

# Annual Governance Statement 2014 - 2015

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## What is the annual governance statement?

Legislation<sup>1</sup> 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 2014/2015 (which coincides with the approval of 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 Portsmouth and the Council

Home to the Royal Navy, Portsmouth is a bustling island city on the south coast of England, with an estimated population of 207,000 people residing within 15.5 square miles. This makes Portsmouth the most densely populated City in the UK outside of London. There are over 85,500 households and 5,500 businesses in Portsmouth.

Portsmouth's Council comprises of 42 Councillors (18 Conservative Councillors, 15 Lib Dem Councillors, 4 Labour Councillors, 4 UKIP Councillors and 1 Non Aligned Independent Councillor) who represent 14 wards across the City. It operates a minority administration under a Leader (Cllr Donna Jones, Conservative<sup>2</sup>) and Cabinet structure with Cabinet Members responsible for individual portfolios.

The Council employs around 3790<sup>3</sup> 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.

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<sup>1</sup> Accounts and Audit (England) Regulations 2011, regulation 4(3)

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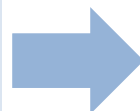
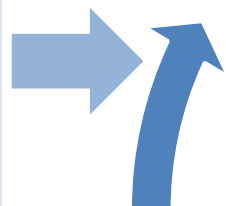
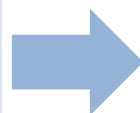
<sup>2</sup> From May 2015

<sup>3</sup> Excluding school staff

# Portsmouth City Council Governance Framework

## GUIDING PRINCIPLES

- Focus on the purpose of the Authority, deliver outcomes for the Community whilst providing value for money
- Demonstrate the values of good governance and uphold high standards of conduct and behaviour
- Make informed decisions through efficient, transparent processes. Minimise risk through effective scrutiny
- Listen, and engage with local people and other stakeholders to ensure robust public accountability
- Value and support officers and enable Councillors to be effective strategic leaders
- Simplify, strengthen and share processes to continually learn and improve



**REVIEW**  
Monitor & enhance progress

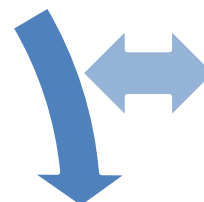
**DEFINE**  
challenges & risks

**IDENTIFY**  
compliance gaps

**RECOMMEND**  
best fit actions

**REPORT**  
communicate & implement findings

**GOVERNANCE FRAMEWORK**  
Risk  
Management  
Compliance  
Governance



## INTERNAL CONTROLS

### Leadership, Culture and Planning

Organisational goals, values and vision  
Business planning and strategies  
Performance management

### 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

### 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 2007 CIPFA/SOLACE issued best practice guidance for 'Delivering Good Governance in Local Government'<sup>4</sup>. The framework sets out six principles that should underpin the governance of each Local Authority. Portsmouth City Council has approved and adopted a local code of governance, which is consistent with the CIPFA/SOLACE good governance principles. The code summarises the Council's internal arrangements that have been put in place to ensure effective governance and includes hyperlinks to supporting documentation. A copy of the authority's code can be obtained from the Council. The following sections look at how the Council is held to account for these six principles.

### 1-Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

#### *Organisational goal and priorities for the City*



## Portsmouth City Council; working together to shape the great waterfront city

Portsmouth City Council has a shared organisational goal (above), which is designed to be simple, reflecting the fact that although we are a diverse organisation, everything the council does is designed to make the city a better place and improve life for our residents. Over the last year, the Council has developed a new corporate plan on a page, which sets out the following priorities for the city:

- Raise education standards so children and young people achieve their full potential
- Encourage investment in our city, creating economic prosperity
- Empower our residents to live independently and make the most of their opportunities

#### *Guiding principles*

The organisational goal is supported by the following nine corporate principles:



<sup>4</sup> <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework>

## *Business planning and performance management*

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. In the last five years (up to end of 2015/16), Portsmouth City Council has made savings of £75m, but has a further £31m to find by the end of 2018/19 at a time when there is a rising demand for many of the Council's services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

Directors are responsible for preparing business plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key directorate risks and management/mitigation activity and arrangements for robust performance management within the directorate. As part of the business planning process, directorates have been asked to review the relationship between directorate expenditure and performance and participate in benchmarking exercises to ensure best use of resources and value for money.

