

FAREHAM
BOROUGH COUNCIL

**Annual Governance
Statement
2022/23**

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, that public money is safeguarded and properly accounted for, and that it is used economically, efficiently and effectively.

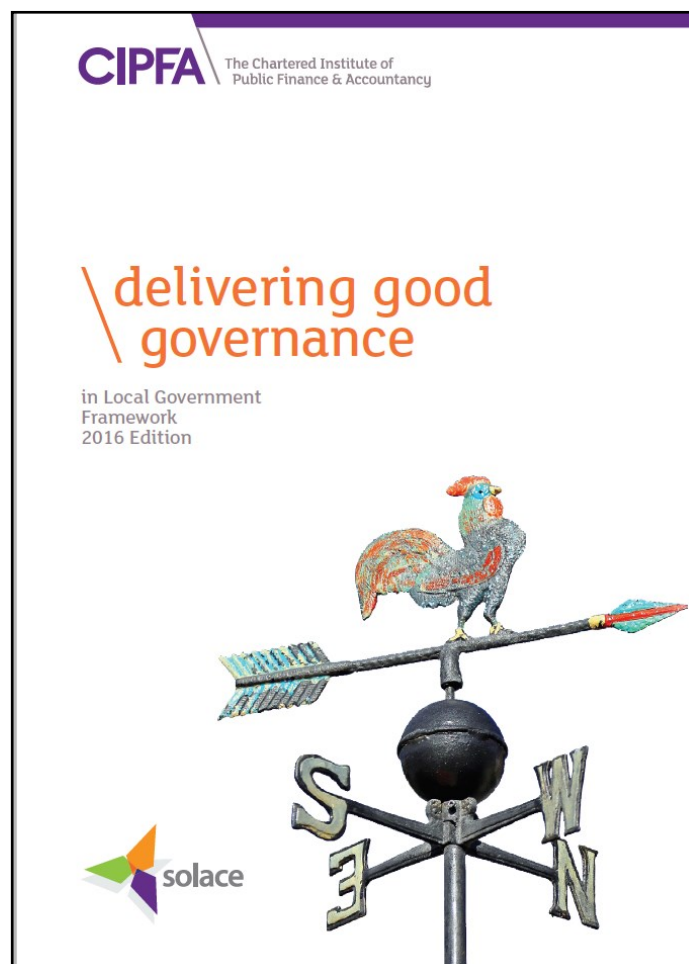
Fareham Borough Council also has a duty under the Local Government Act 1999 to make arrangements securing continuous improvements to the ways in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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: www.fareham.gov.uk/about_the_council/strategies/policydocs.aspx.

This statement explains how Fareham Borough Council has complied with the code and 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 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 2023 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.

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

In 2022/23, five summer CAT meetings were held around the Borough giving an update on Council activities. A further CAT meeting was held in September to discuss the future of Daedalus.

During consultations the Council aims to be open about the data sources used and how decisions are made. In 2022/23 there were eight significant consultations which included modifications to the Local Plan, Dog Control Public Spaces Protection Order and Parking

Charges. Around 980 responses were received. Consultations planned for 2023/24 include the Corporate Strategy 2023-2029, electric vehicle charging provision and a number of play areas.

A Freedom of Information Publication Scheme and transparency portal is published on our website which provides financial information and other data about the way the Council is being run.

This can be found on our website at: www.fareham.gov.uk/about_the_council/financial_information/intro.aspx

Regular reviews are also carried out to ensure compliance with the latest requirements of the Transparency Code.

The Council responded to 628 Freedom of Information requests received in 2022/23.

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 Strategy is being realigned with the Corporate Strategy review for the period 2023-2029 and will be finalised in 2023/24. The review is considering other ways to maximise engagement, especially for people in the community with no online access.

The Council's magazine "Fareham Today" is primarily an online publication which is produced three to four times a year. Special editions are produced as required to focus on key topics. Households can still request a printed copy or receive email alerts when an edition is published. By the end of 2022/23 around 1,339 households had signed up to receive printed or email copies and another 397 had the email alert.

The growth in followers on social media across all platforms has continued, which enables informal, two-way conversations with a wider range of people. In 2022/23 the Council saw the biggest increase in Instagram, LinkedIn and Facebook followers. The Council has a number of advertising sites throughout the Borough including digital screens, poster sites, notice boards and bus stops. During 2022/23 the business e-newsletter continued to be issued regularly. Currently over 1,990 businesses are signed up to the newsletter. The Council also issues a seasonal gardening newsletter to 16,490 garden waste subscribers.

