

**FAREHAM**  
BOROUGH COUNCIL

# **Annual Governance Statement 2017/18**

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

# SCOPE OF RESPONSIBILITY

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

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

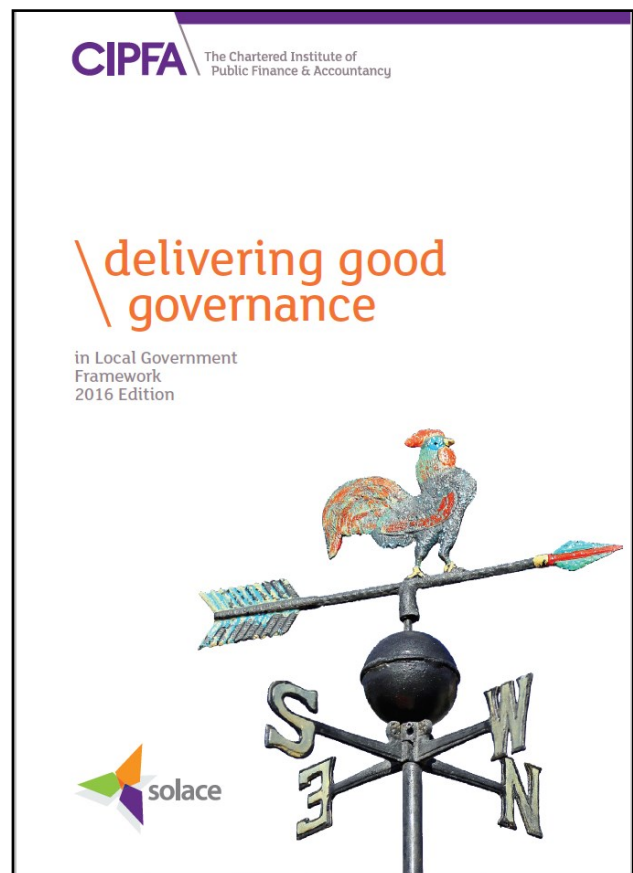
In discharging this overall responsibility, Fareham Borough Council is responsible for putting arrangements in place for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

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

A copy of our code is on our website at:

[http://www.fareham.gov.uk/about\\_the\\_council/strategies/policydocs.aspx](http://www.fareham.gov.uk/about_the_council/strategies/policydocs.aspx).

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



# THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

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

The governance framework has been in place at Fareham Borough Council for the year ended 31 March 2018 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 internet site along with a Transparency portal which provides financial information and other data about the way the Council is being run. This can be found on our website using the following path:

[http://www.fareham.gov.uk/about\\_the\\_council/financial\\_information/intro.aspx](http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx)

We have reviewed compliance with the latest requirements of the Transparency Code and will now carry out a regular review of any further changes needed. We have also started to publish the new gender pay gap information as required by the end of March 2018.

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

[http://www.fareham.gov.uk/have\\_your\\_say/](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 due in 2018/19.



We have moved the Council magazine "Fareham Today" to be a primarily on-line publication which is produced more frequently. However, households still have an option of requesting printed copies or receiving email alerts when an edition is published.

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 conversations 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. The Team also work with the media to convey important messages.

The Council has a Public Relations,

Marketing and Consultation Team who coordinate and undertake community consultations using a variety of methods which includes an e-panel of over 2200 residents. In 2018/19 we will be carrying 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. We also now have conversations (10/10 surveys) with a sample of residents who have used a key service in the year which allows us to receive feedback about what matters to our customers for future improvements.

