

**FAREHAM**  
BOROUGH COUNCIL

**Annual Governance  
Statement  
2020/21**

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

# SCOPE OF RESPONSIBILITY

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

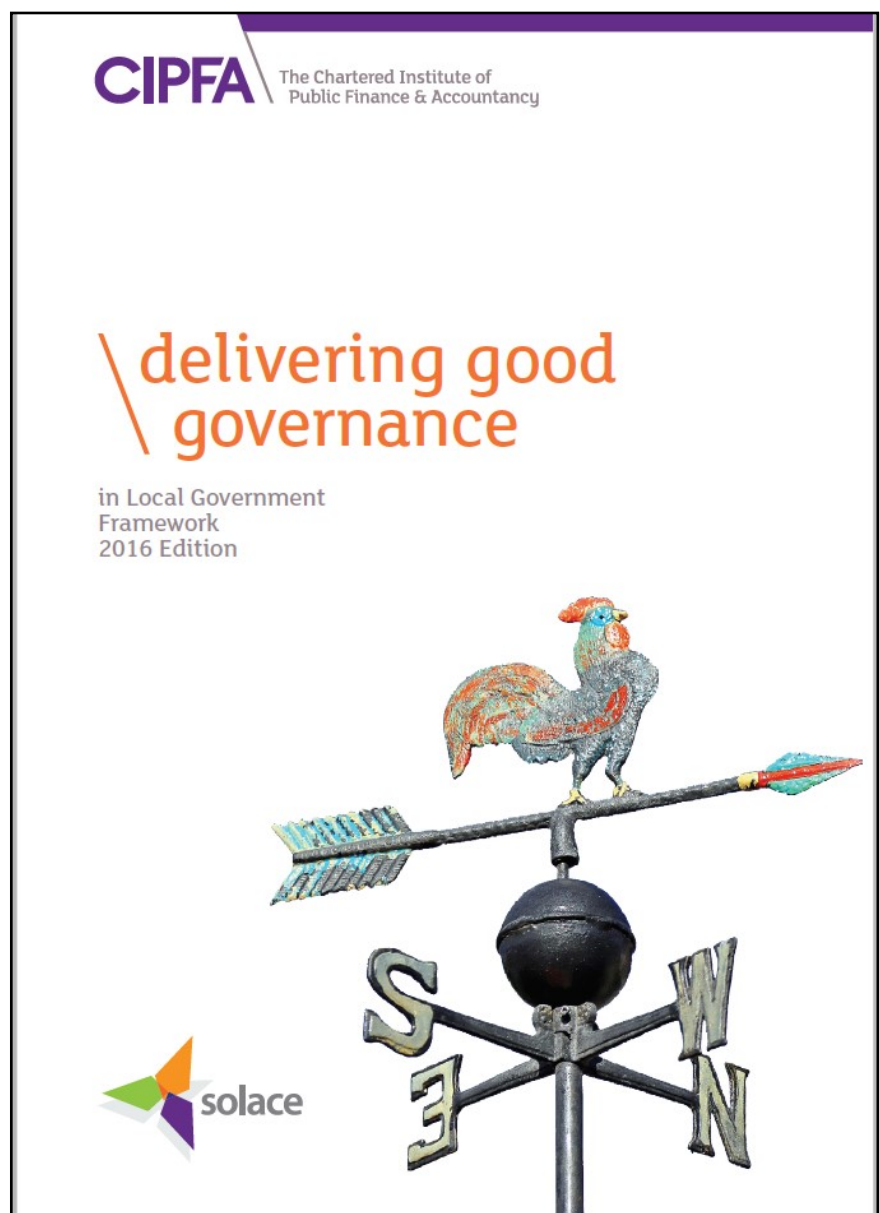
Fareham Borough Council also has a duty under the Local Government Act 1999 to make arrangements securing continuous improvements to the ways in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council is responsible for putting arrangements in place for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Fareham Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy's framework; *Delivering Good Governance in Local Government*.

A copy of our code is on our website at: <http://www.fareham.gov.uk/about-the-council/strategies/policydocs.aspx>.

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



# THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

The system of internal control is based on an 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 2021 and up to the date of approval of the Statement of Accounts.

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

## Openness

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

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

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

Due to the impact of the pandemic during 2020/21 we suspended CAT meetings and moved to virtual exhibitions. These enabled consultation information to be reviewed online. Subjects covered included, 'Balancing the books' and 'Local plans' .

We have developed a Freedom of Information Publication Scheme which is published on our website along with a Transparency portal which provides financial information and other data about the way the Council is being run.

This can be found on our website at: [http://www.fareham.gov.uk/about\\_the\\_council/financial\\_information/intro.aspx](http://www.fareham.gov.uk/about_the_council/financial_information/intro.aspx)

We also carry out periodic reviews to ensure compliance with the latest requirements of the Transparency Code. The latest review is almost completed.

On top of this we aim to respond to all Freedom of Information requests we receive. We issued 703 such responses during 2020/21.

# 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. The next review is in progress, and a report is due to go to Committee in Autumn 2021/22. The review is considering other ways to maximise engagement, especially for people in the community with no online access.

The Council magazine "Fareham Today" is primarily an online publication which is produced three times a year. Special editions are produced as required to focus on key topics. Households can still request a printed copy or to receive email alerts when an edition is published. More than 900 households have signed up to receive printed copies with a further 455 receiving email alerts.

We continue to see a consistent growth in followers on social media which enables informal, two-way conversations with a wider range of people. When Covid restrictions allow we use the Council Connect stand in the Town Centre plus 43 community notice boards throughout the borough to display a range of material on targeted themes in the year.

During 2020/21 we introduced a business e-newsletter to communicate with local businesses about the pandemic.

During 2021/22 we will be consulting on the need to continue with this newsletter for wider topics going forward.