### **2-Members and officers working together to achieve a common purpose with clearly defined functions and roles.**

#### *The Constitution*

The constitution<sup>5</sup> 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. He 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 Michael Lawther the Deputy Chief Executive

#### *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 Information Services.

### **3-Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behavior.**

<sup>5</sup> A copy of the constitution can be found at <https://www.portsmouth.gov.uk/ext/the-council/policies-and-strategies/constitution.aspx>

## *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. In the last 3 years, the Council has introduced 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.

## *Ways of working*



Portsmouth City Council has developed 'ways of working' as a tool to help staff manage themselves and others, evaluate performance and recruit new staff. Whilst members and officers are monitored on their standards of conduct and behaviour throughout the year, managers are required to hold good quality Personal Development Reviews with all of their staff on an annual basis, including an assessment on the ways of working.

## *Financial management*

The Director of Finance and 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 financed 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. 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 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 Chief Finance Officer/Director of Finance works with the CEXEC/Deputy CEXEC, helping to develop and implement strategy and deliver the strategic objectives. The Chief Finance Officer is actively involved in ensuring all immediate and longer term risks and opportunities are considered, and ensure the strategic objectives are aligned to the longer-term finance strategy. The Chief Finance Officer has an 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. A protocol for the Chief Financial Officer at Portsmouth was approved in November 2011.



## *Anti-fraud, bribery and corruption*

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 Policy<sup>6</sup> (revised in 2014) 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<sup>7</sup> (revised in 2013) 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 performance 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 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<sup>8</sup>. The group has an agreed set of terms of reference<sup>9</sup>, which sets out their roles and responsibilities of its members<sup>10</sup>. On an annual basis the Chair of the Committee undertakes a self-assessment, which informs the overall review of effectiveness of the Council's governance arrangements.

## **4-Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

## *Transparency*

The Council and its decisions are open and accessible to the community<sup>11</sup>, 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.

## *Risk management*

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<sup>7</sup> A copy of the whistleblowing policy can be located at :

<http://democracy.portsmouth.gov.uk/Data/Governance%20&%20Audit%20&%20Standards%20Committee/20130314/Agenda/GAS20130314r10.pdf>

<sup>8</sup> A copy of the guidance can be found at: <http://www.cipfa.org/Policy-and-Guidance/Publications/A/Audit-Committees--Practical-Guidance-for-Local-Authorities>

<sup>9</sup> The Governance and Audit and Standards Committee Terms of Reference can be found at:

<http://www.portsmouth.gov.uk/media/SC20120716r5app4.pdf>

<sup>10</sup> Membership can be found at: <http://democracy.portsmouth.gov.uk/mgCommitteeDetails.aspx?ID=148>

<sup>11</sup> Meetings, agendas and minutes: <http://democracy.portsmouth.gov.uk/uucoverpage.aspx?bcr=1>



The Council reviewed its approach to managing risks in 2013 and approved a revised Risk Management Policy, which seeks to embed a culture of risk awareness within everyday activities. All 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) must be logged on a Corporate Risk Directory, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. The new approach minimises formal processes and unnecessary documentation, whilst ensuring that risk management remains an effective part of the governance framework.

### *Effective scrutiny*

The Council operates six Scrutiny Panels<sup>12</sup>, 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.

### *Complaints*

There is a clear and transparent complaints procedure<sup>13</sup> 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.

