

**FAREHAM**  
BOROUGH COUNCIL

**Annual Governance  
Statement  
2021/22**

# 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.

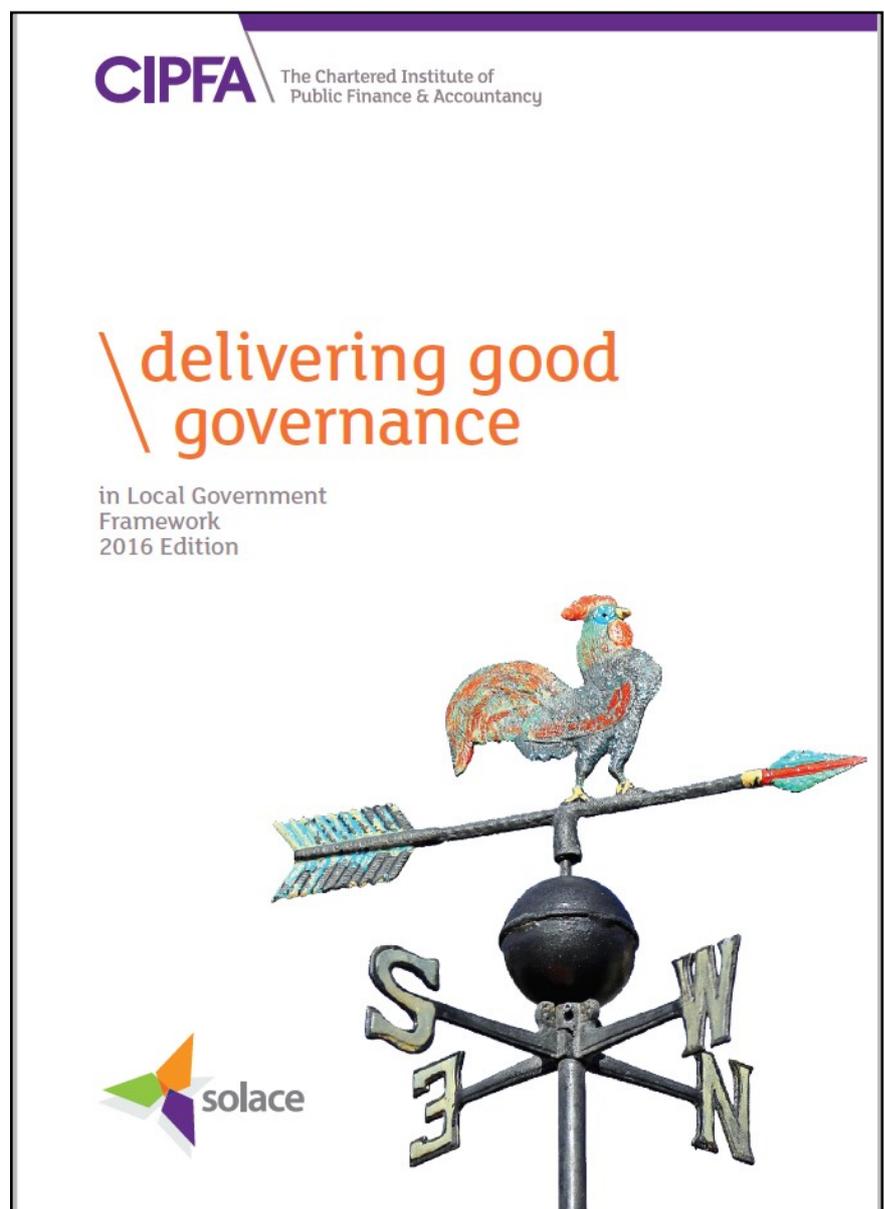
Fareham Borough Council also has a duty under the Local Government Act 1999 to make arrangements securing continuous improvements to the ways in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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.

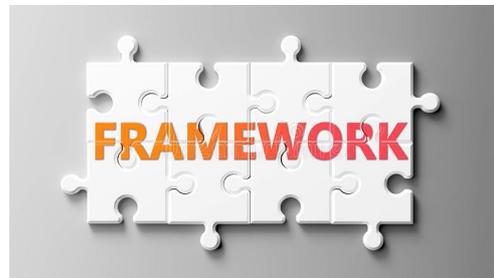
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing 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 2022 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 (CAT) meetings in particular allow open debate on hot topics that come up.

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

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

In 2021/22 CAT meetings recommenced; four meetings were held around the Borough which were linked to the revised Local Plan. They were complemented by virtual exhibitions on the same topic. A CAT style meeting was also hosted online on the Ward Boundary Review. Consultations planned for 2022/23 are the Local Plan changes and Welborne.

A Freedom of Information Publication Scheme has been developed 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 at: [http://www.fareham.gov.uk/about\\_the\\_council/financial\\_information/intro.aspx](http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx)

Periodic reviews are also carried out to ensure compliance with the latest requirements of the Transparency Code. The next review is planned for 2022/23.

The Council also aims to respond to all Freedom of Information requests received. During 2021/22 661 responses were issued.

# Community Communication

The Council's approach to communication is set out in the Communications and Engagement Strategy. This covers how the council seeks to engage with the local community, including those who are harder to reach. This is being realigned with the Corporate Strategy review and should be finalised in 2022/23. The review is considering other ways to maximise engagement, especially for people in the community with no online access.