The Council has a Public Relations, Marketing and Consultation Team who coordinate and undertake community consultations using a variety of methods. The team encourages all departments to seek advice on communication methods to be used for events, information, and when our equality objectives need to be considered, to ensure our approach is consistent.

Communication methods includes use of an e-panel of over 2,200 residents. We also have 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 2020/21 but will resume in 2021/22. In 2020/21, more than 2,500 people responded to nine consultations and events. Subjects included business support needs resulting from the pandemic, the naming of the new arts and entertainment venue in Fareham, and the Welborne planning application and community infrastructure levy charges.

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



# Council's Visions and Outcomes

Our Corporate Strategy 2017-2023 describes an overall vision for the Borough - **Fareham: a prosperous and attractive place to be**. It sets out our priorities for improvement over a six-year period. This is available on our website at: <http://www.fareham.gov.uk/about-the-council/strategies/keystrategies.aspx>.

During 2020/21 we conducted an annual review of the Corporate Strategy which was approved by Council in December. One significant change was the addition of a new priority *to deliver a programme of work under the opportunities plan to enable the council to generate additional revenue, reduce costs and respond to service pressures and opportunities*.

A project plan has been drawn up to deliver the Strategy priorities which is monitored by the Chief Executive's Management Team twice a year. A process is being developed to quantify the finances needed to deliver the Corporate Priorities set, and feed these into the Medium-Term Financial Strategy. Notable achievements from the Strategy in 2020/21 include :

- ✓ Reviewed our approach to community safety and CCTV resulting in improved CCTV provision and two additional enforcement officers.
- ✓ Planning permission was approved for the remodelling of Ferneham Hall and the name of 'Fareham Live' was agreed.
- ✓ The construction has started of four new industrial business units at Faraday business park at Daedalus.

The Council's purpose and objectives are often

affected by changes in legislation and government. We use the information from our communication channels to put these into local context and identify local priorities. For example, we are now well placed to deliver the priority actions in our local climate change action plan during 2021/22.

Some changes need quicker responses outside of the strategic planning process. For example during the 2021/1, the Council designed and implemented a number of responses to the pandemic including £50million of business grants and reliefs.

A "Big Picture" report covering the hot topics in the Borough and what people are talking about using social media and other sources is usually reviewed every six months by the Chief Executive's Management Team. This includes the results of 10/10 surveys. We also monitor any changes in demographics in the Borough which may influence what our priorities should be.

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

In 2021/22 we plan to resume ticketed events, supplemented by virtual exhibitions - according to current Covid regulations.



# 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 putting them at the heart of everything we do. Reviews result in improved customer experience and faster service delivery. Further training on the approach was rolled out last year for new managers and key officers and checks were carried out to ensure momentum for keeping the customer at the heart of the organisation were continuing. In 2021/22 we will review the current position of past interventions and the progress made.

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

Our Local Service Agreements (LSAs) set out how well we are doing on delivering key services in line with our corporate priorities. They are usually updated annually and reviewed by the Chief Executive's Management Team and the Executive. The LSAs include a list of key performance measures which are monitored during the year including 10/10 survey results where available. This work was on hold during 2020/21 but has now resumed in 2021/22.

The Council has a corporate Opportunities Plan which identifies opportunities for income generation and cost reduction to support the next five year Medium-Term Finance Strategy. Additional resources have been allocated to ensure that this is achievable.

To date £1,627,920 of savings from the Opportunities Plan work has been built into the Council's budgets, including £938,320 built in for 2021/22 which includes the outcomes from the garden waste and coastal charging reviews.

The Council has a dedicated procurement team in place to help achieve value for money and service quality from purchasing and letting of contracts, to providing support, guidance, advice and challenge in the procurement process. The work of the team during 2020/21 included the successful tenders for various construction projects such as Stubbington Lane and Station Road housing schemes and the Faraday Phase 1 Industrial Units at Daedalus.

The Council continues to work in partnership with other councils and uses the joint tendering power this brings to secure interest and savings in projects. For example, in 2020/21 the Coastal Partnership successfully tendered for appraisal and design work for a habitat creation scheme at Hook Lake; and the Building Control Partnership awarded a contract for bulk scanning of documentation on behalf of Fareham and Gosport Borough Councils and Portsmouth City Council.

In 2020/21 we evaluated our critical suppliers in light of the pandemic and worked with them as appropriate to maintain them during the period of restrictions; thus minimising the impact on our services.



# Member and Officer Roles and Responsibilities

The Council's Constitution sets out:

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

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

The Constitution documentation continues to be reviewed by the Democratic Services team to keep it as a single reference source that is readily available on the Council's website.

During 2020/21 emergency powers contained in the Constitution were used to maintain effective decision making as detailed below. Executive portfolio holders carried out new responsibilities under the changes made .

An annual report to the Audit and Governance Committee is produced which advises members on any updates made to the constitution. in 2020/21 we started to review the Constitution Procedure Rules (Part 3); but this was delayed due to the pandemic so any revisions arising from this review will be completed and reported in 2021/22.

There is a designated post which covers the Monitoring Officer responsibilities; this was operational throughout 2020/21. The Monitoring Officer keeps apprised of changes in requirements by attending appropriate courses and the Council subscribes to a national service to obtain advice as necessary.

## Decision Making

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

During 2020/21 we were able to maintain appropriate decision making arrangements by utilising emergency powers and the provisions available in the Corona Virus Act. We were able to resume usual decision making capability early in the year via virtual meetings, which were supplemented by live streaming for the public. A detailed report on these arrangements was presented to the Council in October 2020.

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 these are published 28 days prior, to enable wider transparency and opportunities for representation to the decision makers. These are discussed in advance by the Chief Executive's Management Team.

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

# Scrutiny

Our committee structure follows the Executive Leader and cabinet model, which requires us to have a scrutiny function.

