

Annual Governance Statement – 2018/19



Annual Governance Statement

Scope of Responsibility

Peterborough City Council (the 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 provides value for money. The 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. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

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

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance. The Annual Governance Statement sets out how the Council has complied with the Code and also meets with the regulation 4(2) of the Accounts and Audit Regulations 2015.

The Council meets the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015 in relation to the preparation and publication of an annual governance statement. It is subject to review by the Audit Committee when they consider both the draft and final Statements of Account and is approved by the Audit Committee in advance of them agreeing the Statement of Accounts.

The Council's financial management arrangements are consistent with the governance requirements of the Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer (Acting Director of Corporate Resources):

- Is actively involved and is able to bring influence on the Authority's financial strategy;
- Leads the whole Council in the delivery of good financial management;
- Directs a fit for purpose finance function;
- Is professionally qualified and suitably experienced; and
- Is a key member of the Corporate Management Team.

All Statutory Officers have regular 1:1 sessions with the Chief Executive.

The issues identified as a significant governance issue and the progress made by management throughout the future financial year 2018 / 2019 to address these issues will be reported regularly to the Audit Committee with an assessment made in reducing the risk as part of their governance role within the Council.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its 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. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. 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 Council'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 the Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

The Governance Framework

The Council is a unitary authority which was set up in 1998. Its strategic vision and corporate priorities are set out in the Peterborough Sustainable Community Strategy 2008–2021. An updated Corporate Strategy 2019-2022 was endorsed by Cabinet in February 2019 for consultation and final approval in July 2019. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

Key Elements of the Governance Framework

The key elements of the Council's governance framework are detailed against each principle in the CIPFA / SOLACE Framework – Delivering Good Governance in Local Government as follows:

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

- The Council established a Constitution and Ethics Committee in May 2018 to oversee the Member and Officer codes of conduct, the operation of the constitution and the Member Officer protocol. In its first year of operation it has amended and updated the Member Code of Conduct and associated complaint procedures, overseen the drafting and issuing of a Social Media Code for members, updated the Member Officer protocol, introduced a procedure for the operation of a Shadow Cabinet, updated Council Standing Orders, Civic Protocol, Petitions Scheme and Officer Employment Rules. It has also considered the recommendations and best practice identified in the report by the Committee on Standards in Public Life on Local Government Standards and compared against the council's current procedures.
- In order to ensure Members and Officers behave with integrity to lead its culture of acting in the public interest there are appropriate processes in place to avoid conflicts of interest and gifts and hospitality. Regular monitoring has identified no concerns.
- Staff behaviour is governed by the Officer Code of Conduct.
- Third party challenge to the Council's operations is through a publicised complaints procedure.
- Confidential concerns can be raised through the Council's Whistleblowing Policy.
- A Counter Fraud Strategy has been established to deliver raise awareness of fraudulent activities and to provide proactive solutions to minimise the risks of fraud. Our policies have been reworked to reflect this.
- The scrutiny process as detailed in the Constitution enables those who are not Cabinet members to call in key decisions.
- The Council is managed by a Cabinet system as set out in the agreed Council Constitution which sets out the scheme of delegation between elected Members and Officers.
- Procurement arrangements recognise the importance of ethics and sustainability with appropriate evaluation of suppliers proposals for Social Value which includes sustainability issues supported by appropriate contract clauses and monitoring.
- Member and Officer relationships, governed by the Member Officer Protocol in the council's constitution, are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is vital in making service changes and more self-sufficiency from citizens into reality.
- The Chief Executive is the Head of Paid Service and is supported by the Corporate Management Team. Cabinet portfolios are assigned on a function basis rather than directorate and subject to appropriate officer support.

