
Annual Governance Statement 2020-21

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What is the annual governance statement?

Legislation¹ requires local authorities to prepare and publish an Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review on the effectiveness of Portsmouth City Council's governance framework for 2019/20 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas during over the coming year.

What do we mean by governance?

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely inclusive, open, honest and accountable manner.

Scope of responsibility

Portsmouth City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Portsmouth City Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

About the Council

Portsmouth's Council comprises of 42 Councillors who represent 14 wards across the

City. It currently operates a minority administration under a Leader and Cabinet structure with Cabinet Members responsible for individual portfolios.

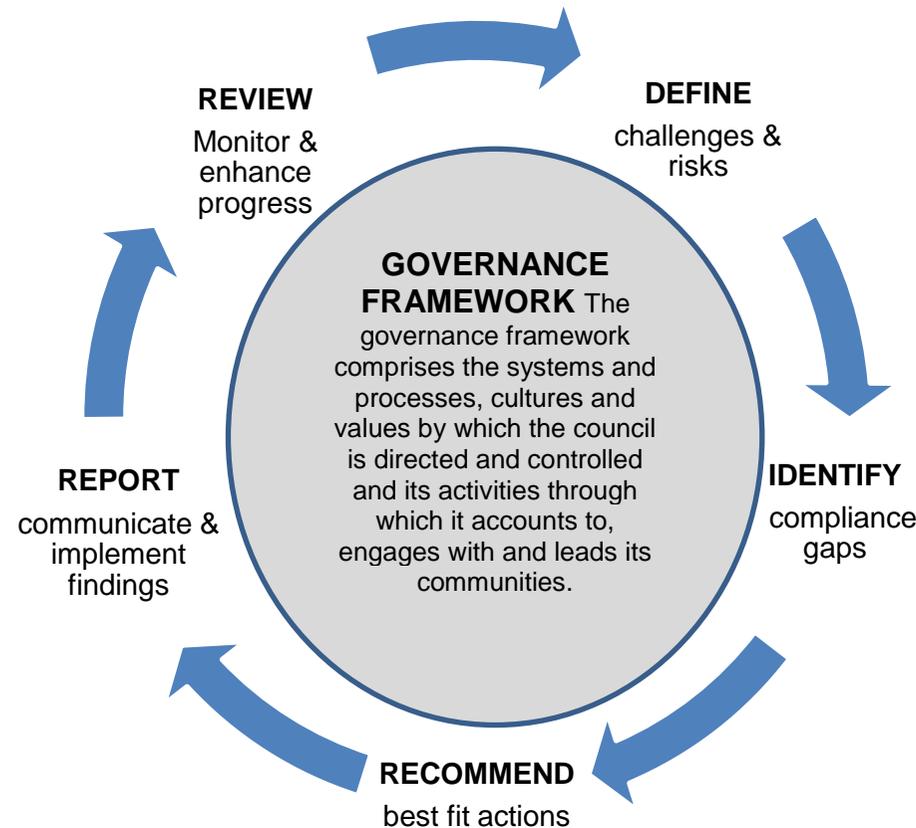
The Council employs around 3,600 members of staff and provides an extensive range of services to residents, businesses and visitors in the City, including: city development and cultural services, regulatory business and standards services, transport and environmental services, housing and property services, children's and adult's social care and safeguarding, education services, revenues and benefits and health and welfare services.

The staff of the council are managed by the **Chief Executive**, David Williams, who is the Head of the Paid Service. The Chief Executive is supported **directors** who have oversight of a number of services, each of which deals with a broad portfolio of the functions of the authority.