The Council uses a Scrutiny Panel for each of its six portfolio areas. Each Panel is made up of seven non-executive councillors and reflects the political balance of the elected members. The Panels normally meet a minimum of four times a year with extra meetings called when needed. During 2020/21 panels were suspended in March 2020 due to the pandemic but recommenced in July 2020 by way of virtual meetings.

Work has been carried out during 2020/21 to establish two additional panels that focus specifically on climate change and Daedalus. These panels commenced operation in 2021/22.

Each Scrutiny Panel has a Priority Plan which identifies the objectives from the Corporate Strategy and areas of the executive function that require their scrutiny; for example budget setting fall under the Policy and Resources Scrutiny Panel. Part of the panels' focus is to be engaged in pre-scrutiny work and to have an input in the decision making process by making recommendations to the Executive. In some cases specific member working groups are in place to assist in the development of service visions and strategies.

For example, in 2020/21 Scrutiny Panels looked at:

- Community Centres – Covid 19 Impact Publication (Regulation 19) Local Plan
- Consultation response to Publication Local Plan
- Community Safety and CCTV
- Capital Programme and Capital Strategy 2021/22
- Review of Garden Waste Collection Service

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

- Arrangements for the 75<sup>th</sup> Anniversary of VJ Day
- Covid 19 – Special Grants Programme
- Affordable Housing Strategy Update
- Building Control Partnership Agreement
- Covid-19 Economic Recovery Plan
- Covid-19 Public Spaces Recovery Plan

Following post scrutiny of the Executive Committee, there was one decision called in during 2020/21. This was a challenge of an officer delegated decision regarding the Nitrate Mitigation Scheme.

A review of how the new Scrutiny Panels are performing has commenced and will be completed during 2021/22, to confirm that the new arrangements are being consistently applied across the Council.





# 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 arrangements in place to deal with matters of ethics, honesty and member conduct. A national review of the code is being conducted by the LGA and our will be updated to reflect this. A review of the local procedures for investigating Member Code of Conduct complaints is planned for 2021/22 to improve and simplify our processes and update documentation accordingly.

New members receive an induction session on the Code and while specific training on media communication has been delayed, this will be delivered in 2021/22.

A report is presented annually to the Audit and Governance Committee setting out the number of complaints received about member and any 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 2020/21.

The Council's Code of Conduct and Disciplinary Rules and Procedure aim to maintain appropriate standards of conduct at work by employees. It ensures that employees are treated fairly and supports an appropriate culture and working environment, through fair and effective management of disciplinary matters. All new employees complete induction on the content of the Code. A review of the code started in 2016/17 but has been delayed in order to reflect the National Code of Conduct. In the meantime, the Council has continued to update and simplify its own Code and this will be finalised in 2021/22.

A revised policy on employee gifts, hospitality and interests has been drafted to meet the needs of the Bribery Act and will be finalised in 2021/22 along with a new platform for the Register of interests. During 2020/21 our Anti Bribery arrangements were reviewed following a bribery attempt and a new process and reporting mechanism was adopted.

## 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 2021/22 we will be rolling out further training for managers and employees, on raising concerns, using the Skillgate platform. This has been delayed due to the pandemic.

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

During 2020/21 there were one investigation resulting from internal whistleblowing.

# Member and Officer Development

A modular induction and training programme is in place for members. The induction modules for new members are completed within a few months of being elected. These modules are reviewed individually with new members appointed in the year and any additional training needs identified. A central library is also maintained to allow members to access briefing information outside of training events.

The programme is supplemented by specific topic briefings for members. During 2020/21 three briefing events took place on the Nitrates Mitigation proposal, Planning for the future and Changes to the Viability of the Welborne Planning Application. Significant training and support was also provided to members in 2020/21 to develop the skills to carry out meetings virtually.

Officer training and development is based around a simplified individual performance management process. In 2020/21 a suite of management development documents were published to support managers leading remote and hybrid teams. In 2021/22 we plan to embed this by using learning circles.

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

The Council's online training suite, Skillgate, is available for both members and employees, and includes the facility to create local courses when the generic course does not meet our needs. All new employees complete an online induction package through Skillgate which includes a number of tests and understanding checks before the programme is complete. Completion of the programme is monitored by a designated Human Resources officer.

In 2020/21 we reviewed methodologies available to continuously disseminate ICT Security policy messages to employees and further actions are planned for 2021/22.

We are delivering a leadership training programme with the senior management team. This was put on hold in 2020/21 but it will recommence in 2021/22. Specific training in 2020/21 which did proceed included online application form design which was utilised extensively for the Business Grants work.

We have started to roll out a holistic approach to awareness of mental health and emotional wellbeing issues with sessions delivered or planned to cover 'Managing People with Mental Health Issues' and 'Wellbeing at Work'. These were well supported by managers and employees. The sessions paused due to the pandemic but have resumed virtually during 2021/22.

We have adopted an approach to recruiting, developing and employing apprentices in line with the government apprenticeship levy. As at the end of 2020/21 we have two employees currently remaining in the scheme which are being funded by levy funding.

The Council recognises the potential difficulties young people face getting into the workforce. We will be looking to take part in the Government's Kick Start scheme which provides funding to create job placements for 16-24 year olds on Universal Credit who are at risk of long term unemployment.

Fareham Borough Council will be working with Hampshire County Council who are acting as a 'gateway' employer to help facilitate the placements.

# Ensuring Compliance with Relevant Laws and Polices

Fareham Borough Council and Southampton City Council are in an established award-winning partnership for the provision of legal services. This helps ensure that the Council has access to a wider range of solicitors for support. It also gives joint responsibility for ensuring the Council identifies changes in legislation and has the right policies and procedures in place to ensure ongoing compliance. The partnership has recently been extended for two years to allow a full review of the partnership for implementation by March 2023.