The Council has both a Communications Team and a Consultation Team who coordinate and undertake community consultations using a variety of methods. The teams encourage all departments to seek advice on communication methods to be used

for any external communications. When appropriate, an equality impact assessment will be undertaken. The Council set out updated equality policy objectives for 2022-2026 during 2022/23.

Communications methods include use of an e-panel of over 2,100 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 2023/24.

The Council received a national award for its communications campaign for the introduction of the subscription based garden waste collection. The Council's Communications Team has been nominated for a second national award for 2023/24 for the Live Love Local campaign.



There was no use made of community focus groups in the year although they remain a tool to be used when appropriate. Two specialist community groups have been set up during 2022/23 for Solent Airport and Welborne.

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: www.fareham.gov.uk/about-the-council/strategies/keystrategies.aspx.

During 2021/22 the Council started a full review of the Corporate Strategy 2023-2029. This will be adopted in the autumn of 2023.

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.

Achievements from the Strategy in 2022/23 include :

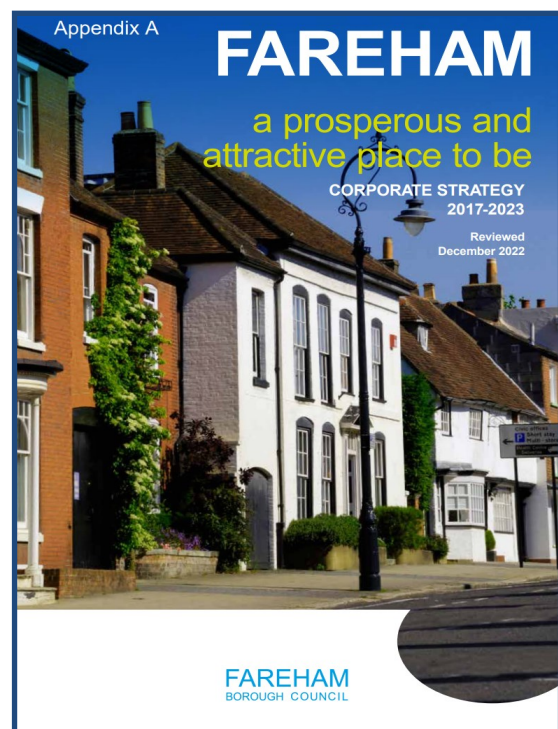
- ✓ The adoption of a new Local Plan which plans for the provision of new homes, employment space and protected land across the Borough up to 2037
- ✓ Design codes and streets manual received for Welborne that will dictate the design, look and feel of Fareham's new garden village.
- ✓ The completion of an affordable housing scheme for older people at Station Road and a shared ownership development at Capella Close
- ✓ Construction of Fareham Live commenced to deliver a new arts and entertainment venue
- ✓ Open space at Daedalus was unveiled to the public as Queen Elizabeth II Platinum Jubilee Park
- ✓ Introduction of nationally recognised visual communication boards in a few play parks to assist children with conditions such as autism.

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 are influencing the new 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. In 2022/23 this included the delivery of 37,000 energy grants in accordance with the government scheme.

Any changes in the demographics in the Borough are monitored which may influence what our priorities should be. The 2021 census is influencing the new corporate strategy census.

The Executive Leader of the Council gives a presentation and answers questions from residents at the summer Community Action Team (CAT) meetings around the Borough on the Council's vision, objectives, achievements, challenges 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. 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 help to improve customer experience and speed up service delivery. In 2023/24 the current position of past interventions will be reviewed and work will start on the next phase of the process.

Our Local Service Agreements (LSAs) set out how well the Council is doing on delivering key services in line with its corporate priorities. LSAs include a list of key performance measures which are monitored during the year including 10/10 survey results where available. They are usually updated annually and reviewed by the Chief Executive's Management Team and the Executive. This was last completed in November 2022. In 2023/24 work will be starting to refresh the format in line with the new Corporate Strategy and recommencing the 10/10 surveys.

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

The Council uses the Corporate Opportunities Plan which identifies opportunities for income generation and cost reduction to support the Medium-Term Finance Strategy. 2022/23 saw £1.5 million generated from the garden waste service and the introduction of coastal parking charges. Projects in progress for 2023/24 include the mobile phone review, vehicle replacement programme and Section 106 process. A new opportunities plan is being developed to address the latest financial projections up to 2026/27.