## **5-Developing the capacity and capability of Members and Officers to be effective.**

### *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*

<sup>12</sup> Further information on our Scrutiny Panels can be found at: <http://democracy.portsmouth.gov.uk/mgListCommittees.aspx?bcr=1>

<sup>13</sup> Complaints procedure: <https://www.portsmouth.gov.uk/ext/the-council/transparency/comment-compliment-or-complaint.aspx>

All Officers receive regular one to ones with their Manager in order to monitor workload and performance and Managers are required to carry out a performance development review on an annual basis, which seeks to identify future training and development needs. Directorates consider workforce plans as part of the annual business planning process. Our business plans paint a picture of what we want to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision, and produce a plan to fill the gaps. This helps to ensure we have the right people, with the right skills, in the right jobs, at the right time.

## 6-Engaging with local people and other stakeholders to ensure robust public accountability.

### *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<sup>14</sup>, 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 'Have your say' council webpage<sup>15</sup>. Local people have the option to engage in a dialogue through: social media sites (including a community engagement blog, Facebook and twitter), petition schemes, neighbourhood forums, Healthwatch Portsmouth, the rant and rave forum, council meetings (open to the public), their local Councillor<sup>16</sup> and through a new citizens panel that launched in 2014.

### *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. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website<sup>17</sup>.

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. 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.

<sup>14</sup> Community Engagement Statement: <https://www.portsmouth.gov.uk/ext/documents-external/cou-community-engagement-statement.pdf>

<sup>15</sup> Opportunities to have your say can be found at: <https://www.portsmouth.gov.uk/ext/community-and-environment/community/have-your-say.aspx>

<sup>16</sup> Who are your Councillors, MPs and MEPs: <http://democracy.portsmouth.gov.uk/mgMemberIndex.aspx?bcr=1>

<sup>17</sup> Consultations: <https://www.portsmouth.gov.uk/ext/the-council/transparency/consultations.aspx>

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.

### *Partnership working*

Partnerships are about the council coming together with right organisations to deliver improved outcomes for local people. Portsmouth City Council is involved in many different partnerships at different levels, each with their own set of terms of reference for effective joint working. There are 4 strategic partnerships in Portsmouth - The Children's Trust Board, The Health and Wellbeing Board, Safer Portsmouth Partnership and Shaping Portsmouth, which are involved in delivering the city's desired outcomes. Reviews of strategic priorities for each of the partnerships have been aligned in order to better understand shared priorities, reduce duplication and improve commissioning and delivery activity.

### **Corporate governance controls**

On an annual basis Portsmouth City Council agrees a set of corporate governance controls with the aim of strengthening governance arrangements in key areas. In 2014 the Council agreed the following nine corporate governance controls that all Directorates are required to comply with:

1	All directorates 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
2	Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested.
3	All posts that fall within the legislation must be checked in line with DBS <sup>18</sup> guidelines.
4	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.
5	The Council understands its legal equalities duties, and embed them as part of directorate projects/plans.
6	All directorates have business continuity plans in place that are regularly tested and reviewed.
7	Complaints are responded to within a timely manner, causes addressed, and outcomes recorded
8	100% of staff are given good quality PDRs and any actions resulting from the PDR must be completed within agreed timescales.
9	100% of staff complete the code of conduct form on joining the Council and notify managers if there are any changes.

<sup>18</sup> Disclosure and Barring Service (DBS) Guidelines: <https://www.gov.uk/government/organisations/disclosure-and-barring-service/about>

## **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 CXEC, Deputy CXEC 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 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 CEXEC, the Deputy CXEC (Monitoring Officer), the Chief Internal Auditor, the Director of Finance (Section 151 Officer) and the Director of HR, Legal and Performance 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 an agreed formal process for evaluating the effectiveness of internal control, and for 2014/15 this has included:

