

**FAREHAM**  
BOROUGH COUNCIL

# **Annual Governance Statement 2016/17**

**Fareham Borough Council**  
**Civic Offices, Civic Way, Fareham PO16 7AZ**

# SCOPE OF RESPONSIBILITY

Fareham Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Fareham Borough Council also has a duty under the Local Government Act 1999 to make arrangements securing continuous improvements to the ways in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

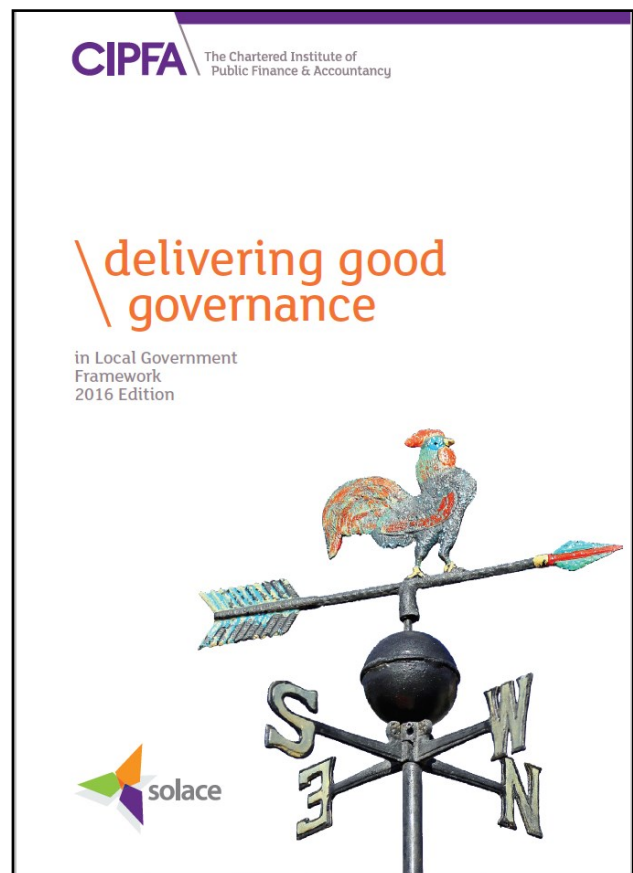
In discharging this overall responsibility, Fareham Borough Council is responsible for putting arrangements in place for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Fareham Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of our code is on our website at:

<http://www.fareham.gov.uk/about-the-council/strategies/policydocs.aspx>.

This statement explains how Fareham Borough Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6 (1b) which requires all relevant authorities to prepare an annual governance statement.



# THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises of the systems and processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads its communities.

It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Fareham Borough Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

The key elements of the systems and processes that comprise Fareham Borough Council's governance arrangements are summarised in this document.

## Openness

The Council seeks to be open and to act in the public's interest. The Community Action Team meetings in particular allow open debate on hot topics that come up.

We have developed a Freedom of Information Publication Scheme which is published on its internet site along with a Transparency portal which provides financial information and other data about the way the Council is being run. This can be found on our website using the following path: [http://www.fareham.gov.uk/about\\_the\\_council/financial\\_information/intro.aspx](http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx)

We are currently reviewing compliance with

the latest mandatory and discretionary requirements of the Transparency Code and are also working to meet the new equal pay requirements due to be published by the end of March 2018.

During consultations we aim to be open about the data sources used and how decisions are made.

In 2017/18 we will be working to strengthen the "Have your say" content on our website by improving the feedback available on the website to issues raised by the public.

# Community Communication

The Council's approach to communication is set out in the Communications and Engagement Strategy which is monitored and updated regularly.

We are seeing a consistent growth in followers on social media channels like Facebook and Twitter which give us ways to have informal two-way conversations with a wider range of people.

Specific websites were set up in the year to aid communication in relation to the Solent Airport (June 2016) and the Welborne Garden Village (January 2017).

We use the Council Connect stand in the Town Centre to display a range of material on targeted themes throughout the year. The Team also work with the media to convey important messages.



The Council has a Public Relations, Marketing and Consultation Team who coordinate and undertake community consultations using a variety of methods which includes an e-panel of over 2200 residents.

