually to reflect any policy/procedural changes.

7. Equality Impact Assessment (EIA)

- 7.1. An equality impact assessment is not required as the recommendations don't have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

8. Legal Implications

- 8.1. Legal considerations have been taken into account in the preparation of this report and where appropriate embodied within it.

9. Head of Finance Comments

- 9.1. There are no financial implications arising from the recommendations in this report.

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Signed by: Jon Bell
Head of HR, Legal and Performance

Appendices:

Appendix A	Summary of Progress Against the Issues Identified in the 2011/12 Annual Governance Statement
Appendix B	Local Code of Corporate Governance
Appendix C	Final Draft - 2012/13 Annual Governance Statement

Background list of documents: Section 100D of the Local Government Act 1972
The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Annual Governance Statement (2011/12)	Strategy Unit
Self-Assessment G&A&S Checklist (March 2013)	Strategy Unit
Analysis of Internal Control Questionnaires (March 2013)	Strategy Unit
Good Governance Guidance (March 2013)	Strategy Unit
Recommendations from the Corporate Peer Challenge (March 2013)	Strategy Unit
Recommendations from the Safeguarding Peer Review (November 2012)	Strategy Unit
Recommendations from the LA focused Ofsted Inspections (February 2013)	Strategy Unit
Information Governance Audit/Data Protection Breaches (June 2013)	Information Governance
Annual Internal Audit Report for the 2012/13 Financial Year	Internal Audit
External District Audit Report (2012)	Strategy Unit
Office of Surveillance Commissioners RIPA Report (2013)	Internal Audit
City Deal Bid (2013)	Strategy Unit
National legislation transfer of additional responsibilities to LAs (April 2013)	Strategy Unit
Annual Complaints/Members Complaints (2012)	Corporate Complaints
Employee Opinion Survey/Pulse Results (May 2013)	Corporate Comms
The Transformation Programme - Next Steps (2013)	Strategy Unit