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

In response to the pandemic, additional legal advice was needed in 2020/21 in response to government directives. This allowed the use of emergency decision making powers and an emergency budget in accordance with the provisions provided for in Local Government legislation. Throughout 2020/21 advice and support was maintained through remote working and virtual meetings.

A Vanguard review of how the Council manages external requests for information, such as under the Freedom of Information Act 2000, commenced in 2019/20. This has led to some changes to internal processes used and this work will continue into 2021/22.

Key policies are regularly reviewed to ensure they are up to date and relevant. New and refresher training is rolled out when considered appropriate.

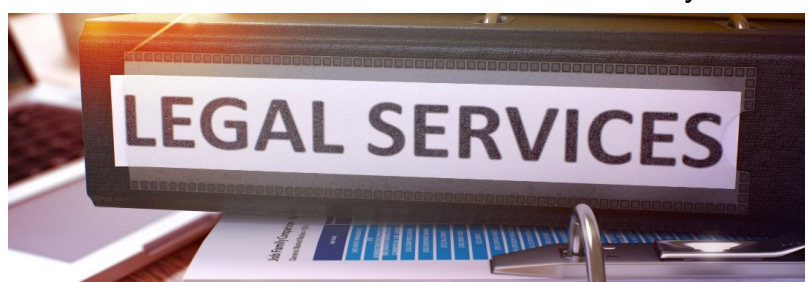
It was identified in 2020/21 that the Council needed to formalise its response to the Criminal Finances Act 2017. A project has started to review the Council's policies and procedures to prevent the facilitation of tax evasion.

In 2020/21 the focus has been on adapting policies to the Covid emergency. The focus on procurement during 2020/21 was to ensure compliance with the Procurement Policy Notes in relation to procedure changes introduced by the Government during this time. We also carried out additional testing of Procurement Card transactions to provide assurance that relevant guidelines were complied with.

In 2021/22 we are planning to run a series of workshops to review and strengthen our contract management arrangements and policies. In 2021/22 we will also be strengthening the processes used to assess the financial standing of suppliers during the procurement process and subsequent contract management of critical suppliers.

The Council's Financial Regulations were reviewed and adapted to meet the need to work remotely during lock down. A log was maintained of every change that was made and approved and monitoring continues to trigger the restoration of rules as appropriate.

During 2020/21 preparations were carried out to assess compliance with the data classifications requirements given the UK's exit from the EU at the end of January 2021.



# Financial Management

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

The Council has adopted an integrated approach to service and financial planning which allows for pressures and opportunities to be considered and reflected promptly in the Council's financial plans. The Council's Medium Term Finance Strategy (MTFS) and Treasury Management Strategy are updated each year and approved by Members.

The Strategy had predicted a funding gap in 2020/21 and beyond. This was made worse by the impact of the pandemic as we had to use reserves to fund the 2020/21 spend, and this was predicted to continue into 2021/22. The main impact has been on income derived from Council services such as, Car parking, income from property and trade waste.

It has also cost the Council around £300,000 to make adaptations to service provision and buildings to make them Covid compliant. However, these impacts have been partly offset through Government Covid support schemes.

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

We are also continuing to focus on the Collection Fund. The project has stalled due to the pandemic, but we hope to resume quarterly monitoring in 2021/22. Further work is also being carried out to assess the cost implications of delivering corporate priorities, and to update the Strategy for any implications arising from the Fair Funding Review.

Finances are monitored regularly through reporting and discussions with budget holders, directors and the relevant portfolio holder.

Accountants are established as Finance Business Partners (FBP) to the services they support and contribute to the development of their services. In 2021/22 we will be implementing a new finance system which will strengthen all financial processes and reporting, including all integrated budgeting and forecasting.

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

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

In 2020/21 mechanisms were introduced to monitor the impact of the pandemic on the Council's financial standing and a financial recovery plan is being implemented to maintain the Council. As part of the plan, an emergency budget was set for 2020/21 as an urgent report in September, and further updated in January. As part of the measures taken the Council has adopted a 'Living below our means' strategy. We also completed a risk assessment of the impact of the pandemic on key council revenue and capital projects.

Regular reports on the Council's loans and investments and Capital Strategy are presented to the Chief Finance Officer, Chief Executive Officer, Executive and Full Council as appropriate. These meet the requirements of the Prudential Code. Treasury investments are made, having taken into account advice from the Council's treasury management consultants in order to reflect current market developments.

# Risk Management

In 2017 the Council adopted a new approach to Risk Management using system thinking principles. This puts the focus on managing risks as an everyday Council activity rather than using resources to maintain corporate risk registers.

This policy consists of seven principles and includes arrangements for monitoring the effectiveness of the policy. This would normally include 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.