We also now have conversations (10/10 surveys) with a sample of residents who have used a key service in the year which allows us to receive feedback about what matters to our customers for future improvements.

The team encourages all departments to seek advice on the best communication methods to be used for events, information, and when our equality objectives need to be considered, to ensure our approach is consistent.



Meetings are held in the community when there is a need to focus on hot topics of interest to that neighbourhood.

Key consultations this year have been on the Fareham and Portchester Town Centre visions as part of the Local Plan review and a number of successful business breakfasts were used in the consultation process.

# Council's Visions and Outcomes

Our Corporate Strategy 2011-2017 describes an overall vision for the Borough and sets out our priorities for improvement over a six-year period. This is available on our website at: <http://www.fareham.gov.uk/about-the-council/strategies/keystrategies.aspx>.

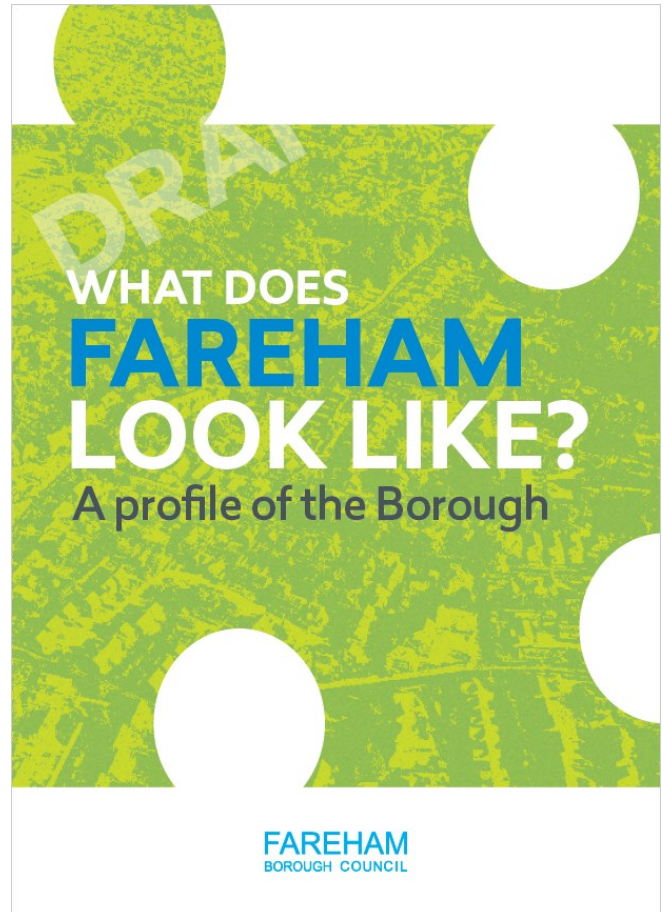
During 2016/17 we documented the achievements from the existing strategy and are in the process of producing the next strategy spanning 2017-2023.

The Council's purpose and objectives are often affected by changes in legislation and government. However, we use the information from our communication channels to put these into a local context and identify local priorities.

A "Big Picture" report covering the hot topics in the Borough and what people are talking about using social media or other sources is reviewed every six months by the Chief Executive's Management Team. This includes the results of the 10/10 surveys.

This report also includes analysing any changes in demographics in the Borough which may influence what our priorities should be.

During 2016/17 the profile of the Borough was updated to inform the latest corporate strategy.



The Leader of the Council chairs discussions at the summer Community Action Team meetings around the Borough, each year on the Council's vision, objectives, achievements and priorities.

# Service Quality and Value for Money

The Council is implementing a programme of cultural change which is leading to better quality and value for money services.

We have been introducing 'Systems Thinking' into our services which redefines the purpose from the customers point of view and puts them at the heart of the processes we use to deliver them.

During 2016/17 interventions have progressed in relation to Streetscene, Information and Communication Technology and the Cash Office, resulting in improved customer experiences and faster service delivery. Funding is now in place to allow for the interventions in Streetscene to continue as well as expansion of the interventions in Parking and ICT. The extension would also enable the Vanguard method to be introduced to other services, including Council Tax and Business Rates, Finance and Democratic Services.