The Council magazine "Fareham Today" is primarily an online publication which is produced three times a year. Special editions are produced as required to focus on key topics. For example in 2021/22, a special edition for the local plan was produced. Households can still request a printed copy or receive email alerts when an edition is published. By the end of 2021/22 more than 1,337 households have signed up to receive printed or email copies and another 1,339 have the email alert.

The growth in followers on social media has continued which enables informal, two-way conversations with a wider range of people. In 2021/22 the Council saw an increase in Instagram followers from 1,096 to 2,038 between July 2021 and June 2022.

The Council has installed a new digital screen in Fareham Town Centre. There are also 43 community notice boards

throughout the borough to display a range of material on targeted themes in the year.

During 2021/22 the content of the business e-newsletter was broadened to cover wider business news and this will be developed

further in 2022/23. Currently over 2100 businesses are signed up to the newsletter. In March 2022 a gardening club newsletter was introduced for the new garden waste customers which currently has 15,589 subscribers.

The Council has a Public Relations, Marketing and Consultation Team who coordinate and undertake community consultations using a variety of methods. The team encourages all departments to seek advice on communication methods to be used for events, and information. When appropriate an equality impact assessment will be undertaken. The council also sets equality policy objectives which are currently under review and will be finalised in 2022/23.

Communication methods include use of an e-panel of over 2,200 residents. The council also has conversations (called 10/10 surveys) with a sample of residents who use key services, which allows us to obtain feedback about what matters to our customers for future improvements. These were put on hold during the pandemic and will resume in 2022/23. In 2021/22 more than 2,800 people responded to sixteen consultations and events. Subjects included the homelessness and rough sleeping strategy, play areas, parking, sheltered housing and the dog public spaces protection order.

The Council ran a major communications campaign to support the introduction of the subscription based garden waste collection. The plan was very successful and has been nominated for a national award.

There was no use made of focus groups in the year although they remain a tool to be used when appropriate.



# Council's Visions and Outcomes

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 2021/22 the Council embarked on a full review of the Corporate Strategy for completion in 2022/23.

A project plan has been drawn up to deliver the Strategy priorities which is monitored by the Chief Executive's Management Team twice a year. A process is being developed to quantify the finances needed to deliver the Corporate Priorities set, and feed these into the Medium-Term Financial Strategy. Notable achievements from the Strategy in 2021/22 include :

- ✓ The Fareham Live project was restarted and revised tenders for the build were sought.
- ✓ The construction of four new industrial business units at Faraday business park at Daedalus has been completed and the units are being marketed
- ✓ The introduction of coastal parking charges (opportunities plan project)
- ✓ The subscription for the garden waste collection service was commenced
- ✓ Introduction of hydro-treated vegetable oil fuel in the garden waste collection vehicles and the purchase of the first electric vehicle

The Council's purpose and objectives are often affected by changes in legislation and government. For example, the levelling up agenda, climate change targets and government's waste strategy will be influencing the next Corporate Strategy. The information from our communication channels is used to put these into local context and identify local priorities.

Some changes need quicker responses outside of the strategic planning process. For example during 2021/22, the Council continued with its pandemic response including issuing a further £7.5 million of business grants and reliefs.

Any changes in the demographics in the Borough are monitored which may influence what our priorities should be. In 2022/23 this will include a review of the 2021 census.

The Leader of the Council usually chairs discussions at the summer Community Action Team meetings around the Borough on the Council's vision, objectives, achievements and priorities. However, these were also placed on hold this year due to the pandemic. These will be reinstated in 2022/23.



# 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.

Services have been reviewed using 'Systems Thinking' which redefines the purpose from the customer's point of view putting them at the heart of everything we do. Reviews result in improved customer experience and faster service delivery. Further training on the approach was rolled out in 2019/20 for new managers and key officers and checks were carried out to ensure momentum for keeping the customer at the heart of the organisation were continuing. In 2022/23 we will review the current position of past interventions and the progress made.

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 the Council is doing on delivering key services in line with its corporate priorities. They are usually updated annually and reviewed by the Chief Executive's Management Team and the Executive. The latest review is in progress and scheduled for completion by November 2022. LSAs include a list of key performance measures which are monitored during the year including 10/10 survey results where available.

The Council has a corporate Opportunities Plan which identifies opportunities for income generation and cost reduction to support the five year Medium-Term Finance Strategy. In 2021/22 three significant projects from the plan were delivered which was the introduction of a chargeable garden waste service, the tree review and introduction of coastal parking charges. Projects in progress for 2022/23 include the mobile phone review, vehicle replacement programme and planning appeals.

To date £3,063,420 of savings from the Opportunities Plan work has been built into the Council's budgets, including £1,435,500 built in for 2021/22.

The council also seeks to identify external funding opportunities which in 2021/22 included successful bids for Welcome Back Fund and Keeping High Street Safe funds. The potential of the levelling up fund was also explored and the first bid made which was unsuccessful. This is being explored further in 2022/23.

The Council has a dedicated procurement team in place to help achieve value for money and service quality from purchasing and letting of contracts, to providing support, guidance, advice and challenge in the procurement process. Wherever appropriate, tenders are used to test the market with a view of achieving best value contracts. In 2021/22 and going forward it is noted that commodity prices, in particular, are on the increase globally which may restrict the savings achievable. However, the Crown Commercial service benefit report of 2021/22 indicated that the council was benefiting to the tune of £136,000 from the frameworks it was party to. The work of the team during 2021/22 included the successful tenders for various projects including the Agency staff framework agreement and the Click and Collect software contract.