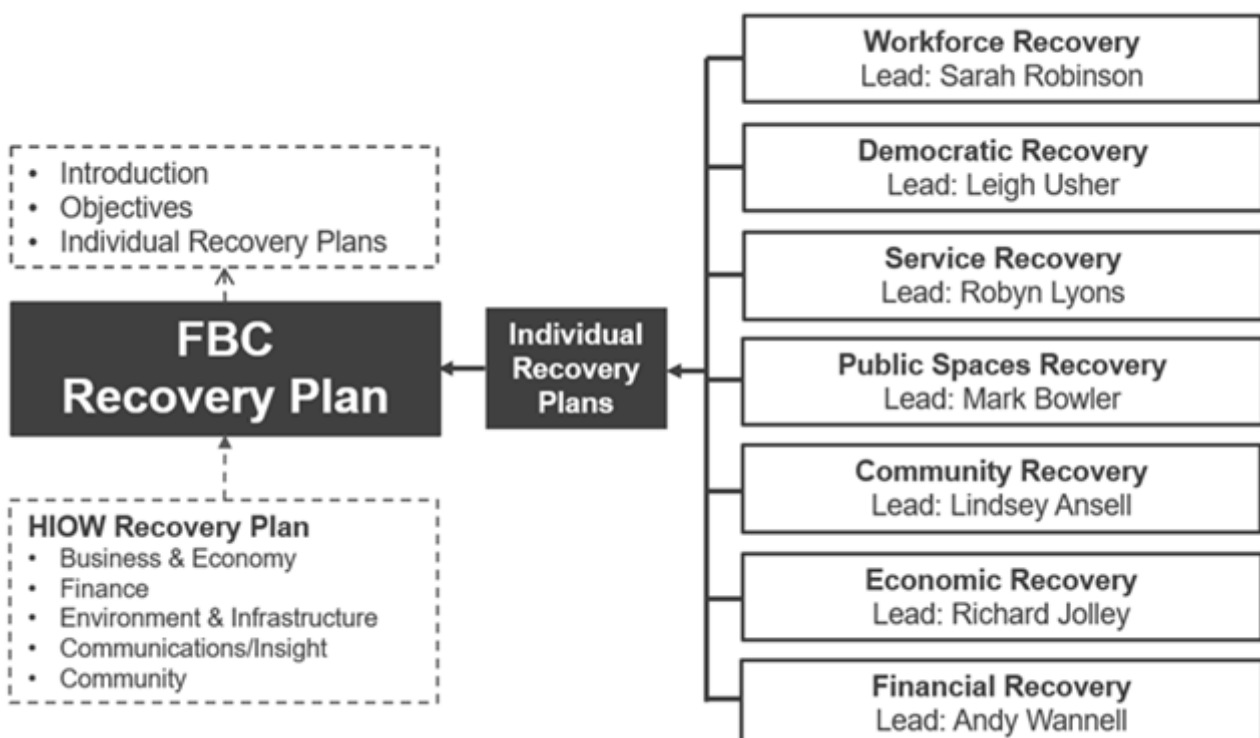
However, due to the pandemic this process was temporarily suspended and replaced by risk management activity associated with the Council's response to the pandemic in both the response and recovery phases. In particular a series of seven recovery plans were drawn up covering different strands of

recovery work officers were working on. A risk assessment of the impact of the pandemic on key council revenue and capital projects was also completed.

In 2021/22 we will be looking at ways to streamline the risk management monitoring reports.

A significant joint review by the audit and insurance teams was started in 2018/19 looking at the ownership of risk inspections in public areas. This work was finalised in 2020/21 and good assurance was given on the processes being used. The results were discussed with key managers and formally presented to CXMT and the Audit and Governance committee and a number of actions agreed. For example, one area was identified where the inspection regime could be strengthened.

There are plans to develop the Risk Management process using workshops to review specific top risk areas in more detail., such as the Local Plan and Solent Airport.



# Emergency Planning and Business Continuity

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

There is also close linkage with the Hampshire and Isle of Wight Local Resilience Forum and communications were received from them throughout the pandemic.

A three year emergency planning work programme has been implemented which was supported by monthly meetings identifying additional areas within emergency planning that require revision and updating.

In 2020-2021 the work programme was severely interrupted by the Covid-19 response which resulted in the council diverting resources to respond.

This incident has helped identified new areas of emergency planning that will be implemented as part of the 2021-2022 work programme.

This work programme will take the learning identified as part of the Covid response to update the Councils Emergency Response Plan as part of its three yearly review and has enabled new processes to improve the councils future responses.

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

Covid-19 has resulted in one of the largest Business Continuity Incidents and the Council have implemented their plans in response to Covid-19 to aid and inform service recovery in the event of a major disruption of day-to-day activity. This incident has also identified and developed new mechanisms to keep all members briefed on the actions being taken by the Council throughout the response phase of the pandemic.

The lessons and mechanisms will be incorporated into future Business Continuity Plans and are built into the work programme for 2021-2022.



# Counter Fraud

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

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

This Anti Fraud and Corruption Policy was last updated in 2016/17 alongside the Sanctions and Redress Policy. We are planning to refresh the sister Anti Bribery Policy in 2021/22.

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

This was recorded in a PEA plan, as required by the Government. This remained the focus of strategic counter fraud work carried out in 2020/21 as the Covid restrictions and associated grants schemes continued.

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

In 2020/21 we investigated 746 cases leading to 56 individual frauds or irregularities being found. These amounted to a total value of £494,000. The largest value of fraud found was for business grant payments (£380,000); the majority of which were prevented from being made. Further statistics can be found on our Transparency webpage:

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

Local Authority covered by this PEA Plan:

Fareham Borough Council

**Purpose of this Post Event Assurance Plan:**

1. To assess the level of fraud and error in C-19 grant schemes, loans etc.
2. To identify instances of fraud and error, and take action to claw back money.
3. To identify lessons and improve systems and processes.

**QUESTIONS**

Provide objective(s) for what the Action Plan will deliver and the assurance to be achieved. These should set out overarching SMART (specific, measurable, achievable, relevant and timebound) objective(s) to explain the post-event assurance activity undertaken/planned to understand, measure, identify and recover COVID-19 fraud and irregular spend.

Objectives of the FBC PEA Action Plan:

- 1) Identify any gaps in assurance processes carried out as part of pre-payment processes.
- 2) Identify and deliver any further testing which is possible and proportionate to address those gaps.
- 3) Consider any additional activity required to recover payments made to ineligible applicants already identified.

How have you prioritised which of these schemes will be covered in the plan and what is the rationale for any exclusions from scope

The plan covers all 3 schemes equally.

What business areas are included in the PEA activity

The following service teams are involved in the PEA activity:

- a) Local Taxation and Recovery teams who have been heavily involved in the administration of all the schemes.
- b) Internal audit and fraud teams (including the secondment of the benefits investigations officer) who have also been involved in carrying out a lot of the pre-payment assurance activity.
- c) Project Team Financial analyst who was heavily involved in the design and execution of the Local Authority Discretionary Grants Scheme.