- The Acting Corporate Director of Resources is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit are provided direct and work in line with the Public Sector Internal Audit Standards. In 2018/19 the service was externally reviewed externally to ensure it demonstrated compliance with the Public Sector Internal Audit Standards
- The system of internal control is based upon a framework of comprehensive financial regulations and procedures. Control is based on regular management information, management supervision, and a structure of delegation and accountability.
- The Director of Law and Governance is the Monitoring Officer and is responsible for ensuring the Council acts in accordance with the law and the Constitution.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- The Council has established clear vision and values linked to its strategic objectives (An updated Corporate Strategy was published in February 2019 for consultation and approval in July 2019).
- Council meetings are open to every citizen.
- Community liaison schemes are in place to discuss major developments which will impact on the community, for example, Fletton Quays residential proposals.
- The Council is a constituent Council of the Cambridgeshire and Peterborough Combined Authority which is responsible for a number of new powers devolved from central government.
- In order to demonstrate its openness, the Council also publishes its Pay Policy Statement; its Constitution; Council, Cabinet and Committee reports; and Payments over £500.
- Consideration of the final budget (Tranche 3) took place at Full Council on 6 March 2019. The Council Tax increase for the year was 3%, the maximum allowed by regulations. Tranches 1 and 2 of the budget were considered by Council in July and December 2018 respectively.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- Risk management is integral to the governance arrangements and the risk register is considered by the Audit Committee and the Corporate Management Team. The risk management framework consists of a policy statement; risk register; systems for mitigating and controlling risks; and systems for monitoring and reviewing. Effective risk management is monitored through the Risk Management Board to ensure consistent treatment and action.
- The Medium Term Financial Strategy sets out how services are delivered within the Council's financial resources, including how we are delivering innovative solutions to provide environmental and economic benefits to the citizens of Peterborough.
- Significant changes to services are supported by an Equality Impact Assessment.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcome

- Decisions are based on rigorous and transparent scrutiny and a relationship of trust between Members and Officers.
- In order to achieve long term financial targets the Council has set a budget for the year 2019 / 2020 supported by an appropriate Robustness Statement setting out an assessment of risk which sets out future savings required by the Council.
- All meetings and key decisions are included in the Councils Forward Plan which is published and available to the public.
- The Audit Committee is an essential part of good governance and is regularly assessed against best practice.
- The Council, in order to discharge its functions on Health, operates a dedicated Health Scrutiny Committee.
- Educational attainment is acknowledged as a particular priority and plans are set up to improve results in this area for the longer term.
- Performance management is undertaken across all areas, whether relating to individuals, processes or projects. Lessons learnt from mistakes are acted upon.

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

- Performance management framework is in place which covers all officers including an appraisal system with targeted, relevant training. Human Resources procedures set out the appointment process which is transparent.
- Regular meetings and 1:1's are held at all levels.
- The national agreement on pay and conditions of service is implemented as is the commitment to pay the Living Wage for its entire staff and the Council is also seeking to achieve this through its contractual arrangements.
- To ensure independent reviews of its systems, the Council operates an Internal Audit service (which in 2018/19 passed its 5 yearly assessment to assure compliance with Public Sector Internal Audit Standards), complying with best practice. Findings are reported to the Audit Committee.
- Key partners who provide essential Council services are subject to independent oversight by Committees.
- A new Cabinet Shareholder Committee has been approved in 2018/19 to give oversight and scrutiny of entities the Council has an interest in.
- A protocol for the delivery of joint work with Cambridgeshire County Council was approved by Cabinet in September 2018 to ensure that as this increases over time there is the associated governance around its management and delivery.
- The Constitution is reviewed on at least an annual basis, with quarterly reports on potential changes going to the Council's Constitution and Ethics Committee and then on to full Council for a final decision.

Principle F: Managing risks and performance through robust internal control and strong public management

- The Councils Risk Management Framework has been set out under Principle C. This ensures there is continuous monitoring and reporting of risk.
- New Members are inducted prior to the Annual Meeting.
- All Cabinet meetings consider key matters including those on risk and performance and these are detailed in the Forward Plan.
- The Annual Budget is supported by commentary detailing its deliverability and is supported by an appropriate reserves policy. The final accounts are prepared in accordance with professional standards and subject to external audit.
- Information governance and compliance with the various policies, for example General Data Protection Regulation are regularly monitored through mandatory training.