The Council continues to work in partnership with other councils and uses the joint tendering power this brings to secure interest and savings in projects. For example, in 2021/22 the council extended its contract for the provision of Internal Audit Services with Portsmouth City Council as it is recognised that this represents good value for money. The Building Control Partnership contract for bulk scanning of documentation on behalf of Fareham and Gosport Borough Councils and Portsmouth City Council was implemented and is costing lower than estimated.

In 2021/22 continued support was given to our critical suppliers affected by the pandemic to minimise the impact on our services. Suppliers also continued to be paid immediately on receipt of authorised invoices.



# 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 is readily available on the Council's website.

During 2021/22 the use of virtual meetings introduced following the Coronavirus Act came to an end and meetings resumed in person.

An annual report to the Audit and Governance Committee is produced which advises members on any updates made to the constitution. In 2021/22 the review of the Constitution Procedure Rules (Part 3) was continued; and this work will be finalised in 2022/23.

There is a designated post which covers the Monitoring Officer responsibilities; this was operational throughout 2021/22. The Monitoring Officer keeps apprised of changes in requirements by attending appropriate courses and the Council subscribes to a national service to obtain advice as necessary.

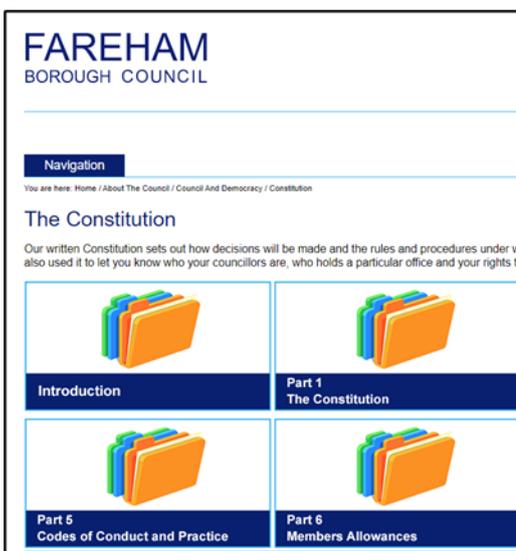
## Decision Making

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

Decision making resumed by the use of live meetings throughout 2021/22. The Monitoring Officer and Chief Finance Officer maintain their legal responsibilities to ensure that the Council acts legally and within its financial means.

The Notice of Key Decisions highlights any key decisions due to be made and are published 28 days prior to enable transparency and opportunities for representation. These are discussed in by the Chief Executive's Management Team.

Where partnerships have been developed 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.

The Council uses a Scrutiny Panel for each of its six portfolio areas. Each Panel is made up of seven non-executive councillors and reflects the political balance of the elected members. The Panels normally meet a minimum of four times a year with extra meetings called when needed.

During 2021/22 there was a full schedule of scrutiny panel meetings. In addition, two new panels commenced in 2021/22 to specifically focus on Climate Change and Daedalus. A visit to the Daedalus site was also arranged for the Daedalus scrutiny panel members .

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; for example budget setting fall under the Policy and Resources Scrutiny Panel. Part of the panels' focus is to be engaged in pre-scrutiny work and to have an input in the decision making process by making recommendations to the Executive. In some cases specific member working groups are in place to assist in the development of service visions and strategies.

For example, in 2021/22 Scrutiny Panels looked at:

- Citizens Advice bureau
- Council Services carbon footprint
- Availability of burial plots in council's cemeteries
- Cleaning contract standards for council owned flats
- Pilot scheme for use of hydro treated vegetable oil in council vehicles

Examples of reports that went to the Scrutiny Panels for pre-scrutiny prior to going to the Executive Committee included:

- Homelessness and rough sleeping strategy
- Council Tree Service Review
- Review of Community Buildings

Following post scrutiny of the Executive Committee, there was one decision called in during 2021/22. This related to a Traffic Regulation Order.



# Codes of Conduct

In accordance with the Localism Act 2011 the Council has a Code of Conduct which sets out the behaviours expected from our members, and arrangements in place to deal with matters of ethics, honesty and member conduct. A national review of the code is being conducted by the LGA and ours will be updated to reflect this. In the meantime an amendment needed to the Local Code has been identified and will be introduced in 2022/23. A review of the local procedures for investigating Member Code of Conduct complaints is planned for 2022/23 to improve and simplify our processes and update documentation accordingly.

New members receive an induction session on the Code and in 2021/22 a members media pack was developed and provided, with a briefing to all members in 2022/23.

A report is presented annually to the Audit and Governance Committee setting out the number of complaints received about members and any common themes. 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 2021/22.

The Council's Code of Conduct and Disciplinary Rules and Procedure aim 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. All new employees complete induction on the content of the Code. A review of the code started in 2016/17 but was delayed in order to reflect the National Code of Conduct, however the national review has now ceased. In the meantime the council has continued to update and simplify it's own code and this will be finalised early in 2022/23.

A revised policy on employee gifts, hospitality and interests has been drafted to meet the needs of the Bribery Act and will be finalised in 2022/23 along with a new platform for the Registration of interests.

## 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.

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 2022/23 further training for managers and employees will be rolled out, on raising concerns, using the Skillgate platform. This has been delayed due to the pandemic.