The Council also seeks to identify external funding sources which in 2022/23 included the government's Shared Prosperity Fund.

The Council has a Procurement Team in place to help achieve value for money and service quality from purchasing, lettings and the management of contracts. They provide support, guidance and advice, while challenging the procurement process to ensure adherence to legal requirements. Wherever appropriate, tenders are used to test the market to obtain best value contracts. In 2022/23 the impact of the cost of living crisis and the war in Ukraine has increased the cost of purchases, restricting the savings achievable. However, the Crown Commercial Service Benefit Report of 2022/23 indicated that the Council was benefiting to the tune of £221,800 from the frameworks it was party to. The team brought about a number of successful tenders throughout the year. These included the Cleaning Contract which was retendered to ensure affordability, as well as contracts related to Tree Management, Homelessness Support, Fareham Live Construction and Housing Developments - including one which achieved a significant saving against the earmarked budget.

The Council continues to work in partnership with other councils and uses the joint tendering power this brings to secure supplier interest and savings. For example, in 2022/23 the Council was party to a Hampshire wide procurement for cash collection services. The Council also benefitted from tender work led by the Coastal Partnership.

In 2023/24 a significant project is being carried out to identify opportunities to reduce Council spend with current suppliers by increasing market testing or reviewing the specification.

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 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 and also in

a bespoke application for members. Any updates planned are presented to the Audit and Governance Committee as part of the Monitoring Officer's report for each meeting. The Committee then makes recommendations to Full Council for approval. In 2022/23 this included an update to the deputation scheme.

In 2022/23 the electoral review by the Local Government Boundary Commission was completed. New ward boundaries take effect from May 2024.

There has been a change of postholder for the Head of Paid Service from 2023/24. The designated postholder covering the Monitoring Officer responsibilities was operational throughout 2022/23. The Monitoring Officer keeps abreast of changes 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.

A full schedule of meetings was delivered in 2022/23. 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 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. In addition, there are two non-executive panels to specifically focus on Climate Change and Daedalus.

During 2022/23 there was a full schedule of Scrutiny Panel meetings. 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 falls 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 2022/23 Scrutiny Panels looked at:

- Affordable Housing Strategy Review
- Coastal Parking Charges
- Neighbourhood Impact of Solent Airport
- Presentation on Coastal Partners
- Draft Empty Homes Strategy
- Food Safety Recovery Plan

The Scrutiny Panels also review reports going, or have gone, to the Executive Committee. In 2022/23 these included the following:

- Kings Coronation Proposals
- Planning Obligations SPD
- Community Infrastructure Review
- Local Plan review
- Energy Rebate Discretionary Policy
- Regeneration of the Fareham Town Centre

There were no call ins of decisions in 2022/23.

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 a training module on the policy was developed and is being completed as part of the new starter induction. This will be rolled out to all existing employees who haven't already completed it.

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

During 2022/23 there were six investigations resulting from internal whistleblowing.

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. The national review of the code by the Local Government Association has been concluded with minimum impact on the current code in use. In 2022/23 there was a focus on member personal and online safety. Local arrangements were put in place as part of the national 'Debate not Hate' programme. A review of the local procedures for investigating Member Code of Conduct complaints is now planned for 2023/24 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 2022/23.

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 are provided with a link to a copy of the code as part of the onboarding process. 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 so the Council has continued to update and simplify it's own code and this was finalised in June 2022. The new policy has been publicised including consultation with the Unions.

The new code now incorporates the policy on employee gifts, hospitality and interests. A new platform for the Registration of interests has been developed and is accessed via the Council's intranet. In 2023/24 a campaign to refresh employees awareness of the policy and availability of the register will be delivered.

The image shows a digital form titled "Declaration of a Gift or Hospitality". The form is divided into two main sections: "Your Details" and "Gift / Hospitality Details".

- Your Details:** Contains a single text input field for "Your Name".
- Gift / Hospitality Details:** Contains five text input fields, each with a red asterisk indicating a required field:
 - "Date Gift / Hospitality Received"
 - "Details of what was received?"
 - "Who provided it?"
 - "Whom was it given to?"
 - "What happened to it?"

Member and Officer Development

A modular induction and training programme is in place for members. New members complete the core modules within a few months of being elected. The Head of Democratic Services then aims to meet with each new member and identify any additional training needs. 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, some of which are all member events and others are for specific committee members. During 2022/23 seven briefing events took place, covering Welborne updates and design code, Medium Term Finance Strategy, Southern Water consultation and the Fareham Local Plan. Specific member online training and personal safety training was also delivered which was supported by an online guide for members. A new secure app has been developed in 2022/23 to hold a library of briefing information that is accessible remotely. The move to paperless committees was also fully rolled out and supported.