¹ Accounts and Audit (England) Regulations 2015, regulation 6(1)

GOVERNANCE PRINCIPLES

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- 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 entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability



INTERNAL CONTROLS

Leadership, Culture and Planning

Organisational goals and priorities
Strategic and operational plans
Performance management
Medium term financial strategy

Statutory Officers & Decision Making

The Constitution
The Monitoring Officer
Section 151 Officer

Policies & Procedures

Codes of conduct
Ways of working
Anti-fraud, Bribery and Corruption Policy
Whistleblowing Policy
HR Policies and procedures

People, Knowledge, Finance, Assets

Robust HR practices
Information governance
Performance monitoring and improvement
Financial management and reporting
Ethical & legal practices

Scrutiny and Transparency

Freedom of Information requests
Complaints procedure
Reports considered by legal and finance experts
Equality impact assessments
Corporate risk directory
Transparency duty publication

Partnership Working

Community engagement statement
'Have your say'
Consultations
Terms of reference for partnerships

CIPFA/SOLACE Good governance principles and the local code of governance

In 2016 CIPFA/SOLACE issued revised best practice guidance for 'Delivering Good Governance in Local Government'². The framework sets out seven principles that should underpin the governance of each Local Authority. The following sections look at how the Council is held to account for these seven principles.

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Constitution

The constitution sets out the how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although there is no longer a statutory requirement, Portsmouth City Council has taken the decision to continue with this arrangement internally and is in the process of updating the constitution to ensure it reflects current practice. As well as working together as a single organisation, it is important that members and officers continue improve their working relations with other organisations too, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer is assisted when required by appointed deputies. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures, and is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution. In PCC, the monitoring officer is Peter Baulf, the City Solicitor and Head of Legal Services.

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in Portsmouth City Council this is Chris Ward, who is also the Director of Finance and Resources.

Codes of conduct

On joining the Council, members and officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies. The Council uses a system called Policyhub that enables effective dissemination of general and job-specific policies, and has the built in functionality to measure compliance i.e. that a member of staff has read and agreed to the policy.

Anti-fraud, bribery and corruption

² <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework>

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs. The Council's Anti-Fraud, Bribery and Corruption Policy³ (revised in May 2016) conforms to legislative requirements and sets out steps to minimise the risk of fraud, bribery, corruption and dishonesty and procedures for dealing with actual or expected fraud.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter. The Policy is kept under review by the Monitoring Officer, and reports (which include concerns raised and their outcomes) are submitted to the Governance and Audit and Standards Committee quarterly.

Governance and Audit and Standards Committee

As its name suggests, the Governance, and Audit and Standards Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members⁴. On an annual basis the Chair of the Committee is invited to undertake a self-assessment, which informs the overall review of effectiveness of the Council's governance arrangements.

B. Ensuring open and comprehensive stakeholder engagement

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Portsmouth City Council has developed a Community Engagement Statement, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive. The Community Engagement Statement asserts the following objectives for the council's engagement activity:

- Active citizens and strong communities,
- Clearer links between consultation and decision-making,
- A City that reflects its diversity and improved use of resources and aims to build upon the council's commitment to finding ways to inform,
- Consult and involve local people in all areas of life.

To be effective this process aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council, many of which are listed on the council webpage. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, Healthwatch Portsmouth, council meetings (open to the public), their local Councillor.

The importance of our role as a communicator with the public has been clear in the pandemic. We have focused our communications capacity on the Protect Portsmouth campaign, which has seen the city council become a trusted source of information second only to the NHS.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted.

The council issues a free copy of their Flagship magazine to all households keeping them up to date about what's going on in the City. The authority also issues other publications to specific groups, including "Term Times" for schools and "HouseTalk" for tenants.

Portsmouth City Council regularly engages with its employees to ensure they are kept informed about the council and the city. There are communication channels for "off-line" and online employees and a dedicated communications point of contact for staff. Employees are regularly asked to complete opinion surveys so the council can get a better understanding of what's working and what's not. The results are carefully considered and used to address issues.

Complaints

There is a clear and transparent procedure for dealing with complaints. The Council operates a three-stage complaints procedure and promises to acknowledge complaints within 5 working days and respond fully within 10 working days for first-stage complaints, 15 working days for second-stage complaints and 20 working days for third-stage complaints. If complainants remain dissatisfied they have the right to refer the matter to the Local Government Ombudsman.

