

## INTRODUCTION

Like all local authorities, Peterborough City Council (PCC) is responsible for ensuring that:

- business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently, effectively and equitably to deliver agreed priorities and benefit local people.

The Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives (CIPFA / SOLACE) Delivering Good Governance in Local Government Framework (2016) also expects local authorities to put in place proper governance arrangements to ensure that these responsibilities are being met. PCC has a Code of Corporate Governance (Code). This is consistent with the principles of the CIPFA / SOLACE Framework. The Code sets out the framework for ensuring each of the core principles of good governance is met by the Council.

This Annual Governance Statement (AGS) explains how the Council has complied with its Code and provides an overview of how the Council's governance arrangements have operated during 2022 / 2023 and is up to the date until the day it is signed. It also provides commentary as to where gaps have been identified in our Code together with new governance arrangements to address the ever-changing Council environment. It also meets the requirements of the Accounts and Audit Regulations 2015, which require the Council to publish an AGS to accompany the Statement of Accounts in accordance with proper practice in relation to internal control.

The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the employee and Members' Code of Conduct, Constitution, Corporate Vision, Priorities and Vision as well as applicable statutory requirements.

We also have a duty to continually review and improve the way we work in line with the Local Government Act 1999. That duty has grown in importance with the reduction in resources being made available for Local Authorities. In demonstrating compliance with the Code, we have also reflected on the governance improvements we have made during the year.

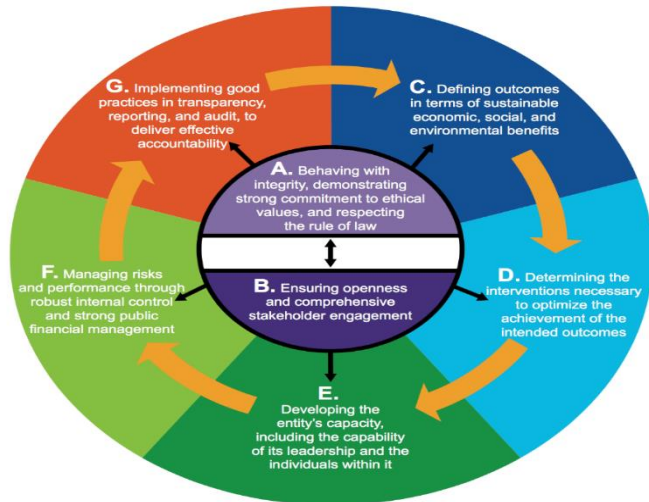
## SCOPE OF RESPONSIBILITY

As part of its responsibilities, PCC has:

- Established governance arrangements which are consistent with the seven principles of the CIPFA / SOLACE Framework (see diagram below) and represented within the Local Code.
- Complied with the Code and also meets with the regulation 4(2) of the Accounts and Audit Regulations 2015.

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

Good governance is about ensuring that an organisation is effectively and properly run. It is more than ensuring sound financial controls are in place. It is the means by which the Council shows it is taking decisions for the good of the people of Peterborough, in an inclusive and open way. It requires standards of behaviour that support good decision making, collective responsibility, individual integrity, openness, and honesty. It is fundamental to showing that public money is well spent, as without good governance the Council will struggle to improve services and deliver its objectives. The Council’s Code details the measures in place to ensure effective governance across the Council.

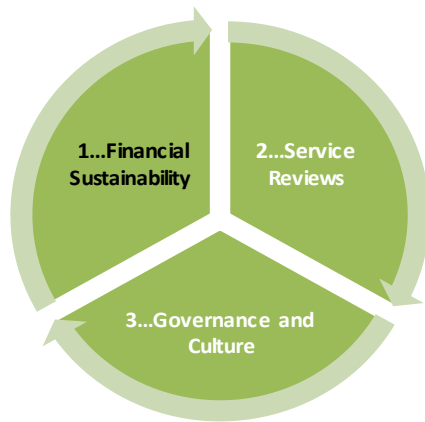


## THE GOVERNANCE FRAMEWORK

The Council is a unitary authority which was set up in 1998. During 2021, we identified a number of serious budgetary issues which made the Council financially unsustainable unless serious actions were taken to address those. Ongoing discussions were held with central government and a series of reviews commissioned to not only look at the financial stability but also the overarching governance arrangements.

The Council set up its own Improvement Plan, to demonstrate its full commitment to improving and this was endorsed by the Department for Levelling Up, Housing and Communities. Revolving around three themes, clear actions were set out how the Council would develop and improve over a two-year period. Oversight would be provided by an Independent Improvement Panel made up of experienced officers from other organisations (ex-Chief Executives / s151 Officers etc.) to provide that robust scrutiny and challenge.

Over the first year of actively following the Improvement Plan, the following actions have been taken to improve our governance:



### FINANCIAL SUSTAINABILITY

Actions taken to improve our financial governance during the year has enabled the Council to improve its financial resilience

- Additional meetings of the Corporate Leadership Team (CLT) focus solely on the budget. This strong approach has enabled Chief Officers to understand the service pressures as they arise, allowing quick responses to address these with appropriate mitigating action and protecting the integrity of the bottom line. With monthly monitoring of the budget by CLT, and reporting through to Members has allowed for greater transparency of the budgets.
- Cash limits were introduced to all departments allowing each a “financial envelope” to operate within. Linked to above, it has given the Chief Officers opportunities to move monies around within each area as pressures arise and potential savings are identified.
- The budget also incorporated a series of savings to help balance the budget. All the identified savings are R-A-G rated and monitored through a Savings Board.
- A strong grip on monthly monitoring allows Finance to refresh the MIFS on a quarterly basis – providing an opportunity to take into consideration national factors at the earliest opportunity. This filters through to the Financial Services Working Group (FSWG) which has full cross party Member participation to look at the ongoing current budgets, trends and future pressures. It assists in getting early agreement to future budgets.



## SERVICE REVIEWS

The Council had a swathe of commercial entities which as part of the Improvement Plan have been reviewed to ensure that they remain fit for purpose, with appropriate corporate governance and remain relevant to meeting the needs of PCC.

- For added transparency and impartiality, CIPFA were commissioned to undertake the external reviews. Extensive recommendations have been produced and reported through to CLT, FSWG and the Audit Committee chair. All agreed actions, if not already implemented are being followed through in 2023.
- Key outcomes have seen services brought back in-house (Norfolk Property Services and Opportunity Peterborough); while others have seen improved and reinstated Member representation on Boards (Medesham Homes, Peterborough Investment Partnership and Peterborough Limited).
- With PCC being able to demonstrate its desire and application to change, we have also provided training on the improved role of Members on commercial entities at the Local Government Association Conference.

Other existing internal service areas have also had a root and branch review to ensure they can deliver

- As part of the initial reviews of the Council a number of initial service reviews were undertaken, including Planning; Building Control; and Housing.



**GOVERNANCE AND CULTURE**

Governance is the “golden thread” which weaves through all the areas of the Improvement Plan. Key changes established include:

**Collaboration across political groups**

- LGA Peer mentoring as allowed the Council to establish key actions to deliver ongoing governance improvements identified from experienced professionals
- The Independent Improvement Panel has linked up with all political parties
- Elections have been held with thirds out over a 4 yearly cycle. Following separate governance reviews, a recommendation was put to Members to hold all out elections every 4 years. A free vote was put forward and the decision made to retain the status quo.
- Balancing the budget has been key. A separate Financial Services Working Group (FSWG) made up of representations of all political parties enable for difficult conversations and final consensus.

**Decision making**

- The Council had an inconsistent Forward Plan- this has been overhauled
- Key decisions in excess of £500,000 all are referred through CLT, Cabinet Policy Forum before they get to decision at Cabinet.

**Improvement Panel**

- Representatives on the Improvement Panel are Chief Officers from successful Councils / organisations to enhance challenge and scrutiny. Reports are produced and submitted internally and externally every 6 months.

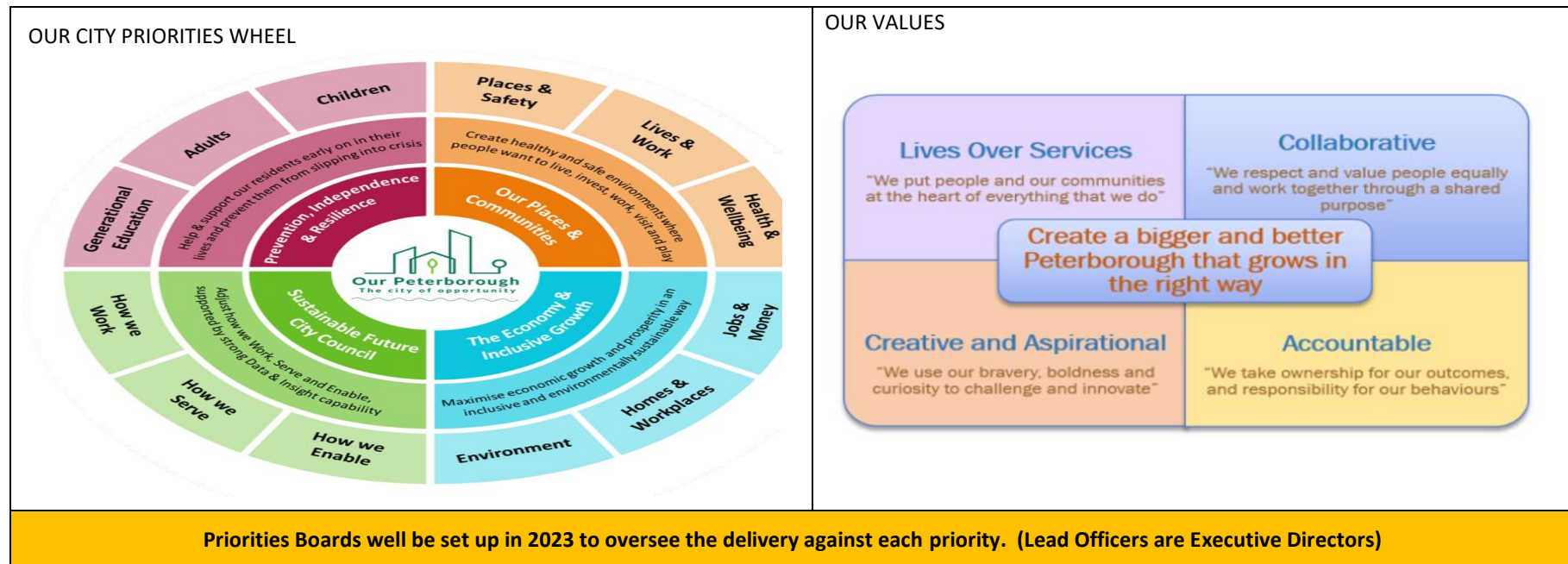
**Risk Management**

- Realignment of risk management in the business removed a level of conflict with Internal Audit and with dedicated resource identified it has allowed for a fundamental review of how it is delivered. Strategic vs Operational still needs addressing.



<b>GOVERNANCE AND CULTURE (CONTINUED)</b>	
Governance is the “golden thread” which weaves through all the areas of the Improvement Plan. Key changes established include:	
Audit Committee	
	<ul style="list-style-type: none"> <li>Following external review, the Audit Committee has been enhanced with 3 additional “independent” Members, one of which is the Chair.</li> </ul>
Governance and the Constitution	
	<ul style="list-style-type: none"> <li>Reviews of governance are key to better council working. While the overall Constitution is still being reviewed there are a number of quick wins which have been introduced. There have been renewed details for Members for commercial entities and opposition parties are chairing scrutiny – allowing better oversight.</li> </ul>
Combined Authority	
	<ul style="list-style-type: none"> <li>Greater challenge and understanding across the region has been established following the creation of a strong Chief Executive Group</li> </ul>
Performance Data	
	<ul style="list-style-type: none"> <li>The Council has a lot of data which it does not utilise to the best of its purpose . A renewed performance management system is being created to link the various service plans, Corporate strategy outcomes and performance.</li> <li>These will be delivered through the Corporate Delivery Unit and are expected to go live in 2023.</li> </ul>

Other activities included the strategic vision and corporate priorities were refreshed in 2022, approved by Full Council in October 2022 and published in the Sustainable Future City Council Strategy to produce a dynamic overview of the future for PCC. Extensive consultation has taken place externally and internally to take the organisation and the community forward alongside one another. Good governance cannot be achieved by rules and procedures alone, the organisation needs to take its employees together on the same improvement journey. Shared values that are integrated into the culture of the organisation, and are reflected in both behaviour and policy, are hallmarks of good governance.



The governance framework encompasses the strategies and policies; plans; procedures; systems and processes; structures; attitudes and behaviours required to deliver good governance to all. The approach to governance takes account of the environment in which PCC now operates; its aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities;
- that there is sound and inclusive decision making; and
- that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

As part of the governance framework, PCC has undertaken a number of reviews to identify and improve on its governance arrangements. These originated from initial moves towards intervention due to the budget position, decisions taken to self-manage its destiny by the creation of an Independent Improvement Panel and various reviews undertaken of its third-party activities through CIPFA, LGA etc. All these have been explored to help shape our modern governance requirements.

In relation to governance covering the political workings of the Council, PCC follows the Cabinet model for local democracy. The Constitution, which sets out how the Council operates, is updated periodically. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to Committees, Boards etc. Decision-making powers not reserved for the Lead of the Council and / or Councillors are delegated to Chief Officers and Heads of Service. The Monitoring Officer ensures that all decisions made are legal and supports the Audit Committee in promoting high standards of conduct amongst members.

All Members have an important role to play in representing their constituents, as well as acting together as the Council. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member. Members and Officers should work in an atmosphere of mutual trust and respect. Members determine the Council's policies and Officers are responsible for implementing decisions taken by the Council, Cabinet and / or the appropriate committee as well as taking decisions delegated to them under the Scheme of Delegation. The scheme will be reviewed in 2023.

All Committees review and scrutinise decisions. They cannot start or stop executive action but can challenge reasonably, holding Members and officers to account. In discharging these duties all parties should act in an open, honest and transparent manner. The Council must seek to ensure that the highest standards are met and that governance arrangements are not only sound but are seen to be sound. The current make up of Committees and Boards are set out in the table below.

During the year, the Council debated on moving to all out elections every four years. An open decision was taken to remain with the status quo.



<b>PETERBOROUGH CITY COUNCIL COMMITTEES AND BOARDS</b>				
<b>COUNCIL</b>	<b>SCRUTINY</b>	<b>REGULATORY</b>	<b>OTHER</b>	<b>PARTNER BOARDS</b>
Full Council Cabinet	Adults and Health Children and Education Climate Change and Environment Growth Resources and Communities	Licensing Licensing Act 2003 Sub Planning and Environmental Protection	Appeals and Planning Audit Constitution and Ethics Employment	Joint Cambridgeshire and Peterborough Health and Wellbeing Board Shareholder Cabinet

As part of the delivery of Council services, legislation requires that certain functions are exercised by a “proper officer”. The functions of the

- Chief Executive (as Head of Paid Service);
- Chief Financial Officer (s.151 Officer);
- and Monitoring Officer are outlined in PCC Constitution.

All are supported through the Corporate Leadership Team.

The governance framework can be simplified as follows:

<b>OVERVIEW OF THE GOVERNANCE ARRANGEMENTS</b>			
<b>COUNCIL, CABINET AND LEADER</b>	<b>SCRUTINY</b>	<b>DECISION MAKING</b>	<b>RISK MANAGEMENT</b>
Provide leadership, approve the budget, develop and set policy	Scrutiny Committees review Council policy and can challenge decisions	All decisions are made in compliance with the law and the Council Constitution	Risk Management Strategy ensures appropriate management of risks
Approve the Constitution which sets out how the Council operates	Audit Committee and the Constitution and Ethics Committee reviews governance and promotes and maintains high standards of conduct by Councillors	Meetings have been held in public or access has been arranged for the public to attend virtual meetings	Risk registers identify strategic and operational risks
Agree City priorities, developed in consultation with residents and stakeholders		Decisions are recorded on the Council website	
<b>CORPORATE LEADERSHIP TEAM</b>			
Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective chief officer team (CLT)			
The Executive Director for Corporate Services and s.151 Officer is the Councils Chief Financial Officer and is responsible for safeguarding the Council's financial position and ensuring value for money			
The Director of Law and Governance and Monitoring Officer is the Councils monitoring officer who is responsible for ensuring legality and promoting high standards of conduct in public life.			

As well as administering services directly through the Council, a number of alternative service provision is in place through local partnerships and Council owned companies. This provides some freedoms which the Council cannot obtain as a local authority. Where these have been established, there is a requirement for performance to be monitored through regular reports to the Shareholder Cabinet Committee

PARTNERSHIPS	COUNCIL OWNED COMPANIES
Opportunity Peterborough (wholly owned by PCC) Peterborough-SERCO Strategic Partnership	Peterborough Limited Medesham Homes LLP

Financial sustainability has been at the core of establishing sound governance and resilience going forward. Stemming from prior austerity the Council has taken many steps to improve its finances.

- Strict intervention prevented due to engagement with Department for Levelling Up, Housing and Communities (DLUHC) . The Council has, and is still, facing challenges with supporting rising service demand and increasing costs within a restricted budget envelope. PCC remains under review by government but working closely with an Independent Improvement Panel (IIP) in place to support the Council to a position of Financial Sustainability
- IIP six monthly reports on progress. The IIP meets monthly with the Chief Executive and Leadership Team to review progress against the ambitious plan to reach longer term financial sustainability. Previous capitalisation directions were not applied. Savings plans established are closely monitored with monthly update reports to CLT and to the IIP. The draft outturn show a small underspend for 2022/23, with an increase in general reserves. However, future years still require targeted savings to increase resilience and sustainability.
- To further complement the works of the Independent Improvement Panel, the Financial Sustainable Working Group that has representation from all political parties for formal buy in to budget proposals and savings.
- Establishment of a balanced budget (but still a journey to go on)
- Introduction of a 3-year Medium Term Financial Strategy (MTFS).

## KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK: ASSURING COMPLIANCE

The AGS reflects on the defined Core Principles. PCC governance arrangements are based on compliance with those seven core principles which are broken down into sub principles. These are re-created below:

CORE PRINCIPLES	THIS MEANS	SUB-PRINCIPLES	
A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Doing things the right way	<ul style="list-style-type: none"> <li>Behaving with integrity</li> <li>Demonstrating strong commitment to ethical values</li> </ul>	<ul style="list-style-type: none"> <li>Respecting the rule of law</li> </ul>
B: Ensuring openness and comprehensive stakeholder engagement	Sharing information and inviting participation	<ul style="list-style-type: none"> <li>Openness</li> <li>Engaging comprehensively with Institutional Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Engaging stakeholders effectively, including individual citizens and service users</li> </ul>
C: Defining outcomes in terms of sustainable economic, social and environmental benefits	Having realistic priorities for what we can and should achieve	<ul style="list-style-type: none"> <li>Defining outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable, economic, social and environmental benefits</li> </ul>
D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Considering the options and taking informed decisions	<ul style="list-style-type: none"> <li>Determining intervention</li> <li>Planning intervention</li> </ul>	<ul style="list-style-type: none"> <li>Optimising achievement of intended outcomes</li> </ul>
E: Developing the entity's capacity including the capability of its leadership and the individuals within it	Ensuring that we can implement our plans	<ul style="list-style-type: none"> <li>Developing the entity's capacity</li> </ul>	<ul style="list-style-type: none"> <li>Developing the capability of the entity's leadership and other individuals</li> </ul>
Principle F: Managing risks and performance through robust internal control and strong public management	Getting the best out of our resources and our people	<ul style="list-style-type: none"> <li>Managing risk</li> <li>Managing performance</li> <li>Robust internal controls</li> </ul>	<ul style="list-style-type: none"> <li>Managing data</li> <li>Strong financial management</li> </ul>
Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	Ensuring our processes are clear, robust and open to review	<ul style="list-style-type: none"> <li>Implementing good practice in transparency</li> <li>Implementing good practice in reporting</li> </ul>	<ul style="list-style-type: none"> <li>Assurance and effective accountability</li> </ul>

The key elements of the Council's governance framework are detailed below. It is not intended to be an exhaustive list but is provided to demonstrate compliance with the core principles of good governance during 2022 / 2023:

CORE PRINCIPLES	
<p>A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• 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. The new model code was adopted in July 2021</li> <li>• Appropriate processes in place to ensure declarations of interest are made, conflicts of interest are avoided and gifts and hospitality for officers and members are recorded.</li> <li>• Staff behaviour is governed by the Officer Code of Conduct.</li> <li>• Separate Code of Conduct issues relating to Members are investigated. 8 cases were received in 2022/2023.</li> <li>• There is third party challenge to the Council’s operations through a publicised complaints procedure. Complaints are responded to by the Heads of Service within each department before central escalation if not resolved.</li> <li>• Confidential concerns can be raised through the Whistleblowing Policy with a number of officers identified as first points of contact, the lead officer being the Director of Legal and Governance and Monitoring Officer. The Policy will be refreshed in 2023.</li> <li>• 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.</li> <li>• The Council is managed by a Cabinet system as set out in the Council’s Constitution, which shows the scheme of delegation between elected Members and Officers.</li> <li>• The scrutiny process as detailed in the Constitution enables those who are not Cabinet members to call in key decisions.</li> <li>• Member and Officer Relationships, governed by the Member Officer Protocol in the council’s constitution, are generally mutually supportive and based on openness, honesty, trust and appropriate challenge, vital for the effective governance of the Council.</li> <li>• The Chief Executive is the Head of Paid Service and is supported by the Corporate Leadership Team. Cabinet portfolios are assigned on a function basis rather than directorate and subject to appropriate officer support.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Executive Director of Corporate Services and s.151 Officer is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972.</li> <li>• Internal Audit work in line with the Public Sector Internal Audit Standards and demonstrated full compliance with these standards.</li> <li>• The Director of Legal and Governance is the Monitoring Officer and is responsible for ensuring the Council acts in accordance with the law and the Constitution.</li> <li>• 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.</li> <li>• As part of respecting the law, the Council is compliant with the Regulation of Investigatory Powers Act (RIPA). Routine updates when RIPA is used and reported through to Audit Committee.</li> </ul>
B: Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> <li>• PCC vision and values linked to its strategic objectives are set out in its approved Corporate Strategy.</li> <li>• All Council meetings are open to the public with the exception of exempted items in line with legislation.</li> <li>• Forward Plans are published on a monthly basis for all key decisions.</li> <li>• Community liaison lead to the approval and subsequent establishment of the Business Improvement District.</li> <li>• The Council is a constituent Council of the Cambridgeshire and Peterborough Combined Authority which is responsible for a number of powers devolved from central government.</li> <li>• There has been decoupling of shared services from Cambridgeshire County Council. Many benefits have been obtained from shared arrangements over recent years but the Council has now seized the opportunity to develop its own expertise and set its own agenda. Where practical, cross council working will remain for consistency.</li> <li>• 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. All are available on its website.</li> <li>• Budget considerations of the final budget for 2023/24 took place at Full Council on 22 February 2023. The Council Tax increase for the year was 4.99 (2.99% General Increase and 2.00% Adult Social Care).</li> </ul>

	<ul style="list-style-type: none"> <li>• The Council continues to work closely with the Independent Improvement Panel to achieve a position of Financial Sustainability.</li> </ul>
C: Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>• Risk management is integral to the governance arrangements and the risk register is considered by the Audit Committee and the Corporate Leadership Team. During the year it was repositioned within the Council to remove a level of impairment and operational activity from the Internal Audit function to the Digital and Data Services to provide appropriate independence. Interim arrangements in place will review the strategy and overarching approach. It is monitored through the Risk Management Board to ensure consistent treatment and action across all Directorates. Risks are escalated through to the Corporate Leadership Team as part of a wider remit to review performance across the Council.</li> <li>• 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. The MTFS also identifies budget gaps for the next three years. The strategy is updated quarterly.</li> <li>• As part of dialogue with DLUHC various external governance reviews were commissioned. This has led to a fundamental refresh of our approach for future years which should lead to financial stability and improved governance and control.</li> <li>• Accounts for 2020/21 remain open at present as a result of national consultation in relation to infrastructure assets and additional information required by the external auditors following their inspection by the Financial Reporting Council. The external audit of the Accounts for 2021/22 is in the preliminary stages. Regular updates are provided to Audit Committee.</li> <li>• PCC agreed there was a Climate Emergency and reports now have to contain, where relevant, a Carbon Impact Assessment.</li> <li>• Significant changes to services are supported by an Equality Impact Assessment.</li> </ul>
D: Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> <li>• Decisions are based on rigorous and transparent scrutiny and a relationship of trust between Members and Officers. Identified improvements are implemented. The governance review will also focus on the effectiveness of scrutiny. To assist this, a new statutory Scrutiny Officer has been appointed.</li> <li>• The Audit Committee is an essential part of good governance and is regularly assessed against best practice. Following external reviews of governance, the Audit Committee has been supplemented with the appointment</li> </ul>

	<p>of three Co-opted Independent Members, who are not elected Councillors, to help boost the Committee’s level of scrutiny and challenge. They took up their positions in February 2022 and the Committee is now chaired by an independent member.</p> <ul style="list-style-type: none"> <li>• The Council, in order to discharge its functions on Health, operated a dedicated Health Scrutiny Committee in 2020/2021. This was combined with Adults from 2021/2022.</li> <li>• Educational attainment is acknowledged as a particular priority and plans are set up to improve results in this area for the longer term.</li> <li>• Performance management is undertaken across all areas, whether relating to individuals, processes or projects. Lessons learnt from mistakes are acted upon.</li> <li>• Separate Service Plans for all areas of PCC have been developed and will look to go live in 2023. This will act as a focal point for ongoing internal and external performance monitoring. This will also go through Cabinet and Scrutiny Committees going forward.</li> </ul>
E: Developing the entity’s capacity including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> <li>• A performance management framework is in place which covers all officers through “Our Conversations”. Regular meetings and 1:1’s are held at all levels.</li> <li>• Work is in train to develop a Workforce Strategy. As part of all the service plans established, there is a need to demonstrate how future capacity will be able to deliver expectations. A strategic Workforce Board has been established with the remit to oversee the establishment, recruitment and the use of agency staff, but budgetary control remains with the budget holders. The Board meet weekly.</li> <li>• 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.</li> <li>• Key partners who provide essential Council services are subject to independent oversight by the Cabinet Shareholder Committee which provides review and scrutiny of entities the Council has an interest in, for example Peterborough Ltd.</li> </ul>
F: Managing risks and performance through robust internal control and strong public management	<ul style="list-style-type: none"> <li>• The Councils Risk Management Framework ensures there is continuous monitoring and reporting of risk.</li> <li>• New Members receive extensive induction training before and after the Annual Meeting of Council. Separate training is provided for specific Committee needs.</li> </ul>



	<ul style="list-style-type: none"> <li>• All Cabinet meetings consider key matters including those on risk and performance and these are detailed in the Forward Plan. All reports are signed off by Finance and Legal officers before publication.</li> <li>• 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.</li> <li>• The Chief Internal Auditor produces an Annual Audit Opinion for the year which sets out independent views on the status of the internal control environment, based on the works the service has performed, together with assurance obtained from other activities. This is submitted to Audit Committee.</li> <li>• Information governance and compliance with the various policies, for example General Data Protection Regulation are regularly monitored through mandatory training.</li> </ul>
G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	<ul style="list-style-type: none"> <li>• PCC complies with the Transparency Agenda and publishes senior officer salaries and invoices over £500 on its web site.</li> <li>• 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.</li> </ul>

## 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 assurance across the Council as well as 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 by comments made by the external auditors and other review agencies and inspectorates. (During 2022 / 2023, 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 system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk registers, 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.

In ascertaining the significance of the control issues, we have defined a series of factors to be considered, as follows:

- The issue has seriously prejudiced or prevented achievement of a principal objective.

- The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business.
- The issue has led to a material impact on the accounts.
- The Audit Committee has advised that it should be considered significant for this purpose.
- The Chief Internal Auditor has reported on it as significant, for this purpose, in the annual opinion on the internal control environment.
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation.
- The issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer. The previous AGS also reported on issues of note which do not merit categorising as significant but require attention and monitoring to maintain and improve the system of internal control. As with significant issues these may have been brought forward from previous statements if the issues have not been finally resolved.

The Council undertook an assessment of PCCs compliance with the principles of the Financial Management Code. This is self-assessment completed by the Finance compared the Council's financial management arrangements to the principles set out by CIPFA. A number of recommendations / actions have been identified. Similarly, Executive Directors have completed Annual Assurance Statements in respect of governance and internal control arrangements for their Directorates. Levels of embedded governance vary and identified improvements to governance arrangements and internal control are also incorporated into the governance issues below.

## SIGNIFICANT GOVERNANCE ISSUES

The Annual Governance Statement identifies governance issues and risks for the Council to address. Previous years set out a number of issues to be addressed (see below for progress)

Ref.No.	Governance Issue	Description	Lead	Commentary
22.01	Business Continuity	All departmental Business Continuity Plans to be regularly reviewed / tested during 2022/2023. Regular updates will be provided to the Corporate Leadership Team	Assistant Director of Digital and Data Services	BCP templates were issued in the summer 2022 to all departments / managers to complete. Are they complete?  <b>ACTION TO REMAIN AS NOT SUITABLY ADDRESSED SO FAR</b>

22.02	Balanced budget and financial sustainability	The Council will continue to monitor its budget spending throughout the year and establish a MTFS early to enable for a balanced budget to be approved and moved towards financial sustainability in line with the Improvement Plans.	Executive Director of Corporate Services and S151 Officer	<p>Significant progress has been made on establishing balanced MTFS going forward. Monitoring of the 2022/23 budget throughout the year by CLT (and oversight by IIP) has allowed for early interventions to reprioritise / take action.</p> <p>2022/23 showing provisional outturn of £0.6m underspend which is in line with the forecasts throughout the year.</p> <p>Balanced budget set for 2023/24. (No. of caveats in place e.g., savings to be delivered, cost of living impact)</p>
22.03	Council structure	To reflect the proposed Corporate Strategy, changes to the links with Cambridgeshire County Council, there is a need to realign the senior management team and then potential changes elsewhere as part of service reviews conducted internally and / or CIPFA to meet the Improvement Plans	Corporate Leadership Team	<p>A new structure adopted, and appointments made.</p> <p>(ACHIEVED)</p>
22.04	Loss of key staff	As part of any restructures identified above or retirement and staff leaving, there will be a requirement to ensure that knowledge is not lost to the organisation. Appropriate	Corporate Leadership Team	<p>As part of the creation of service plans, a workforce strategy is referenced.</p> <p>This is under development.</p>

		workforce plans will be established		Service Delivery Plan templates have been enhanced to manage workforce delivery.
22.05	Social Care integration	Continue to work towards greater integration between social care and health in order to maximise finite resources	Executive Director of Childrens / Adult Services and Director of Public Health	Integration and / or better alignment will be progressed within the Integrated Care System (ICS) with a particular focus on joint commissioning to create an effective and efficient system.
22.06	Information Governance	There is a need for continued vigilance in relation to the handling and access to data whether internally or the ability for it to be accessed from outside the Council	Assistant Director of Digital and Data Services Director of Law and Governance and Monitoring Officer	Cyber security training mandatory and has been undertaken by 100% of the workforce. Disabled accounts where training not undertaken in the timescale. Other training delivered in relation to data protection to managers. Reporting of data breaches will be included in an annual report in relation to information governance to Audit Committee.
22.07	Climate Change	The Council has an ambitious strategy to meet climate change targets. There is a need for this to be regularly challenged and monitored	Executive Director, Place and Economy	Regular reporting to Cabinet / Committees on progress
22.08	Project Management	Effective project management arrangements are required to assist in the ambitious Corporate Strategy and changes expected across the Council	Assistant Director of Digital and Data Services	All projects have assigned lead project managers. A separate review is looking to confirm they there is the requisite skills are in place. Further delivery of project management training will be provided, including the development of a PM manual. (ICT have a manual but this needs to be made suitable for non IT projects).

22.09	Loan Financing (Empower)	With the decision to bring the solar panels etc. back in-house there is a need to ensure that there are accurate records, valuations in place to enable appropriate impairments to be recorded in the Councils records / accounts	Executive Director of Corporate Services and S151 Officer	Included in final accounts submitted to External Audit.  (RESOLVED)
22.10	Performance reporting	Continue to review and embed performance reporting through committees and Corporate Leadership Team to meet expectations set out in the Improvement Plans	All Directors	Establishment of Delivery Unit will oversee an improvement in internal and external monitoring and presentation of the key performance indicators delivered by PCC  Service performance and KPIs are reported to Performance CLT monthly.
22.11	Good governance and decision making	External reviews have identified a number of areas for improvement in decision making. Changes will be implemented to streamline and make decisions more transparent (as identified in the Improvement Plan). The Councils Local Code of Governance will be refreshed during 2022	Director of Legal and Governance and Monitoring Officer	Consultation of staff on the Constitution has been raised in spring 2023 and included the narrative as well as the review of the contents.  The Local Code of Governance still requires refresh.  As part of the above reviews, together with this AGS, regular reports should be submitted to Audit Committee covering changes proposed, progress made and finally adopted in relation to Corporate Governance.
22.12	Equalities	The Council has established an Action Plan to look to develop and embed appropriate policies and processes to	All Directors	Ongoing monitoring is delivered to CLT. Further works are required to get PCC engaged and adopting the actions.

		deliver improvement in equality and diversity		
22.13	Council Controls	Managers embrace internal audit recommendations and implement in line with agreed timescales	Chief Internal Auditor	Actions are followed up with all Line Managers to establish that they have been implemented or appropriate mitigation / alternatives put in place.  Forms part of the Annual Opinion  (This action will be a recurring theme)

**NEW AREAS FOR CONSIDERATION:**

Ref.No.	Governance Issue	Description	Lead
	Decoupling	Decision taken to uncouple a number of services which are shared with County.  This could lead to a number of services areas being under-resourced / understaffed for a period of time of more staff are on County side.  There is a requirement that the newly appointed Executive Directors keep up to date with the decoupling project so that service requirements remain to the fore and that any risks identified are mitigated expediently to ensure service continuity and prevent failure.	Executive Director of Childrens / Adult Services
	Debt Management	Debt levels fluctuate through the year. There is a need to maintain effective arrangements between PCC / SERCO to ensure appropriate enforcement and collection arrangements are in place to minimise the loss of monies	Executive Director of Corporate Services and S151 Officer (Finance)
	Priorities Board	Following agreement of the each Boards Terms of Reference (ToR), ensure that effective challenge on each service delivery is in place to meet the	ALL Directors

		Corporate Strategy priorities. This will be assisted through the Delivery Unit and regularly reported to CLT (and Cabinet?)	
	Governance	<p>Complete the implementation of recommendations which arose from external reviews of:</p> <ul style="list-style-type: none"> <li>• External organisation</li> <li>• Core governance</li> </ul> <p>Review other governance activities and policies as appropriate including:</p> <ul style="list-style-type: none"> <li>• Scrutiny model</li> <li>• Scheme of delegation</li> <li>• Whistleblowing</li> </ul>	Director of Legal and Governance and Monitoring Officer
	Income Generators	<p>Review the viability of services which provide income to the Council (e.g., Clare Lodge). As part of the review there should be a comprehensive fees and charges review.</p> <p>Establish a Fees and Charges Policy which determines the purpose of charging and the level of cost recovery necessary for the various services provided.</p>	Executive Director of Corporate Services and S151 Officer (Finance)
	Asset Management Strategy	Regular reporting on progress to deliver the strategy – covering disposals, acquisitions etc. should be provided to the various decision makers to ensure that the AMS is being effectively managed.	Executive Director of Corporate Services and S151 Officer
	Company structures and joint ventures	A full review of current arrangements, including implementation of all recommendations in the CIPFA Governance Paper. Some existing companies will be discontinued if no longer fit for purpose.	Director of Legal and Governance and Monitoring Officer
	Risk Management	Works are required for ongoing development of key strategic risks for monitoring by CLT and Audit Committee. There is also a need to develop an online training tool to assist managers in understanding this area	Executive Director of Corporate Services and s151 Officer (ICT area)

	Consultation	Refresh our methods and policies which are used as part of consultation with stakeholders. Particular focus should be on how the Councils engages with hard-to-reach communities	Executive Director of Corporate Services and s151 Officer (Communications area)
	Staff Capacity and Capabilities	With the increased frequency of reporting of service performance to CLT and various Committees, the Council will also revisit its approach to a staff appraisal process. There is a formal performance / appraisal process in place "Our Conversation" however this is not consistently followed across the Council, so it is difficult to determine if staff meet their priorities and objectives. Exit interviews may or may not happen.	Executive Director of Corporate Services and s151 Officer (Human Resources area)
	Financial Management	The Council will refresh its Financial Regulations and Contract Rules to ensure that they meet the latest delegations, constitutional needs, and best practice. Appropriate training and user guides will be developed for all Managers together with Inductions	Executive Director of Corporate Services and s151 Officer (Finance area)
	Health and Safety	Health and Safety arrangements appear weak. More resources are required and a higher prominence and visibility throughout the organisation.	Executive Director of Corporate Services and s151 Officer (Human Resources area)
	Corporate Strategy / Plans	The Corporate Plan has now been approved and service plans have been drafted. Performance management is improving but it is not yet embedded within the organisation. Work has progressed well on the Corporate Plan and values, but Service Plans need further development and must be embedded in everything we do	ALL Directors
	Financial Performance	External Audit has not yet signed off for 2020/21 and 2021/22, so there is no confirmed external review of the control environment. This remains urgent. A robust timescale is required for this to be achieved before the service is retendered.	Executive Director of Corporate Services and s151 Officer (Finance area)



## SUMMARY

The Council has in place appropriate 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. A number are reflected in our Improvement Plans. 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:

Matt Gladstone, Chief Executive

Date:

Signed:

Councillor Wayne Fitzgerald, Leader of the Council

Date:

This page is intentionally left blank