

ANNUAL GOVERNANCE STATEMENT 2019/2020



Scope of Responsibility and Purpose of the Governance Framework

Scope

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

The Council also has a duty under the Local Government Act 2000 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

This Annual Governance Statement explains how the Council has complied with the Code of Corporate Governance and also how it meets the requirements of Regulation 6(1) of the Local Government, England and Wales Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

Purpose

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at Plymouth City Council for the year ending 31 March 2020 and up to the date of the approval of the Annual Report and Statement of Accounts.

Statement of Assurance and Certification

The Chief Auditor's annual report presented to Audit and Governance Committee on [27 July 2020](#) endorsed the adequacy and effectiveness of Plymouth City Council's system of internal control for year ending 31 March 2020. Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained.

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

Councillor Tudor Evans (OBE)
Leader of Plymouth City Council

Tracey Lee
Chief Executive

Andrew Hardingham
Service Director for Finance (Section 151 Officer)

Dated:

Dated: 10/09/2020

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The Corporate Plan

The Plymouth City Council Corporate Plan 2018-2022 sets out our mission of 'making Plymouth a fairer city, where everyone does their bit'. It was approved by Council in June 2018.

The Corporate Plan priorities are delivered through specific programmes and projects which are coordinated and resourced through the Plymouth Plan, capital investment, directorate business and delivery plans.

The Corporate Plan Performance Report is updated on a six monthly basis and presented to [Cabinet](#)

OUR PLAN A CITY TO BE PROUD OF



CITY VISION Britain's Ocean City

One of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.

OUR MISSION

Making Plymouth a fairer city, where everyone does their bit.

OUR PRIORITIES

OUR VALUES

WE ARE DEMOCRATIC

We will provide strong community leadership and work together to deliver our common ambition.

WE ARE RESPONSIBLE

We take responsibility for our actions, care about our impact on others and expect others will do the same.

WE ARE FAIR

We are honest and open in how we act, treat everyone with respect, champion fairness and create opportunities.

WE ARE CO-OPERATIVE

We will work together with partners to serve the best interests of our city and its communities.

A GROWING CITY

- A clean and tidy city
- An efficient transport network
- A broad range of homes
- Economic growth that benefits as many people as possible
- Quality jobs and valuable skills
- A vibrant cultural offer
- A green, sustainable city that cares about the environment.

A CARING COUNCIL

- Improved schools where pupils achieve better outcomes
- Keep children, young people and adults protected
- Focus on prevention and early intervention
- People feel safe in Plymouth
- Reduced health inequalities
- A welcoming city.