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

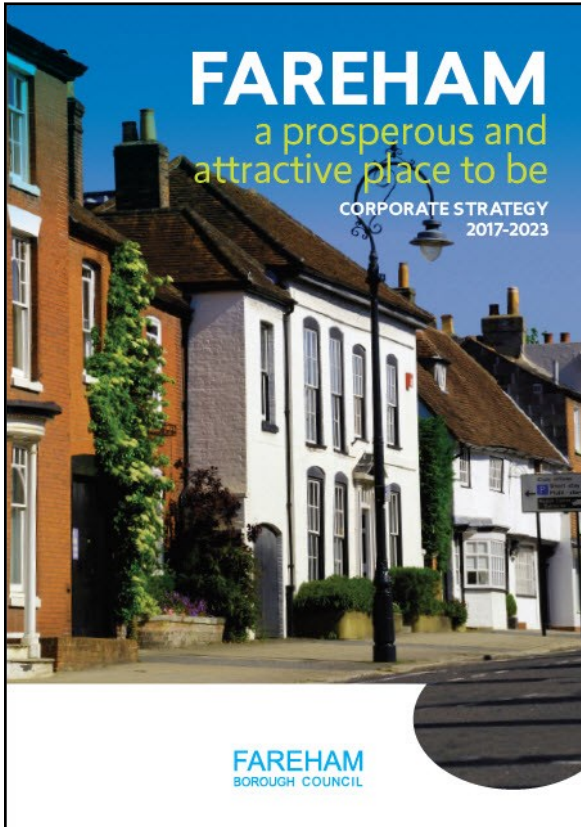
Meetings are held in the community when there is a need to focus on hot topics of interest to that neighbourhood such as key planning applications. Key consultations this year have been on the Corporate Strategy, the draft Local Plan up to 2036 and the works on the Hill Head Promenade.





# 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](http://www.fareham.gov.uk/about_the_council/strategies/keystrategies.aspx).

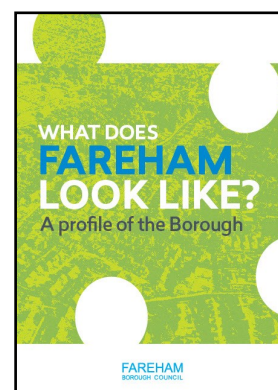
During 2017/18 we consulted on the updated strategy in a number of ways such as face to face events, online displays and discussions at Community Action Team meetings. We had good support from residents for the vision laid out in the Strategy which was then reviewed by the

Scrutiny Board and Executive and adopted by the Council in December. A project plan has been drawn up to deliver the priorities in the Strategy. Further work will be carried out in 2018/19 to develop the financing plan which will support the proposed timescales for the projects.

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

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

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

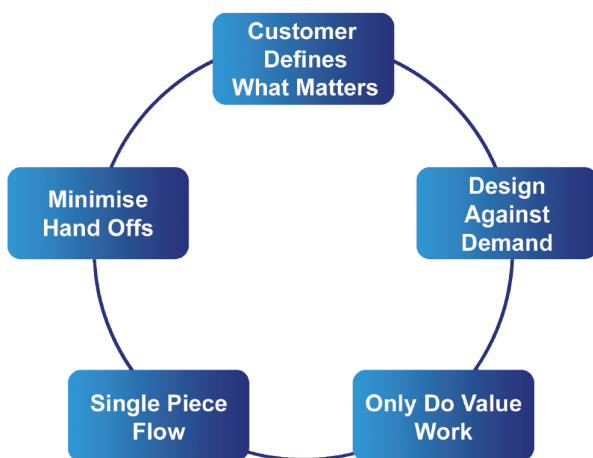


The Leader of the Council chairs discussions at the summer Community Action Team meetings around the Borough, each year on the Council's vision, objectives, achievements and priorities.

# 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 2017/18, reviews have progressed in other areas of Street Scene (refuse and recycling, street cleansing, public open spaces, grounds maintenance and cemeteries), as well as further intervention work in Information and Communication Technology (ICT). The method has also been introduced to other services and departments, including Council Tax, Finance and Democratic Services. In 2018/19 further reviews are planned in Building Control, Street Scene and Tree Management .

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

Our Local Service Agreements (LSAs) set out how well we are doing on delivering key services in line with our corporate priorities. They are updated annually and reviewed by the Chief Executives Management Team and the Executive. During 2017/18 the LSAs have been updated to reflect the new Corporate Strategy. The LSAs include a list of key performance measures which are monitored during the year and over years included 10/10 survey results. These indicators are being continually revised as we determine what measures truly match the purpose of the service.

In 2018 the Council was awarded a gold PRide award by the Chartered Institute of Public Relations for a special edition of Fareham

Today covering *Where Next for Housing in Fareham.*



The Council has a corporate efficiency plan which identifies cost saving actions to offset funding reductions. In 2017/18 we made £817,000 of savings. In 2018/19 we are carrying out a series of discussions with Heads of Service to identify further opportunities for income generation and cost reduction which can feed into the next Financial Strategy.