Partnership working

Partnerships are about the council coming together with right organisations to deliver improved outcomes for local people. The city has excellent partnership working, with other local authorities and with colleagues in health, including the Clinical Commissioning Group (CCG), the police, probation, fire service, university and with business.

The city has excellent partnership working, with other local authorities and with colleagues in health, including the Clinical Commissioning Group (CCG), Solent NHS Trust, Portsmouth Hospitals University Trust, the police, probation, fire service, University of Portsmouth and with business through Shaping Portsmouth.

For many years, the Council had three key theme-based strategic partnerships - the Health and Wellbeing Board, Children's Trust, and the Safer Portsmouth Partnership. Following a review, these partnerships were folded into a single Health and Wellbeing Board - with a broadened remit and membership, to improve efficiency and ensure that issues are being considered strategically and as they affect people and the city across all dimensions.

There are other partnership arrangements around the city's regeneration efforts such as the Solent Local Enterprise Partnership (LEP), Solent Transport, and the Partnership for South Hampshire (PfSH). In addition, Portsmouth City and Gosport Borough Council have come together to form the 'Portsmouth Harbour Partnership' to bid in the central government's One Public Estate programme. Other examples of working together include the sharing of key management posts with other authorities (such as Gosport, Southampton and the Isle of Wight) and developing shared services across authorities.

Partnerships with colleagues in the health sector have been developing strongly over time, including the strengthening of links with the CCG, by moving to a model for shared functions across adult services, children's services and public health. This is important in order to ensure that services for Portsmouth's population are commissioned and delivered with a strong understanding of local communities and their needs.

The citywide response to the pandemic has demonstrated the extent to which the council has focused on working together with partners to ensure that people can stay safe and healthy. In respect of supporting children and families, we swiftly set up an oversight system to check in on the wellbeing of children and families known to be vulnerable, and also to provide support to other families experiencing difficulties created or exacerbated by the unique circumstances of the pandemic. Structures were put in place to support our care homes, which experienced an incredibly difficult and in some cases traumatic time. We helped with practice issues including infection control, staffing and provision of essential supplies including PPE.

The authority also responded to the 'everybody in' agenda to keep rough sleepers safe in the pandemic, providing emergency accommodation in unused hotels, and then developing a sustainable model across three properties to provide housing for 444 individuals.

Working with the HIVE, the authority established a Covid helpline (which took 7,869 calls in the first lockdown); implemented a pantry scheme to help those in food poverty; helped with digital access for those unused to or unable to access services and support online; and provided an average 1,700 volunteer hours a week, which has continued to support the vaccine rollout.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits; and D. Determining the interventions necessary to optimise the achievement of the intended outcomes

In 2019 and 2020, we embarked on an exercise with partners, "Imagine Portsmouth", to create a shared vision for the city. We worked with 2,500 people representing business and organisations who live and work in Portsmouth to talk about our hopes and dreams for our city. We created big bold plans for what we want in the future; for ourselves, our families, our communities, our businesses and our co-workers.

People described the values they wanted to see lived in the city as:

'We believe in:

- *equality*
- *innovation*
- *collaboration*
- *respect*
- *community*

'By 2040, we want to see a:

- *happy and healthy city*
- *city rich in culture and creativity*
- *city with a thriving economy*
- *city of lifelong learning*
- *green city*
- *city with easy travel.'*

This vision belongs to the city, not just the council. However, we will be an important part of turning the vision into a reality, so we have set clear priorities for the organisation to help us do that. We will:

- Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives

- Encourage regeneration built around our city's thriving culture, making Portsmouth a great place to live, work and visit
- Make our city cleaner, greener and safer
- Make Portsmouth a great place to live, learn and play, so our children and young people are safe, healthy and positive about their futures
- Make sure our council is a caring, competent and collaborative organisation that puts people at the heart of everything we do.