Officer training and development is based around a simplified individual performance management process. 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.

In the last two years corporate work programmes have been focused on supporting managers leading remote and hybrid teams.

In 2021/22 individual coaching sessions were reintroduced with appropriate employees and these have continued into 2022/23. In

2023/24 these are being expanded to include personal profile analysis for all employees and team performance coaching.

The Council's online training suite, Skillgate, is available for both members and employees, and can be used to create local courses when the generic course does not meet our needs. All new employees complete an online induction package which includes a number of tests and understanding checks before the programme is complete.

Over the last two years the Council has been using a number of methodologies to continuously disseminate ICT Security policy messages. In 2023/24 the Council will be reviewing how to maximise the impact of these going forward.

A leadership training programme has been delivered with the Senior Management Team. This is now feeding into a People Strategy of how to nurture skills across the whole organisation. Specific training in 2022/23 included: Conflict Management, Equality, Diversity and Inclusion and Dealing with Difficult People. Training planned for 2023/24 includes having savvy conversations and document verification.

A holistic approach to awareness of mental health and emotional wellbeing issues has continued. The Council is proactive in identifying where individual support is needed and putting appropriate arrangements in place.

The Council has adopted a co-ordinated approach to recruiting and developing apprentices in line with the government apprenticeship levy scheme. As at the end of 2022/23 three employees remain in the scheme.

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. A full review of the partnership was completed in 2022/23 which resulted in a new agreement being entered into for ten years with an option to extend for another five years. The partnership has also been extended to include Havant Borough Council and is now called the Southampton, Fareham and Havant Legal Partnership.

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 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 again been vindicated by some positive judgements by the ICO in 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. Workshops were held on the debt collection vision as part of the new finance system implementation.

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 October 2022 including improved speed of use in referring to other documents. The constitution was also changed to allow digital contract signing to reduce time and resources involved. In 2022/23 an officer guide was introduced to strengthen internal processes including insurance requirements, accreditations and safeguarding considerations. Tender debriefs have been introduced as a matter of course. Actions have been taken to increase engagement with local Small and Medium Enterprises including Business Expo at the Leisure Centre.

In 2023/24 the Council will continue with preparations to comply with the requirements of the upcoming Procurement Act.

In 2022/23 a new approach to supporting contract management best practice which includes manager training and expert support network was devised and will be piloted in 2023/24. In 2023/24 the Council is exploring a risk based approach to assessing the financial standing of suppliers during the procurement process which is fairer, more proportionate and consistent.

The Council's Financial Regulations were reviewed in line with the current operation of the new financial management system and regulation 3 on authorisation limits was revised. These changes will be implemented on the system in 2023/24. The Council will also finalise the restoration of rules previously put on hold as appropriate.

In 2022/23 the Council took part in a survey organised by the Biometrics and Surveillance Camera Commissioner. No feedback has been received to date.

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. This was last assessed in 2020.

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.

In 2022/23 the cost of living crisis, in particular, has increased the cost of council wide services in areas such as energy, fuel and building costs. The MTFS for 2023-2027 has now predicted a funding gap in all years. Reserves are available to cover 2023/24 and 2024/25 but action is needed for later years. A new Opportunities Plan for 2023-2027 is therefore being developed to address these predictions and will be a major focus for the Council for the next few years.

The Finance Team are also focusing on closer monitoring of the Collection Fund. The Council has started subscribing to the LG Futures Collection Fund Suite which will be used as a basis for quarterly monitoring in 2023/24. Further work is also planned to assess the cost implications of corporate priorities, and to update the MTFS for any implications arising from the Fair Funding Review when available.

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

and the portfolio holder, when appropriate.

At the end of 2021/22 a new finance system went live and opportunities are being taken to strengthen financial processes and reporting. In 2022/23 a suite of corporate financial dashboards was developed and the budgeting and forecasting module was implemented. Further development planned in 2023/24 includes the debt collection, and supplier spend reports and dashboards.

Financial information is published on our website which includes the statement of accounts, six monthly financial monitoring report and the annual budget books. This can be found on our website at [Budgets and Spending \(fareham.gov.uk\)](https://fareham.gov.uk/Budgets-and-Spending)

Twice yearly financial monitoring reports 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. Senior Finance Managers meet regularly to review the budgetary position and discuss forthcoming pressures and opportunities to allow a forecast position to be established. The FBP's role has been expanded in 2022/23 to provide regular updates on these key services. They also flag up good and bad financial news from their other services.