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

- As part of the Transparency Agenda the Council agreed to publish senior officer salaries over £50,000 and invoices over £500 on its web site.
- The Council is proactive in engaging with citizens and other key stakeholders.
- Clear protocols and robust processes are in place to allow Internal Audit and External Audit to undertake their activities to look to scrutinise and protect the authorities interests.

Review of Effectiveness

The 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 Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and also by comments made by the external auditors and other review agencies and inspectorates. During 2018 / 2019, the works undertaken by the Internal Audit team was sufficient to be able to form the view for the Annual Internal Audit Opinion that there was a sound governance framework from which those charged with governance could gain reasonable assurance. It should be noted, as per table 2, that one of the new issues to be addressed is a full review of existing governance processes. This is required in particular as more services are delivered with Cambridgeshire County Council to ensure both Council's Governance requirements and present best practice is taken into account.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk- based operational plan, which is agreed by Audit Committee.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

An External Audit of the accounts year ended 31 March 2018 undertaken by Ernst and Young was reported to the Audit Committee which concluded the accounts and working papers for the 2017/18 closure process were of high quality.

Significant Governance Issues

The Annual Governance Statement identifies governance issues and risks for the Council to address.

Table 1 below sets out the governance issues which were previously reported and the progress in addressing them.

Table 1: 2016 / 2017 Progress on Previous Actions			
	Area of Assurance	Assurance Gap / Proposal to Mitigate	Progress / Residual Status
17.01	INNOVATION AND GOVERNANCE Lead: Director of Law and Governance	<p>Gap: Our desire to explore more innovative and commercial ways of working requires a flexible and agile approach, but also a clear framework for governing arrangements.</p> <p>Proposal: An Organisation Change Board has been created to drive forward the transformation programme with representatives from all departments.</p>	<p>A cross-department Officer Agile Working Group meets to ensure that all parts of the Council embrace the move to Agile and new ways of working. This has been especially important during 2018/19 on the move to Sand Martin House in July 2018.</p> <p>During the year arrangements have been put in place to strengthen the Programme Management Office to oversee change programmes and the implementation of Council savings and efficiency initiatives. A weekly meeting takes place to review progress. Since January, this has been a cross departmental meeting.</p> <p>Protocols have been agreed for joint work with Cambridgeshire County Council (CCC) and these were agreed by Cabinet in September 2018.</p>

	Area of Assurance	Assurance Gap / Proposal to Mitigate	Progress / Residual Status
17.04	SCHOOL ATTAINMENT Lead: Corporate Director: People and Communities	Gap: Damage to reputation through poor performance in published league tables compared to the national average. Proposal: Improvement plans and a programme of training has been developed and there is ongoing monitoring to look at the effectiveness of this in raising attainment in Peterborough schools.	The improvement programme is now in the delivery phase. A new Service Director has been appointed. Early analysis predictions suggest improved attainment again for the 2018 academic year results at KS2. However, any increases in attainment levels are too early to fully quantify so the action will continue to be monitored throughout 2018. There is an ongoing Schools cause and concern working group under the Service Director Education which will look into these issues.
17.06	WORKFORCE PLANNING Lead: Director of Law and Governance	Gap: The Council is undergoing tremendous organisational change. This will create significant workforce issues around having the right skills, people and employee capacity. The Council will require employees to have different skill sets that underpin a transformed business model. Proposal: Human Resources have developed a series of training and workforce development schemes to ensure that the organisation is future proof. This is closely linked in with 1 above.	Sharing of officers and services between Peterborough City Council (PCC) and CCC has been developed and implemented. The joint protocol approved by Cabinet in September 2018 sets out how these interactions should work. Other services are also delivered with other Councils via individual agreements. During the course of the year additional support has been explored and provided via the Workforce Training and Development model Cambridgeshire County Council utilise. This has been scaled and adapted to PCC's immediate requirements and continues to be reviewed & developed in light of the exploration of wider shared service arrangements with CCC.