Internal audit and external inspections provide an independent layer of assurance on the services being provided.

Our Local Service Agreements (LSAs) set out how well we are doing on delivering key services in line with our corporate priorities. They are updated annually and reviewed by the Chief Executives Management Team and the Executive.

A major update is planned for 2017/18 following the update of the corporate strategy. The LSAs include a list of key performance measures which are monitored during the year and over years. These

indicators are being revised as we determine what measures truly match the purpose of the service.

The 10/10 surveys carried out in 2016/17 will feed into the LSAs from 2017/18.

In 2016/17 the Building Control Partnership



was the winner of the *Best Partnership with a Local Authority Building Control Team*, in the Local Authority Building Control South East Building Excellence Awards.

The Council has a corporate efficiency plan which identifies cost saving actions to offset funding reductions. In 2016/17 we made £670,000 of savings and we have identified £986,000 worth of efficiencies for 2017/18.

The Council continue to buy goods and services jointly with other Councils, and build upon successful services delivered jointly with other local authorities.

# Member and Officer Roles and Responsibilities

The Council's Constitution sets out:

- how the Council operates;
- the roles, responsibilities and relationships between the different Council committees;
- the roles of Executive Members, Committee Chairmen, Ward Councillors and Chief Officers;
- the functions, responsibilities and post holders of the statutory officers: Head of Paid Service, Monitoring Officer and Chief Finance Officer.

A member/officer protocol lays out how communication is effected between the two roles.

The Constitution documentation continues to be reviewed to keep it as a single reference source that meets the needs of its users.

A member and officer working group meets periodically to review the content. During 2016/17 work commenced to review the Schemes of Delegation to Officers and Individual Executive members which will be completed in 2017/18.

There is a designated post which covers the Monitoring Officer responsibilities. The post holder keeps apprised of changes in the requirements by attending appropriate courses and the Council subscribes to a national service to obtain advice as necessary.

## Decision Making

The Constitution sets out how different types of decisions are made, including who has the responsibility for making them and what procedures should be followed.

The Monitoring Officer and Chief Finance Officer maintain their legal responsibilities to ensure that the Council acts legally and within its financial means.

Meetings are held in public except where personal or confidential matters are being discussed. The Notice of Key Decisions highlights any 'key decisions' due to be made and these are published 28 days before the

decision is made to enable wider transparency and opportunities for representation to the decision makers.

The Scheme of Delegation sets out when and how the Executive, portfolio holders and officers can make executive decisions. There are also Schemes of Delegation for the Planning Development Control and Licensing and Regulatory functions.

Where partnerships have been developed with other agencies, decision making powers and delegated powers are documented and presented to members.

# Scrutiny

Our committee structure follows the Executive Leader and cabinet model, which requires us to have a Scrutiny function. This is carried out by the Scrutiny Board which meets every two months. The board is made up of nine councillors and reflects the political balance of the elected members.

Its purpose is to monitor and review the delivery of services and scrutinise the decisions of the Executive to make sure it is delivering effective services and providing value for money.

Three of the six executive members gave a presentation to the board this year and the other three are scheduled to do the same in 2017/18. In 2016/17 there was one decision called in which related to the provision of the Traffic Management service.

The Board also scrutinises the activities of external agencies whose operations have an impact on the Borough.

In 2016/17 a presentation was received from Project Integra and a further two presentations are planned in 2017/18.

Project Integra is the partnership between 11 District and Borough authorities in Hampshire, Hampshire County Council, Veolia Environmental Services and the unitary authorities of Portsmouth and Southampton who work to provide a long-term solution for Hampshire's household waste in an environmentally sound, cost effective and reliable way.



The work of the Scrutiny Board is supplemented by eight Policy Development and Review panels. The chairmen of the panels make up the Scrutiny Board.



# Codes of Conduct

In accordance with the Localism Act 2011 we have a Code of Conduct which sets out the behaviours expected from our members, and we have arrangements in place to deal with matters of ethics, honesty and member conduct.