Regular reports on the Council's loans and investments and Capital Strategy are presented to the Chief Finance Officer, Chief Executive Officer, Executive and Council as appropriate. These meet the requirements of the Prudential Code. In 2022/23 this included a new indicator for the liability benchmark. 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

The Council has adopted an approach to Risk Management using system thinking principles. This puts the focus on managing risks as an everyday activity rather than using resources to maintain corporate risk registers. This Risk Management 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 2022/23 there was risk management coverage in relation to Solent Airport which resulted in a specific update report to the

Chief Executive's Management Team.

Other specific areas of risk management activity in the year included:

- Security of Officers in dealing with members of the public
- Securing funding for homelessness initiatives
- Recruitment and Retention, and staff welfare initiatives
- Property acquisition cost benefit analysis

Risk management activity planned for 2023/24 includes:

- Review of homeworking assessments
- Due diligence arrangements for Energy Bill Support Scheme
- Further due diligence activities for property acquisitions

Emergency Planning

The Council works in partnership with Portsmouth and Southampton City Councils' Joint Emergency Preparedness, Resilience and Response Team (EPRR) to ensure its readiness to respond to emergencies is maintained and meets the requirements of the Civil Contingencies Act 2004. The Agreement between the Councils is in the process of being renewed.

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 and the Council has continued to respond alongside multi-agency partners to a number of incidents in the year including Operation London Bridge and an incident of local flooding.

The EPRR Team continue to support the

Council via monthly meetings to identify additional areas within emergency planning that require revision and updating to improve the Council's future incident and emergency responses. The Emergency Response Plan was last updated in January 2022 and it continues to receive 'light-touch' updates ahead of its three yearly review (August 2024).

In 2022/23, the Work Programme remained focused on training the Council's staff on its Emergency Control Centre (ECC) processes, as well as reviewing the Council's Business Continuity Plans.

The Council's Annual Testing Exercise ('Broken Window') was scheduled towards the end of the year. However, this was postponed to 2023/24 due to resourcing issues in the targeted service.

Business Continuity

It was agreed with the EPRR Team that the current Business Continuity Plans (BCPs) required review and work is currently underway with the Council to continue this review throughout 2023/24.

By the end of 2022/23, both the Corporate Plan and Policy for the Council were updated and agreed. The Corporate Plan defines the Council's response to a significant disruption to service delivery. The Policy aims to define the Business Continuity Management Programme Strategy for the Council.

The Service Level BCPs are in the process of being updated following collaborative working with Service Managers and their Directors. This includes working with Critical Activity Owners to ensure that robust plans are in place, in the event of disruption for the most essential Council services.

The aim is for these Service Level BCPs to be completed by the end of the financial year 2023/24.

Climate Change

The Council has made the commitment to become carbon neutral by 2030 across our buildings and services. There is a climate change action plan in place to support this, which consists of over 40 projects. The main focus is on reducing our operational carbon footprint but there are also projects that support our leadership role in the Borough and look to make Fareham resilient to the changes brought by climate change.

A Climate Change Officer Board, which incorporates the Chief Executive's Management Team and the Head of Streetscene, receive quarterly updates on the progress of the action plan and lead on allocating resources as needed.

The member Climate Change Scrutiny Panel also meets quarterly to oversee progress. Scrutiny is also provided by other panels where relevant. For example, the vehicle replacement project was scrutinised by the Policy and Resources, Streetscene and Climate Change panels in a joint meeting. Significant proposals are presented to the Executive.

In 2022/23 achievements included:

- Staff and member energy saving campaign. Electricity consumption continued to be lower than pre-covid levels.
- A 12-month trial of low carbon Hydrotreated Vegetable Oil (HVO) fuel was completed with our small vehicle fleet such as ride on mowers now running on it alongside our Garden Waste vehicles.
- Allocated £30,000 of funding to community centres for small low carbon measures.

In 2023/24 key projects will be:

- Mapping out the journey to carbon neutrality.
- Completing a feasibility study for a new 3.5 MW solar farm.
- Implementing the vehicle replacement programme to include a number of electric vehicles.
- Office LED light replacement programme.
- Approve a programme for installing electric vehicle charging points.
- Applying for decarbonising funding for our leisure centres

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. In 2023/24 the Council will be focussing on a fraud risk assessment of Business Rates.