Planning and monitoring

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. The biggest share of the money that the local authority receives comes from government grant. Since 2011/12, overall central government funding to PCC has reduced significantly. Taken together with other financial pressures (mainly relating to inflation, Covid-19 recovery, the effects of an ageing population on care services and the increased requirements for safeguarding of vulnerable children - total savings of £103m have been made by the council (48% of controllable spend).

Adult and Children's Social Care (representing in excess of 50% of controllable spend) provide services to the most vulnerable, experience the greatest cost pressures, and have historically received significant protection from savings. The Council's medium-term financial strategy seeks to maximise savings through income generation, economic regeneration and efficiency measures.

In February 2021 full council considered proposals outlining its budget and council tax 2021/22, and medium term budget forecast 2022/23 to 2024/25. The key proposals recommended a budget for 2021/22 that provides for:

- £1.3m of savings
- a council tax increase of 4.99% (3.0% of which is raised specifically to be ring-fenced for adult social care)
- a forecast for the 3 year period beyond 2021/22 which will require a further £3.0m in savings
- new capital investment to the City of £35.8m

The new forecast is subject to unprecedented uncertainty due to the longer term impact of COVID-19, the government's forthcoming Multi Year Spending Review, Fair Funding Review and the Business Rate Retention Scheme review.

Medium Term Financial Strategy

In overall terms, the financial picture over the next 3 years and beyond is one of increasing costs and demand for services, particularly in essential care services - at the same time as continued reductions in funding, leading to an overall forecast budget deficit. However, the Council's financial health is currently considered sound, and well placed to face the future uncertainty of COVID-19 and the review of local government funding.

Portsmouth City Council remains a low taxing Authority. The Council currently receives significantly less in council tax than the average unitary authority within its statistical neighbour group.

Council Tax currently represents less than half of the Council's overall funding base with annual rises limited by "referendum thresholds" which are set by the government annually. Over recent years, council tax increases have not been sufficient to keep pace with the levels of inflation and other cost pressures experienced by the Council.

In Portsmouth, we are rising to the challenge. The Council's Medium Term Financial Strategy has been developed to respond to these very challenging circumstances. The Strategy has a strong regeneration and value for money focus with a presumption also that capital investment will be targeted towards cost savings, income generation and economic growth.

The overall aim of the strategy is to ensure that "in year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the city, being innovative, creative and protecting the most important and valued services. There are four strands to the strategy:

- **1 - Transforming to an innovative and creative Council:** income generation; regeneration and meeting housing need; strategic use of property and assets; investment for commercial gain; developing and establish commercial entities to sell services profitably; capital investment for jobs and business growth (increased business rates); establishing strategic partnerships and shared service arrangements to reduce costs and increase resilience.
- **2 - Reduce the extent to which the population needs Council services:** re-direction of resources towards preventative services; design fees and charges policies to distinguish between want and need; capital investment towards jobs and skills to raise prosperity
- **3 - Increase the efficiency and effectiveness of the council's activity:** contract reviews; rationalisation of operational buildings; support to the voluntary sector; targeted efficiency reviews in resource hungry services; capital investment for on-going savings or costs avoidance
- **4 - Withdraw or offer minimal provision of low impact services:** strong focus on needs, priorities and outcomes; use the insights of councillors to inform priorities; use the results of public consultation to inform priorities.

The Council has a comprehensive supporting financial framework in place designed to avoid any financial obstacles to delivering the MTFS.

Social Value

The Council recently approved a Social Value policy, that means in all our work, including contracting and procurement of services, we will be considering the lasting and positive impact that we create through the way in which we act to shape a resilient future, for our local and regional communities, businesses and environment.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers must attend an induction day, which provides information about how the organisation works. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IS, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Governance and Audit and Standards Committee, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance monitoring

All Officers receive regular one to ones with their Manager in order to monitor workload and performance. Opportunities are provided for identifying future training and development needs, and to track progress against objectives. The effectiveness of individual performance monitoring is tracked in a number of ways, including by asking staff about it as part of regular employee opinion surveys.