A report is presented annually to the Audit and Governance Committee setting out the number of complaints received about member conduct. In addition, any breaches of code handled by the Monitoring Officer are reported at the next available meeting. The standards sub-committee was convened once in the year and one breach of conduct was referred to the Full Council in May 2016.

The Council's Code of Conduct and Disciplinary Rules and Procedure aims to maintain appropriate standards of conduct at work by employees. It ensures that employees are treated fairly and supports an

appropriate culture and working environment, through fair and effective management of disciplinary matters. A review of the code started in 2016/17 to update and simplify it for users and this will be finalised in 2017/18. All new employees have access to a copy of the code. Other arrangements, such as an electronic system for registering employee interests, help everyone keep aware of the code.

A revised policy on employee gifts and hospitality and interests has been drafted to meet the needs of the Bribery Act and will be finalised in 2017/18.

An audit of "ethics" was carried out in 2015/16 which gave positive assurance that appropriate arrangements are in place to manage member and employee behaviours. Follow up work to the audit is planned for 2017/18.

## Whistleblowing

The Council's Whistleblowing Policy is reviewed by the Audit and Governance Committee as required. No further changes have been required since the last update in October 2013.

The Policy is available to all employees via the intranet where periodic updates are also displayed. Designated channels including

electronic reporting methods are available for employees and members of the public.

A central database recording incidents of whistleblowing and the results of investigations arising has been set up and all whistleblowing incidents are reported to the Audit and Governance Committee.

# Member and Officer Development

A modular induction and training programme is in place for members. The induction modules for new members are completed within a few months of being elected.

These modules were reviewed individually with the nine new members appointed in 2016/17 and any additional training needs identified. A central library was also set up to allow members to access briefing information outside of training events.

The programme is supplemented by specific topic briefings for members. Eleven member training/briefing events took place in 2016/17, including one on emergency planning.

Officer training and development is based around a simplified individual performance management process. There is a coordinated approach to the identification of the training needs of the organisation which helps us make the most of money spent on employee development and training. This was reviewed in 2015/16 and the process was made more flexible and agile to address both planned and reactive training needs. In-house training sessions are delivered by a combination of on-line training for theory with face to face sessions for practical learning.

The Council's on-line training suite, called Skillgate, is used by both members and employees. We have expanded our use of the authoring tool to create local courses when the generic course does not meet our needs. All new employees complete an on-line induction package through Skillgate.



In 2016/17 face to face training included a series of managing conflict courses and refresher briefings on safeguarding responsibilities and the 'Prevent' agenda (Government counter terrorism strategy).

Dementia awareness training will be rolled out for front line services in 2017/18 and we will be re-running support workshops for managers and supervisors using outside resources.

From 2016/17 we have been developing a new approach to recruiting, developing and employing apprentices in line with the new government scheme.



# Financial Management

The Council's arrangements conform to the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Council has adopted an integrated approach to service and financial planning which allows for pressures and opportunities in service delivery to be considered and reflected in the Council's financial plans at the earliest opportunity. The Council's Medium Term Finance and Treasury Management Strategies are updated each year and approved by Members.

Finances are monitored regularly through reporting and discussions with budget holders, directors and the relevant portfolio holder. These meetings cover all aspects of service delivery that have a financial consequence. Accountants are established as finance business partners to the services they support and they meet periodically to maintain knowledge of current developments and share experiences and ideas.

Monthly summary financial information is published online for all Members and the public. This can be found on our website at: [http://www.fareham.gov.uk/pdf/about\\_the\\_council/councilport.pdf](http://www.fareham.gov.uk/pdf/about_the_council/councilport.pdf).

Periodic financial reports showing expenditure against budgets are prepared and presented to the Chief Finance Officer and Executive Members. These focus on services with high spend or which are subject to fluctuations. Corporate financial forecasting meetings are held monthly by the senior finance officers to review the budgetary position and forthcoming pressures.

Quarterly reports on the Council's loans and investments are presented to the Chief Finance Officer, Chief Executive Officer, and half yearly to the Executive along with a set of indicators which measure the impact of capital investment decisions. Treasury investments are made, having taken into account advice from the Council's treasury management consultants in order to reflect current market developments.

