Appendix C

FAREHAM
BOROUGH COUNCIL

Annual Governance Statement

2018/19

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.

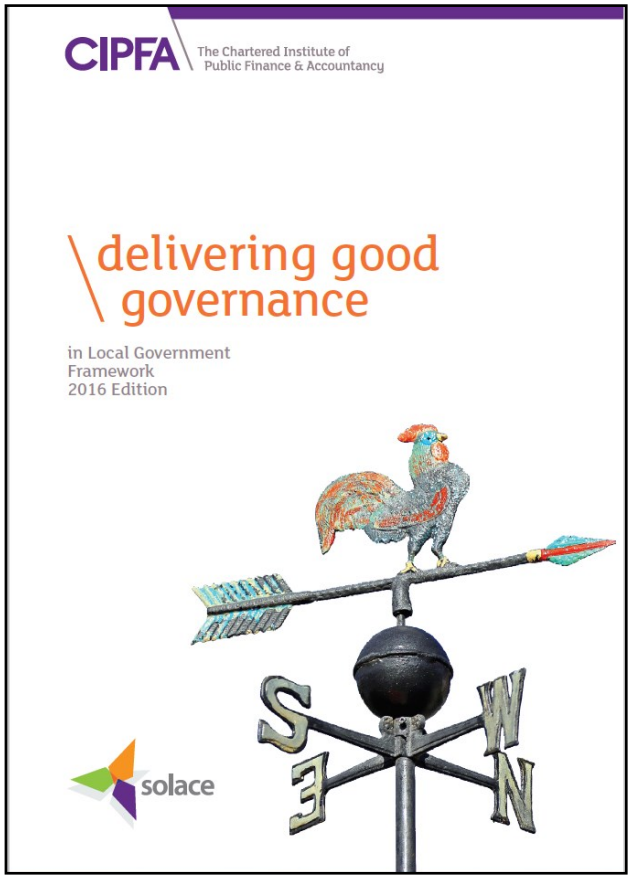
Fareham Borough Council also has a duty under the Local Government Act 1999 to make arrangements securing continuous improvements to the ways in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The 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 Chartered Institute of Public Finance and Accountancy's 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 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 2019 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.

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

We have developed a Freedom of Information Publication Scheme which is published on our website 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 here:

http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx

We have reviewed compliance with the latest requirements of the Transparency Code and carry out reviews of any further changes needed.

In 2018/19 we have improved the content and layout of the "Have your say" pages on our website making it easier to take part in consultations and get feedback from the public. You can find out more here:

http://www.fareham.gov.uk/have_your_say/

Community Communication

The Council's approach to communication is set out in the Communications and Engagement Strategy which is monitored and updated periodically. The next periodic review is in progress, due for completion in 2019/20.

We have moved the Council magazine "Fareham Today" to be a primarily online publication which is now produced three times a year. Households still have an option of requesting printed copies or receiving email alerts when an edition is published. Approximately 1,350 households have signed up to receive individual copies with a further 350 receiving email alerts.

We continue to see a consistent growth in followers on social media channels like Facebook and Twitter which give us ways to have informal two-way conservations with a wider range of people. We use the Council Connect stand in the Town Centre to display a range of material on targeted themes throughout the year. Themes this year included: the Welborne planning application consultation, Give Plastic the Push campaign, and the Daedalus 75 event in June 2019. 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 1,600 residents. In 2018/19 we carried out a refresh of the e-panel to make the content more engaging and to ensure we are fully compliant with the requirements of the General Data Protection Regulation in terms of who was included in consultations. 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.

Alternative approaches used this year included use of a play area game to encourage children to take part in a consultation; a Business Breakfast used to talk about the town centre and clarify the role of the Council; and a Pizza evening to aid procurement engagement with local building firms.

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

In 2018/19 almost 9,000 people responded to 26 consultations and events. Key consultations this year have been on the Welborne Planning application, the review of the vision for Daedalus, producing a vision for Ferneham Hall and naming of the new countryside park, "Abbey Meadows".

Council's Visions and Outcomes

The Council's governance arrangements support the realisation of the Council's mission and objectives.

Our Corporate Strategy 2017-2023 describes an overall vision for the Borough - **Fareham: a prosperous and attractive place to be**. It 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 2018/19 we conducted an annual review of the Corporate Strategy which was reported to the Policy and Resources Scrutiny Panel and Executive in November, and the changes were approved by Council in December.

A project plan has been drawn up to deliver the priorities which is monitored by the Chief Executive's Management Team twice a year. A process is being developed to feed the finances, needed to deliver the Corporate Priorities set, into the Medium-Term Financial Strategy.