The Covid-19 pandemic is an enormous test of the capacity of the organisation. Many officers have been required to work under extreme pressure, and in different circumstances, such as increased home working. Others will have been required to move into different roles to supplement business critical activity. There will be a challenge for the organisation to ensure that the wellbeing of staff is managed, and that the impacts of the pandemic are sensitively addressed.

F. Managing risks and performance through robust internal control and strong financial management

Risk management

The Council has reviewed its approach to managing risks over the last year and approved a revised Risk Management Policy, which seeks to embed a culture of risk awareness within everyday activities. Directorates and project teams all maintain their own risk logs, and the most significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) are logged as part of the strategic risk register and considered by the organisational Director team. The new approach minimises formal processes and unnecessary documentation, whilst ensuring that risk management remains an effective part of the governance framework. There is an increased focus on strategic risks.

Performance management

In usual circumstances, directorates in the authority report on a quarterly basis against a full set of performance measures which reflect the functions and objectives of the directorates. These measures are reported to the Cabinet Members and considered in detail at the Governance and Audit and Standards committee. An annual overview of performance is produced and published alongside the Statement of Accounts. The pandemic situation meant that this process has not been followed in the usual way for 2020/21 but this is to be reestablished for 2021/22.

Budget holder and Portfolio Holder reports are produced and circulated monthly and Cabinet receive a consolidated report of the overall general Fund Position for Quarters 1, 2 & 3. Governance Audit and Standards Committee receives extensive information relating to outturn performance. Reports include recommendations relating to any corrective management/member action required.

Financial management

The s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. He advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are accompanied by a full financial appraisal which is properly costed, fully funded and identifies the key assumptions and financial risks that face the council.

Financial Rules were revised in 2013/14 by the s151 Officer so that Portsmouth City Council can meet all of its responsibilities under various laws, and continue to be updated on a rolling basis. They set the framework on how we manage our financial dealings and are part of our City Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. He also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

The Council maintains a three year future financial forecast and ensures financial sustainability by ensuring all required savings plans will enable a balanced budget to be set within a three year time horizon whilst ensuring the General Fund Balance will not fall below its minimum level. The Council's constitution requires that all Portfolio, Cabinet & Council decisions be fully funded before they are able to be approved into policy. This ensures that decisions made now are sustainable in the medium to long term. Financial policies are shaped to encourage responsible financial management.

During the budget setting process a comprehensive review of the 3 year financial forecast is undertaken including an exercise to identify the financial risks facing the Council over the medium term. Having considered the magnitude and likelihood of these risks an appropriate level of contingency is provided for within the overall council budget. An example of this review in action is that historically the annual contingency was circa £10m with a core contingency level of circa £4m. As a consequence of the COVID pandemic the overall contingency has been increased to circa £26m in 2021/22 reducing to core contingency of circa £6m by 2024/25

In addition an annual review of the minimum level of un-earmarked reserves is undertaken based on potential financial risks facing the council. The resulting MTFS is designed to ensure that savings plans are phased to ensure that the level of un-earmarked reserves does not fall below this minimum balance. Currently this minimum balance is assessed to be £8m and the latest MTFS approved in February 2021 is forecasting a balance of £13.1m by 2024/25)

The authority's financial management arrangements conform to the government requirements of the CIPFA Statement on "The role of the chief financial officer in local government (2010). The Director of Finance (Chief Financial Officer and s151 Officer) works with the Chief Executive and Deputy Chief Executive, helping to develop and implement strategy and deliver the strategic objectives. The Chief Finance Officer has input into all major decisions, and advises on financial matters to the Cabinet. He is responsible for ensuring that budgets are agreed in advance and that the agreed budget is robust, to ensure value for money is provided by our services, and is responsible for ensuring the finance function is fit for purpose.

The Chartered Institute of Public Finance and Accountancy ("CIPFA") has published a new Financial Management Code for authorities to adhere to. The CIPFA Financial Management Code 2019 (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets out the standards of financial management for local authorities, based on broad principles. It does not prescribe the financial management processes that local authorities should adopt but requires each authority to demonstrate that its processes satisfy the principles of good financial management. 2020/21 was the 'shadow' year for the implementation of the FM Code with the first year of compliance being 2021/22.