# 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 fourteen partnerships of which ten were deemed significant to the Council in 2020/21.

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. As a result of the 2020/21 report three partnerships were removed from the list where they were no longer considered to be operating as a partnership. In 2021/22 the CCTV partnership will also be coming to an end.

Additional assurance arrangements were put in place during 2020/21 in the form of an annual partnership assurance report to the audit and governance committee.

Notable partnership activity in 2020/21 included:

- Portchester Crematorium joint committee development plan updated to recognise areas for improvement.
- Legal services approved fixed term funding for an additional solicitor covering property work.
- Building control partnership contract to provide building regulations services to Hampshire County Council was renewed.
- New operating model introduced for Building control partnership which seeks to reduce costs to partners.



**GOSPORT**  
Borough Council





# Internal Audit and Audit and Governance Committee

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

In 2020/21 the service was jointly delivered in partnership with Portsmouth City Council. This helps in the delivery of the whole scope of audit work and in maintaining independence. An exercise has also been carried out with other audit teams in Hampshire to document where assurances can be shared.

Managers receive a report of findings following an internal audit review and an action plan is agreed to address any weaknesses found. These actions are tracked until they are completed. An action management system has been developed to improve the information available to managers and help capture updates on implementation. In 2019/20 we further developed an approach to assist managers self serve the system which will be rolled out in 2021/22.

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

In 2019/20 we completed the Review of how the CIPFA statement of the Role of Internal Audit 2019. Over a high level of

compliance was found and some actions have been identified to further strengthen arrangements. On implemented in 2020/21 was to clearly align part of the audit plan with corporate major projects, programmes, policy initiatives and new and developing systems

The service operates to the Public Sector Internal Audit Standards and the Internal Audit Charter was updated in 2018/19 to reflect the latest changes in the standards. Our annual review of compliance with the standards concluded that in 2020/21 we fully conformed with 49 of the 52 Audit Standards and partially conformed with the other three. Compensating activities are in place which included an external assessment undertaken by our audit partners in 2018/19.

The Council has an Audit and Governance Committee which undertakes the functions of an Audit Committee in accordance with the CIPFA guidance. It reports directly to the Full Council. It usually meets four times a year and receives reports covering the range of governance issues set out in its terms of reference. In particular it receives the Head of Audit's Annual Report and the External Auditor's Audit Results Report. Due to the Covid restrictions in 2020/21 the Committee only met three times and all meetings were held virtually using video conferencing. However, two of the meetings were extended to catch up on items scheduled for the year.



# 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 2021:

*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 2020/21 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.*

*Effective approaches to identify and manage risks were instigated as part of the pandemic response and there was no major weakening in systems of control identified.*

*The opinion is based on the following evidence:*

- ✓ *No "minimal" audit assurance opinions were again given this year, and only one "limited" audit assurance*
- ✓ *Income or expenditure errors were only recorded in two audits and were very low in value*
- ✓ *48% of recommendations followed up were signed off by the audit team and a further 28% were being progressed*
- ✓ *No significant issues were arising from the pandemic specific testing carried out*
- ✓ *Collaborative working with managers on 2 wider work areas in the year is leading to improved control and efficiency*
- ✓ *Progress has been made on 2 issues highlighted last year:*
  - *Clarifying the ICT security policies for the Council and reviewing methodologies available to continuously disseminate messages to employees*
  - *Strengthening budgetary control arrangements in a few teams to*

*assist the Living within our Means agenda*

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

- *Rolling out training and support for contract management, including where IT systems are provided by a third party in the Cloud.*
- *Strengthening debt collection and write off processes in a number of services.*
- *Carrying out stock condition surveys and implementing asset management plans.*
- *Fully embedding the new system for managing costs associated with housing repairs or moving to an alternative system.*
- *Rolling out the new action management system to services to improve the management of recommendations arising from audit reports and updating the data available on the level of implementation.\**
- *Replacing the system to host the employee gifts and hospitality register, supported by the launch of the revised policy.*

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

- *Reconvene the annual risk management meetings with Heads of Service, and pilot the production of a streamlined monitoring report.*

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

# External Audit and Other External Assurances

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

The findings from the work carried out last year were summarised in their Annual Audit Letter which was presented to the Audit and Governance Committee in March 2021 and circulated to Members and the statutory officers. This report was very positive and unqualified opinions were given by the auditors. There are no outstanding recommendations to be implemented.

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

- Annual certification report from KPMG 2019/20;
- Report of the Local Government and Social Ombudsman 2019/20;
- Hampshire County Council review of our safeguarding arrangements (January 2021);
- External quality audit of Building Control Partnership by British Standards Institute (April 2020);
- Compliance work undertaken to meet the requirements of the Public Service Network;
- Partnership coverage by other internal audit teams (PfSH, Project Integra, Eastern Solent Partnership)
- Hampshire Insurance Forum—First hand inspection Report 2020/21
- Crimson major defects reports 2020-21



# 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 2020/21
- 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 report
- 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 2019/20 Annual Governance Statement

