

# Annual Governance Statement – 2019/2020



# Annual Governance Statement

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## 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 2020/21 / 2021/22 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 2020 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 two years 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 raised 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, are sound recorded and made available online, for example on Facebook.
- Community liaison schemes are in place to discuss major developments which will impact on the community, for example, works in relation to the Business Improvement District.
- 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 4 March 2020. The Council Tax increase for the year was 3.99%, the maximum allowed by regulations (1.99% General Increase and 2.00% Adult Social Care). Tranches 1 and 2 of the budget were considered by Council in December 2019 and February 2020 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 across all Directorates.
- The Medium Term Financial Strategy sets out how services are delivered within the Council's financial resources, including how the Council is delivering innovative solutions to provide environmental and economic benefits to the citizens of Peterborough.

- In July 2019, the Council agreed there was a Climate Emergency and reports now have to contain, where relevant, a carbon Impact Assessment.
- 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 2020 / 2021 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. The Committee has the opportunity to call officers to account for weaknesses identified and how actions are being mitigated to address these weaknesses.
- Key partners who provide essential Council services are subject to independent oversight by Committees.
- The Cabinet Shareholder Committee provides oversight and scrutiny of entities the Council has an interest in, for example Peterborough Ltd.

- 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. Key officers involved in joint working are required to complete s113 agreements.
- 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 2019 / 2020, 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.

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 2019 undertaken by Ernst and Young was reported to the Audit Committee which concluded the accounts and working papers for the 2018/19 closure process were of high quality.

### **Significant Governance Issues**

The Annual Governance Statement identifies governance issues and risks for the Council to address. **Tables 1–3** 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  |
| 17.04   | <b>SCHOOL ATTAINMENT</b><br>Lead: Corporate Director:<br>People and Communities | <b>Gap:</b><br>Damage to reputation through poor performance in published league tables compared to the national average.<br><br><b>Proposal:</b><br>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.   | Ongoing monitoring of standards and attainment are monitored through the Children and Education Scrutiny Committee.   |
| 17.11   | <b>SCHOOL STATUTORY TESTING</b><br>Lead: Corporate Director,<br>Resources       | <b>Gap:</b><br>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.<br><br><b>Proposal:</b><br>As part of its work protocols, Internal Audit are following up on the issues identified which will be reported through to the appropriate channels. | Testing arrangements are now under the remit of Peterborough Limited and regular monitoring is in place through oversight of all property matters through coordination by the Property Manager. |

| <b>Table 2: 2017 / 2018 Progress on Previous Actions</b> |  |   |  |
|--|--|---|--|
|  | <b>Area of Assurance</b>   | <b>Assurance Gap / Proposal to Mitigate</b>   | <b>Progress / Residual Status</b>  |
| <b>18.01</b>   | <p><b>FINANCIAL MANAGEMENT</b></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>Ongoing monitoring is in place to ensure that early indicators pick up on any budget pressures so that action can be taken, where applicable, to address this or look for alternative areas which could be used to reduce the deficit.</p> <p>Financial restrictions were put in place to curtail expenditure except in essential areas in July 2019 to bring budgets under control. This included a review of consultancy and agency spending on a weekly basis and all expenditure over £10,000 requiring a business case and then the approval of the S151 Officer.</p> <p>2019/20 budgets were re-baselined in September 2019 to ensure all stakeholders understood the makeup of the Councils Structural budget deficit and in the second half of the year addressed these issues.</p> <p>As part of the 2020/21 MTFS process, a financial improvement programme was introduced and implemented. This included the setting up of a Rapid Implementation Team (RIT) under the leadership of the Director of Business Improvement and Development to monitor the development and implementation of 2021/21 savings initiatives and a Financial Improvement Program Team (FIP) under the leadership of the Chief Executive to monitor 2019/20 savings and progress on the 2020/21 budget.</p> <p>A review of progress, including the detail listed above, will form a report to Audit Committee in July 2020.</p> |
| <b>18.04</b>   | <p><b>CORPORATE FRAUD</b></p> <p>Lead: Chief Internal Auditor</p>                      | <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> | <p>Awareness training remains outstanding. A new national "Fighting Fraud and Corruption Locally" strategy for the 2020s was released in March 2020 and will form the basis of developing E-learning material to be rolled out during the year across the organisation.</p>  |