The Anti Fraud and Corruption Policy was last updated in 2016/17 alongside the Sanctions and Redress Policy. It is planned to start refreshing the suite of fraud policies in 2023/24.

In 2022/23 a review was completed of compliance with the Government Counter Fraud Profession Strategy. Work will commence in 2023/24 to strengthen the framework as time permits.

The work that the Counter Fraud Team was carrying out in relation to Business Grants was extended in 2022/23 to include Energy Grant payments. In total 35,869 payments,

amounting to £5,380,350, were made in the year under the Government initiative. 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.

In 2022/23 the Investigations Officer was used to support the Housing Options Team in doing counter fraud checks. He also rolled out an awareness programme of fraudulent and manipulated documents used to defraud council processes. This will be supplemented by external training of key services on document verification techniques and a roll-out of equipment to support the process. 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 2022/23 we investigated 334 cases leading to 44 individual frauds or irregularities being found. These amounted to a total value of £23,943. No large frauds were found in the year compared to previous years. Further statistics can be found on our Transparency webpage:

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



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 13 partnerships of which nine were deemed significant to the Council in 2022/23.

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. A summary of the review is also included in the annual Head of Audit's opinion report to the Audit and Governance Committee. The latest report was presented to the Chief Executive's Management Team in July 2023

Notable partnership activity in 2022/23 included:

- Substantial Homes England funding was secured for the development of new council homes by working with the Wayfarer Partnership.
- Extension of the Legal Partnership to include Havant Borough Council.
- The Internal Audit Partnership with Portsmouth City Council was utilised in wider ways including providing independent grant certifications and developing data analytics for the new finance system.
- A review was carried out by the new political leadership of the partner for the Environmental Health Partnership. This concluded that they were happy and wish to continue. Discussions have also started to potentially extend the partnership for further services.



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 and will be refreshed in 2023/24. Four different strands of work are carried out to inform the annual audit opinion and help the organisation maintain strong systems of control.

In 2022/23 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 quarterly report was introduced.

In 2019/20 we completed a review of compliance with the CIPFA statement of the

Role of the Head of Internal Audit 2019. Overall a high level of compliance was found. Changes implemented in 2022/23 was to update the Internal Audit Charter to expand responsibilities of the Head of Internal Audit.

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 2023/24 work will commence on reviewing the requirements of the new Global Internal Audit Standards due to be implemented in 2024/25. Our annual review of compliance with the current standards concluded that in 2022/23 that there was full conformance with 49 of the 52 Audit Standards and partial conformance with the other three. Compensating activities are in place which included an external assessment undertaken by our audit partners in 2022/23.

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.

The findings of the review of the Audit and Governance Committee were fully implemented in 2022/23, this included implementing 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 July 2023:

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 2022/23 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 one audits and were very low in value;*
- ✓ *the expenditure errors found in the NFI data matching have been addressed and new controls put in place to strengthen arrangements.*
- ✓ *56% of recommendations followed up were signed off by the audit team and a further 33% were being progressed;*
- ✓ *collaborative working with services on 1 wider work area in the year (Section 106 developer contributions) is leading to an improved workflow process;*

✓ *completion of work to address 1 issue highlighted last year:*

- ◆ *replacing the system to host the employee gifts and hospitality register, supported by the launch of the revised policy*

Good progress has been made on all the following other issues highlighted last year but some work is still needed:

- a) *Rolling out training and support for contract management. **
- b) *Strengthening debt collection and write off processes in a number of services.*
- c) *Carrying out stock condition surveys and implementing asset management plans.*
- d) *Fully embedding the new system for managing costs associated with housing repairs.*
- e) *Fully updating the status of previous internal audit recommendations made.*

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

- a) *Development of reports and dashboards on the new finance system to provide management information and allow improved internal audit scrutiny of the data.*
- b) *Strengthening awareness of what good looks like in spending decisions and providing increased assurance testing of supplier spending*

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 they carry out was last 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:

- Draft Annual External Audit Report by Ernst and Young for the year ending March 2022
- Housing Delivery Grant Funding Compliance Audit Report (November 2022) by Homes England
- Report of the Local Government and Social Ombudsman 2021/22
- Information Commissioners Decision Notices 2022/23
- Vehicle Operators Compliance Risk Score, Vehicle Test History and Vehicle Encounter Report (May 2023) by the Driver and Vehicle Standards Agency
- Investigatory Powers Commissioner's Office Report (February 2022)
- Civil Aviation Authority Reports (November 2022 and March 2023)
- Compliance work undertaken to meet the requirements of the Public Service Network
- Report on the Examination of the local Plan by the Planning Inspectorate (March 2023)
- Biometrics and Surveillance Camera Commissioner Survey (September 2022)
- Partnership coverage by other internal audit teams
- External quality audit of Building Control Partnership by British Standards Institute (April 2023)
- Crimson major defects Reports 2022-23