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

# Member and Officer Roles and Responsibilities

The Council's Constitution sets out:

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

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

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

In 2017/18 a complete review of the constitution was completed, including

finalising the Schemes of Delegation to Officers and Individual Executive members. A log of changes being made was also introduced.

A refreshed website and paper versions of the revised constitution will be published early in 2018/19. An annual report to the Audit and Governance committee is also being introduced to advise members on updates made during the year. This will be supplemented by separate reports to members where approval is needed for changes.

There is a designated post which covers the Monitoring Officer responsibilities. The post holder 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, 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. 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.

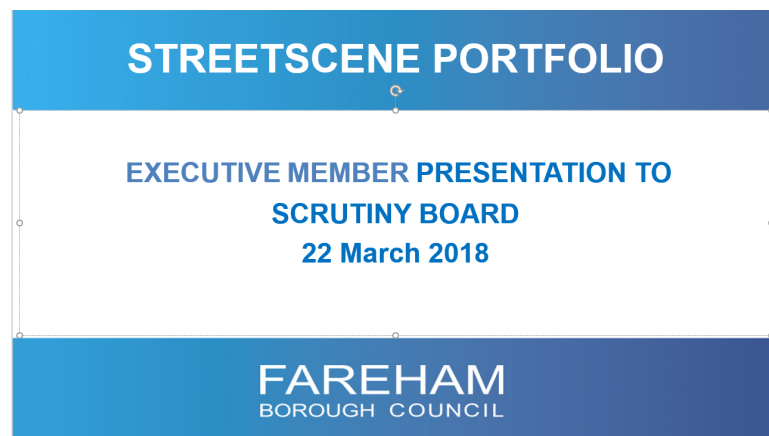
Where partnerships have been developed with other agencies, decision making powers and delegated powers are documented and presented to members.

# Scrutiny

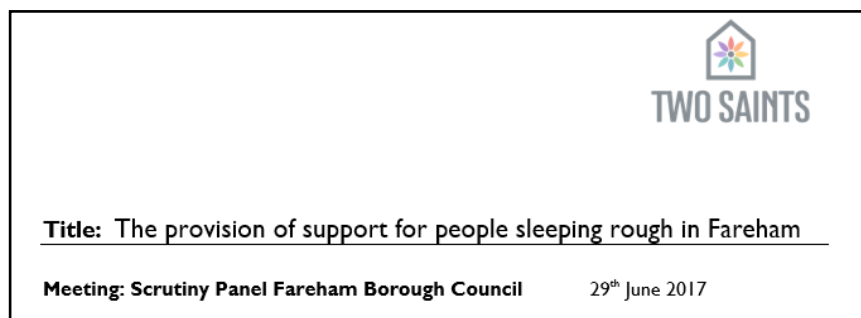
Our committee structure follows the Executive Leader and cabinet model, which requires us to have a Scrutiny function. This is carried out by the Scrutiny Board which meets every two months. The board is made up of nine councillors and reflects the political balance of the elected members.

Its purpose is to monitor and review the delivery of services and scrutinise the decisions of the Executive to make sure it is delivering effective services and providing value for money. In 2017/18 there were two decisions called in which related to the introduction of charges in pest control and the draft local plan.

Three of the six executive members gave a presentation to the board this year and the other three are scheduled to do the same in 2018/19.



The Board also scrutinises the activities of external agencies whose operations have an impact on the Borough. In 2017/18 two presentations were received from the police and 2 saints housing and a further presentation from Hampshire Fire and Rescue is planned for 2018/19.



The work of the Scrutiny Board is supplemented by five Policy Development and Review panels. The chairmen of the panels make up the Scrutiny Board. A review of the effectiveness of these scrutiny arrangements is planned for 2018/19.



# Codes of Conduct

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

A report is presented annually to the Audit and Governance Committee setting out the number of complaints received about member conduct 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 2017/18.

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 2018/19. All new employees have access to a copy of the code. 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 2018/19. A new platform for the Register of interests will also be developed in 2018/19.

An audit of "ethics" was carried out in 2015/16 which gave positive assurance that appropriate arrangements are in place to manage behaviours. Follow up work to the audit has commenced in April 2018.