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| 18.08 | <b>EQUALITY AND DIVERSITY</b><br><br>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.<br><br>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.<br><br>In the budget process, all proposals that have an equalities impact have an Equalities Impact Assessment carried out and published for the consultation process. |
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| <b>Table 3: 2018 / 2019 Progress on Previous Actions</b> |  |   |  |
|--|--|---|--|
|  | <b>Area of Assurance</b>   | <b>Assurance Gap / Proposal to Mitigate</b>   | <b>Progress / Residual Status</b>  |
| 19.01  | <b>BUDGET RESILIENCE</b><br><br>Lead: Acting Director of Corporate Resources | 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.<br><br>Over the past 2 years this gap has been closed by the use of one off resources which is not a sustainable strategy.<br><br>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.<br><br><u>Proposal:</u><br>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).<br><br>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 | Tranche 1 and Tranche 2 proposals were referred through Cabinet and wider consultation allowing for a balanced budget being approved in March 2020, Ongoing delivery of savings will be monitored throughout the year.<br><br>The Council engaged with external consultants as part of the budget process during the year to validate its approach and also identify best practice from other Local Government providers for implementation as part of the 2020/21 MTFS.<br><br>The final budget still had a number of One-off savings in Tranche 2 but the underlying deficit figure for 2021/22 of £14.5m was £10m less than in previous years for year 2 of the MTFS.<br><br>The 2020/21 budget was also supported by a Capitalisation Direction from the Department of Housing, Communities and Local Government. This will allow the council the time and resources to move to a sustainable position in 2020/21 and ongoing budgets. |
| 19.02  | <b>PARTNERSHIPS AND PROCURMENT ARRANGEMENTS</b>                              | 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  | A Procurement Board was set up in early 2020 but only met once due to the COVID-19 Emergency. Procurement, finance and Legal Services across both PCC and CCC have worked together to produce updated  |

| Table 3: 2018 / 2019 Progress on Previous Actions |  |  |  |
|---|--|--|--|
|   | Area of Assurance                            | Assurance Gap / Proposal to Mitigate   | Progress / Residual Status   |
|   | Lead: Acting Director of Corporate Resources | <p>and national legislation and best practice. Examples where this has been identified include:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Extension of the Empower loan.</li> <li>• 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.</li> </ul> <p><u>Proposal:</u><br/>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>procurement processes due to COVID-19 which were launched in late April 2020.</p> <p>The Shareholder Committee started to meet in 2019/20 and almost fulfilled a full review of the Council's companies before meetings were suspended due to COVID-19.</p> <p>All expenditure over £10,000 after July 2019 required a business case and approval given the Council's financial position. This linked contract work to budgets and then through to monitoring and also included agency and consultancy expenditure.</p> |