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 24 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 2022/23.
- 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 2021/22 Annual Governance Statement

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

	Issue 2021/22	Status	Update 2022/23
1	Openness Update the published equality objectives	Complete	Policy, Research and Engagement Manager Fareham's updated Equality objectives for 2022-26 were approved at the November 2022 Executive meeting .
2	Vision and Actions 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	Head of Finance and Audit The next Corporate Strategy is close to being finalised. The Finance Team will consider how the financial implications can be accounted for and fed into the MTFs.
3	Vision and Actions Carry out a review of the corporate strategy for the end of year 2022/23	In Progress	Director of Leisure and Community The draft Corporate Strategy for 2023-29 was approved for public consultation at the 15 May 2023 meeting of the Executive. The new strategy is scheduled to be adopted by the Council in Autumn 2023.
4	Climate Change Deliver the short-term actions linked to reducing the Council's carbon footprint in the climate change action plan	In Progress	Director of Planning and Regeneration A 12-month trial of low carbon Hydrotreated Vegetable Oil (HVO) fuel was completed with our small vehicle fleet e.g. ride on mowers now running on it alongside our Garden Waste vehicles. Allocated £30,000 of funding to community centres for small low carbon measures. Staff and member energy saving campaign contributed to a reduction in operational electricity consumption.
5	Member Roles and Responsibilities / Constitution Complete the submission of phase 2 of the electoral review covering the boundary review.	Complete	Head of Democratic Services Submission completed with final report issued by Local Government Boundary Commission. New ward boundaries take effect from May 2024.
6	Head of Paid Service 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.	In Progress	Chief Executive Officer The organisation is now operating under the new ways of working vision with most employees choosing to work a mixture of time at home and in the office, in a manner that suits their needs and the needs of the service. Options are discussed with all new employees as part of the recruitment process. An analysis has been carried out of the hybrid working habits that are arising to inform the next part of the vision on shared workspaces. This will be implemented later in 2023/24.
7	Decision Making Roll out the vision for paperless committees.	Complete	Head of Democratic Services All committee agendas are now published to the bespoke app and accessed by members using laptops. Paper printing is therefore no longer needed.

Actions taken to address the issues raised in the 2021/22 Annual Governance Statement (cont.)

	Issue 2021/22	Status	Update 2022/23
8	<p>Codes of Conduct</p> <p>Review the procedures for investigating Member Code of Conduct complaints, to improve and simplify processes and update documentation accordingly. (B/fwd)</p>	No Progress to date	<p>Director of Support Services</p> <p>Resources were prioritised to focus on members personal and online safety arrangements as part of the “Debate not hate” campaign. This review is now planned for 2023/24.</p>
9	<p>Codes of Conduct</p> <p>Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/fwd)</p>	Complete	<p>Director of Support Services</p> <p>The code of conduct and disciplinary rules and procedures was finalised in June 2022 and has been published on the Council’s intranet. Employees have been made aware of the update and unions consulted on the content.</p>
10	<p>Whistleblowing and Conflicts of Interest</p> <p>Develop a Skillgate package for managers and employees how to raise and handle concerns. (B/fwd)</p>	Complete	<p>HR Business Partner (SS)</p> <p>An online training module has been produced using Skillgate and is now being completed by all new employees.</p>
11	<p>Whistleblowing and Conflicts of Interest</p> <p>Complete the development of a replacement database for the employee register of Interests. (B/fwd)</p>	Complete	<p>HR Business Partner (TH)</p> <p>A replacement database for the employee register of interests has now been produced and launched. An online form is used to populate the register.</p>
12	<p>Member and Officer Development</p> <p>Roll out the managing remote workforces programme across the organisation</p>	No longer needed	<p>Director of Support Services</p> <p>In 2021/22 the managing remote workforces programme was delivered to key managers and team leaders where possible. This programme has now been replaced by a wider programme of individual coaching profile analysis and team performance development.</p>
13	<p>Member and Officer Development</p> <p>Implement the new recruitment system to produce a more efficient administration process and a better experience for candidates.</p>	Complete	<p>HR Business Partner (TH)</p> <p>The new recruitment system has been fully operational since summer 2022.</p>
14	<p>Laws and Policies</p> <p>Complete a review of the contractual arrangements for the legal services partnership.</p>	Complete	<p>Head of Democratic Services</p> <p>10 year contract renewal agreed by Executive on 6th March 2023</p>

Actions taken to address the issues raised in the 2021/22 Annual Governance Statement (cont.)