- An evaluation of progress against previously identified governance issues.
- Analysis of compliance with the nine internal corporate governance controls. This requires Directors to complete an internal control questionnaire to evidence their services' compliance with each of the controls.
- A self-assessment review of the Governance and Audit and Standards Committee, which was completed by the current Chair of the Governance and Audit and Standards Committee and the previous Chair of the Governance and Audit and Standards Committee.
- 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 Risk Directory.
  - Issues identified through business planning and performance management.
  - Corporate complaints and any complaints regarding Members.
  - Freedom of information requests.
  - Data protection and information governance issues.
- The following were also considered when drafting the statement :
  - Grant Thornton - Local Government Governance Review 2014
  - YOT inspection (May 2015)
  - Health & Wellbeing Board
  - Senior Management Restructure
  - Statutory responsibility (mapping exercise)

## Significant Governance issues for 2014-15

Portsmouth City Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2013/14 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	The Constitution has not been reviewed/formally updated for a number of years.	Highlighted by the Corporate Governance Group	a-Set up a working group to review the Constitution.	Updated constitution published on Council website	Michael Lawther, City Solicitor	November 2015
2	Non-completion of financial rules training, resulting in non-compliance with Financial Rules	2012/13 AGS - issues remain and item to remain under review	Training programme on new financial rules to be updated and rolled out.	Training updated and 100% of relevant staff have completed the training	Chris Ward, Director of Finance/ Paul Thomas, Senior Accountant	March 2016
3	Policyhub is not accessible to all staff and there is scope to improve the reporting capability.	Highlighted In 2012/13 AGS - to be reviewed September 2015	a- Managers to ensure relevant policies are cascaded to and read by staff who are unable to access Policyhub. b-Policyhub board to consider upgrading Policyhub to enable more intelligent reporting.	100% of staff receive relevant policies and reports can be run to check % of staff within each service who have read corporate policies.	Policyhub Board	September 2015
4	Not all services have completed table-top exercises to test the robustness of their service business continuity plan.	2012/13 AGS issues remain and item to remain under review	a-All services to complete a table-top exercise and amend their plans based on the findings.	100% of services have completed a table-top exercise. Aim for 30% of services to complete exercise each year.	Kate Scott, Civil Contingencies Officer	Jan 16 - Ongoing review on a 3 yearly program
5	There has been an increase in the number of data breaches and there is scope to improve data security.	Data breaches incident log and ICQs	a-All staff to adhere to the clear desk clear screen policy and Managers must undertake a programme of spot checks to test compliance. If issues are found, they must be escalated and addressed.	Reduction in data breaches.	Helen Magri, Corporate Information Officer/ Michael	Quarterly mtg

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
			b-In order to prevent inappropriate access to customer records for personal gain the following actions need to be undertaken: <ul style="list-style-type: none"> <li>• Formal Action Policy instigated in each case</li> <li>• Incidents reported to the ICO.</li> <li>• Reminder sent to all staff via Team Brief not to access accounts without a business need</li> <li>• Staff with access to certain systems have signed specific declarations to say systems will not be accessed inappropriately</li> <li>• Auditing functionality introduced on systems.</li> <li>• Revisit Data Protection Healthcheck with a view to rolling out again across the Authority</li> </ul>	Reduction in number of complaints received/instances identified.	Lawther, City Solicitor	
6	There are public buildings that do not come under the auspices of the Council to undertake legionella testing.	2012/13 AGS	a-A system needs to be established to ensure high risk areas are tested. b-All issues identified need to be escalated to Janet Maxwell, Director of Public Health.	Issues are identified, addressed and flagged with the Director of Public Health.	Mark Tutton	September 2015
7	During 2013, the Council failed to respond to 15.5% of Freedom of Information requests within statutory timescales.	Internal Audit	Actions TBC following completion of audit.	Pending	Helen Magri, Corporate Information Officer	September 2015
8	Member training and political development is not systematic nor sufficiently championed and would benefit from more robust succession planning	2012/13 AGS	Review is now complete; paper that summarises the current training offer and recommendations for a more systematic and tailored political development and training offer needs to be taken to the next group leaders meeting.	New training program is agreed and implemented where appropriate	Michael Lawther	September 2015
9	In terms of risk, our overall level is increasing. This increase is as a direct result of the ongoing savings measures, including the management restructure in May 2014 and a resultant impact on our capacity and capability. In addition, our desire to explore more innovative and	Directorate business plans	The Council's Risk Management policy identifies its commitment to embedding a culture of risk awareness. The policy sets out the responsibilities for the different roles including members and directors and also the responsibilities for Directors when undertaking a Project Director role. The requirement to consider risk implications when making or evaluating decisions is highlighted. It is	All risks identified and evaluated and appropriate arrangements put in place. No adverse publicity	CXEC	Quarterly meeting