The council has undertaken a rapid review against the new FM Code in order to identify any areas for development. The conclusion of the review was that the council broadly operates within the expected principles, and that there are some adjustments that can be made in future to formalise some processes.

The Council complies with the Prudential Code for Capital Finance in Local Authorities with the Full Council approved the latest capital strategy in March 2021 with the next review scheduled to be March 2022.

Value for money

PCC received an unqualified VFM conclusion from its external auditors on 15th January 2021 and considerable assurance with regard to VFM can be drawn from this, GAS Committee meets regularly where it receives and considers reports relating to organisational wide service performance, a corporate plan is maintained, Finance, Procurement & Contract Procedure rules are maintained and enforced to ensure robust operating procedures are in place. The Council pursues VFM by operating a number of external contracts, PFI's and shared service arrangements in order to improve the value for money achieved during service provision. The Council maintains an effective internal audit service resourced to provide a comprehensive audit programme that is regularly by G&A&S Committee.

Data Management

The organisation has a designated data protection officer and clear and established processes for ensuring data is handled appropriately. There is regular reporting to the Governance, Audit and Standards committee on matters of information governance. The organisation undertook thorough preparation for the introduction of the General Data Protection Regulation, including enhanced training for all staff, and is now working to these requirements.

It is important to note that whilst there are strong processes for information management in the organisation, there have been a number of changes in processes to ensure that there is rapid response to community requirements as a result of the pandemic, and a number of new areas of business that the organisation has had to respond to quickly. An example would be the administration of business support grants. In some cases, we will, as an organisation, have identified some areas where standard practices and processes can be streamlined, and may never return to the previous way of working. In other cases, we may have increased exposure to fraud or error, and will need to move as quickly as possible to re-establish necessary controls. A further example arising from the pandemic is a greater use of digital technology to interact with communities and partners presenting new challenges as well as new opportunities to review information management controls and make improvements to records management. Again, this is an area where the organisation will need to evaluate the learning as part of recovery, including balancing the risks and opportunities in new ways of working.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 (FoI) gives anyone the right to ask for any information held by a public authority, which includes Portsmouth City Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant committee/group. Portsmouth City Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making. Information required to be published in made public in timely and accessible fashion.

Effective scrutiny

The Council operates five Scrutiny Panels, overseen by a Scrutiny Management Panel and governed by their own terms of reference. It is important that Scrutiny Panels act effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Cabinet. Topics that are chosen to be scrutinised are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The panel's findings are reported to the Cabinet and may result in changes to the way in which services are delivered.

Monitoring and evaluating the effectiveness of the governance framework

Portsmouth City Council has the responsibility for conducting at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of:

- The Chief Executive, Deputy Chief Executive and Directors within the Authority who have responsibility for the development and maintenance of the governance environment.
- The Chief Internal Auditor's annual report and opinion, and also by comments made by the external auditors and other review agencies and inspectorates.
- The Chief Financial Officer whose role is performed by the Director of Finance and Resources (and who is also Portsmouth City Council's Section 151 Officer) who has statutory responsibility for ensuring the proper management of all Portsmouth's financial affairs.
- The Corporate Governance Group, made up of the Chief Executive, the monitoring officer, the Chief Internal Auditor, the Director of Finance and Resources (Section 151 Officer) and the Director of Corporate Services with input from others as relevant. This group meets regularly to discuss corporate governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to council improvement.
- The Governance and Audit and Standards Committee

There is clear framework for evaluating the effectiveness of internal control, and for 2020/21 this has included:

- An evaluation of progress against previously identified governance issues.
- Reviews of:
 - The effectiveness of Internal and External Audit.
 - External Audit's Annual Plan and opinion.
 - The Annual Internal Audit report and opinion.
 - The corporate strategic risk register.
 - Issues identified through emergency response
 - Corporate complaints and any complaints regarding Members.
 - Freedom of information requests.
 - Data protection and information governance issues.
 - Employee and resident survey results.