	Issue 2021/22	Status	Update 2022/23
15	<p>Financial Management</p> <p>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.</p>	In Progress	<p>Head of Finance and Audit</p> <p>The budgeting and forecasting module of the system has been implemented but timing meant that the budgets for 2023/24 were compiled outside of the module. The budget data is now in the Finance System but there are some issues still to be resolved. Use of the budget and forecasting module will be developed further in 2023/24.</p>
16	<p>Audit Committee</p> <p>Implement a framework of regular reports from the Monitoring Officer (MO) and Head of Internal Audit to support the committee in their strategic governance role.</p>	Complete	<p>Head of Democratic Services</p> <p>Regular report from MO added to Audit & Governance Committee agendas since July 2022. Head of Internal Audit quarterly report also now part of the agendas.</p>
17	<p>Business Continuity</p> <p>Review how the BCPs are structured and how they work. Particularly in identifying critical services. (B/fwd)</p>	In Progress	<p>Head of Environmental Health</p> <p>The Corporate Plan and Policy were approved and finalised in 2022/23. The service level BCPs are in the process of being updated following collaborative working with service directors and their managers. This includes working with critical activity owners to ensure that robust plans are in place in the event of disruption for the most essential Council services.</p>

Status
Complete
In Progress
Superseded
No further action proposed
No progress to date

Planned Governance Improvements 2023/24

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	All	Arrange for the draft unsigned Annual Governance Statement for 2023/24 to be published with the draft Statement of Accounts at the end of May 2024.	Head of Finance and Audit
2	Council's Vision and Actions	Develop a process, to feed the finances needed to deliver the priorities set out in the Corporate Strategy, into the Medium-Term Financial Strategy. (Brought Forward—B/Fwd)	Head of Finance and Audit
3	Council's Vision and Actions	Complete the public consultation on the next Corporate Strategy (2023-2029) and conclude the review.	Director of Leisure and Community
4	Council's Vision and Actions	Refresh the Vision and develop a Framework for Fareham Town Centre Regeneration to reflect the outcomes set in the new Corporate Strategy.	Director of Planning and Regeneration
5	Service Quality and VFM	Review the Council's spending with suppliers to identify opportunities to reduce costs by increased market testing or respecifying.	Financial Services Procurement Manager
6	Service Quality and VFM	Reinvigorate systems thinking service interventions across the organisation in line with a revised vision of the focus and resourcing of this work.	Director of Leisure and Community
7	Head of Paid Service	Create a "People Strategy" which outlines the Council's approach to its workforce including how talent is nurtured, how skills are transferred and how high performing teams will be built.	Director of Support Services
8	Codes of Conduct	Review the procedures for investigating Member Code of Conduct complaints, to improve and simplify processes and update documentation accordingly. (B/fwd)	Director of Support Services
9	Law and Policies	Run a series of workshops to review and strengthen our contract management arrangements and policies.	Financial Services Procurement Manager
10	Law and Policies	Formulise a data protection and GDPR training regime that reflects the different roles of the employees in the organisation.	Head of Democratic Services
11	Law and Policies	Monitor progress and implications of the Procurement Bill.	Financial Services Procurement Manager

Planned Governance Improvements 2022/23 (cont.)

Ref	Part of Framework	Planned Improvement	Lead officer
12	Financial Management	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.	Finance Manager (NW)
13	Financial Management	Develop the Opportunities Plan for 2023-27 including member involvement and sign off.	Head of Finance and Audit
14	Counter Fraud	Update the suite of fraud policies.	Head of Finance and Audit
15	Internal Audit	Commence work on actions needed to demonstrate compliance with the audit standards being introduced from May 2024	Senior Audit and Fraud Analyst (CR)
16	Business Continuity	Review how the Business Continuity Plans are structured and how they work; particularly in identifying critical services. (B/fwd)	Head of Environmental Health
17	Climate Change	Map out the Council's journey to carbon neutrality	Policy, Research and Engagement Manager

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



A.P.B. Wannell
Chief Executive Officer

