



GOSPORT
Borough Council

GOSPORT BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2019/20

Scope of responsibility

Gosport 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 is used economically, efficiently and effectively. Gosport Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

This statement explains how Gosport Borough Council has complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015.

The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Gosport Borough Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.



The governance framework

Gosport Borough Council's Governance Framework derives from the updated 2016 publication 'Delivering Good Governance in Local Government'. The Framework identified 7 principles that should underpin the governance arrangements in a Local Authority.



Each principle will be outlined below and how the council meets them:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Constitution sets out how the Borough Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.

Board Structure

As the Council chose to adopt 'alternative arrangements' following publication of the Local Government Act 2000, a Board/Committee structure is in place and each party is represented proportionally on each Board and Committee according to the number of seats held. Consequently the Council enjoys a high level of transparency when it comes to decision making and any Member of the Council is afforded the right to sit on the Boards if they are nominated for such a position at the commencement of the Municipal Year.

All decision making reports are structured and the contents demonstrate all relevant information in order to reach an informed decision.

A report on Governance was taken to Council in May 2016 to review the arrangements for the discharge of the Council's Functions and proposed changes to the Boards and Committees. The composition remains unchanged for 2019/20:

Composition of Boards

The following is the composition of the Boards;-

Board/Sub Board	Number of Members
Policy and Organisation Board	13
Community Board	15



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Economic Development Board	15
Regulatory Board	13
Standards and Governance Committee	12
Licensing Sub Board	3
Licensing (General Applications) Sub Board	5

Decisions are made by Boards and Sub-Boards of the Council with the following having the responsibility for the majority of decision making:

Council
Policy and Organisation Board
Community Board
Economic Development Board
Regulatory Board (Licensing Sub-Boards)

As the Regulatory Board deals only with planning applications and the Licensing Sub-Boards with Licensing matters the law does not allow their work to be scrutinised by other Councillors. This is because the decisions made by these Boards are already subject to an appeal process, either through an independent inspector or the courts.

In addition to the Boards, there is also a Standards and Governance Committee in place to promote and maintain the highest standards of conduct by members and officers of the Council. Additionally, the Monitoring Officer is enabled to convene an Initial Filtering Panel with three Councillors of the Standards and Governance Committee to determine allegations of failure to comply with the Council's Code of Conduct, in accordance with the Council's arrangements for dealing with such allegations.

Officers give advice, implement decisions and manage the day-to-day delivery of its services. Some officers have specific duties to ensure that the Council acts within the law and uses its resources wisely. A protocol contained in the Constitution governs the relationship between officers



and members of the Council. In certain circumstances, senior and other officers of the Council can make decisions under delegated authority, as detailed in the Borough's Constitution.

The Corporate Management Team (CMT), consisting of Chief Executive, Assistant Chief Executive and Monitoring Officer, Head of Finance, Head of Benefits, Head of Streetscene, Head of Housing and Head of IT, meets periodically to develop policy and strategic issues commensurate with the Council's strategic priorities. Members of CMT meet collectively and individually with the Leader of the Council and other leading members of the Administration to consider new policies and strategies as well as managing, monitoring and reviewing existing policy and strategy. The Leader holds frequent meetings with the Chief Executive Officer Assistant Chief Executive and Monitoring Officer to review progress in achieving the Council's strategic priorities for action, performance management and forward planning for major issues and projects.

Information that would be of benefit to other members of the Council staff is disseminated through regular meetings between Line Managers and the relevant Senior Manager, and then through to the rest of the Council via periodic section meetings.

Information on policy, priorities, procedures and current issues is also disseminated to all staff through the Chief Executive (email) and staffroom (email) communications at least monthly.