	Area of Assurance	Assurance Gap / Proposal to Mitigate	Progress / Residual Status
17.07	NEW WAYS OF WORKING Lead: Corporate Director: Resources	Gap: Linked to 6 above, as the Council gears up to move to new accommodation, it is critical that the appropriate tools are in place to cope with smarter ways of working. Proposal: Close partnership working is in place to ensure that accommodation; technological requirements; business, staff and stakeholder needs are met to deliver practical solutions in a leaner manner. Regular reports on progress are referred to Corporate Management Team.	See responses to 17.01 and 17.06 above. In addition, for the move to Sand Martin House the Council implemented a Senior Officer working group to ensure delivery - which was achieved on target.
17.08	INFORMATION Lead: Director of Law and Governance	Gap: The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks. Proposal: Information is paramount to the successful delivery of all services. Regular reviews of sharing protocols are in place.	Council staff have been and continue to be provided with training. Any non-completers have had their director made aware of non completion. The council continue to review its systems, the data captured and their capabilities to meet the rights as detailed in the regulation, which has highlighted issues to address. The council has completed the work on the Information Asset Register and Record of Processing Activity. The council has undertaken a review of its retention schedules and will be working further this year to bring this together with CCC. The council continue to review contracts to ensure compliance with legislation and examine ways in which it can improve supplier compliance. The council have a process agreed to ensure compliance issues are highlighted at procurement stage including the DPIA screening checklist and we have had a workshop with Procurement and Legal to understand the cause of issues. PCC will be delivering a training session with Procurement and Legal to commissioners to help the process be smoother from the start.

	Area of Assurance	Assurance Gap / Proposal to Mitigate	Progress / Residual Status
			PCC have delivered data protection training to Members The council continues to review privacy notices and statements with services as changes arise, CCC also has a few privacy notices in development.
17.09	CYBER SECURITY Lead: Corporate Director, Resources	Gap: It is important that the Council continues to keep data security high on the agenda to ensure that it is effectively managed, particularly with the introduction of new service delivery arrangements for ICT and information management. The risk of a cyber-attack is a very real one and all organisations, including those in the public sector, should consider cyber security as an organisational risk. To mitigate this risk, it is essential to raise awareness and commit to implementing a cyber security, risk averse culture. Proposal: Regular system monitoring and reporting is in place throughout the Council on the threats and actions to mitigate.	Our ICT partner, Serco, commissioned an external review of the ICT security arrangements and a report was received in Autumn 2017. PCC and Cambridgeshire County Council are working together on cyber security. A joint bid was put together for funding from the LGA which was successful. This funding has been used to purchase cyber security training videos for staff and members which has been well received. We have funding to undertake gap analysis of systems and develop a project plan to address those areas of weakness. Work has begun on cyber incident response plans, business continuity and disaster recovery with IT partners. This is an ongoing project tying into the move to Microsoft 365 which will take place in late 2019. Routine items undertaken in 2018/19: Firewall maintaining at latest released; Antivirus deployments maintained at latest release; Monthly patching regime enforced; Continued vigilance of potential threats via reports from the NCSC. Specific items delivered in 2018/19 Removal of W2003 servers and XP desktops and laptops from the estate; Removal of W2008 servers from estate is underway.

	Area of Assurance	Assurance Gap / Proposal to Mitigate	Progress / Residual Status
17.10	FRAUD, CORRUPTION AND SERIOUS ORGANISED CRIME Lead: Corporate Director, Resources	Gap: Pilot studies have been undertaken in a number of regions which has resulted in a best practice checklist being established to ensure that local authorities have sound and robust procedures to reduce the threat of Serious Organised Crime impacting on Council activities Proposal: Internal Audit will liaise with Police and other Councils to ensure that appropriate arrangements have been developed. Internal Audit has incorporated a number of reviews within its Audit Plan to follow the best practice checklists to look to provide assurance to the Council.	Internal Audit have undertaken a risk assessment against the Serious Organised Crime checklist. An initial focus has been on gifts and hospitality and will be reported on as part of Annual Audit Opinion. Limited frauds have been identified in year and Counter Fraud policies have been revisited, updated, referred to and approved by the Audit Committee in March 2018. As with last year, limited frauds have been identified in 2018/19. The 2017/18 Fraud Investigation Report was reviewed by the Audit Committee in July 2018.
17.11	SCHOOL STATUTORY TESTING Lead: Corporate Director, Resources	Gap: There are statutory requirements under several sets of regulations which require regular inspections and tests of systems and equipment. These can include lifts, hoists, air conditioning units, pressure systems, local exhaust ventilation systems and gas or electrical installations. An Internal Audit review of schools identified limited evidence that the programme of work was being managed or monitored. Proposal: As part of its work protocols, Internal Audit are following up on the issues identified which will be reported through to the appropriate channels.	There are ongoing meetings reviewing delivery of improvements. Separate reviews are in train covering Health and Safety across the Council estate to ensure consistency of approach. It is anticipated that actions will not have been completed until early summer.