## 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.

Focus groups were used in 2017/18 to challenge the effectiveness of the policy and a number of actions have been identified for 2018/19 including a) carrying out rebranding, b) implementing a relaunch of the new policy and c) roll out further training

for managers and employees.

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.

# 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 was also set up to allow members to access briefing information outside of training events.

The programme is supplemented by specific topic briefings for members. Eleven member training/briefing events took place in 2017/18, including sessions on the draft local plan and member safety.

Officer training and development is based around a simplified individual performance management process. A review of this process was undertaken using structured

Individual Performance Management
Manager's Review Template
STOP: (is there <u>any thing</u> that the employee might do in their role that you want them to stop)
START: (what is the employee not doing in their role that you want them to do)
CONTINUE: (what aspects of the employee's role work well that they should continue to do)
CHANGE: (what aspects of the employee's role should they change – maybe things that are working well but might benefit from a change)
General Comments

interviews in 2017/18. A number of actions have been agreed for implementation in 2018/19 including 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 on-line training for theory with face to face sessions for practical learning.

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

In 2017/18 face to face training included a series of toolbox talks and awareness training and assessments on Hand Arm Vibration risks at the depot. In 2018/19 we will be using an external trainer to carry out corporate refresher training on the Regulation of Investigatory Powers Act and will be developing fire risk assessment training for officers visiting properties.



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 2017/18 we have 7 employees in the apprenticeship scheme.

# 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 2017/18 the legal partnership was named project team of the year at the Local Government Legal Awards 2017.



A review has been carried out to agree the most significant laws and polices where assurance is needed as part of the governance framework. Part of this assurance is provided by the Internal Audit Service and additional assurance mechanisms may be introduced to provide information when needed. For example, in 2017/18 we introduced a monthly verbal update to CXMT updating them on work

being carried out to prepare for the General Data Protection Regulation. Approximately 120 officers have attended workshops on the subject in the year.



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.

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

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

During 2017/18 we defined a set of new Buying principles, following the Systems Thinking review of procurement which challenged how officers approach buying decisions. These were approved by the Audit and Governance Committee and are being used to direct the review of our Contract Procedure Rules. A new set of Rules will be presented to members for approval in 2018/19.

# 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 and Treasury Management Strategies are updated each year and approved by Members.

Finances are monitored regularly through reporting and discussions with budget holders, directors and the relevant portfolio holder. Accountants are established as finance business partners to the services they support and contribute to the development of their services.

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 high spend or which are subject to fluctuations. Corporate financial forecasting meetings are held monthly by the senior finance managers to review the budgetary position and forthcoming pressures and opportunities to allow a forecast position to be established.

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 will be developing a new high-level Capital Strategy report for Full Council to meet the requirements of the new Prudential Code.

# Risk Management

In 2016/17 the Council completed a review of its approach to Risk Management using system thinking principles. A new policy has been introduced which 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.

The New Approach to Risk Management



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

Specific work is planned in 2018/19 to look at the ownership of risk inspections in public areas.

## Emergency Planning and Business Continuity

In accordance with the Civil Contingencies Act 2004, the Council worked in partnership with the Emergency Planning & Resilience Unit at Hampshire County Council during 2017/18 to maintain its readiness to respond to emergencies in the Borough.

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

In 2017/18 the focus of specific training was on the housing role in an incident and the preparedness of rest centres in the evacuation phase of an emergency. We carried out a prepared rest centre exercise to test the preparedness of our rest centres to cope with an emergency. We also invoked the emergency plan in response to a pipe bomb being found on council land during construction work.

The purpose of business continuity is to ensure that the authority can still provide its critical services when it is involved in an emergency response or faced with a disruption.

Business continuity plans are in place for all critical services and are supported by an overarching Disruption Management Plan and response plans for specific disruptions such as adverse weather. These plans were tested in March 2018 as part of an unscheduled evaluation of the civic offices due to a gas leak.

From 1 April 2018 a new partnership will commence with the Portsmouth and Southampton City Councils' Emergency Planning Response and Resilience Team. This partnership will be driving through initiatives in the Councils emergency response processes and will also further develop recovery and business continuity processes. This new partnership will provide an expert resource for the council.