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

During 2021/22 there was one investigation resulting from internal whistleblowing.

# 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. In order to comply with our regulatory function requirements refresher training is delivered for all planning committee and licensing and regulatory affairs committee members.

The programme is supplemented by specific topic briefings for members, some of which are all member events and others are for specific committee members. During 2021/22 four briefing events took place, covering the tree review, members safety, affordable housing and restarting the remodelling of Fareham Live. In 2021/22 the move to paperless committees was commenced and piloted by the Executive committees. This will be fully rolled out 2022/23.

Officer training and development is based around a simplified individual performance management process. In 2020/21 a suite of management development documents were published to support managers leading remote and hybrid teams. In 2021/22 a work programme was developed and piloted to support managers and supervisors in managing remote workforces. In 2022/23 this programme will be rolled out across the organisation.

In 2021/22 individual coaching sessions were reintroduced with employees where appropriate and these will continue into 2022/23 with an expanded resource available.

There is a coordinated approach to identifying the training needs of the organisation which helps us make the most of money spent on employee development and training.

The Council's online training suite, Skillgate, is available for both members and employees, and includes the facility 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 understanding checks before the programme is complete. Completion of the programme is monitored by a designated Human Resources officer.

In 2020/21 methodologies available to continuously disseminate ICT Security policy messages to employees were reviewed and further methods were utilised in 2021/22. These will continue into 2022/23 varying the approach to keep the subject fresh.

A leadership training programme is being delivered with the Senior Management Team. This recommenced in 2021/22 and will be finalised in 2022/23. Specific training in 2021/22 included further menopause awareness group sessions and 1:1s.

A holistic approach to awareness of mental health and emotional wellbeing issues has been continued with sessions delivered to cover 'Managing People with Mental Health Issues' and 'Wellbeing at Work'. This will continue with policy work in 2022/23.

An approach has been adopted to recruiting, developing and employing apprentices in line with the government apprenticeship levy. As at the end of 2021/22 two employees currently remain in the scheme which are being funded by levy funding. The council has purchased a new recruitment system which will be implemented in 2022/23. This will provide a more efficient administration process and a better experience for the candidates. Professional Officer time can then be more focussed on adding value to the process and improving the quality of recruitment decisions.



# Ensuring Compliance with Relevant Laws and Polices

Fareham Borough Council and Southampton City Council are in an established award-winning 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 ongoing compliance. The partnership has been extended for two years to allow a full review of the partnership for implementation by March 2023.

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.

A Vanguard review of how the Council manages external requests for information, such as under the Freedom of Information Act 2000, was carried out. The processes being used have been vindicated by some positive judgements by the ICO in 2021/22. This has led to some changes to internal processes used and this work will continue into 2022/23.

Key policies are regularly reviewed to ensure they are up to date and relevant. New and refresher training is rolled out when considered appropriate. It was identified in 2020/21 that the Council needed to formalise its response to the Criminal Finances Act 2017. A project has been undertaken in 2021/22 to review the Council's policies and procedures to prevent the facilitation of tax evasion and this concluded that the Council already has preventative measures in place, which are now being strengthened by a few

identified actions.

The Council's procurement and contract procedure rules set out how the council will balance compliance with procurement legislation and the Local Procurement Guiding Principles. These were updated in 2021/22 for the changes arising from Brexit and will continue to be monitored for changes arising from the Procurement Bill. In 2022/23 the council is aiming to strengthen internal processes including tender debriefs and increased engagement with local Small and medium Enterprises.

In 2022/23 reconsideration is being given to what support to provide to managers in relation to contract management best practice. In 2021/22 processes that are used to assess the financial standing of suppliers during the procurement process were strengthened and subsequent contract management of critical suppliers.

The Council's Financial Regulations were reviewed and adapted to meet the need to continue to work remotely during periods of restriction. During 2021/22 processes have been carried out to ensure that the new finance system has been configured in a way that complies with the regulations. During 2022/23 we will finalise the restoration of rules previously put on hold as appropriate.

In 2021/22 the council was inspected by the Investigatory Powers Commissioners Officer in relation to compliance with the Regulation of Investigatory Powers Act 2000. The council was also inspected by the DVLA in relation to the use of vehicle data for investigation. Both reviews gave positive assurance on the council's compliance with the law.

# Financial Management

The Council's arrangements conform to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government. During 2020 we refreshed our review of how well we conform to the 2016 statement.

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.

The Strategy had predicted a funding gap in 2020/21 and beyond. This was made worse by the impact of the pandemic particularly on the Council's income streams. It has also cost the Council around £300,000 to make adaptations to service provision and buildings to make them Covid compliant. Initially it was predicted that reserves would need to be used to fund the 2020/21 spend, but government grants were received to cover the shortfall. However, there remains an impact on income such as: car parking, property rents and trade waste which continue to be closely monitored.

An Opportunities Plan has been developed to identify ways of dealing with funding issues. Many of these projects have now been delivered but the plan continues to be extended to meet the new challenges.

The wider Finance Team are also focusing on the Collection Fund. The project has stalled due to the pandemic, but it is hoped to resume quarterly monitoring in 2022/23. Further work is also planned to assess the cost implications of delivering 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 they contribute to the development of their services. At the end of 2021/22 a new finance system went live which will strengthen all financial processes and reporting, including integrated budgeting and forecasting. The potential of the system will be further developed in 2022/23.