Table 2: 2017 / 2018 Progress on Previous Actions			
	Area of Assurance	Gap	Proposal to Mitigate
18.01	<p>FINANCIAL MANAGEMENT</p> <p>Lead: Acting Director of Corporate Resources</p>	<p>The budget for the Council is underpinned by a number of transformation projects and savings targets.</p> <p>There is a requirement to ensure that there is appropriate monitoring of these to ensure that these remain on track or alternatives options put in place to ensure the budget remains balanced.</p>	<p>Budget Monitoring is key to underpinning the decision making processes at the council. Budget monitoring is reported to:</p> <ul style="list-style-type: none"> • Officers at Corporate Management Team on a monthly basis • Members - to each Cabinet meeting (with the most up to date information). <p>In addition, a half yearly review of Treasury Management activity is reported to the Audit Committee.</p> <p>Budgeting at PCC is now linked to a quarterly cycle which was implemented in 2018/19.. This has given the Council the ability for earlier delivery of budget initiatives.</p> <p>The following tranches were delivered in 2018/19:</p> <ul style="list-style-type: none"> • Tranche 1- July 2018 • Tranche 2 – December 2018 • Tranche 3 – March 2019 <p>Budgets are developed to enable an ability to flex the budget so that savings / proposals can be moved between years if they cannot deliver early enough. Savings initiatives are now logged on Verto and will be reviewed as part of the monthly monitoring process.</p>
18.02	<p>COUNCIL GOVERNANCE</p> <p>Leads:</p> <ul style="list-style-type: none"> • Chief Executive; 	<p>Council processes can be cumbersome which provide opportunity for decisions to be made through a variety of routes.</p> <p>There is a requirement to simplify the arrangements so as to close off any ambiguity or other avenues which could be used if a decision has already been made to reject.</p>	<p>An overarching review of governance arrangements is being undertaken. Progress through 2018/19 includes:</p> <ul style="list-style-type: none"> • The approval of a joint protocol with CCC by Cabinet in September 2018 for shared services work. • The approval by Cabinet in December 2018 of a Shareholders Committee to give oversight of all council companies and joint ventures.

	Area of Assurance	Gap	Proposal to Mitigate
	<ul style="list-style-type: none"> • Director of Law and Governance; • Acting Director of Corporate Resources 	which could be used if a decision has already been made to reject.	<ul style="list-style-type: none"> • The approval of a new Senior Officer structures to take account of joint work that is taking place with CCC. <p>Work now continues to embed these changes</p>
18.03	<p>PROCUREMENT AND PROJECTS</p> <p>Lead: Acting Director of Corporate Resources</p>	Linked with 18.02 above, there is a need to ensure that consistent approaches and used to develop business cases for each project. Furthermore, as part of the delivery phase, appropriate arrangements are required to ensure compliance with contract rules.	<p>See the response to items 17.01 and 17.06 which sets out the approach to projects now being followed at the Council.</p> <p>This also links into items 18.01 and 18.02 above which set out the financial monitoring regime through which issues are escalated to the appropriate levels within the Council.</p> <p>A review is presently taking place of the correct approach for procurement/commissioning as presently this is devolved to departments for delivery.</p>
18.04	<p>CORPORATE FRAUD</p> <p>Lead: Chief Internal Auditor</p>	With finite resources across the Council, there is a need to ensure that funds are used for their intended purpose and are not being misused or misappropriated. There are limited levels of fraud reported on across the Council. The Council will look to raise awareness across all departments, its contractors, suppliers and partners.	<p>See response to 17.10 above</p> <p>Corporate Fraud policies have been updated and reported to the Audit Committee in March 2018.</p> <p>The 2017/18 Fraud Investigation Report was reviewed by the Audit Committee in July 2018.</p> <p>The Council will continue to take part in the National Fraud Initiative which started again in 2018/19.</p> <p>Appropriate training and raising awareness will continue to be delivered to officers, Members and our key partners. A detailed Action Plan for 2019/20 will be produced and reported through CMT and Audit Committee.</p>