# Risk Management

In 2016/17 the Council completed a review of its approach to Risk Management using system thinking principles. A new policy has been introduced which seeks to embed risk management into the everyday workings of the Council rather than maintain a rigid corporate process. This policy consists of seven principles and includes arrangements for

monitoring the effectiveness of the policy.

Workshops are planned in 2017/18 to roll out the new approach including the expectations of managers and employees.

Specific work is planned in 2017/18 to look at the ownership of risk inspections in public areas.

# Internal Audit and Audit and Governance Com-

The Council has an internal audit service which delivers a risk based plan of work approved by the Audit and Governance Committee.

In 2016/17 the service was jointly delivered by an in-house team, an external contractor and two neighbouring councils. This helps the delivery of the whole scope of audit work and maintain independence. Arrangements were also put in place to enter into a shared service with a neighbouring authority for future provision of the service. An exercise was also carried out with other audits teams in Hampshire in 2016/17 to document where assurances will be shared.

Managers receive a report of findings following an internal audit review and an action plan is agreed to address any weaknesses found.




These actions are tracked until they are completed. A new action management system has been developed to improve the information available to managers and help capture updates on implementation. The data in the system was brought fully up to date in

2016/17 and will be rolled out to users in 2017/18.

A summary of the work undertaken by internal audit and the findings are reported quarterly to the Audit and Governance Committee.

We considered that in 2016/17 we fully conformed with 48 of the 52 Public Sector Internal Audit Standards and partially conformed with the other four. This reflects some improvements made in 2016/17 including the introduction of peer discussions by the Hampshire Audit Managers Group on how councils comply with the standards.

The Council has an Audit and Governance Committee which undertakes the core functions of an Audit Committee in accordance with the CIPFA guidance. It reports directly to the Full Council. This Committee meets four times a year and receives reports covering the range of governance issues set out in its terms of reference. In particular it receives the Head of Audit's Annual Report and the External Auditor's Audit Results Report.

Report Title / Audit Subject	Report Date	Report Type	Audit Team	Directorate / Workgroup / Group	Opinion	Essential Actions	Important Actions	Other Actions	Actions still to do	Actions still to be signed off by Audit
<b>Trade Waste</b> (1089) <a href="#">view</a> <i>Trade refuse collection and recycling (525)</i>	13/03/2017	Planned audit	Mazars General	OPERATIONS REFUSE COLLECTION DSO <i>Refuse Collection DSO</i>	Strong 	0	0	0	0	0
<b>Housing Benefits</b> (1033) <a href="#">view</a> <i>Housing Benefits (380)</i>	08/11/2016	Planned audit	Mazars General	COMMUNITY REVENUES AND BENEFITS	Strong 	0	0	0	0	0
<b>Neighbourhood working, Public Relations and Consultation</b> (1084) <a href="#">view</a> <i>Publicity &amp; Promotion (124)</i>	04/11/2016	Planned audit	Portsmouth CC	FINANCE & RESOURCES CORPORATE SERVICES <i>Customer Engagement</i>	Strong 	0	0	0	0	0
<b>Recycling</b> (1076) <a href="#">view</a> <i>Recycling (524)</i>	27/10/2016	Planned audit	Mazars General	OPERATIONS REFUSE COLLECTION DSO <i>Refuse &amp; Recycling</i>	Strong 	0	0	0	0	0

# Ensuring Compliance with Relevant Laws and Polices

Fareham Borough Council and Southampton City Council are in an established partnership for the provision of legal services. This helps ensure that the Council has access to a wider range of solicitors for support. It also gives joint responsibility for ensuring the Council identifies changes in legislation and has the right policies and procedures in place to ensure on-going compliance.

A review has been carried out to agree the most significant laws and polices where assurance is needed as part of the governance framework. Part of this assurance is provided by the Internal Audit Service and additional assurance mechanisms may be introduced to provide information when needed.

For example, in 2016/17 we introduced a new annual report covering information governance assurance. This report highlights the work that will be required in 2017/18 to prepare for the General Data Protection Regulation.

In 2016/17 we also implemented assurance procedures for our new employee 'grey fleet' procedures which confirmed that the data from the process was reliable.

Key policies are regularly reviewed to ensure they are up to date and relevant and new and refresher training is rolled out when considered appropriate. In 2016/17 CPR and defibrillator training was attended by more than 80 employees including all senior managers.



The Council's Financial Regulations are being streamlined to include key rules. These will enable the Council to manage its financial affairs using available resources. At the time of writing all but one have been reviewed and presented to the Audit and Governance Committee.

A further series of documents provide guidance on the purpose of the regulations and methods to ensure compliance.

# Counter Fraud

The Council has adopted an Anti Fraud and Corruption Policy which is supported by a programme of work to review and strengthen our counter fraud arrangements, where needed. These include training, data matching exercises and strengthening our policies and procedures.

This policy was updated in 2016/17 alongside the Sanctions and Redress Policy as a result of the Benefit Investigators transferring to the Department of Work and Pensions.

The Council has retained professional investigation skills and resources which are used to deliver a full programme of work. During 2017/18 a further two employees will complete training to become accredited in fraud investigation.

We carry out risk assessments on the top frauds faced by councils to ensure our approach to prevention and detection of fraudulent activity remains cost effective.

In 2016/17 enhanced vetting checks were introduced for Right To Buy applications as this was identified as an increasing area of risk.

Also in 2016/17 three fraud awareness campaigns aimed at the public were carried out. The first in July 2016 was a general campaign involving posters, power-point presentations, an article in Fareham Today and a press release. This was expanded in September 2016 in

partnership with Argos and Poundland to include publicity on the back of their receipts.



A further campaign was then carried out in November 2016, to coincide with International Fraud Week which included presentation stands in 4 libraries/leisure centres across the Borough. The number of referrals received during these periods doubled.

The Audit and Governance Committee receive an annual update on the work carried out on the counter fraud framework and the nature and results of investigations carried out.

# Partnership Governance

The Council delivers some services by entering into partnership agreements.

These are assessed for their significance in terms of the results they seek to deliver, their profile/reputation and resources involved. Nine partnerships were deemed significant to the Council in 2016/17.

The Council maintains a Corporate List of its significant partnerships. This was last reviewed by the Chief Executive's Management Team in May 2017 to confirm the significance of the partnership, review any potential governance issues and review how each is performing.

Lead officers are assigned to each partnership. They are responsible for day to day liaison and for providing the Chief Executive's Management Team with details of any significant changes to the circumstances / membership of the partnership. Senior Officers and/or Members sit on the board of the Council's significant partnerships and take an active part in discussions and decision making.

New partnerships are being introduced in 2017/18 with Portsmouth City Council for Internal Audit services and Home Improvement Grants.



# Emergency Planning and Business Continuity

In accordance with the Civil Contingencies Act 2004, the Council works in partnership with the Emergency Planning & Resilience Unit at Hampshire County Council to maintain its readiness to respond to emergencies in the Borough.

Bi-monthly meetings identifies updates needed to the Emergency Response Plan. A fully staffed emergency control centre or table top training exercise is carried out each year to test and train the officers involved in the emergency response process. This is supplemented by refresher training of the different roles recognised by the response plan.

In 2016/17 the theme of training was the recovery phase and in 2017/18 it will be training following the national incidents that occurred earlier in 2017.

The purpose of business continuity is to ensure that the authority can still provide its critical services when it is involved in an emergency response or faced with a disruption. Business continuity plans are in place for all critical services and are supported by an overarching Disruption Management Plan and response plans for specific disruptions such as adverse weather. These plans were tested in November 2016 as part of a recovery exercise.

## REVIEW OF EFFECTIVENESS

Fareham Borough Council has responsibility for conducting a review of the effectiveness of its governance framework, including the system of internal control. This is done at least once a year.

The review of effectiveness is informed by the work of Directors within the authority, who have responsibility for the development and maintenance of the governance environment, and is led by the Chief Executive's Assurance Group. This consists of all directors, which includes the Monitoring Officer and Chief Finance Officer, and is chaired by the Chief Executive Officer. The Head of Finance and Audit also attends.

The group reviewed the following evidence:

- analysis of the 23 parts of our governance framework against current knowledge, including reports seen by Senior Officers during the year;
- Head of Audit's Annual Report 2016/17;
- summary of what reports and feedback we have received from external auditors, inspectors or other external agencies in the year;
- review of progress made on the actions included in the previous Annual Governance Statement.