The focus for 2018/19 will be to embed the new arrangements with Portsmouth and Southampton City Council and identify any improvements that can be made to the workings and administration of the emergency control centre. We will also be reviewing and updating the corporate and individual continuity plans and re-evaluating the critical services.



# Counter Fraud

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

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

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



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

In 2016/17 enhanced vetting checks were introduced for Right To Buy applications as this was identified as an increasing area of risk. This has led to the identification of a significant multiple fraud in 2017/18 which we are preparing for prosecution in 2018/19.

Our focus in 2018/19 will be on

understanding our risk of Business Rates fraud and we will be undertaking a number of proactive campaigns; including the cross Hampshire pilot being organised by the Cabinet Office as part of the National Fraud Initiative.



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 2017/18 we investigated 694 cases leading to 172 individual frauds or irregularities being found. These amounted to a total value of £284,821. The largest value of fraud found was for housing benefit payments (£227,512); the majority of this (£180,899) 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](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 2018 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 2017/18.

Two new partnerships were introduced in 2017/18: Westbury Manor Museum partnership with the Hampshire Cultural Trust and the Internal Audit Partnership with Portsmouth City Council.

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



**GOSPORT**  
Borough Council



**Portsmouth**  
CITY COUNCIL



Fareham's Community  
Safety Partnership



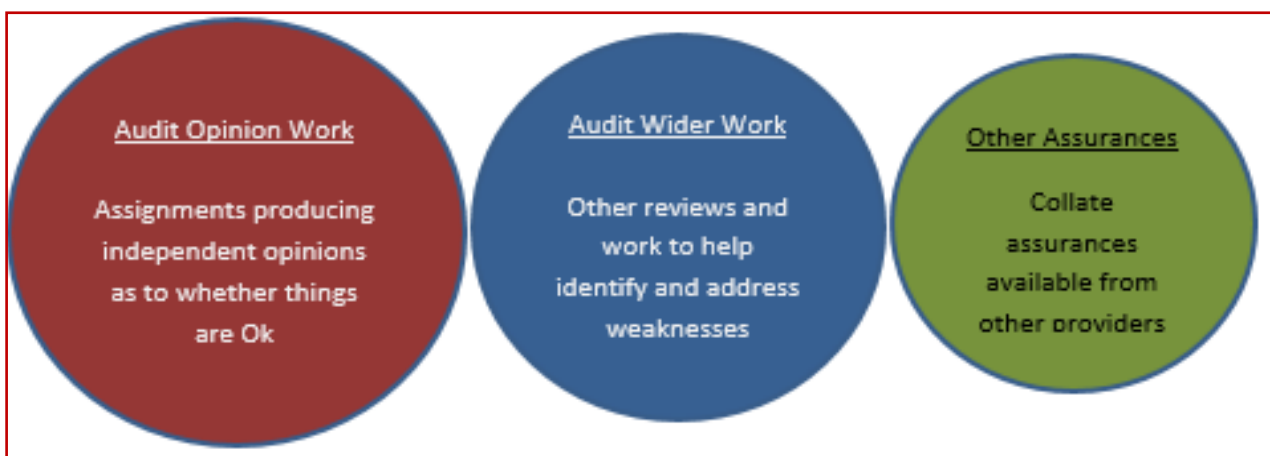
# Internal Audit and Audit and Governance Committee

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, We therefore carry out 3 strands of work with the opinion work only making up part of the plan.

system was brought up to date in 2016/17 and will be rolled out to users in 2018/19.

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

The service operates to the Public Sector Internal Audit Standards which were updated in March 2017.



In 2017/18 the service was jointly delivered in partnership with Portsmouth City Council. This helps the delivery of the whole scope of audit work and maintain independence. An exercise has also been carried out with other audits teams in Hampshire to document where assurances can be shared .

Our annual review concluded that in 2017/18 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.

Managers receive a report of findings following an internal audit review and an action plan is agreed to address any weaknesses found. These actions are tracked until they are completed. A new action management system has been developed to improve the information available to managers and help capture updates on implementation. The data in the

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.