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

	Issue 2019/20	Status	Update 2020/21
1	Develop a process, to feed the finances needed to deliver the priorities set out in the Corporate Strategy, into the Medium-Term Financial Strategy. (B/fwd)	No progress to date	<b>Head of Finance and Audit</b> No progress made during 2020/21 due to resources being diverted to assist in the pandemic response.
2	Conduct a review of current levels of compliance with the Transparency Code.	In Progress	<b>Web and Social Media Manager</b> A review was commenced in 2019/20, with the majority of the transparency pages being updated. These will be completed in 2021/22.
3	Due to the impacts of the pandemic, review virtual mechanisms available to carry out public consultations.	Complete	<b>PR and Marketing Manager</b> We invested in virtual exhibition software that can be used for multiple exhibitions. This software enables easy access to online consultation information. This has been used for the Balancing the books and Local Plan exhibitions so far and will be used further in the future.
4	Continue to review part 3 of the constitution (Procedure Rules) and produce a report of first revisions needed to the Audit and Governance Committee.	In Progress	<b>Head of Democratic Services</b> Limited progress made in the year due to the pandemic but will complete during 2021/22.
5	Identify how emergency powers and changes to the deputation scheme can be used in response to and during the pandemic.	Complete	<b>Head of Democratic Services</b> Democratic decision making was maintained throughout the year. Initially emergency powers were used to delegate decision making to the Chief Executive and this was quickly moved to individual executive portfolio holder decision making.  The provisions of the Corona Virus Act 2020 were then implemented to move to committee decision making via virtual meetings.
6	Maximise the efficiency and effectiveness of virtual committee meetings.	Complete	<b>Head of Democratic Services</b> Virtual committee meetings were successfully delivered using Microsoft Teams technology and supplemented by live streaming for members of the public. This live streaming has continued with the reintroduction of physical meetings to maximise social restrictions.
7	Continue to move towards paperless agenda for committee meetings.	In Progress	<b>Head of Democratic Services</b> Work continues to explore the options to deliver the hardware options for members.
8	Complete the post-implementation review of the new Scrutiny Panels and explore the potential for using special panel meetings for specific items.	In Progress	<b>Head of Democratic Services</b> This review commenced in March 2020 with interviews with all chairmen and lead officers but was halted during the pandemic and will be resumed during 2021/22 with all interviews being carried out again to reflect on the contribution of the Scrutiny panels during the pandemic.

# Actions taken to address the issues raised in the 2019/20 Annual Governance Statement (con.)

	Issue 2019/20	Status	Update 2020/21
9	Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/fwd)	In Progress	<b>Director of Support Services</b> Review of the Code of Conduct has been ongoing but is awaiting the National Code to be produced. Work will now be finalised during 2021/22 for the Councils own local
10	Carry out a training session with members covering the media avenues available and the potential pitfalls to be aware of. (B/fwd)	No progress to date	<b>PR and Marketing Manager</b> This was delayed due to the pandemic but will be completed in 2021/22 with the new members.
11	Develop a Skillgate package for managers and employees how to raise and handle concerns.	In Progress	<b>Director of Support Services</b> Development of the Skillgate platform has commenced but had to be put on hold due to the pandemic. This will recommence during 2021/22.
12	Complete the development of a replacement database for the employee register of Interests.	In Progress	<b>Director of Support Services</b> Development of the database has commenced but had to be put on hold due to the pandemic. This will recom-
13	Review methodologies available to continuously disseminate ICT security policy messages to employees	In Progress	<b>ICT Infrastructure Manager</b> ICT Security policies have been rewritten and new technology to issue them identified and tested. Awaiting final approval from senior management on the policies' contents and wording before putting them live for staff to agree to.  Corporate testing of staff awareness of ICT security included fake phishing emails. The results of these tests have been disseminated corporately via SID but it was agreed that during 2020/21 stronger methodologies would be sought in conjunction with the Communications team, to achieve a stronger impact on employees regarding the
14	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 including when working remotely. (B/fwd)	In Progress	<b>Director of Support Services</b> This was superseded by a wider package of support, for managers leading remote and hybrid teams. A suite of management development documents was published in 2020/21 and will be embedded through use of learning circles in 2021/22.
15	Identify and implement legislative changes introduced as a result of the Covid Pandemic such as virtual decision making and the government/procurement directives (PPN0120 and PPN0220).	Complete	<b>Head of Democratic Services</b> Appropriate responses implemented as a result of Covid legislation changes in relation to decision making and procurement which were successful in maintain democracy and supporting critical suppliers.
16	Strengthen the processes used to assess financial standing of suppliers during the procurement process and subsequent contract management of critical suppliers.	In Progress	<b>Head of Finance and Audit</b> A number of finance business partners attended online training sessions delivered by the external company that provides the data platform used to assess suppliers and contractors. An initial assessment of critical suppliers has been completed. Formal monitoring arrangements will be introduced in 2021/22.