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
	commercial ways of working has seen an increase in our risk appetite and willingness to tolerate a greater degree of risk when pursuing commercial opportunities. Working in this commercial environment often requires a more flexible and agile approach to progress issues in a timely fashion in order to achieve key objectives. This may necessitate a degree of delegation to officers.		accepted that not all risks can be eliminated or mitigated against and a balance must always be struck between the costs of risk reduction against the likelihood and impact of the risk (risk exposure). When considering directorate cuts, the impact needs to be fully considered including adverse consequences in other areas. The risk appetite should be made clear, especially when working in a commercial environment.			
10	Emerging governance requirements. The council is exploring new ways of working including alternative delivery models with partners which will necessitate different governance models to be adopted.	eg Building Control partnership report Jan 2015 Delivering Differently	Any new work or initiative should consider governance arrangements as part of Feasibility/Business case development (especially when working in a multi-agency environment or when forming a new company) including issues such as use of joint risk registers	All legal agreements to include reference to governance arrangements including Terms of Reference, composition of boards, and frequency of meetings. Joint risk review meetings to be set up	Project Directors	To be reviewed and GAS updated on 6 monthly basis
11	Programmes/projects - The issue is linked to the non identification of emerging programme/project activity, including associated governance arrangements.	Directorate Business plans	Directors should ensure that all such activity is reflected in quarterly performance reports including identification of key risks. An overview of project status should be maintained for review at the Corporate Governance Group. All project activity should adopt recognised governance arrangements with a nominated Project Director and Project Manager and Terms of Reference identifying their roles and responsibilities.	Visibility of all projects/programmes No project failure Key posts filled and TORs drafted	DCXEC	Quarterly meeting





**Effectiveness of the system of internal audit**

Due to the number of critical and high risk exceptions the Audit opinion for 2014 /15 is that only limited assurance on the effectiveness of the control framework can be given with the areas of most concern around:

- some non-compliance with Financial Rules
- Declarations of Interest not up to date in some areas
- Corporate Project Framework review
- Safer Recruitment and recording of DBS checks
- The need for Data Archiving
- A Strategy & strengthening of controls with regard to the management of Markets

In all cases actions have been agreed and follow up audits programmed in 2015/16 to review the level of implementation.

The Audit opinion for last year was also limited assurance due to the level of critical and high risk exceptions. The number of critical exceptions for 2014/15 has increased compared to the previous year although nine of these relate to one secondary school and should be considered in isolation. In addition to this there has been an increase in the number of investigations that have involved staff.

Internal Audit is concerned that the overall effectiveness of the control framework position has declined/not improved, which is not adequately reflected in the 'limited assurance' and will continue to work with Directors, the Deputy Chief Executive and the Chief Executive to improve on specific areas of control and risk management weaknesses.

Internal Audit has carried out a self-assessment and confirms that they are compliant with the Public Sector Internal Audit Standards (PSIAS).

**Summary of significant governance issues for 2014/15**

The review of effectiveness has identified 11 significant governance issues within the Council's governance framework. 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 on a quarterly basis over the next year.

**Signed on behalf of Portsmouth City Council**

.....  
**David Williams**  
Chief Executive

.....  
**Date**

.....  
**Cllr Donna Jones**  
Leader of the Council

.....  
**Date**



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