| Table 3: 2018 / 2019 Progress on Previous Actions |   |   |   |
|---|---|---|---|
|   | Area of Assurance   | Assurance Gap / Proposal to Mitigate  | Progress / Residual Status  |
|   |   | <p>This will ensure:<br/>Correct contract specification and market warming</p> <ul style="list-style-type: none"> <li>• Minimisation of cost - to fit with Council's financial remit</li> <li>• Correct solutions for the Council's service strategies</li> </ul>   |   |
| 19.03   | <p><b>BUDGET MONITORING</b></p> <p>Lead: Acting Director of Corporate Resources</p> | <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><u>Proposal</u><br/>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.</p> <p>Indicators will need to be designed for those services specific for PCC.</p> | <p>Although we did not see the direct linkage between finance and performance data in Committee Reports work has progressed in this area via the financial improvement programme which has included:</p> <ul style="list-style-type: none"> <li>• A weekly review of agency spending and requirements at an individual level</li> <li>• A lockdown on the issue and renewal of Business Support and Transformation resource through the Serco and other contracts to ensure it was necessary and used for delivery of core Council requirements;</li> <li>• As part of the 2020/21 MTFS, the analysis of approved and potential savings and cost avoidance options included comparative data relating to other Councils and providers.</li> <li>• Reporting through to the RIT and FIP as appropriate.</li> </ul> <p>The controls in place now link contracts and establishment control to spending levels</p> <p>This now needs to move forward with performance and finance at the appropriate level be joined together in overall performance reports.</p> |
| 19.04   | <p><b>HEALTH AND SAFETY</b></p> <p>Lead: Director of Place and Economy</p>          | <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"> <li>• A H&amp;S Health Check undertaken by 4OC</li> <li>• A Fire Safety audit undertaken by 4OC</li> </ul>   | <p>Significant progress has been made in improving compliance with H &amp; S policies and embedding them across the Council.</p> <p>New policies have been established.<br/>Appropriate risk assessments are in place for all buildings and compliance checks have been performed to verify standards are met and being maintained</p>  |

| Table 3: 2018 / 2019 Progress on Previous Actions |  |  |  |
|---|--|--|--|
|   | Area of Assurance  | Assurance Gap / Proposal to Mitigate   | Progress / Residual Status   |
|   |  | <ul style="list-style-type: none"> <li>An Internal Audit review of Health &amp; Safety</li> </ul> <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><u>Proposal:</u><br/>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"> <li>Principal Responsible Person responsibilities</li> <li>Health &amp; Safety policy updates (including KPI's and reporting policy).</li> <li>Fire Strategy</li> <li>Estate compliance (of all issues)</li> <li>Training and compliance</li> <li>Auditing and risk assessment</li> </ul> <p>These will be reviewed via the re-constituted Health and Safety Board</p> |  |
| 19.05   | <b>BUSINESS CONTINUITY</b><br><br>Lead: Acting Director of Corporate Resources | <p>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> <p><u>Proposal:</u><br/>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>   | This has actively been used to coordinate responses in relation to Covid-19. Regular reviews are undertaken to ensure that remains valid |

| Table 3: 2018 / 2019 Progress on Previous Actions |   |  |  |
|---|---|--|--|
|   | Area of Assurance   | Assurance Gap / Proposal to Mitigate   | Progress / Residual Status   |
| 19.06   | <p><b>CYBER SECURITY:</b></p> <p>Lead: Acting Director of Corporate Resources</p> | <p>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> <p><u>Proposal:</u></p> <p>Review to ensure all Members and Officers have undertaken training</p> <p>The council will seek to achieve Cyber Essentials accreditation in 2020/2021</p> <p>Review to ensure all council data is in a format that is "Safe"</p> | <p>Regular reviews undertaken across the estate to ensure are now compliant. Security standard checklist has been utilised by both CCC / PCC to benchmark arrangements and used to develop and implement actions to address,</p> <p>An external email warning banner has been introduced to help officers identify any external phishing threats</p> <p>Regular updates are issued to all users on potential and actual threats.</p> <p>Multi Factor Authentication is place which has prevented a number of phishing attempts.</p> <p>Members have all received training. There will be a refresher training module and new training modules on cyber security for both officers and Members.</p> |