The Council has also adopted a number of codes and protocols that will govern both member and officer activities. These include:

- Code of Conduct for Members of Gosport Borough Council
- Code of Conduct for the Guidance of Employees
- Code of Conduct for Councillors in the Regulatory Process (updated)
- Protocol for Councillor/Officer Relationships (updated)
- Whistle Blowing Policy

It is the shared responsibility of the Chief Officers [primarily the Monitoring Officer, Chief Executive and Borough Treasurer] and the Human Resource section to ensure compliance with established policies, procedures, laws and regulations. Issues of conduct and governance must often be considered by the Standards and Governance Committee, in which case a report and recommendations are prepared by the Monitoring Officer. All posts within the authority have a detailed job specification and training needs are identified on an on-going basis and also through the Personal Development Scheme.

B. Ensuring openness and comprehensive stakeholder engagement

Local government is accountable and transparent in a number of ways. Elected local authority members are democratically accountable to their local area and this gives them a clear leadership role in building sustainable communities. All members must account to their communities for the decisions they have taken and the rationale behind those decisions. All authorities are subject to external review through the external audit of their financial statements. They are required to publish their financial statements. Many are subject to national standards and targets. Their budgets are effectively subject to significant influence and overview by government, which has powers to intervene. Both members and officers are subject to codes of conduct. Additionally, where maladministration may have occurred, an aggrieved person may appeal either through their local councillor or directly to the Ombudsman.

The Council makes decisions at public meetings of its Boards and Committee. Members of the public are able to address the Council's Boards and Committees using the Council's process for public questions and deputations available in the Council's Constitution and on the Council's website.

The Council frequently consults residents both where there is a legal duty to consult and also on matters of particular interest including, but not limited to planned developments within the Borough.

The Council has a corporate complaints process should members of the public be unhappy with the service they have received from the Council. The process has three stages including consideration by section heads and an independent manager before final consideration by the Chief Executive. Complaints to the Local Government Ombudsman will not be considered until any complaint has been through this complaints process.

The Council complies with the Freedom of Information Act (2000) and requests can be submitted electronically or in person to be considered by the service unit concerned within 20 working days.

Review of effectiveness

Gosport Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have

responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes:

1. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes.
2. Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service manager. The report includes 'agreed actions' for any issues/risks that have been identified. These issues/risks are graded as Critical, High, Medium or Low. All critical risk issues/risks are followed up within 3 months of the final report being issued. If a high risk issue is raised, the audit will be followed up in the next financial year.
3. An Internal Audit Annual Report is taken to the Standards & Governance Committee (as per the Accounts and Audit Regulations 2015) and this provides the overall opinion on the Council's internal control environment.

The Standards & Governance Committee also received Internal Audit monitoring reports throughout 2019/20.

The Council entered into an arrangement with Portsmouth City Council for shared Senior Management primarily as a means to address the future financial challenges faced by the Council. The roles and responsibilities of the shared posts will continue to include those relating to the Governance of this Council in accordance to the policies and procedures of this Council.

The shared Management arrangement has brought costs savings (through the reduction in the cost of Senior Management) and improved operational resilience with the ability to call on resources and expertise from Portsmouth City Council which otherwise were not readily available.

The Senior Management Team have been charged by the Administration to review the effectiveness of all of the Council's activities on a continuous basis. Service reviews are ongoing across the Council focused on ensuring that customer demands are met, processes are effective, and that services have adequate capacity and resilience. These are especially prevalent since the COVID-19 pandemic which has required services to work remotely and flexibly to meet the current demands.



C. Defining outcomes in terms of sustainable economic, social, and environmental benefits &

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council's plan on a page sets out Gosport Borough Council's mission and core values (ambitious, supportive, collaborative, adaptable and efficient). The Plan also identifies the Council's strategic priorities (raise aspirations, enhance the environment, develop the economy, empower our residents and deliver effective services which are based on a combination of factors including what matters most to local people, national priorities set by the Government and the challenges from Gosport's changing social, economic and environmental context. The Council continues to keep its plan relevant and up to date the plan has been developed through engagement with both the Corporate Management Team and officers of the Authority.

The Council also have a Local Plan 2011-2029. The Local Plan sets out the Council's proposals for the development and use of land from 2011 – 2029, and forms the basis for dealing with planning applications. The Local Plan has gone through several stages to adoption and was supported by an evidence base and a Sustainability Appraisal. In accordance with Government guidance the Council is required to keep its Local Plan up to date. The Council has now started to prepare a revised Local Plan to cover the period to 2036.

The Council's Mission statement:

“Build on our strengths to empower and support our communications and ensure the potential of the borough and all of our residents is achieved”

The Council has continued to evolve its approach to performance management by promoting a transparent and open performance culture amongst Section Heads, who are responsible for managing performance on a day-to-day basis. Whilst in transition, key outcome based performance management measurements have been retained whilst new and relevant measures are being further developed. Section Heads are accountable for performance to the Corporate Management Team and to elected members.



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The Council maintains an objective and professional relationship with their appointed external auditors (Ernst & Young LLP) and statutory inspectors, as evidenced by the various reports being presented to the Standards and Governance Committee (available on the Council's website). The Council uses the evidence and recommendations contained in those reviews to support performance improvement and risk management.

The Financial Procedure Rules and Contract Procedure Rules are under constant review and these are, incorporated in the Council's Constitution.

Risk management is monitored by the Corporate Governance Group that was formed this year. It is intended the group meet on a monthly basis (impacted by COVID-19) to discuss governance issues across the Authority. The Corporate Governance Group consists of the Chief Executive, Assistant Chief Executive, Monitoring Officer and Chief Internal Auditor. Risk management is still in the process of change and the use of Pentana has ceased. Section Heads will be required to create their own risk registers which will then be strategically analysed by the Risk Management Group, to determine the corporate strategic risks. The Corporate Governance Group, at each meeting, will then review at least one risk on the corporate risk register to challenge the risk level, mitigation and any subsequent actions.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

A designated Members' Portal covers a wide range of useful materials and guidance. This is available for Members and staff to view on the intranet system. This resource enables the Council to better provide for Members the opportunity to locate important stored information and data. Within the Portal is the Members' Information Pack which provides Members with detailed corporate, strategic and financial information as well as relevant policies and other useful information such as floor plans and complaints guidance. Note – access to this is impacted by COVID-19 as members need access to the Town Hall or via a GBC laptop.

New Members are provided with an induction training programme to prepare them for their new role, commencing with an induction evening hosted by the Chief Executive, Assistant Chief Executive, Borough Solicitor and Borough Treasurer that covers topics such as the role of the councillor, finance, standards, code of conduct and major projects. Briefings such as those on planning and licensing issues are held throughout the year to correlate with the Board cycle.



There is a wide range of further training opportunities available to Members to increase their knowledge base from skills development (e.g. chairing skills, dealing with challenging people and media and image) to need-to-know subjects (e.g. Code of Conduct, planning local government finance) detailed in the 'Training Opportunities for Members' booklet within the Members Information Pack.

All Officers receive annual personal development reviews where matters such as corporate issues, performance, both individual and team, individual action plans developed and training needs are discussed and agreed. There are also mandatory in-house on-line training packages provided by PCC and monitored by Human Resources (HR), continued professional development schemes for some individual officers and ad-hoc professional training course and webinars. All newly appointed officers are provided with an induction (monitored by HR) when they begin employment with the Council.

F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

The financial management of the Authority is conducted in accordance with the financial rules set out in the Constitution and underpinned with Financial Procedure Rules. The Council has designated the Borough Treasurer as Chief Finance Officer complying with the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010) requiring the Chief Finance Officer to report directly to the Chief Executive and to be a member of the 'Management Team'.

The Standards and Governance Committee promotes, monitors and enforces probity and high ethical standards amongst the Members, as well as providing a vessel for audit, risk and compliance issues to be considered. All Governance reviews and the results of audits are considered by the Standards and Governance Committee

Internal Audit Annual Opinion 2019/20 - Reasonable Assurance

During 2019/20, 21 audit reviews & 1 full follow up were undertaken and completed along with follow up on 15 issues raised in the previous financial year. The number of audits completed was affected by the Coronavirus pandemic with the originally planned 4 remaining audits being deferred into 2020/21 for completion. Some testing had been completed within these audits but there was not sufficient staff resources to continue the audit testing and finalise the audit.

53% of the audits undertaken achieved a level of 'Full Assurance' or 'Reasonable Assurance' and 43% of the audits completed resulted in a 'Limited Assurance' level with 4% (1) obtaining 'No Assurance'. As the audit function has substantially changed from the previous year in both approach and reporting, it is not possible to make a direct comparison on the 2019/20 results to those of 2018/19. However it should be noted



that with the new risk based approach to auditing, I did expect a spike in issues as the audits are now more focused on key risks and, in my opinion, greater scrutiny of process and data is occurring.

The review conducted on the management follow up of the previous 'recommendations' highlighted that 86% had been actioned as stated. This shows a positive reaction by management to issues highlighted by audit and this was further emphasised by the swift action undertaken by the Housing Section following the 'No Assurance' audit on CCTV. Further detail on this follow up is contained in the body of the report.

Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance. 53% of audits completed obtained Reasonable or Full Assurance, therefore the Annual Audit Opinion for 2019/20 is Reasonable Assurance on the internal control governance and framework for risk management and control within Gosport Borough Council.

No Assurance	Limited Assurance	Reasonable Assurance	Full Assurance
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The Coronavirus pandemic, while occurring towards the end of the year in which this opinion is based, will have impacted on some governance and internal control. This is due to the Authority having to implement remote working within weeks, significant staff redeployment into areas where they will have received minimal training and the administration of multiple Grants in a short timescale. The Council has taken action to address these potential issues, specifically on the business grant administration. The impact of these changes on the governance and internal controls within the council will be reviewed as part of the 2020/21 audit plan however the uncertainty and significant changes in process and ways of working were factored into the 2019/20 annual audit opinion.

2019/20 was the first full year in which the Authority conducted the audit process using a full risk based approach and some consideration is needed to be given that the 2019/20 audits represent around 20% of the full audit universe, so while the early results have a positive element, future years' results will allow for a more comprehensive and rounded view of the Authority's Governance, risk management and internal control framework.

Internal Audit will continue to work with Section Heads, the Monitoring Officer, the Assistant Chief Executive and the Chief Executive to improve on specific areas of control, risk management and governance weaknesses

Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2019/20 may affect that year's work for External Audit. It may also inform their work for 2020/21 and where they consider there



are weaknesses in control that could materially affect the accounts they may need to carry out further work to gain the necessary audit assurance required for a true and fair view of the financial position and compliance with professional codes of practice.

Public Sector Internal Audit Standards (PSIAS) External Assessment Actions and Result

During March 2019, Gosport Borough Council commissioned an external assessment on its compliance with the PSIAS. The results, as noted in the 2018/19 Annual Governance Statement, showed a high level of non-conformity. A subsequent action plan was developed and implemented throughout the financial year.

Progress against the action plan was routinely reported to the Standards and Governance Committee throughout the year and as at March 2020, all stated actions were completed. Based on the completed actions and the continuation of established processes, GBC is conforming to the required standards of the PSIAS.

A self-assessment of the standards will be conducted in 2020/21 and the results reported to the Standards and Governance Committee.

Coronavirus Governance

On the 17th March 2020, as a result of the global pandemic regarding Covid-19, Gosport Council moved to running business critical services only. This resulted in the majority of staff either working from home or being redeployed to critical services. GBC enacted its emergency procedures and created a Covid-19 Emergency Response Team lead by the Assistant Chief Executive. The composition of the team includes leads in the key areas of the council deemed critical along with statutory officers such as the Monitoring Officer and Head of Emergency Planning. Decisions made by the Covid-19 Response group have been documented.

The Council has acted swiftly to ensure its critical services have been delivered which has resulted in the need for flexibility in working practices, which in turn will have impacted on some of the agreed Governance arrangements such as financial regulations, i.e with a need to pay in advance. Many staff have also voluntarily been redeployed into critical services departments to meet the demand, specifically in relation to small business grants, and also the welfare workstream. This will have also created a strain on governance as staff will have received minimal training due to the short timescales needed to process these services.

The Council is aware that the pandemic and its response will have presented an opportunity for fraud to occur, and while processes have altered to minimise this risk (including several manual checks as part of the Business Grants process), the council plans a comprehensive post Covid-



19 Assurance programme undertaken by its Internal Audit department, with focus on the Business Grants, Covid-19 related spend and process changes.

With a requirement to work remotely, Sections are required to adapt new ways of working which has resulted in process changes. These changes are being captured by a Business Continuity workstream, led by Internal Audit. This will allow internal audit to advise on risk and control prior to changes being recommended to the appropriate decision maker and implemented. Any proposed significant corporate changes in work practices will be reviewed by internal audit prior to being submitted to the Recovery Co-ordinating Group, headed by the Assistant Chief Executive before being referred to Members.

As the pandemic materially affected the Council in March 2020, the analysis of corporate governance for 2019/20 has not been significantly impacted and therefore the details within this current report are based on work undertaken before the pandemic. In addition, while the audit plan was slightly reduced, sufficient work was completed to enable the Chief Internal Auditor to present an annual audit opinion.

The Council plans to revisit the Annual Governance Statement once the post assurance work is undertaken and changes recommended by the Business Continuity workstream have been made, where appropriate.

Significant governance issues

The following governance issues have been identified as a result of the review of arrangements and by the work of external and internal audit in 2019/20.

NO	YEAR RAISED	GOVERNANCE ISSUE	SOURCE	ACTION	PROGRESS TO DATE	RESPONSIBLE OFFICER
1	2018/19	Create and embed a new corporate risk management process	Chief Executive	Devise a new corporate risk management process which allows the council to identify and	Risk Management process has been drafted and is due to	Chief Internal Auditor



NO	YEAR RAISED	GOVERNANCE ISSUE	SOURCE	ACTION	PROGRESS TO DATE	RESPONSIBLE OFFICER
				manage its departmental and corporate risks.	be presented to Policy and Organisation Board on 25 November 2020	
2	2018/19	Internal Audit Service not compliant with Public Sector Internal Audit Standards (PSIAS)	Chief Internal Auditor	Implement the proposed actions to rectify the non-conformance highlighted as part of the PSIAS assessment	Completed	Chief Internal Auditor
3	2018/19	Lack of Counter Fraud framework and resource	Chief Internal Auditor	Key Fraud areas to be evaluated and determination made on the required provision	In progress. Counter fraud strategy has been devised and will be presented to Chief Officers to determine budget and resource. Delayed due to COVID-19	Chief Internal Auditor



NO	YEAR RAISED	GOVERNANCE ISSUE	SOURCE	ACTION	PROGRESS TO DATE	RESPONSIBLE OFFICER
4	2018/19	Departure of officer resulting in Statutory roles being vacant.	Chief Executive	Personnel arrangements to fill vacant statutory roles to be put forward to Full Council	Completed	Chief Executive
5	2018/19	Complaints against Councillors Procedure requires revision	Chief Executive	Revise the complaints against Councillors procedure. Revisions to be considered by Full Council.	Completed	Chief Executive
6	2019/20	Post COVID-19 Assurance	Chief Internal Auditor	Undertake post assurance checks on COVID-19 related directions.	In progress as part of 2020/21 Audit Plan	Chief Internal Auditor

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

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Councillor Mark Hook, Leader of the Council

David Williams, Chief Executive