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)

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. Regular corporate financial forecasting meetings are scheduled where the senior finance managers review the budgetary position and forthcoming pressures and opportunities to allow a forecast position to be established.

The Council's financial recovery plan in 2020/21 continued to be implemented in 2021/22. In particular the FBP role in flagging good news and bad news from their services in relation to the financial situation was embedded. As part of the measures taken the Council has adopted a 'Living below our means' strategy. The risk assessment of the impact of the pandemic on key council revenue and capital projects was updated.

Regular reports on the Council's loans and investments and Capital Strategy are presented to the Chief Finance Officer, Chief Executive Officer, Executive and Full Council as appropriate. These meet the requirements of the Prudential Code. 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 2017 the Council adopted a new approach to Risk Management using system thinking principles. This puts the focus on managing risks as an everyday 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. This involves holding annual meetings with managers to ascertain risk management activity which has occurred in their services. Key risks arising from these discussions are documented and presented to the Chief Executive's Management Team and the Audit and Governance Committee in six-monthly reports.

In 2021/22 we reintroduced the annual meetings and captured Risk management activity in response to the pandemic at the service level. The content of the risk management report was also streamlined to make it less onerous to produce.

The risk management coverage has been expanded to include Legal Services and Solent Airport as specific topics.

Risk assessments in relation to Covid grant processes also continued.

## FAREHAM BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 14 March 2022

**Report of:** Head of Finance and Audit

**Subject:** RISK MANAGEMENT MONITORING REPORT

**SUMMARY**

# Emergency Planning and Business Continuity

In accordance with the Civil Contingencies Act 2004, the Council works in partnership with Portsmouth and Southampton's Joint Emergency Preparedness, Resilience and Response Team (EPRR) to ensure its readiness to respond to emergencies is maintained. Actual incidents are responded to in conjunction with Hampshire County Council.

There is also close linkage with the Hampshire and Isle of Wight Local Resilience Forum. The Council has continued to respond alongside multi-agency partners throughout the pandemic.

In 2021/22 the work programme faced disruption within Quarter 3 due to the emergence of the Omicron variant which resulted in the Council diverting resources appropriately to respond. The impacts following the Omicron variant resulted in postponing the Council's Annual Exercise until 2022-2023.

However, the Council has continued to demonstrate its ability to respond to incidents and emergencies throughout the year. The EPRR Team continue to support the Council via monthly meetings to identify additional areas within emergency planning that require revision and updating.

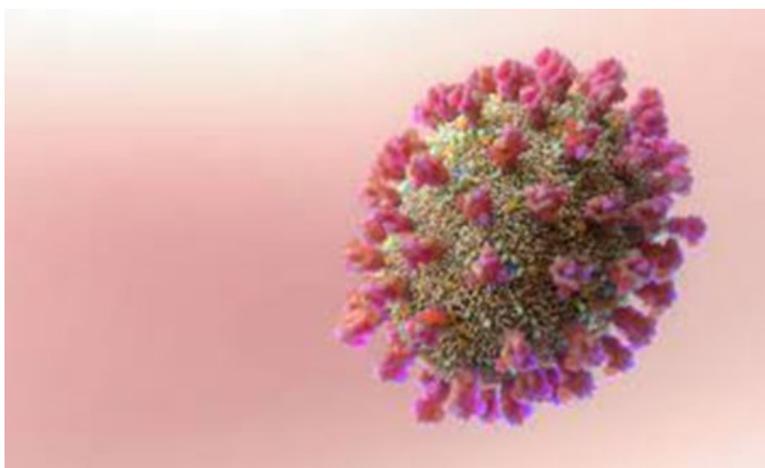
The Council's Emergency Response Plan was updated and published in January 2022 as part of its three yearly cycle and following the learning identified as part of the Covid response, this includes details of new processes to improve the Council's future incident and emergency responses.

The Council also has a duty to ensure that Business Continuity Management Systems are in place to ensure that the authority can provide its critical services during a disruption.

The Council continued to operate their Business Continuity plans in response to Covid-19 and the Omicron variant to aid and inform service recovery during any major disruption of day-to-day activity.

It was agreed with the EPRR Team that the current Business Continuity Plans required review and as a result agreed that during 2021/22 these plans would be reviewed.

Work is currently underway with the Council to review the Business Continuity Plans and will continue throughout 2022/23.



# Counter Fraud

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

The Council has retained professional investigation skills and resources which are used to deliver the programme of work which includes carrying out risk assessments on the top frauds faced by councils to ensure our approach to prevention and detection of fraudulent activity remains cost effective.

This Anti Fraud and Corruption Policy was last updated in 2016/17 alongside the Sanctions and Redress Policy. We are planning to refresh the sister Anti Bribery Policy in 2022/23.

A major new fraud risk area was identified at the end of 2019/20 and as a result the Counter Fraud team were seconded to the Business Grants projects. Their role was to assess the risks associated with the payments of grants and to design and implement mitigating actions to reduce the risk of inappropriate payments being made.

This was recorded in a plan, as required by the Government. This remained the focus of strategic counter fraud work carried out in 2021/22 as the Covid restrictions and associated grants schemes continued.