# Actions taken to address the issues raised in the 2019/20 Annual Governance Statement (con.)

	Issue 2019/20	Status	Update 2020/21
17	Introduce mechanisms to monitor the impact of the pandemic on the Council's financial standing and develop a financial recovery plan to maintain the council as a going concern.	Complete	<p><b>Deputy Chief Executive Officer</b></p> <p>A Covid finances dashboard was developed and discussed weekly by the Finance Managers. Key messages arising were relayed to CXMT.</p> <p>A formal financial recovery plan was also created as part of a suite of Council recovery plans which included the setting of an emergency budget for 2020/21. Key actions in the plan delivered, included roll out of the 'Living below our means' strategy and increased monitoring of four areas, reduction in revenue income collected, extraordinary costs incurred in delivering day to day services, one off expenditure to deliver specific recovery activities and a contraction in the economy that changes demand for certain services. Monitoring of Government grants available was also introduced.</p>
18	Extend the Opportunities Plan work and progress the priority actions.	Complete	<p><b>Head of Finance and Audit</b></p> <p>A number of additional projects have been added to the opportunities plan for delivery when time allows. Significant projects progressed in 2020/21 include green waste charging, coastal parking charging and provision of CCTV.</p>
19	Complete a risk assessment of the impact of the pandemic on key Council revenue and capital projects and revisit the assumptions made at the outset of the project in the context of the current economic climate	Complete	<p><b>Deputy Chief Executive Officer</b></p> <p>A risk assessment of the impact of the pandemic on key council revenue and capital projects was completed which involved revisiting the assumptions made at the outset of each project in the context of the changed economic climate. Meetings were held with managers and project leads and the project program was updated accordingly. For example, the Fareham Live project was placed on hold for six months and is due to be reviewed in 2021/22</p>
20	Roll out the new action management system to service managers and improve information available on the level of action implementation. (B/fwd)	In Progress	<p><b>Head of Finance and Audit</b></p> <p>No progress made on rolling out the action management tool. Targeted recommendation reviews and assistance continued to be implemented. Project started in 2020/21 to address recommendations arising from the contract's deeds audit.</p>
21	Pilot the new Annual Partnership assurance report with the Audit and Governance Committee.	Complete	<p><b>Customer Services Manager</b></p> <p>New annual report designed and first presented to the Annual Audit and Governance Committee in November 2020.</p>
22	Explore mechanisms to keep all members briefed on the actions being taken by the Council throughout the response phase of the pandemic.	Complete	<p><b>Chief Executive Officer (CX)</b></p> <p>Mechanisms used included leader extended group meetings to all members; 2 weekly group meetings with either the CX or DCX present, weekly bulletins issued, regular CX phone call to the leader.</p>
23	Identify lessons from the pandemic response which can be built into the emergency response plan, and business continuity plans.	Complete	<p><b>Head of Environmental Health</b></p> <p>Lessons have been learnt from the pandemic that will inform the revised emergency response plan and business continuity plan going forward. This includes the use of a virtual/hybrid emergency control centre and the need to determine critical services at the time of the pandemic.</p>

# Planned Governance Improvements 2021/22

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	Council's Vision and Outcomes	<b>Develop a process, to feed the finances needed to deliver the priorities set out in the Corporate Strategy, into the Medium-Term Financial Strategy. (B/fwd)</b>	Head of Finance and Audit
2	Council's Vision and Actions	<b>Establish an appropriate governance structure and resources to oversee delivery of the Climate Change Action plan, including the engagement of managers in understanding how this applies to their services.</b>	Director of Planning and Regeneration
3	Communication	<b>Review the role of the business newsletter going forward and how it can integrate into the Council's Myaccount facility.</b>	Head of Planning Strategy and Economic Development
4	Constitution	<b>Continue to review part 3 of the constitution (Procedure Rules) and produce a report of first revisions needed to the Audit and Governance Committee. (B/fwd)</b>	Head of Democratic Services
5	Decision Making	<b>Carry out a review of the methodologies being used to engage the public in member decision making during the pandemic (e.g. live streaming of meetings) and consider their future role for all meetings.</b>	Head of Democratic Services
6	Scrutiny	<b>Introduce two new scrutiny panels into the committee structure to cover climate change and Daedalus. (Complete)</b>	Head of Democratic Services
7	Scrutiny	<b>Complete the post-implementation review of the new Scrutiny Panels by re-interviewing the chairmen and lead officers and reflecting on the contribution of the Scrutiny panels during the pandemic. (B/fwd)</b>	Head of Democratic Services
8	Codes of Conduct	<b>Review the procedures for investigating Member Code of Conduct complaints, to improve and simplify processes and update documentation accordingly.</b>	Director of Support Services
9	Codes of Conduct	<b>Finalise the review of the Disciplinary Code of Conduct and Disciplinary Rules to update it and make it simpler for users. (B/fwd)</b>	Director of Support Services



# Planned Governance Improvements 2021/22(con)

Ref	Part of Framework	Planned Improvement	Lead officer
10	Codes of Conduct	<b>Create a media pack for all new members, with on-going updates, which includes the role of the Communications Team, how to request a social media account, and the risks to be aware</b>	PR and Marketing Manager
11	Whistleblowing	<b>Develop a Skillgate package for managers and employees how to raise and handle concerns. (B/fwd)</b>	HR Business Partner
12	Conflicts of Interest	<b>Complete the development of a replacement database for the employee register of Interests. (B/fwd)</b>	HR Business Partner
13	Head of Paid Service	<b>Complete a post pandemic review of the Council's response and the opportunities arising for new ways of working.</b>	Chief Executive Officer
14	Compliance with relevant law and policies	<b>Complete a review of the contractual arrangements for the legal services partnership.</b>	Head of Democratic Services
15	Compliance with relevant law and policies	<b>Run a series of workshops to review and strengthen our Contract management arrangements and policies.</b>	Head of Finance and Audit and Head of Democratic Services
16	Compliance with relevant law and policies	<b>Strengthen the processes used to assess financial standing of suppliers during the procurement process and subsequent contract management of critical suppliers.</b>	Head of Finance and Audit
17	Compliance with relevant law and policies	<b>Review the council's policies and procedures to prevent the facilitation of tax evasion.</b>	Head of Finance and Audit
18	Financial Management	<b>Continue to implement the Financial Recovery Plan to minimise the impact on Council reserves in future years.</b>	Section 151 Officer
19	Financial Management	<b>Implement the new finance system to obtain the benefits of increased efficiency and functionality.</b>	Head of Finance and Audit
20	Internal Audit	<b>Roll out the new action management system to service managers and improve information available on the level of action implementation. (B/fwd)</b>	Head of Finance and Audit
21	Risk Management	<b>Reconvene the annual risk management meetings with the Heads of Service, and pilot the production of a streamlined monitoring report.</b>	Head of Finance and Audit
22	Emergency Planning	<b>Produce a 3 yearly report and deliver the first year's actions which will include revising the Emergency Plan to reflect the new virtual Emergency Control Centre set up.</b>	Head of Environmental Health
23	Business Continuity	<b>Review how the BCPs are structured and how they work. Particularly in identifying critical services.</b>	Head of Environmental Health

# Certification

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

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

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



Councillor S.D.T. Woodward  
Executive Leader



P.K.Grimwood  
Chief Executive Officer