# 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 2018. The opinion given was that:

*The Council had a framework of governance, risk management and control for the year 2017/18 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;*
- ⇒ *income or expenditure errors were recorded in three audits in the year, totalling over £1,700;*
- ⇒ *the service audited which have undergone a Systems Thinking intervention (Homelessness) this year have been given a 'strong' audit assurance opinion;*
- ⇒ *new essential recommendations (20) were found in five areas of audit but managers have taken prompt action to address the issues found;*
- ⇒ *collaborative working on 6 system areas in the year have led to improved control and efficiency.*

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

- ◇ *Carrying out manager briefings on the rules in the new Procurement and Contract Rules, and carrying out collaborative work on effective contract management.*

- ◇ *Implementing service action plans arising from the reviews of compliance with the General Data Protection Regulation.*
- ◇ *Improving management control and the equipment and stock controls in Ferneham Hall.*
- ◇ *Carrying out proactive counter fraud campaigns.*
- ◇ *Carrying out stock condition surveys and implementing asset management plans.*

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

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

- ◇ *finalise the framework agreements for spend with contractors and suppliers used by Housing, Property and Building Services, which is in breach of FBC Contract Procedure Rules;*
- ◇ *fully embed the new system for managing costs associated with housing repairs;*
- ◇ *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 November 2017 and circulated to Members and the statutory officers. This report was very positive and unqualified opinions were given by the auditors. There are no outstanding recommendations to be implemented.

The Council opted in to using the Appointed Person (Public Sector Audit Appointments) to lead on the appointment of our external auditors from 2018/19. This was won by Ernst and Young.

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 2016/17;
- Report of the Local Government Ombudsman 2016/17;

- Compliance Directive issued by the Department of the Environment, Food and Rural Affairs in relation to Air Quality (July 2017)
- DVLA assessment of our use of Web Enabled Enquiry facilities (August 2017) and Keeper at Date of Event enquiries (October 2017)
- Vehicle Operators Compliance Risk Score (April 2018) and Vehicle Test History (April 2017) assessed by the Driver and Vehicle Standards Agency;
- Health and Safety Executive inspection notice (January 2018)
- Inspection report from the Investigatory Powers Commissioner's Office (March 2018)
- Hampshire County Council review of our safeguarding arrangements (April 2018) and Building Control Partnership (May 2017)
- Compliance work undertaken to meet the requirements of the Public Service Network;
- 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 2017/18;
- 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.

<b>Chief Executive's Assurance Group (CXAG)</b>			
<b>Review of Effectiveness of the Governance Framework 2017/18</b>			
<b>Conclusion options</b>	<b>Meaning</b>		
<b>Status known and OK</b>	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.		
<b>Status known with action</b>	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.		
<b>Further Info needed</b>	CXAG would like further assurance coming back to another meeting.		
<b>Elements making up the Governance Framework</b>			
<b>Element</b>	<b>CXAG Conclusion</b>	<b>Areas already addressed 2017/18</b>	<b>Possible Actions for further improvement 2018/19</b>
<b>Essential Elements in the Guidance</b>			

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 2016/17	Status	Update 2017/18
1	Continue with the next phase of Systems thinking reviews of Council services.	Complete	Interventions have progressed in other areas of Street Scene (refuse and recycling, street cleansing, public open spaces, grounds maintenance and cemeteries, as well as expansion of the intervention in Information and Communication Technology (ICT).  The Vanguard method introduced to other services and departments, including Council Tax, Finance and Democratic Services.
2	Finalise the next 5-year corporate strategy, including an update of the Council's major projects.	Complete	The Corporate Strategy 2017-2023 has been finalised and published on our website:  <a href="http://www.fareham.gov.uk/about_the_council/strategies/keystrategies.aspx">http://www.fareham.gov.uk/about_the_council/strategies/keystrategies.aspx</a> .  It contains an updated list of projects and priorities.
3	Publish the new equal pay information required.	Complete	The required Gender Pay Gap information has been published on our website:  <a href="http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx">http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx</a>
4	Review our Freedom of Information request processes and publication scheme to allow us to meet the new Information Commissioners response targets.	In Progress	The review of the Freedom of Information process has identified the need to apply systems thinking to redesign the support process with a view to achieving efficiencies in resourcing.  The review of the Publication Scheme is in progress.
5	Review the implications of the General Data Protection Regulation and develop an action plan and training to meet the requirements.	Complete	The action plan has been completed and is being implemented via on-going tasks. Key tasks completed include a) delivery of workshops to all services, b) communication campaign including new intranet pages, c) development of a retention schedule.
6	Reconvene the member/officer working group to continue updating the constitution	Superseded	A decision was made to no longer use this mechanism. Instead Democratic Services lead on the review of the constitution and logging updates. Separate reports on changes are brought to members for approval.