	Area of Assurance	Gap	Proposal to Mitigate
18.05	IT GOVERNANCE Lead: Director of Law and Governance	Imminent deadline for compliance with GDPR. Robust plans will be followed to ensure PCC meets the deadline	Please see responses above to items: 17.01 - which sets out project reporting (including ICT) 17.08 - Information requirements (including GDPR) 17.09 - Cyber Security In addition, the position has been reported both to CMT and the Joint Management Team with CCC.
18.06	EMERGENCY PLANNING AND BUSINESS CONTINUITY Lead: ALL Directors	The Council recognises the importance of putting in place robust arrangements for disaster recovery etc. This will mitigate the risk to the Council that major incidents could potentially result in an inability to provide critical services to residents, customers, partners and key stakeholders.	On Move to Sand Martin House a full “Black Box” test of ICT systems was undertaken in early 2019 which was successfully completed. The Resilience Team continues to work with services from across the council to support them to transfer their previous Business Impact Assessments (BIA), and Business Continuity Risk Assessments (RA), onto a new set of templates, before moving on to support them to complete a service level Business Continuity Plan. The team visited all departments following the move to Sand Martin House. The delivery of Business Continuity (BC) within PCC will now be undertaken by a newly created shared service, the Cambridgeshire and Peterborough Resilience Team, which will continue to support services in a similar way to before with the advantage of work relating to BC now being led by a dedicated BC Officer from within the new shared service.
18.07	PARTNERSHIPS Lead: Director of Law and Governance	The Council has working relationships with a range of organisations and providers. There is a need to ensure there is effective oversight of each by Members and ongoing monitoring by officers.	An annual review of alternative delivery models will be undertaken (e.g. LLPs, partnerships, significant contracts etc.) See 18.02 above

	Area of Assurance	Gap	Proposal to Mitigate
			Cabinet, in December 2018, approved the creation of a Cabinet Shareholders Sub-Committee to give oversight of all council companies and joint ventures.
18.08	EQUALITY AND DIVERSITY Lead: Director of Law and Governance	While the Council has an Equality and Diversity Policy the action plans for embedding are now out of date. The policy was approved by the Employment Committee January 2011. Last revision of the policy was February 2017	2017 Equality and Diversity Policy was reviewed in May 2018 and no changes were required at that point. The Policy will; be next reviewed in May 2019. In the budget process, all proposals that have an equalities impact have an Equalities Impact Assessment carried out and published for the consultation process.

As part of regular reviews of the governance, processes and procedures across the Council, a number of new issues to be addressed have been identified during 2018 / 2019. These are documented in Table 3 below.

Table 3: 2018 / 2019 New Governance Areas For Action			
	Area of Assurance	Gap	Proposal to Mitigate
19.01	Budget Resilience	As per the 2019/20 MTFS, the council has an ongoing budget deficit of circa £20m which needs to be delivered for the council to achieve a sustainable ongoing budget. Over the past 2 years this gap has been closed by the use of one off resources which is not a sustainable strategy. In order for the council not to move into financial difficulties, savings and efficiency proposals must be agreed in time for full delivery in 2020/21.	Savings, efficiency and commercial proposals to balance the 2020/21 budget need to be in place and agreed in Tranche 1 of the 2020/21 budget process to ensure delivery (as set out in the 2019/20 Stewardship Statement). To ensure this is delivered a concentrated budget option process will be followed during the summer of 2019 to ensure Members have options that can be scrutinised and agreed to deliver a balanced budget in 2020/21 and moves the Council to sustainability in the medium term.