Notable achievements from the Strategy to date are delivery of the Holly Hill Leisure Centre, the extension to the Innovation Centre at Daedalus, and the sport pitches and play area at the Coldeast site. The refurbishment of Westbury Manor Museum has also been completed and the Council has supported the construction of the road improvement scheme at Newgate Lane.

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 10/10 surveys.

We also monitor any changes in demographics in the Borough which may influence what our priorities should be.

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 reviewing our services using 'Systems Thinking' which redefines the purpose from the customer's point of view and puts them at the heart of the processes we use to deliver them. Reviews result in improved customer experiences and faster service delivery

In 2018/19, reviews commenced in Tenancy Services and the Building Control partnership. The review of StreetScene has continued to expand into other areas and there has been a continuation of work in 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 Executive's Management Team and the Executive. During 2018/19 the LSAs were reviewed to reflect the latest developments and a section added in on major achievements in the year. The LSAs include a list of key performance measures which are monitored during the year and over years including 10/10 survey results. These indicators are being continually revised as we determine what measures truly match the purpose of the service.

In 2019 the Public Relations and Communications team were awarded Best Public Sector Team of the year in the PRide awards given by the Chartered Institute of Public Relations.

The Council has a corporate efficiency plan which identifies cost saving actions to offset funding reductions. In 2018/19 £986,000 of savings were built into the budgets from the 2016 efficiency plan. During 2018/19 we carried out a series of discussions with Heads of Service to identify further opportunities for income generation and cost reduction to support the next five year Financial Strategy. This resulted in the development of an "Opportunities Plan" which included the need to use reserves to support delivery of the programme, including the establishment of a Project Team. It was possible to build in £587,000 of this plan already into the 2019/20 budgets.

The Council continues to buy some goods and services jointly with other councils, and build upon successful services delivered jointly with other local authorities. For example in 2018/19 Hampshire councils, led by Portsmouth City Council, jointly procured the external audit of the Housing Benefit subsidy claim work for the next four years.

Work has also started to retender for our insurance provider. Fareham leads on this as a joint procurement in Hampshire as part of the Hampshire Insurance Forum.

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 offices: 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 by the Democratic Services team to keep it as a single reference source that meets the needs of its users. A refreshed website of the revised constitution went live early in 2018/19. An annual report to the Audit and Governance Committee was also introduced to advise members on updates made to the constitution during the year. This is being supplemented by separate reports to members where approval is needed for changes. For example, in 2018/19 there was a major change to the operation of the Scrutiny Panels. Work is being targeted in 2019/20 to refresh the Constitution procedure rules (Part 3).

There is a designated post which covers the Monitoring Officer responsibilities. The post-holder retired at the end of March 2019 and so there was a comprehensive hand over to the new designated post-holder. The Monitoring Officer keeps appraised of changes in requirements by attending appropriate courses and the Council subscribes to a national service to obtain advice as necessary. These arrangements will continue with the new post holder.

Decision Making

The Constitution, including the Schemes of Delegation, set 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. During 2019/20 we will be investing in technology to allow the meetings to become paperless. 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. These are discussed in advance by the Chief Executive's Management Team.

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. During 2018/19 a Vanguard review was completed to assess the output and purpose of the Scrutiny Board and Policy Development and Review Panels.

The review identified the need for a strengthened Scrutiny Function and therefore at its meeting in October, the Council approved the creation of a Scrutiny Panel for each of the six portfolio areas. This was rolled out in November 2018 using briefings with lead officers, the Panel chairmen and a Panel briefing at the start of each of the new Panel meetings.

FAREHAM
BOROUGH COUNCIL

Report to Council
11 October 2018

Subject: **Review of Policy Development and Review Panels and Scrutiny Board Meetings**

Report of: **Head of Democratic Services**

SUMMARY

This report provides the details of the Vanguard Intervention review of Committee Services, focussing on the work of the Policy Development and Review Panels and the Scrutiny Board. The Scrutiny Board and the Executive have been consulted on the proposals for changes to the Council's Committee Structure and no amendments were made to the proposals.

Each Panel is made up of seven non-executive councillors and reflects the political balance of the elected members. The Panels now meet a minimum of four times a year with extra meetings called when needed.

Each Scrutiny Panel has a Priority Plan which identifies the objectives from the Corporate Strategy and areas of the executive function that require their scrutiny. Part of their new focus is to be engaged in pre-scrutiny work and have an input in the decision making process by making recommendations to the Executive.

For example, in 2019 the Planning and Development Scrutiny Panel carried out a pre-scrutiny role of the Draft Local Plan consultation proposals.

A review of how the new Scrutiny Panels are performing will be carried out once they have been in place for a year, to confirm that the new arrangements are being consistently applied across the Council.

There were no decisions called in during 2018/19. The Scrutiny Board did, however, carry out a review of how a petition was handled and concluded that 'the steps taken by the Council in response to the submitted petition were correct'. The Board also received a further presentation from the Hampshire Fire and Rescue Service in 2018/19.

HAMPSHIRE
FIRE AND
RESCUE
SERVICE

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. New members receive an induction session on the content of the Code. Specific training on communication with the media is planned for 2019/20.

A report is presented annually to the Audit and Governance Committee setting out the number of complaints received about member conduct and the trends. A standards sub-committee is set up when a significant breach by a member requires investigation and the conclusion is reported at the next meeting of the Audit and Governance Committee and Full Council. The standards sub-committee was not convened in 2018/19.

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 2019/20. Other arrangements, such as the register for 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 2019/20. A new platform for the Register of interests will also be developed in 2019/20.

An internal audit of "ethics" was carried out in 2015/16 which included an employee survey. This gave positive assurance that appropriate arrangements are in place to manage behaviours. Follow up survey questions and focus group discussions were carried out in 2017 and 2018. These have fed into the work streams on Whistleblowing, Employee Registers of Gifts and Hospitality and the Procurement and Contract Procedure Rules.

Whistleblowing

The Council's Whistleblowing Policy is reviewed by the Audit and Governance Committee as required. 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.

Records are kept of incidents of whistleblowing and the results of investigations arising. Statistics are reported to the Audit and Governance Committee annually.

Focus groups were used in 2017/18 to challenge the effectiveness of the policy which led to a rebranding in 2018/19 as the "Raise a Concern Policy". During 2019/20 we will be rolling out further training for managers and employees on raising concerns using the Skillgate platform.

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 are reviewed individually with new members appointed in the year and any additional training needs identified. A central library is also maintained to allow members to access briefing information outside of training events.

The programme is supplemented by specific topic briefings for members. Six member training/briefing events took place in 2018/19, including sessions on the General Data Protection Regulation, Welborne and Affordable Housing.

Officer training and development is based around a simplified individual performance management process. A review of this process was undertaken using structured interviews in 2017/18. A number of actions have been agreed which will be implemented in 2019/20. These include rolling out training and support for managers to assist them with delivering the Council's vision for individual performance management.

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. In-house training sessions are delivered by a combination of online training for theory with face to face sessions for practical learning.

The Council's online 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 online induction package through Skillgate which includes a number of tests and checks of understanding before the programme is complete.

In 2018/19 we have been utilising an external consultant who has commenced leadership training with the senior management team.

Other specific training in 2018/19 included using an external trainer to carry out corporate refresher training on the Regulation of Investigatory Powers Act. Learning and development has also continued in the Department of Fareham Housing through briefing sessions and action based learning in relation to fire risks in properties. An external trainer was also engaged to deliver training on CCTV responsibilities across the Council.

In 2019/20 we are developing a holist approach to awareness of mental health and emotional wellbeing issues. This will include training for managers and supervisors to supplement our on-going support to employees.

In 2017/18 we adopted a new approach to recruiting, developing and employing apprentices in line with the government apprenticeship levy. The new framework enables us to offer training opportunities on a wider basis than the previous traditional apprenticeship route. As at the end of 2018/19 we have ten employees in the apprenticeship scheme which is fully utilising our levy funding.

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. In 2018/19 the legal partnership was named Legal Team of the Year at the Local Government Legal Awards 2018.

In 2019/20 there are plans to extend the property legal team to deal with the number of property related corporate projects.

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 are introduced to provide information when needed. For example, in 2018/19 the Chief Executive's Management Team received regular updates on the work being carried out to comply with the General Data Protection Regulation. A Vanguard review of how the Council manages external requests for information, such as under the Freedom of Information Act 2000, has commenced for completion in 2019/20.

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. A new policy on handling vexatious complaints was introduced in 2018/19.

During 2018/19 we also developed and implemented a new approach to procurement as set out in the new Procurement and Contract Procedure Rules.

This was supported by a series of member and officer workshops. There have also been a buyers' event and a presentation to representatives of the Chamber of Commerce, Federation of Small Businesses and Segensworth Business Improvement District and the Local Enterprise Partnership.

The new approach includes the introduction of an annual report on the application of the new rules. The first of these is due in 2019/20.

The review of the Council's Financial Regulations to streamline down to the key rules has also been completed. These enable the Council to manage its financial affairs using available resources. The amalgamated rules are due to be presented to the Audit and Governance Committee for launch in 2019/20.

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 to be considered and reflected promptly in the Council's financial plans. The Council's Medium Term Finance Strategy (MTFS) and Treasury Management Strategy are updated each year and approved by Members. During 2018/19 the content of the MTFS and the supporting documents were reviewed to improve the visibility of the different financial influences such as the corporate priorities. The Strategy has predicted a funding gap in 2020/21. An Opportunities Plan was therefore developed in 2018/19 to identify ways of bridging the gap and buffering the Council from future pressures. The Policy and Resources Scrutiny Panel requested and received a presentation on the key messages arising from this Strategy. Further work will also be carried out in 2019/20 to update the cost implications of delivering the corporate priorities, and to update the Strategy for any implications arising from the Fair Funding Review.

Finances are monitored regularly through reporting and discussions with budget holders, directors and the relevant portfolio holder. Accountants are established as Finance Business Partners (FBP) to the services they support and contribute to the development of their services.

In 2019/20 we plan to expand the information provided to managers using a new drill down tool, which was piloted in 2018/19 to provide better information on spend with Suppliers.

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

Twice yearly financial reports showing expenditure against budgets are prepared and presented to the Chief Finance Officer and Executive Members. These focus on services with spend or income over £1 million or which are subject to fluctuations in demand. Corporate financial forecasting meetings are scheduled monthly where the senior finance managers review the budgetary position and forthcoming pressures and opportunities to allow a forecast position to be established. A rota of FBP attendance has been introduced to give more detailed information about service spend.

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.

In 2018/19 we developed a new high-level Capital Strategy report which was presented to Full Council in February 2019; this meets the requirements of the new Prudential Code. This will be further expanded to provide further information that meets the local needs.

Risk Management

In 2017 the Council adopted a new approach to Risk Management using system thinking principles. This puts the focus on managing risks as an everyday normal Council activity rather than using resources to maintain corporate risk registers. This policy consists of seven principles and includes arrangements for monitoring the effectiveness of the policy.

A joint review by the audit and insurance teams was carried out in 2018/19 looking at the ownership of risk inspections in public areas.

Work will be progressed in 2019/20 to implement the actions arising to strengthen our arrangements.

A key component of the policy is to embed a culture of everyone acting as the eyes and ears of the Borough. This message was strengthened in 2018/19 through the Brief the Chief meetings. A crib sheet of "who to report issues to" has also been piloted.

FAREHAM
BOROUGH COUNCIL

WHO TO CONTACT WHEN YOU SEE SOMETHING

What Type of Problem have you seen?	Things the service is interested in	Which service To Contact
Abandoned Vehicle		Street Scene – Civil Enforce't
Bins - Domestic	Abandoned, bins out of place, all other domestic bin related issues	Street Scene – Refuse
Bins – Litter	Excessive amounts present in a location, overflowing litter bins	Street Scene - Operations
Bins – Recycling Banks	Overflowing bring banks e.g. glass	Street Scene – Operations/waste
Bus Shelters	Broken, graffiti	Street Scene – Parks Group
Car Parks	Trip hazards within, lighting problems, machine problems, ticket problems	Enviro Health - Parking
Cemetery		Street Scene – Parks Group
Construction – see Planning		

Emergency Planning and Business Continuity

In accordance with the Civil Contingencies Act 2004, the Council worked in partnership with Portsmouth and Southampton's Joint Emergency Preparedness, Resilience and Response Team to ensure its readiness to respond to emergencies is maintained in 2018/19.

Monthly meetings have identified areas within emergency planning that require revision and updating. During 2018/19 Fareham's Emergency Response Plan underwent its scheduled review, improvements were identified and introduced surrounding the functionality of the Emergency Control Centre. These changes were introduced taking consideration feedback from training and exercising undergone across multiple Local Authority areas within Hampshire.

In 2018/19 a new training and exercising schedule was developed, and introduced to train staff on the changes made to the Emergency Response Plan. Since implementation staff have attended a new training programme to ensure they are fully aware of the processes in place when responding to an incident within Fareham.

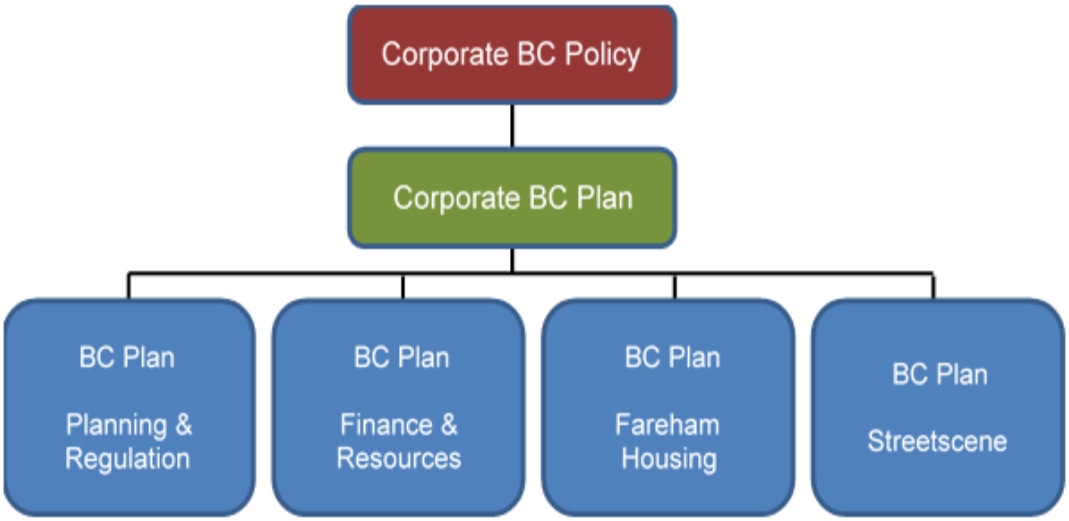
The Council demonstrated its ability to respond to an incident at any level within the Borough through its Annual Exercise “Amber Spark” at the end of January 2019. We will be further developing the arrangements in 2019/20 by strengthening the recruitment process for volunteers and updating the contracts directory.

The Council has a duty to ensure that Business Continuity Management Systems are in place to ensure that the authority can still provide its critical services when it is involved in an emergency response or faced with a disruption.

Fareham’s arrangements have undergone a review within 2018/19 and a revised approach has been developed comprising individual plans within each directorate. These plans are designed to aid and inform service recovery in the event of a major disruption of day-to-day activity. To enable a consistent review of the Business Continuity Plans short workshops are held with each service annually working through different scenarios.

The focus for 2019/20 will be to embed the new Business Continuity arrangements in place. A test of the Corporate Business Continuity Plan will be held in the summer of 2019 using a cyber threat scenario table top exercise.

Work was also carried out with Solent Airport (Daedalus) to review their arrangements for their D-Day 75 celebrations by a table top exercise. This will be followed by a live exercise to be held later in the year.



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. In 2018/19 these arrangements have changed to allow joint working on cases and prosecutions. At the end of the year we had eight open joint working cases.

In 2019/20 we are planning to refresh the sister Anti-Bribery Policy.

The Council has retained professional investigation skills and resources which are used to deliver a full programme of work. 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 2018/19 we started work to understand our risk of Business Rates fraud and undertook a few proactive campaigns; including the cross Hampshire data matches of Small Business Rates Relief. This identified two cases where businesses were underpaying.

We have also been starting to develop a platform that will allow us to carry out data matching exercises in-house.

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.

In 2018/19 we investigated 1,865 cases leading to 126 individual frauds or irregularities being found. These amounted to a total value of £300,000. The largest value of fraud found was for housing benefit payments (£220,000); the majority of this was found as a result of investigating council tax support cases.

Further statistics can be found on our Transparency webpage:

http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx#fraud

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. The Council maintains a Corporate List of its significant partnerships. This was last reviewed by the Chief Executive's Management Team in March 2019 to confirm the significance of the partnership, review any potential governance issues and review how each is performing.

The Council recognised seventeen partnerships of which ten were deemed significant to the Council in 2018/19.

The East Solent Coastal partnership was shortlisted in the Partnership category of the LGC awards in 2018.

Lead officers are assigned to each partnership. They are responsible for the 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, if there is one, and take an active part in discussions and decision making.

During 2018/19 the Head of Planning Strategy and Regeneration has been on a paid secondment for one day a week, undertaking work as the PUSH Planning Coordinator for the Chairman of the PUSH Planning Officers Group. This a rolling three month contract subject to the appointment of a full-time PUSH Project Manager.

GOSPORT Borough Council

SOUTHAMPTON CITY COUNCIL

Portsmouth CITY COUNCIL

Fareham's Community Safety Partnership

portchester crematorium

push Partnership for Urban South Hampshire

HAMPSHIRE CULTURAL TRUST

EASTERN SOLENT COASTAL PARTNERSHIP

BUILDING CONTROL PARTNERSHIP

INTEGRA

Internal Audit and Audit and Governance Committee

The Council has an internal audit service which delivers a risk based plan of work approved by the Audit and Governance Committee. We have applied "Systems Thinking" to the provision of the service to focus on what matters to the organisation. This has informed our Internal Audit Strategy which was updated in 2018/19. We carry out four different strands of work to inform the annual audit opinion and help the organisation improve its systems of control.