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

	Issue 2016/17	Status	Update 2017/18
7	Review the progress and impact of the new individual performance management initiative.	Complete	Interviews held with 26 employees and managers across the organisation to understand how the changes that were made to the way we manage performance at Fareham have been adopted and identify if there are still things that could be done better and more effectively.
8	Finalise the review the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users.	In progress	Work has started to update and simplify the Code of Conduct which will be completed in 2018/19.
9	Finalise and launch the revised employee gifts and hospitality and interests policy.	No progress to date	This will now be completed in 2018/19 when the new platform for registering interests is launched.
10	Provide appropriate training and support for the new Chairman of the Audit and Governance Committee.	Complete	The new chairman was provided with appropriate training and support and has successfully completed the first year in the role.
11	Roll out the new action management system to improve the efficiency in the way that we manage recommendations arising from audit reports.	In progress	The data in the new action management system was brought up to date in 2016/17 and is now fully functional for the audit service. During 2017/18 it was kept up to date and a briefing held with one service on its future use. Use of the system by all other services will be rolled out in 2018/19.
12	Two further employees to complete fraud accreditation training.	Complete	Two employees achieved accreditation under the Accredited Counter Fraud Specialist (ACFS) qualification in January 2018.
13	Roll out the new risk management approach covering what is expected from managers and employees.	Complete	Managers workshop held in July 2017 covering the new policy and how to embed it in the organisation. Full set of risk discussions now held and reports presented to Audit and Governance Committee.
14	Carry out emergency planning briefings and testing in relation to national incidents that occurred earlier in 2017.	Complete	In 2017/18 the focus of specific training was on the housing role in an incident and the preparedness of rest centres in the evacuation phase of an emergency. We carried out a prepared rest centre exercise to test the preparedness of our rest centres to cope with an emergency. Any actions arising, not already implemented, will be worked on during 2018/19.

# Planned Governance Improvements 2018/19

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	Community Communication	Refresh the e-panel to make the content more engaging and to ensure we are fully compliant with GDPR.	Head of Leisure and Corporate Services
2	Council's Vision and Outcomes	Develop a long-term plan for financing and prioritising the corporate projects	Head of Finance and Audit
3	Service Quality and Value for Money	Continue with the next phase of Systems Thinking reviews of Council services including Building Control, Tree Management and Street Scene.	Head of Leisure and Corporate Services
4	Service Quality and Value for Money	Carry out Finance Strategy reviews with Heads of Service and produce an action plan to bridge the future funding gap.	Head of Finance and Audit
5	Member and Officer Roles & Responsibilities	Introduce an annual report to the Audit and Governance Committee on updates made to the constitution.	Head of Democratic Services
6	Scrutiny	Complete the full review of the effectiveness of the Scrutiny Board and the Policy Development and Review Panels and implement any recommendations arising.	Head of Democratic Services
7	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)	Head of HR and ICT
8	Codes of Conduct	Finalise and launch the revised employee gifts and hospitality and interests policy. (B/Fwd)	Head of Finance and Audit
9	Training and Development	Develop fire risk assessment training for officers visiting properties.	Director of Fareham Housing
10	Training and Development	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.	Head of HR and ICT

# Planned Governance Improvements 2018/19

Ref	Part of Framework	Planned Improvement	Lead officer
11	Financial Management	Develop a new High-level Capital Strategy report for Full Council to meet the requirements of the new Prudential Code.	Finance Strategy and Development Manager
12	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
13	Compliance with relevant law and policies	Complete the review of the Contract Procedure Rules and Financial Regulation 15 (Procurement) and roll out the new policy to managers.	Head of Democratic Services and Head of Finance and Audit
14	Emergency Planning and Business Continuity	Review the approach to Emergency Planning and Business Continuity following the new Emergency Planning agreement with Portsmouth and Southampton City Council.	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