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 2021/22 we investigated 237 cases leading to 54 individual frauds or irregularities being found. These amounted to a total value of £383,000. The largest value of fraud found was for Housing - Right to Buy amounting to the prevention of losses valued at £254,000); Further statistics can be found on our Transparency webpage:

<http://www.fareham.gov.uk/about-the-council/financial-information/intro.aspx#fraud>



## Intelligence Alert

GPMS:      OFFICIAL            OFFICIAL-SENSITIVE     

### COVID-19 Business Grant Fraud UPDATE

**Monday 14 July 2020**

Evaluation		
Source Evaluation	1	Reliable
Intelligence Evaluation	A	Known directly
Handling Code	C	Lawful sharing permitted with conditions
National Intelligence Model Level	2: Cross border More than 1 LA member affected	

# Partnership Governance

The Council delivers some services by entering into partnership agreements.

The Council maintains a Corporate List of its significant partnerships. These are assessed for their significance in terms of the results they seek to deliver, their profile/reputation and resources involved.

The Council recognised thirteen partnerships of which nine were deemed significant to the Council in 2021/22. In 2021/22 the CCTV partnership came to an end.

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.

An annual report on partnerships is collated and reviewed by the Chief Executive's Management Team each year to confirm the significance of the partnerships, review any potential governance issues and review how each is performing. Additional assurance arrangements were put in place during 2020/21 in the form of an annual partnership

assurance report to the Audit and Governance Committee. This report is now taken to the Chief Executive's Management Team and the Audit & Governance Committee. The latest report was presented to the Chief Executive's Management Team in July 2022

Notable partnership activity in 2021/22 included:

- The Fareham and Gosport Environmental Partnership renewed their partnership and now operate on an open ended basis.
- The governance arrangements for the Coastal Partnerships were reviewed to confirm they were still fit for purpose.
- A revised joint Waste Strategy was approved for Project Integra in November 2021 which includes a move towards twin waste stream collection
- The Internal Audit Partnership with Portsmouth City Council was extended for another 5 years



# 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. The Council has 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 last updated in 2018/19. Four different strands of work are carried out to inform the annual audit opinion and help the organisation maintain strong systems of control.

In 2021/22 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.

A summary of the work undertaken and the findings are reported quarterly to the Audit and Governance Committee. In 2022/23 a new format Head of Audit's report is to be piloted.

In 2019/20 we completed a review of compliance with the CIPFA statement of the Role of Internal Audit 2019. Overall a high level of compliance was found and some actions have been identified to further

strengthen arrangements. One implemented in 2021/22 was to update the Financial Regulation and Internal Audit Charter to stipulate responsibilities of the Internal Audit Service also extend to organisational partners including collaborations, outsourced and shared services, to confirm to the CIPFA guidance.

The service operates to the Public Sector Internal Audit Standards and the Internal Audit Charter was updated in 2018/19 to reflect the latest changes in the standards. Our annual review of compliance with the standards concluded that in 2021/22 we fully conformed with 49 of the 52 Audit Standards and partially conformed with the other three. Compensating activities are in place which included an external assessment undertaken by our audit partners in 2018/19.

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 usually 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 Opinion Report and the External Auditor's Audit Results Report.

A review of the Audit and Governance committee was carried out in 2021/22 to reposition it to be more strategic. In discussion with the Chairman of the committee. It was agreed to implement a framework of regular reports from the Monitoring Officer and the Head of Internal Audit to support the committee in their strategic governance role.

# 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 September 2022:

*Using the information outlined in this report, in the opinion of the Head of Finance and Audit, the Council had a framework of governance, risk management and control for the year 2021/22 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 based on the following evidence:*

- ✓ *no “minimal” or limited audit assurance opinions were given this year;*
- ✓ *income or expenditure errors were only recorded in two audits and were very low in value;*
- ✓ *59% of recommendations followed up were signed off by the audit team and a further 36% were being progressed;*
- ✓ *collaborative working with services on 1 wider work area in the year (prevention of the facilitation of tax evasion) is leading to improved control and efficiency;*
- ✓ *progress has been made on 1 issue highlighted last year:*
  - *reconvening the annual risk management meetings with Heads of Service and piloting the production of a streamlined monitoring report.*

*progress has been made but work is still needed are:*

- *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.*
- *Carrying out stock condition surveys and implementing asset management plans.*
- *Fully embedding the new system for managing costs associated with housing repairs*
- *Fully updating the status of previous internal audit recommendations made.*
- *Replacing the system to host the employee gifts and hospitality register, supported by the launch of the revised policy.\**

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

Scale of Audit Assurance Opinions
Strong
Reasonable
Limited
Minimal

*Other issues highlighted last year where*

# External Audit and Other External Assurances

The Council's independent external auditors for the year for core audit work 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 Report which was presented to the Audit and Governance Committee in July 2022. 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 KPMG 2020/21;
- Report of the Local Government and Social Ombudsman 2020/21;
- Information Commissioners Decision Notices 2021/22
- Investigatory Powers Commissioner's Office Report (February 2022)
- DVLA Assurance Reports (November 2021, December 2021)
- Disclosure and Barring Service Assessment (April 2022)
- Cabinet Office Website Accessibility Audit (February and April 2022)
- Civil Aviation Authority Inspection Reports 2021/22
- External quality audit of Building Control Partnership by British Standards Institute (November 2021 and April 2022);
- Compliance work undertaken to meet the requirements of the Public Service Network;
- Partnership coverage by other internal audit teams
- Crimson major defects Reports 2021-22



# 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 the Head of Audit's Annual Report 2021/22
- Summary of reports and feedback we have received from external auditors, inspectors or other external agencies in the year
- Actions arising from the annual cyber security assurances
- Review of progress made on the actions included in the previous Annual Governance Statement.