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 2019 / 2020. These are documented in **Table 4** below:

| <b>Table 4: 2019 / 2020 SIGNIFICANT ISSUES</b> |                          |  |  |
|--|--------------------------|--|--|
| <b>Ref</b>                                     | <b>Area of Assurance</b> | <b>Gap</b>   | <b>Proposal</b>  |
| 20.01  | BALANCED BUDGET          | <p>The Council has set a balanced budget for 2020/21. This is based on a number of transformation projects being delivered. This includes:</p> <ul style="list-style-type: none"> <li>• HR business model</li> <li>• Improved financial control</li> <li>• Finance Business Partner model</li> <li>• Increase in automation</li> <li>• Increase in shared services</li> <li>• Reduction in staffing levels</li> </ul> <p>While the various projects are managed there is the risk that if not implemented on time that savings will not be achieved.</p> <p>In worst case scenario this could lead to the need to issue a s114 letter.</p> | <ul style="list-style-type: none"> <li>• Conduct a set of reviews during spring of 2020 in order for the Council to come as close as possible in the July 2020 Council meeting to approving and implementing the 2021/22 budget as per the Robustness Statement in the 2020/21 MTFS.</li> <li>• Put in place monthly monitoring process that ensures that all 2020/21 and future years savings proposals are ragged against delivery and ensure these are reported to Joint Management Team and then Cabinet.</li> <li>• Set out mitigation steps where delivery cannot be met.</li> <li>• Link overall Council Viability to item 20.02 and 20.03.</li> </ul>  |
| 20.02  | COVID-19                 | <p>Since mid-March 2020, the Council has diverted its resources to focus on providing active support across Peterborough and the surround as part of its reaction to tackle Covid-19.</p> <p>Linked to 20.01 above, there is a risk that costs incurred outweigh the levels of funds received from Central Government.</p> <p>Emergency procedures put in place need to be reviewed to ensure that effective governance is in place to protect Council / users etc.</p>  | <ul style="list-style-type: none"> <li>• Robust risk management processes followed to ensure effective monitoring of key risks whether relating to response to Covid-19 or return to business as usual</li> <li>• Ensure processes are in place to estimate, document and then report on COVID-19 expenditure items.</li> <li>• Assess 2020/21 budget and income streams for non-deliverable items and link to overall 2020/21 Financial monitoring and the 2021/22 MTFS requirements</li> <li>• Set up formal reporting structures to Joint Management Team, Cabinet Government and the LGA to set out the Council position.</li> <li>• Set up a lobbying strategy to ensure best results for the Council</li> <li>• Have a robust recovery plan to ensure that moves back to “normality” have been properly evaluated to minimise cost/lake</li> </ul> |

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|       |                   |   | advantage of changes to service delivery to deliver a revised product to the public.   |
| 20.03 | COUNCIL STRUCTURE | Linked to 20.01 and 20.02 the current situation has identified that the Council can operate (albeit is it effective) outside of its main hub. There is a need to review the current arrangements to ensure that they meet future needs / pressures. | <ul style="list-style-type: none"> <li>• Review all services presently halted for critical assessment of if they continue in the future – Opportunity.</li> <li>• Evaluate with Government potential length of the COVID-19 emergency and what “business as usual” will mean at the other end.</li> <li>• Have in place recovery and re-implementation strategies for key services.</li> </ul> |
| 20.04 | LEVELS OF DEBT    | Given the Country is now heading into a possible recession, and the fact that the Council is very reliant on external income, how will it ensure debt levels do not spiral out of control   | <ul style="list-style-type: none"> <li>• Ensure that key debtors are communicated with regularly (at least monthly)</li> <li>• Ensure enhanced debt monitoring is in place for COVID-19 period</li> </ul>  |
| 20.05 | LOSS OF KEY STAFF | COVID-19 will be a severe test on Council resources. The Council needs to ensure it retains key staff   | <ul style="list-style-type: none"> <li>• Ensure that processes are fully documented</li> <li>• Ensure that appropriate succession planning arrangements have been identified</li> <li>• Identify activities which are overly reliant on one individual</li> </ul>  |

## 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 2020*

Gillian Beasley, Chief Executive

Date:

Signed:

*To be signed by 31 July 2020*

Councillor John Holdich, Leader of the Council

Date: