

Title of meeting: Governance and Audit and Standards Committee
Date of meeting: Friday 27 June 2014
Subject: Update on the Annual Governance Statement
Report From: Megan Barnard, 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 provide an update on progress made in addressing the significant governance issues reported in the 2012/13 Annual Governance Statement and to outline steps taken to develop the Annual Governance Statement for 2013/14.

2. Recommendations

- 2.1. It is recommended that the Governance and Audit and Standards Committee:
- a) Note the work that has been undertaken to address the significant governance issues reported in the 2012/13 Annual Governance Statement and confirm if the committee is satisfied that they have received adequate assurance on mitigating measures taken to resolve the issues identified.
 - b) Note the process followed to develop the draft 2013/14 Annual Governance Statement and provide feedback on the contents.

3. Background

- 3.1. The Authority has a duty to produce and publish an Annual Governance Statement in accordance with the Accounts and Audit (England) Regulations 2011. The Annual Governance Statement is a formal document signed by the Leader of the Council and the Chief Executive and will be presented directly before the annual accounts at the Governance and Audit and Standards Committee in September 2014.
- 3.2. 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 demonstrates that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also acknowledges the Council's responsibility to secure continuous improvement in the way in which its functions are exercised by outlining significant governance issues facing the organisation and steps that will be taken to address them.

4. Progress in addressing the 2012/13 significant governance issues

- 4.1. The Governance and Audit and Standards Committee have requested quarterly progress updates on actions taken to address the significant governance issues highlighted in the Annual Governance Statement. Progress has been made in tackling the governance issues identified in the 2013/14 Annual Governance Statement. A summary of progress can be found in **Appendix A**.

5. Steps taken to develop the 2013/14 Annual Governance Statement

- 5.1. The 2013/14 Annual Governance Statement has been prepared in accordance with the proper practice framework–Delivering Good Governance in Local Government issued jointly by SOLACE¹ and CIPFA² in 2007 (addendum issued in 2012). The draft Annual Governance Statement for 2013/14 can be found in **Appendix B**. The content of the 2013/14 Annual Governance Statement has been updated with input from relevant officers to ensure that current practice is reflected.
- 5.2. The Council is responsible for conducting a review of the effectiveness of its governance framework in order to identify any weaknesses.
- 5.3. Considerable progress has been made in addressing the significant governance issues identified in the 2012/13 Annual Governance Statement. However, it is proposed that some of the issues roll over into the 2013/14 Annual Governance Statement to allow further work (see the far right hand column in Appendix A).
- 5.4. Heads of Service have completed an internal control questionnaire to evaluate their services compliance with the 9 internally agreed corporate governance controls³. Analysis of these returns indicates that there are a number of common compliance issues. These have been incorporated into the Annual Governance Statement and actions will be put in place to ensure governance arrangements are strengthened in these areas. Some services have made suggestions for additional mechanisms to monitor/evidence compliance e.g. the code of conduct could be completed through Policyhub. Policyholders (who have been assigned to each control) will consider the feedback and implement additional tools where possible.
- 5.5. To support the review of effectiveness, the following sources have been reviewed:
 - a) External Audit's Annual Plan and opinion.
 - b) Issues identified through business planning and performance management.
 - c) Data protection and information governance issues.
 - d) Corporate complaints and freedom of information requests.
 - e) Employee Opinion and Pulse Survey results.
 - f) Annual Internal Audit report and opinion.
 - g) The Corporate Risk Directory.
- 5.6. Additionally, analysis of recommendations and actions arising from the following peer challenges/inspections has been undertaken:
 - a) Corporate peer challenge (March 2013).
 - b) Inspection of RIPA activity and compliance with codes of practice by the Office of Surveillance Commissioners Inspection (April 2013)
 - c) 14-19 peer challenge (June 2013).
 - d) HMIP Inspection (December 2013).
 - e) Pre-birth to 5 peer challenge (January 2014).

¹ Society of Local Authority Chief Executives and Senior Managers

² Chartered Institute of Public Finance and Accountancy

³ a- All services have a business plan that reflects the vision of the authority; meets a minimum set of standards; is actively managed; and is refreshed and published annually; b- Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested; c- All posts that fall within the legislation must be checked in line with DBS guidelines; d- All staff must adhere to the clear desk and clear screen policy wherever they are working and ensure that sensitive/personal information is appropriately secured when travelling to/from work; e- The Council understands its legal equalities duties, and embed them as part of service projects/plans; f- All services have business continuity plans in place that are regularly tested and reviewed; g- Complaints are responded to within a timely manner, causes addressed, and outcomes recorded; h-100% of staff are given good quality PDRs and any actions resulting from the PDR must be completed within agreed timescales; i-100% of staff complete the code of code of conduct form on joining the Council and notify managers if there are any changes.

5.7. Taking into consideration findings from the review of effectiveness, the table on pages 12-15 of the draft Annual Governance Statement sets out the proposed list of significant governance issues that need to be tackled over the coming year.

6. Further work

6.1. To support the review of effectiveness a self-assessment of the Governance and Audit and Standards Committee will need to be completed by the current Chair of the Governance and Audit and Standards Committee (with support from the previous Chair) in the next two months.

6.2. The Governance and Audit and Standards Committee are asked to highlight any additional sources to review and identify any outstanding areas where they believe significant governance issues may exist.

6.3. Portsmouth City Council has approved and adopted a local code of governance, which is consistent with the six CIPFA/SOLACE good governance principles. The code summarises 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. Due to the recent launch of the new Council website, many of the hyperlinks within the document are now broken. Work is needed to ensure that the Local Code reflects current policy/practice and that hyperlinks are working.

6.4. The final draft of the 2012/13 Annual Governance Statement and a copy of the updated Local Code of Corporate Governance will be brought to the September Governance and Audit and Standards Committee for approval, alongside the annual accounts. Following approval, they will need to be published on the Council website.

7. Equality Impact Assessment (EIA)

7.1. An equality impact assessment is not required as the recommendations do not 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.

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

Appendices:

Appendix A	Summary of progress on actions to address the 2012/13 annual governance issues
Appendix B	Annual Governance Statement for 2013/14 (draft)

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
Delivering good governance in Local Government: Framework (addendum 2012)	http://www.cipfa.org/Services/Networks/Better-Governance-Forum/Corporate-Governance-Documentation/New-addendum-for-Annual-Governance-Statements
Annual Governance Statement 2012/13	http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=148&MId=2250&Ver=4
Local code of governance 2013	http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=148&MId=2250&Ver=4
Analysis of Internal Control Questionnaires 2014	Strategy Unit
Corporate Peer Challenge feedback presentation	Strategy Unit
OSC RIPA Inspection	Internal Audit
External Audit's Annual Plan	Strategy Unit
14-19 peer challenge feedback presentation	Strategy Unit
HMIP Inspection feedback report	Strategy Unit
Pre-birth to 5 peer challenge feedback presentation	Strategy Unit
Employee opinion and pulse results	Corporate Communications
G&A&S Committee self-assessment checklist	Strategy Unit
Annual Internal Audit report and opinion	Internal Audit