Impact of the pandemic

It is important to note that in 2020/21, there were wide-ranging impacts of the Covid-19 pandemic on the organisation. These included:

- Reduced capacity - whilst huge strides were made in the technological infrastructure of the organisation to scale up the ability of staff to work from home, there have been some staff members who have not been able to do so, and some services have not been able to operate in the lockdown periods.
- Competing priorities - responding to the needs of residents throughout the pandemic has stretched the organisation - as well as keeping most essential services running, we have - working with partners - supported individuals and families shielding, helped people experiencing pressures from lockdown,

created housing for 300 people as part of the everyone in programme, and kept the city's parks and open spaces running so that people can exercise and meet people safely.

- Ensuring covid-19 restrictions are maintained e.g. social distancing - this has meant that many service offers have been swiftly redesigned to enable them to continue running with social distancing, or with the use of PPE. In some cases, these will be long-term changes. The past year has seen a great deal of change for the organisation. We implemented and scaled up new technology for the organisation to ensure that staff can reliably work from home and continue to deliver the services the city needs. Our technology response has included the distribution of laptops to schools to support disadvantaged pupils in remote learning, and creating networking capacity so that we could provide safe discharge units into residential care. We also delivered council meetings remotely, holding the first virtual AGM in the country and enabling local decision meetings to continue.
- Financial constraints - a critical risk for the coming year will be the long-term impact of the Covid-19 pandemic, which may continue to have an impact on some of the Council's income streams such as port dues and leisure income, and expenditure on some services may continue to be higher than anticipated (for example, in social care). However, the Council managed the position well in 2020/21 and although Covid-19 has put the Council under financial pressure, the Council has adequate reserves to absorb this, and developed a financial strategy to ensure that the most significant impacts are absorbed without detriment to the vital services that the authority provides, many of which are under increased pressure because of the impacts of the pandemic.

The rapid pace of change and pressure on the organisation have created some gaps in the normal governance arrangements of the organisation. We have, for example, suspended the usual reporting on performance to members, with the focus moving to the maintenance of day to day essential services. We also had to deal with a number of situations through taking emergency measures, although the urgency has eased as the months have gone on and the organisation has adapted to a new way of working.

As we come out of the pandemic, we will have to recognise the new duties the organisation is likely to be left with - particularly in the area of public health - and the new ways we will have to work to fulfil the needs of residents. We will also have to recognise that many staff have been under huge pressure in the past year, and experienced difficult things, and we need to support them in their wellbeing. There will also be expectations around maintaining flexibility in working which will need to be managed into the future.