# Head of Internal Audit's Annual Report

Internal audit cannot give absolute assurance but an opinion was provided to the Audit and Governance Committee in July 2017. The opinion given was that:

*The Council had a framework of governance, risk management and control for the year 2016/17 which was generally working effectively. There is awareness amongst managers about their top risks and the importance of control mechanisms within the Systems Thinking culture, and the need to address any major weaknesses found.*

*The opinion is particularly based on the fact that:*

- no “minimal” audit assurance opinions were again given this year; .*
- income or expenditure errors were only recorded in one audit in the year, totalling £500;*
- the service audited which have undergone a Systems Thinking intervention (Air Quality and Pollution) this year have been given a ‘reasonable’ audit assurance opinion; another part way through their intervention (Outdoor Recreation) had already identified a similar issue to the audit and management action had already been planned to change the way the system worked;*
- only 1 new essential recommendation has arisen from the opinion work this year, which is already being progressed;*
- collaborative working on system problem areas in the year has been introduced and the 3 carried out in the year have led to*

*improved control and efficiency.*

*However, there are a few areas noted where action will enhance the adequacy and effectiveness of governance, risk management and control. These include:*

- a) finalising the work to put together the framework agreements for spend with contractors and suppliers used by Housing, Property and Building Services which at the moment is breaching Contract Procedure Rules.*
- b) fully embedding the new system for managing costs associated with housing repairs;*
- c) rolling out the new approach to Risk Management across the organisation so;*
- d) rolling out the Data Protection refresher training to incorporate the requirements of the General Data Protection Regulation.*

*These issues had already been recognised by managers and they are working to address them.*

*Other issues highlighted last year where progress has been made but work is still needed are:*

- e) roll out the new action management system to services to improve the management of recommendations arising from audit reports, and update the data available on the level of implementation.*
- f) clarify the ICT security policies for the Council.*
- g) finalise the action plan for the Contract Completion audit which includes updating the Financial Regulation on Procurement to be clear on the expectations in relation to pricing variation orders and reporting overspends.*

# External Audit and Other External Assurances

The Council's independent external auditors for the year were Ernst and Young. They have worked throughout the year in accordance with their code of practice.

The findings from the work carried out last year were summarised in their Annual Audit Letter which was presented to the Audit and Governance Committee in November 2016 and circulated to Members and the statutory officers. This report was very positive and unqualified opinions were given by the auditors. There are no outstanding recommendations to be implemented.

The Council has opted in to using the Appointed Person (Public Sector Audit Appointments) to lead on the appointment of our external auditors from 2018/19.

Other external inspections and audits undertaken during the year which have been used as a source of assurance included:

- certification report from the External auditors 2015/16;

- report of the Local Government Ombudsman 2015/16;
- Data Assurance audit result from the Driver and Vehicle Licensing Agency;
- assessments by the Driver and Vehicle Standards Agency;
- compliance work undertaken to meet the requirements of the Public Service Network;
- results of the insurable risk reviews carried out by Allianz in 2016/17;
- results of IT Health checks (external and internal penetration tests) carried out by an external firm;
- Hampshire County Council review of our safeguarding arrangements;
- partnership coverage by other internal audit teams.



# Review of Effectiveness Conclusion

The conclusion from the review of effectiveness is that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

The Audit and Governance Committee have reviewed the sources of assurances used this year and have scrutinised the content of the Annual Governance Statement.