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 2020/21 Annual Governance Statement

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

	Issue 2020/21	Status	Update 2021/22
1	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)	No progress to date	<b>Head of Finance and Audit</b> No progress made during 2021/22 due to resources being diverted to assist in the pandemic response. This will be revisited as part of developing the next corporate strategy.
2	Establish an appropriate governance structure and resources to oversee delivery of the Climate Change Action plan, including the engagement of managers in understanding how this applies to their services.	Complete	<b>Director of Planning and Regeneration</b> A climate change scrutiny panel was introduced which meets quarterly. This is preceded by an officer board meeting. The action plan is reviewed annually by both. Additional resource has been designated to assist with climate change actions. A senior manager's workshop took place in autumn 2021 to inform managers of the council's approach and their role in it.
3	Review the role of the business newsletter going forward and how it can integrate into the Council's My-account facility.	Complete	<b>Head of Planning Strategy and Economic Development</b> The business newsletter has proved valuable for communicating with businesses about grants and giving other advice. It has been decided to continue with it on an as and when needed basis to continue to communicate business advice and opportunities and signpost other relevant organisations' websites. Businesses will be given the option to opt out at any time and we are exploring how they can manage their contacts list via Myaccount.
4	Continue to review part 3 of the constitution (Procedure Rules) and produce a report of first revisions needed to the Audit and Governance Committee. (B/fwd)	In Progress	<b>Head of Democratic Services</b> The review of part 3 of the constitution procedure rules continued during 2021/22 and is still ongoing. Progress will feed into the new Monitoring Officer's report for the Audit and Governance Committee. Not for c/fwd.
5	Carry out a review of the methodologies being used to engage the public in member decision making during the pandemic (e.g. live streaming of meetings) and consider their future role for all meetings.	In Progress	<b>Head of Democratic Services</b> The Policy and Resources Scrutiny Panel considered issues surrounding ongoing live streaming of meetings and recommended that a report be submitted to the executive for consideration. Further review of issues and preferences planned to be covered by the scrutiny panel. Not for c/fwd.
6	Introduce two new scrutiny panels into the committee structure to cover climate change and Daedalus.	Complete	<b>Head of Democratic Services</b> The two new scrutiny panels were implemented and carried out their scrutiny functions throughout 2021/22.
7	Complete the post-implementation review of the Scrutiny Panels and explore the use of special panel meetings for specific items. (B/fwd)	No further action proposed	<b>Head of Democratic Services</b> Perceptions are that the new scrutiny arrangements have embedded in well and will be revisited once the new cohort of members have settled in after the first year.

# Actions taken to address the issues raised in the 2020/21 Annual Governance Statement (con.)

	Issue 2020/21	Status	Update 2021/22
8	Review the procedures for investigating Member Code of Conduct complaints, to improve and simplify processes and update documentation accordingly.	In Progress	<b>Director of Support Services</b> The review of the procedures has commenced and will be finalised in 2022/23 and presented to the Audit and Governance committee.
9	Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/fwd)	In Progress	<b>Director of Support Services</b> As work for reviewing the National code has ceased the council has continued to update and simplify its own code and this will be finalised early in 2022/23.
10	Create a media pack for all new members, with on-going updates, which includes the role of the Communications Team, how to request a social media account, and the risks to be aware of.	Complete	<b>PR and Marketing Manager</b> A members media pack was created in June 2021 which has been signed off by Democratic Services. This has been updated and will now be used during the induction of new members in May 2022.
11	Develop a Skillgate package for managers and employees how to	No progress to date	<b>HR Business Partner</b> Due to the impact of the pandemic this was not progressed but work will recommence in 2022/23.
12	Complete the development of a replacement database for the employee register of Interests. (B/fwd)	No progress to date	<b>HR Business Partner</b> Due to the impact of the pandemic this was not progressed but work will recommence in 2022/23.
13	Complete a post pandemic review of the Council's response and the opportunities arising for new ways of working.	Complete	<b>Chief Executive Officer</b> A review of the Council's response to the pandemic was completed and a report taken to the Executive in October 2021. At the same meeting a report was presented on the proposals for a new way of working setting out a vision and action plan that had been developed by an internal working party in consultation with groups of employees. Work to implement stage 1 of the proposals, based around individual employee preferences, also started in 2021/22, and the Council's ICT Strategy was realigned accordingly.
14	Complete a review of the contractual arrangements for the legal services partnership.	No progress to date	<b>Head of Democratic Services</b> It is planned to progress this in 2022/23
15	Run a series of workshops to review and strengthen our Contract management arrangements and policies.	In Progress	<b>Head of Finance and Audit / Head of Democratic Services</b> Some preliminary planning was carried out and discussed with the Section 151 Officer. The way forward is now being developed in conjunction with the new Procurement Manager. Not for carry forward.
16	Strengthen the processes used to assess financial standing of suppliers during the procurement process and subsequent contract management of critical suppliers. (B/fwd)	In Progress	<b>Head of Finance and Audit</b> An initial list was compiled of the key property tenants which will be expanded with critical suppliers in other services. An officer has been assigned to send out an annual prompt to FBPs to update this each year in January when the credit reports are updated. Any issues arising will be flagged up on the monitoring sheet and with the service. Not for carry forward.