In 2018/19 the service was jointly delivered in partnership with Portsmouth City Council. This helps in the delivery of the whole scope of audit work and in maintaining independence. An exercise has also been carried out with other audit teams in Hampshire to document where assurances can 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. An action management system has been developed to improve the information available to managers and help capture updates on implementation. In 2018/19 we started a pilot approach to assist managers self serve the system which will be further developed in 2019/20.

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

The service operates to the Public Sector Internal Audit Standards and the Internal Audit Charter was updated in 2018/19 to reflect recent changes in the standards. Our annual review of compliance with the standards concluded that in 2018/19 we fully conformed with 48 of the 52 Audit Standards and partially conformed with the other four. Compensating activities are in place which included an external assessment undertaken by our audit partners last year.

The Council has an Audit and Governance Committee which undertakes the functions of an Audit Committee in accordance with the CIPFA guidance. It reports directly to the Full Council. It 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.

In 2018/19 a review of compliance with the 2018 guidance on effective Audit Committees, was published by the Chartered Institute of Public Finance and Accountancy. This identified that work was needed to review the flow of assurance about partnerships that the committee receives.

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 2019. The opinion given was that:

The Council had a framework of governance, risk management and control for the year 2018/19 which was generally working effectively, although some opportunities to strengthen arrangements were found in the year. 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 based on the following evidence:

⇒ *no "minimal" audit assurance opinions were again given this year;*

⇒ *the service audited which have undergone a Systems Thinking intervention (Planning Applications) this year has been given a 'strong' audit assurance opinion;*

⇒ *income or expenditure errors were recorded in three audits in the year, totalling over £6,000;*

⇒ *new essential recommendations (12) were found in seven areas of audit but managers are taking prompt action to address the issues found;*

⇒ *collaborative working on 3 system areas in the year is leading to improved control and efficiency.*

Significant areas noted where further action will enhance the adequacy and effectiveness of governance, risk management and control include:

◊ *Rolling out training and support for contract management, including where IT systems are provided by a third party in the Cloud.*

◊ *Strengthening debt collection and write off processes in a number of services..*

◊ *Review what partnership governance assurances are in place and how they flow to the Audit and Governance Committee*

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

There has been significant progress made on issues highlighted last year including:

- *Finalising the framework agreements for spend with contractors and suppliers used by Housing, Property and Building Services, which were in breach of FBC Procurement and Contract Procedure Rules.*
- *Carrying out manager briefings on the rules in the new Procurement and Contract Rules.*
- *Improving management control and the equipment and stock controls in Ferneham Hall.*
- *Carrying out proactive counter fraud campaigns.*

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

◊ *Carrying out the stock condition surveys and implementing asset management plans.*

◊ *Fully embed the systems for managing costs associated with housing repairs or move to an alternative system.*

◊ *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.*

◊ *Clarify the ICT security policies for the Council..*

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 September 2018 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.

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

- Annual certification report from the External auditors 2017/18;
- Report of the Local Government Ombudsman 2017/18;
- Ministerial Directive issued by the Department of the Environment, Food and Rural Affairs in relation to Air Quality (March 2019);
- DVLA assessment of our use of Keeper at Date of Event enquiries (October 2018);
- Vehicle Operators Compliance Risk Score (March 2019) and Vehicle Test History (March 2019) assessed by the Driver and Vehicle Standards Agency;
- HM Revenue and Customs review of employer compliance tax treatment (January 2019);
- Hampshire County Council review of our safeguarding arrangements (April 2018) and Building Control Partnership (March 2018);
- Compliance work undertaken to meet the requirements of the Public Service Network;
- Insurance company review of the Daedalus Airfield (October 2018);
- Partnership coverage by other internal audit teams.

Review of Effectiveness Conclusion

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;
- Highlights from Head of Audit's Annual Report 2018/19;
- Summary of 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.

Chief Executive's Assurance Group (CXAG)

Review of Effectiveness of the Governance Framework 2018/19

Conclusion options	Meaning
Status known and OK	The preliminary review concludes that CXAG do not need any further assurance on this area this year and no improvement action is needed. These are likely to have been the subject of specific assurance mechanisms through CXMT.
Status known with action	The preliminary review concludes that CXAG do not need any further assurance on this area this year but assurance mechanisms during the year suggest we may want to include an improvement action.
Further Info needed	CXAG would like further assurance coming back to another meeting.