# Actions taken to address the issues raised in the previous Annual Governance Statement

The annual review of effectiveness has identified the following progress made on the actions identified in the previous year:

Issue 2015/16	Status	Update 2016/17
Continue with the next phase of Systems thinking reviews.	Complete	Interventions have progressed in relation to Street Scene, Information and Communication Technology (ICT) and the Cash Office. Funding is now in place to apply the methodology to other named Council services.
Produce the next 6 year corporate strategy, including an update of the Council's objectives.	In progress	First draft and supporting documents have been produced. Public consultation and member review and approval is scheduled for 2017 so that the Strategy can be finalised by April 2018.
Governance arrangements to be established for the New Welborne Community.	Not yet due	The Council is implementing a Delivery Strategy for the new Welborne Community in order to secure a Development Partner(s). Governance arrangements will be introduced once the nature of the Partner(s) is known.
Consider what governance arrangements are needed if Devolution in the Solent area occurs.	Not yet due	This is not currently needed as devolution proposals have not been approved.
The efficiency plan to be refreshed in light of the 4 year financial settlement to enable us to set a balanced and sustainable budget through to 2020.	Complete	In 2016/17 we made £607,000 of efficiency savings to offset funding reductions. In 2017/18 we have identified £986,300 worth of efficiencies of which £802,700 have been captured
Review the progress and impact of the new individual performance management initiative.	No progress to date	A joint working review of the process is scheduled for August 2017.
Further review the Risk Management Policy to apply Systems Thinking to the process.	Complete	Working groups have met to design a new policy aligned to Systems Thinking, which has now been approved.
Review the Code of Conduct and Disciplinary Rules and Procedure to update it and make it simpler for users.	In progress	Work has started to update and simplify the Code of Conduct which will be completed in 2017/18.
Finalise and launch the revised employee gifts and hospitality and interests policy.	No progress to date	This will now be completed in 2017/18.
Provide appropriate training and support for the new Chairman of the Audit and Governance Committee.	Complete	The new chairman was provided with appropriate training and support and has successfully completed the first year in the role.
Roll out the new action management system to improve the efficiency in the way that we manage recommendations arising from audit reports.	In progress	The data in the new action management system was brought up to date in 2016/17 and is now fully functional for the audit service. Use of the system by services will be rolled out in 2017/18.
Roll out bespoke Data Protection training on Skillgate.	In progress	A training package was drafted but needs to be updated to include the General Data Protection Regulation requirements before it is rolled out.
Roll out an updated Fraud awareness campaign.	Complete	Three fraud awareness campaigns aimed at the public were carried out. The first in July 2016 was a general campaign involving posters, power-point presentations, and press releases. This was expanded in September 2016 in partnership with Argos and Poundland to include publicity on the back of their receipts. A further campaign was then carried out in November 2016, to coincide with International Fraud Week which included presentation stands in 4 libraries/leisure centres in the Borough.
Update the Sanctions and Redress Policy to reflect the changes that have occurred to benefits fraud investigation.	Complete	This policy was updated and approved by members in June 2016.
Continue challenging the documentation maintained for emergency planning and business continuity to make sure it is proportionate and serves a purpose in a real situation.	In progress	Emergency plan documentation has been streamlined in line with other councils in Hampshire. A full review will be carried out in 2017/18. A review of the documentation of our IT Disaster Recovery arrangements and links to other business continuity plans will be carried out in 2017/18.

# Planned Governance Improvements

Whilst there have been a number of improvements made through the year, the Council strives for continuous improvement. We have therefore selected the following improvements, identified from our review of effectiveness, for action next year:

- Continue with the next phase of Systems thinking reviews of Council services.
- Finalise the next 5 year corporate strategy, including an update of the Council's major projects.
- Publish the new equal pay information required;
- Review our Freedom of Information request processes and publication scheme to allow us to meet the new Information Commissioners response targets.
- Review the implications of the General Data Protection Regulation and develop an action plan and training to meet the requirements.
- Reconvene the member/officer working group to continue updating the constitution.
- Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users.
- Review the progress and impact of the new individual performance management initiative.
- Finalise and launch the revised employee gifts and hospitality and interests policy.
- Roll out the new action management system to improve the efficiency in the way that we manage recommendations arising from audit reports.
- Provide appropriate training and support for the new Chairman of the Audit and Governance Committee.
- Two further employees to complete fraud accreditation training.
- Roll out the new risk management approach covering what is expected from managers and employees.
- Carry out emergency planning briefings and testing in relation to national incidents that occurred in earlier in 2017.

# Certification

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions are outlined above.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed on behalf of Fareham Borough Council by:**

Councillor S.D.T. Woodward  
Executive Leader

P.K.Grimwood  
Chief Executive Officer