# Actions taken to address the issues raised in the 2020/21 Annual Governance Statement (con.)

	Issue 2020/21	Status	Update 2021/22
17	Review the council's policies and procedures to prevent the facilitation of tax evasion.	Complete	<p><b>Head of Finance and Audit</b></p> <p>A review of the legislative requirements was carried out along with a risk assessment and a new policy was reviewed by members and adopted. This is supported with new procedures such as tax focused officer working groups, and the use of an action plan to improve processes.</p>
18	Continue to implement the Financial Recovery Plan to minimise the impact on Council reserves in future years.	Complete	<p><b>Section 151 Officer</b></p> <p>Actions taken in 2021/22 have helped minimise the use of council reserves needed to fund the service spend in the year.</p>
19	Implement the new finance system to obtain the benefits of increased efficiency and functionality.	Complete	<p><b>Head of Finance and Audit</b></p> <p>The new finance system went live at the end of March 2022. Benefits are already being experienced particularly in relation to processing supplier payments and generating debtor's invoices.</p>
20	Roll out the new action management system to service managers and improve information available on the level of action implementation. (B/fwd)	No further action proposed	<p><b>Head of Finance and Audit</b></p> <p>The Internal Audit Service continues to use the action management system to identify outstanding recommendations and follow them up. Internal Audit will continue to liaise with services to prompt them on actions that need their attention and assist with implementation where appropriate.</p>
21	Reconvene the annual risk management meetings with the Heads of Service, and pilot the production of a streamlined monitoring report.	Complete	<p><b>Head of Finance and Audit</b></p> <p>Annual risk management meetings were held with every Head of Service or other appropriate Manager such that there was complete coverage for 2021/22. The second report of the year was streamlined to make it less onerous to produce and included more examples of risks discussed.</p>
22	Produce a 3 yearly report and deliver the first year's actions which will include revising the Emergency Plan to reflect the new virtual Emergency Control Centre set up.	Complete	<p><b>Head of Environmental Health</b></p> <p>The Council's Emergency Response Plan was updated and published in January 2022 as part of its three yearly cycle and following the learning identified as part of the Covid response: it includes details of new processes to improve the Council's future incident and emergency responses.</p>
23	Review how the BCPs are structured and how they work. Particularly in identifying critical services.	In Progress	<p><b>Head of Environmental Health</b></p> <p>Work is currently underway with the Council to review the Business Continuity Plans and will continue throughout 2022-2023.</p>

# Planned Governance Improvements 2022/23

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:

<b>Ref</b>	<b>Part of Framework</b>	<b>Planned Improvement</b>	<b>Lead officer</b>
1	Openness	<b>Update the published equality objectives</b>	Policy, Research and Engagement Manager
2	Council's Vision and Outcomes	<b>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)</b>	Head of Finance and Audit
3	Council's Vision and Actions	<b>Carry out a review of the corporate strategy for the end of year 2022/23</b>	Director of Leisure and Community
4	Council's Vision and Actions	<b>Deliver the short-term actions linked to reducing the Council's carbon footprint in the climate change action plan</b>	Director of Planning and Regeneration
5	Members Roles and Responsibilities / Constitution	<b>Complete the submission of phase 2 of the electoral review covering the boundary review.</b>	Head of Democratic Services
6	Head of Paid Service	<b>Embed the culture shift and realise the benefits arising from the vision for the new ways of working. This will include a revised strategy for the provision of shared workspace.</b>	Deputy Chief Executive Officer
7	Decision Making	<b>Roll out the vision for paperless committees.</b>	Head of Democratic Services
8	Codes of Conduct	<b>Review the procedures for investigating Member Code of Conduct complaints, to improve and simplify processes and update documentation accordingly. (B/fwd)</b>	Director of Support Services
9	Codes of Conduct	<b>Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/fwd)</b>	Director of Support Services
10	Whistleblowing	<b>Develop a Skillgate package for managers and employees how to raise and handle concerns. (B/fwd)</b>	HR Business Partner (SS)
11	Conflicts of Interest	<b>Complete the development of a replacement database for the employee register of Interests. (B/fwd)</b>	HR Business Partner (TH)
12	Member and Officer Development	<b>Roll out the managing remote workforces programme across the organisation</b>	Director of Support Services
13	Member and Officer Development	<b>Implement the new recruitment system to produce a more efficient administration process and a better experience for candidates.</b>	HR Business Partner (TH)

# Planned Governance Improvements 2022/23(con)

Ref	Part of Framework	Planned Improvement	Lead officer
14	Compliance with relevant law and policies	<b>Complete a review of the contractual arrangements for the legal services partnership.</b>	Head of Democratic Services
15	Financial Management	<b>Fully implement the budgeting and forecasting functionality of the new finance system to improve the on-going visibility of the Council's financial position and the basis of the projections used for the Medium-Term Financial Strategy.</b>	Head of Finance and Audit
16	Audit Committee	<b>Implement a framework of regular reports from the Monitoring Officer and Head of Internal Audit to support the committee in their strategic governance role.</b>	Director of Support Services
17	Business Continuity	<b>Review how the BCPs are structured and how they work. Particularly in identifying critical services. (B/fwd)</b>	Head of Environmental Health

# 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