Significant governance issues for 2021/22

Portsmouth City Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2018/19 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	Re-establishing usual processes and controls as the organisation emerges from an emergency response footing	Risk Management and audit	<ul style="list-style-type: none"> - Ensure necessary training is completed across the organisation - Clear communication about expectations 	Good state of organisational compliance	Corporate Governance Group	Ongoing progress reporting to portfolio holder and committees.
2	IT resilience and adaptability in new cloudbased environment to facilitate flexible working	Highlighted through risk management and business continuity activity	Moving key elements of the IT infrastructure to the cloud to increase resilience of the systems critical to business continuity, reducing reliance on "on-premises" infrastructure.	<p>Capability to restore key IT functions for the authority more quickly than the current 3-5 days.</p> <p>High availability of key applications remotely</p>	Director of Corporate Services	Ongoing development and review
3	The council continues to explore new ways of working, including partnering and alternative service delivery models (including with the voluntary, community and social enterprise sector) and taking more commercial approaches	Internal and external audit; performance and risk management activity	<ul style="list-style-type: none"> a) Ensure arrangements for traded services and arms-length organisations are fit for purpose b) Ensure new partnering arrangements have full regard to legal, financial and HR implications c) Look at arrangements for assurance on partner organisations and related parties 	Ongoing - various structures for different arrangements	Chief Executive & Chief Internal Auditor	Necessary changes reported on a regular basis to Cabinet, Governance, Audit and Standards Committee and Employment Committee.
4	Compliance with statutory duties and other external requirements and directives: ongoing changes in the work of local government and the role in relation to other	Performance and risk management	<ul style="list-style-type: none"> - Service and resource planning to set out scope of requirements and the needs to fulfil these. 	n/a	Chief Executive and all service directors	Ongoing reports to portfolios and committees.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
	agencies means that the organisation needs to monitor the scope of duties, powers and expectations. Examples include Air Quality, emerging adult social care assurance framework, ongoing public health responsibilities, new responsibilities around homelessness and building safety.					
5	Budget/ financial position, specifically in respect of demand-led services including Adults and Children's Social Care; and impact of financial uncertainty following the pandemic	External audit plan	Ongoing monitoring of progress - transformation strategies developed	Financial gaps closing and eliminated over the medium term	Director of Finance, Director of Children's Services and Chief of Health and Care Portsmouth	Ongoing quarterly reporting on financial position to Cabinet; updates to portfolio holders
6	New governance and working processes across strategic partnership arrangements, including closer integration with the clinical commissioning group and working with the emerging integrated care system	Internal self-assessment	Ongoing monitoring of progress; advice obtained from Bevan Brittan on appropriateness of future working arrangements	Robust governance across complex partnership agendas	Chief Executive	Ongoing reporting
7	Capacity within the organisation and key individuals, particularly in light of pressures from a	External Audit reports; internal self-assessment	Ongoing monitoring of progress, including through quarterly performance reporting; longitudinal study of workforce capacity and risks	n/a	Chief Executive	Ongoing reporting

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
	year of response to the pandemic - particularly a challenge in relation to health and care sector.					

Effectiveness of the system of internal control

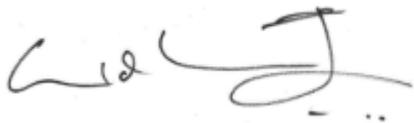
During 2020-21 Internal Audit & Counter Fraud completed 41 full audits, 13 grant reviews, 17 first follow ups and 14 second follow ups. The results show that the level of 'No Assurance' and 'Limited Assurance' audited areas have decreased from the previous year, which is again an improvement over the last three years. Reinforcing the judgement that the direction of travel is that of 'good improvement'. Specific Covid 19 assurance work has been performed by Audit and Counter Fraud, where as a whole 'Reasonable Assurance' has been attributed that the Governance framework remained effective despite significant pressures on the Authority as a whole. There are some areas as expected where lessons will be learnt, this will be shared with the committee as part of the 2021/22 plan of audit activities. To date they do not have any major impact on the annual opinion.

Summary of significant governance issues for 2021/22

Over the coming year, Portsmouth City Council will take steps to address the issues that have been identified in order to improve the Council's governance arrangements and improve assurance in the areas of most concern. Progress will be monitored and reported to the Governance and Audit and Standards Committee regularly over the next year.

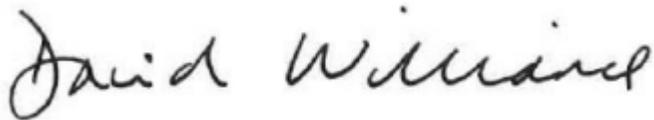
Clearly, a very significant number of risks and governance exposures for the organisation arise from the immediate response to the Covid-19 pandemic, and these will need to be addressed as part of the recovery. However, it must be recognised that the nature of the situation is that some areas of the business will still be working in a "response" phase even when others have moved onto a recovery or even business as usual footing, so there will be variation of approach across the organisation. These issues will be reported on as part of the usual reporting against the matters in the Annual Governance Statement and summarised in the Annual Governance Statement for 2021/22.

Signed on behalf of Portsmouth City Council



Cllr Gerald Vernon-Jackson, Leader of the Council

Date 29th July 2021



David Williams, Chief Executive

Date 29th July 2021