	Area of Assurance	Gap	Proposal to Mitigate
19.02	Partnerships and Procurement Arrangements	<p>A full review is required to ensure that contractual arrangements entered into by the council are to the benefit of the council and sustainable and follow all local and national legislation and best practice. Examples where this has been identified include:</p> <ul style="list-style-type: none"> • Issues that have been identified with the formation of the 2014 IT Strategy and the delivery of this strategy, especially around work linked to the Digital Front Door. From the work it has been identified Procurement rules were not followed/complied with. • Extension of the Empower loan. • That in the past, gifts and hospitality in relation to interactions with contractors have not been added to the gifts and hospitality register in a timely manner. 	<p>Review contract rules/compliance and setting up of cross council officer group to ensure compliance to Council and national rules, regulations and best practice for procurement and commissioning.</p> <p>Linkage of the project management and contracting processes to the monthly monitoring process to the Council to ensure best practice is followed and the Council deliver value for money from its contracts.</p> <p>Overview of Council companies via the Shareholders Committee to ensure companies are delivering to Council objectives.</p> <p>In September 2018, an internal audit review of Gifts and Hospitality was undertaken and gave a 'Reasonable Assurance' opinion. A review is being undertaken of the Officer Code of Conduct including Gifts and Hospitality – a confidential report is going to Constitution and Ethics Committee in July 2019 which will then need to go to the JNC and Employment Committee as it forms part of the terms of employment.</p> <p>This will ensure:</p> <ul style="list-style-type: none"> • Correct contract specification and market warming • Minimisation of cost - to fit with Council's financial remit • Correct solutions for the Council's service strategies
19.03	Monitoring	<p>Financial monitoring goes to every CMT and every Cabinet. It does not contain any performance information. For correct decision making both finance and performance must be included in the same report at the correct level of detail.</p>	<p>That in 2019/20, monitoring will include both a financial and performance aspect. The initial performance data will be based on the data that is submitted to the GPC Committee at CCC - so both Councils are aligned for those services. Indicators will need to be designed for those services specific for PCC.</p>

	Area of Assurance	Gap	Proposal to Mitigate
19.04	Health and Safety	<p>There has been significant changes to how the Council works following the move to Sand Martin House and the rise in Agile working.</p> <p>There have been three audits that have been undertaken in 2018/19:</p> <ul style="list-style-type: none"> • A H&S Health Check undertaken by 4OC • A Fire Safety audit undertaken by 4OC • An Internal Audit review of Health & Safety <p>There is a requirement for the delivery of the outputs from these audits to ensure the council's Health and Safety arrangements fully reflect the new working arrangements that Council now work within.</p>	<p>Work has been taking place to move forward the recommendations from the three audits along the following themes:</p> <ul style="list-style-type: none"> • Principal Responsible Person responsibilities • Health & Safety policy updates (including KPI's and reporting policy). • Fire Strategy • Estate compliance (of all issues) • Training and compliance • Auditing and risk assessment <p>These will be reviewed via the re-constituted Health and Safety Board</p>
19.05	Business Continuity	To ensure that the work undertaken in 2018/19 is completed and updated on an ongoing process to ensure that the Council can operate and deliver to customers in times of crisis.	<p>Review all departmental Business Continuity delivery plans in Q1 and Q4 of 2019/20 to ensure the points raised in 18.6 above has been delivered.</p> <p>Conduct a yearly full business continuity test during 2019/20.</p>
19.06	Cyber Security	To ensure that the work undertaken in 2018/19 is updated on an ongoing process to ensure that the Council can operate and deliver to customers in times of crisis.	<p>Review to ensure all Members and Officers have undertaken training</p> <p>Review to ensure compliance to all applicable Cyber and Information security standards</p> <p>Review to ensure all council data is in a format that is "Safe"</p>

Summary

The Council has in place strong governance arrangements which we are confident will protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Council's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continually throughout the year.

Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Peterborough City Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signed:

To be signed by 31 July 2019

Gillian Beasley, Chief Executive

Date:

Signed:

To be signed by 31 July 2019

Councillor John Holdich, Leader of the Council

Date:

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