Elements making up the Governance Framework

Element	CXAG Conclusion	Areas already addressed 2018/19	Possible Actions for further improvement 2019/20
Essential Elements in the Guidance			

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 2017/18 Annual Governance Statement

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

	Issue 2017/18	Status	Update 2018/19
1	Refresh the e-panel to make the content more engaging and to ensure we are fully compliant with GDPR.	Complete	**Head of Leisure and Corporate Services** The email format of the correspondence with the e-panel has been redesigned to allow images and videos to be embedded. The panel graphics have also been rebranded. During 2018/19 everyone on the panel was required to re-register to ensure we had a clean database and everyone had signed up to the new privacy statement.
2	Develop a long-term plan for financing and prioritising the corporate projects.	In Progress	**Head of Finance and Audit** A corporate review has been carried out to map the corporate priorities to the new Scrutiny Panels. This has led to named officers assigned to the corporate projects needed to deliver the priorities. Finance officers will now be liaising with the lead officers to flesh out the requirements and identify those which do not currently have ear marked financial provision.
3	Continue with the next phase of Systems Thinking reviews of Council services including Building Control, Tree Management and StreetScene.	Complete	**Head of Leisure and Corporate Services** In 2018/19, reviews have commenced in Tenancy Services and the Building Control partnership. The review of StreetScene has continued to expand into other areas and there has been a continuation of work in Democratic Services.
4	Carry out Finance Strategy reviews with Heads of Service and produce an action plan to bridge the future funding gap.	Complete	**Head of Finance and Audit** Eleven meetings were held with individual Heads of Service and their financial business partner which generated 132 ideas to reduce costs or increase income. These were reviewed by senior managers and the priority projects agreed in an "Opportunities Plan". This included the need to use reserves to support delivery of part of the programme. The proposal was approved by members and the recruitment to the Project Team has now been completed.
5	Introduce an annual report to the Audit and Governance Committee on updates made to the constitution.	Complete	**Head of Democratic Services** The first annual report was presented to the Audit and Governance Committee in November 2018 and there has also been a significant update taken to the March 2019 committee.
6	Complete the full review of the effectiveness of the Scrutiny Board and the Policy Development and Review Panels and implement any recommendations arising.	Complete	**Head of Democratic Services** During 2018/19 a vanguard review was completed to assess the output and purpose of the Scrutiny Board and Policy Development and Review Panels. The review identified the need for a strengthened Scrutiny Function and therefore at its meeting in October, the Council approved the creation of a Scrutiny Panel for each of the six portfolio areas. This was rolled out in November 2018 using briefings with lead officers, the Panel chairmen and a Panel briefing at the start of each of the new Panel meetings.

Actions taken to address the issues raised in the 2017/18 Annual Governance Statement

	Issue 2017/18	Status	Update 2018/19
7	Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/Fwd.).	**No progress to date**	**Head of HR and ICT** Resources have changed within the Human Resources Team which has affected the delivery of policy work. We are therefore hoping to finish this review in 2019/20.
8	Finalise and launch the revised employee gifts and hospitality and interests' policy. (B/Fwd.)	**No progress to date**	**Head of Finance and Audit** Due to competing priorities we have not been able to progress this policy this year. We are hoping to therefore complete this review in 2019/209 when the new platform for registering interests is launched.
9	Develop fire risk assessment training for officers visiting properties.	**Superseded**	**Director of Fareham Housing** The approach to fire risk in housing has developed during the year. Whilst officers visiting properties have been briefed on what to look out for, particularly in relation to the integrity of fire doors, wide spread training has not been given. Instead an officers action group have been meeting quarterly to implement actions identified from risk assessments carried out by an external contractor, and to review the implications of the new MHCLG standard for fire doors. The decision has now been made to utilise a further external contractor to carry out fire door inspections to establish the stand still position against the standard after which the use of in-house officers and the need for training will be reviewed.
10	Develop a programme of training and support for managers of all levels to assist them with delivering the Council's vision for individual performance management.	**In Progress**	**Head of HR and ICT** Resources have changed within the Human Resources Team which has affected the delivery of our plan for management development. However, we have been utilising an external consultant who has commenced leadership training with the senior management team. We are therefore hoping to finish this review in 2019/20.
11	Develop a new high-level Capital Strategy report for Full Council to meet the requirements of the new Prudential Code.	**Complete**	**Finance Strategy and Development Manager** To prepare for the new Capital Strategy, the Finance Manager attended two CIPFA workshops and one workshop run by the Council's treasury advisors, Arlingclose. Arlingclose provided a template which covered all the requirements of the Prudential Code. This was used to produce the first Capital Strategy which was approved by Full Council on 22 February 2019. http://moderngov.fareham.gov.uk/documents/s22191/Appendix%20B%20Capital%20Strategy.pdf
12	Roll out the new action management system to service managers and improve information available on the level of action implementation. (B/Fwd)	**In Progress**	**Head of Finance and Audit** In 2018/19 we started working with a pilot service to develop a training session and guide that can be provided to service managers in support of their use of the database. This has led to the need to make a few development changes to the system to make it more user friendly for services. We will continue the roll out in 2019/20.

Actions taken to address the issues raised in the 2017/18 Annual Governance Statement

	Issue 2017/18	Status	Update 2018/19
13	Complete the review of the Contract Procedure Rules and Financial Regulation 15 (Procurement) and roll out the new policy to managers.	**Complete**	**Head of Democratic Services and Head of Finance and Audit** In 2018/19 we completed a major revision of our procurement which amalgamated 3 previous documents into one new set of Procurement and Contract Procedure Rules. Roll out of the policy was supported by a series of members, senior manager, and service specific workshops.
14	Review the approach to Emergency Planning and Business Continuity following the new Emergency Planning agreement with Portsmouth and Southampton City Council.	**Complete**	**Head of Building Repairs and Maintenance Service** The Emergency response plan was reviewed using the learning from previous exercises at the Council and from multiple local authority areas and agencies in Hampshire and changes were introduced surrounding the functionality of the Emergency Control Centre. These were rolled out and tested through training and an exercise in January 2019. The Business Continuity arrangements have also undergone a review within 2018/19 and a revised approach has been developed comprising of individual plans within each directorate.

Status
Complete
In Progress
Superseded
No progress to date

Planned Governance Improvements 2019/20

Whilst there have been a number of improvements made through the year, the Council strives for continuous improvement. Therefore, following the review of effectiveness, we have selected the following improvement opportunities, for priority action in the next year. Some of these relate to actions not yet fully complete from previous years:

Ref	Part of Framework	Planned Improvement	Lead officer
1	Partnerships and Governance	**Review what partnership governance assurances are in place and how they flow to the Audit and Governance Committee.**	Head of Finance and Audit
2	Council's Vision and Outcomes	**Develop a process to feed the finances needed to deliver the priorities set out in the Corporate Strategy, into the Medium-Term Financial Strategy. (B/fwd)**	Head of Finance and Audit
3	Community Communication	**Complete the periodic review of the Communications and Engagement Strategy**	Director of Leisure and Community
4	Scrutiny	**Carry out a post-implementation review of the new Scrutiny Panels, once they have been in place for 12 months.**	Head of Democratic Services
5	Codes of Conduct	**Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/fwd)**	Director of Support Services
6	Codes of Conduct	**Carry out a training session with members covering the media avenues available and the potential pitfalls to be aware of.**	Director of Leisure and Community
7	Whistleblowing	**Develop a Skillgate package for managers on how to handle concerns brought to their attention.**	Director of Support Services
8	Conflicts of Interest	**Launch the revised employee 'gifts and hospitality and interests' policy via Skillgate.**	Head of Finance and Audit
9	Training and Development	**Roll out mental health and wellbeing training and support for employees and managers.**	Director of Support Services
10	Head of Paid Service	**Develop a programme of training and support for managers of all levels to assist them with delivering the Council's vision for individual performance management. (B/fwd)**	Director of Support Services

Planned Governance Improvements 2018/19

Ref	Part of Framework	Planned Improvement	Lead officer
11	Compliance with relevant law and policies	**Complete a vanguard style review of how the Council manages external requests for information.**	Head of Democratic Services
12	Compliance with relevant law and policies	**Develop the annual report to provide senior managers assurance on compliance with the new Procurement and Contract Procedure Rules.**	Head of Finance and Audit
13	Compliance with relevant law and policies	**Finalise the revised version of the Financial Procedure Rules for committee approval and communication to employees**	Head of Finance and Audit
14	Financial Management	**Review the implications of the Fair Funding Review for the Medium Term Financial Strategy.**	Finance Manager
15	Counter Fraud	**Refresh the Anti-Bribery Policy produced in 2011 and review awareness with the principles contained.**	Head of Finance and Audit
16	Internal Audit	**Roll out the new action management system to service managers and improve information available on the level of action implementation.** (B/fwd)	Head of Finance and Audit
17	Emergency Planning and Business Continuity	**Carry out a test of updated Business Continuity plans by way of a Table Top exercise.**	Head of Building Repairs and Maintenance Service

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