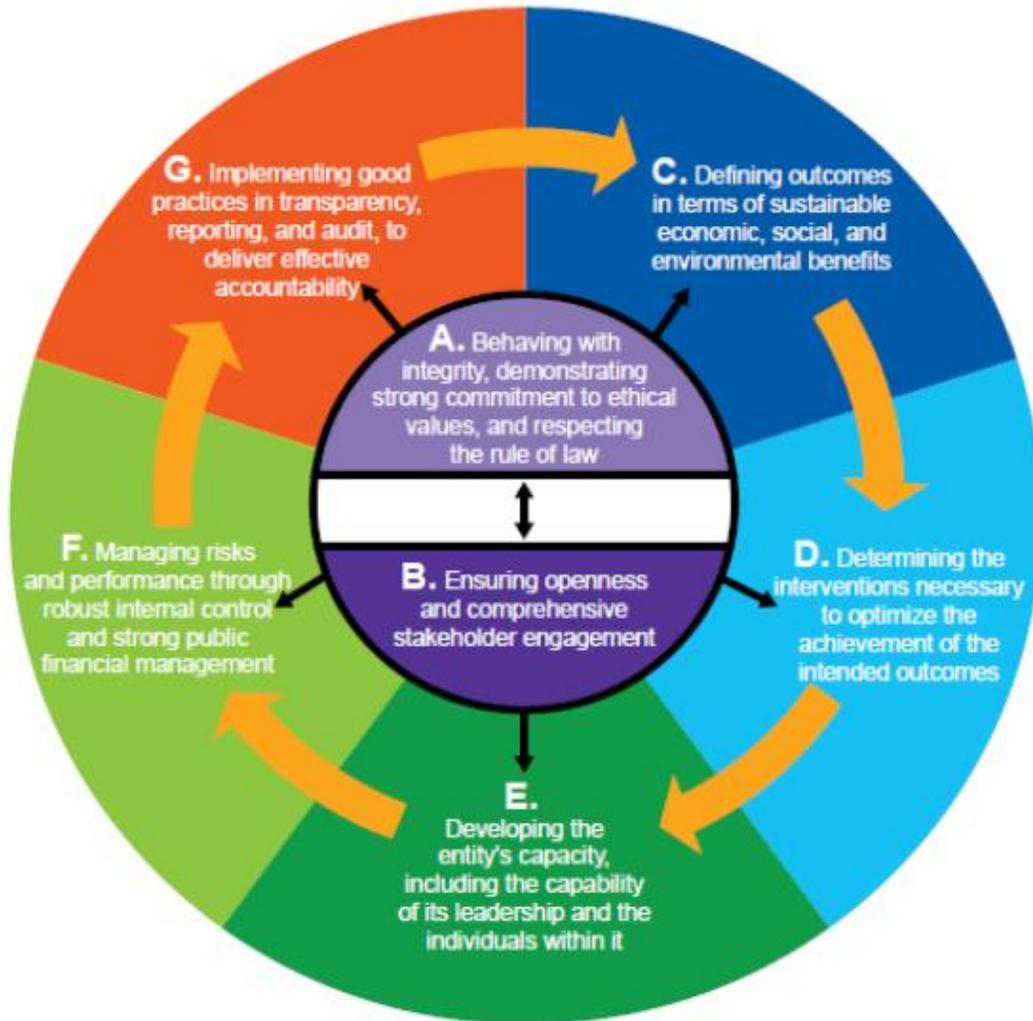
HOW WE WILL DELIVER

- Listening to our customers and communities.
- Providing quality public services.
- Motivated, skilled and engaged staff.
- Spending money wisely.
- A strong voice for Plymouth regionally and nationally.



www.plymouth.gov.uk/ourplan

The Governance Framework



The Council's Code of Corporate Governance is consistent with the principles of the CIPFA/SOLACE 2016 Framework Delivering Good Governance in Local Government.

This diagram illustrates how the various principles for good governance in the public sector relate to each other. To achieve good governance the Council should achieve their intended outcomes while acting in the public interest at all times.

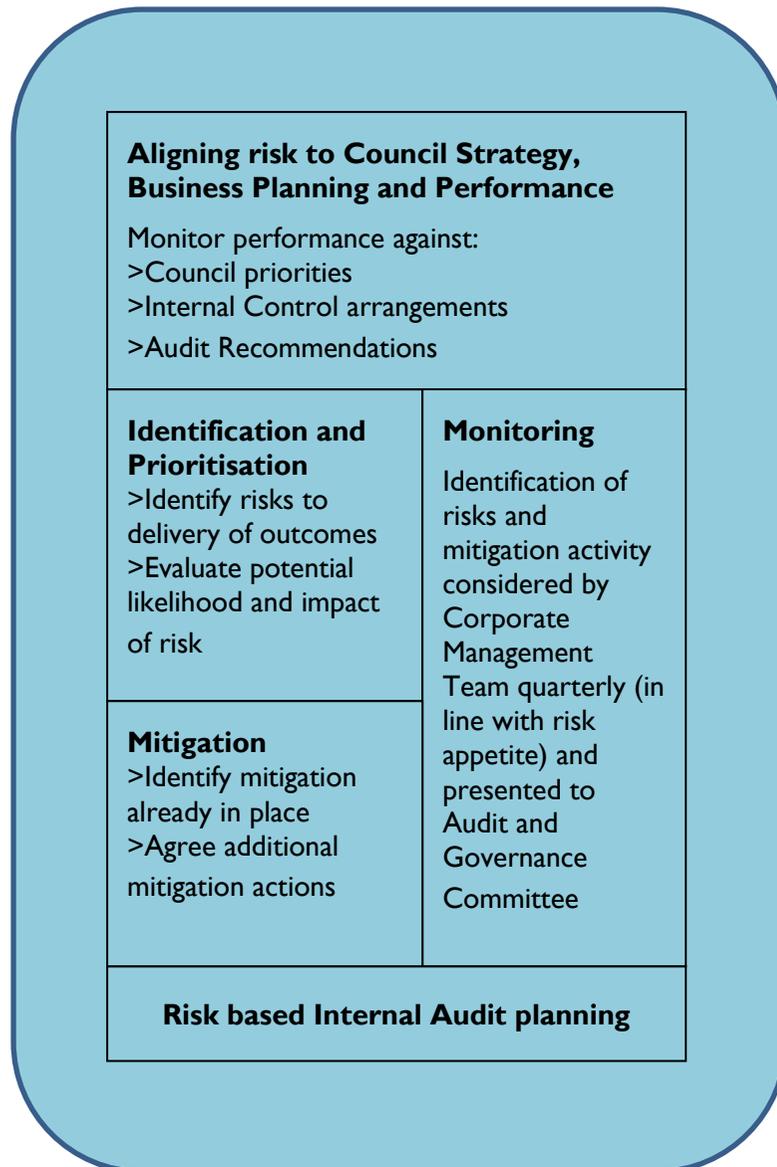
As overarching requirements for acting in the public interest, principles A and B apply across all other principles (C - G).

A high-level summary of the Council's local arrangements in place for 2019/20 to comply with each of the principles is set out within the Code.

Details within the Code and The Annual Governance Statement aim to provide assurance that:-

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- Performance statements are accurate.

Risk Management Framework



Review of Effectiveness

- Plymouth City 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s annual report and also by comments made by the external auditors and other review agencies and inspectorates.
- The Council has an established Risk and Opportunity Management Strategy which is reviewed annually. The Strategy was approved by the Audit and Governance Committee on [23 September 2019](#) and agreed by Cabinet on [16 December 2019](#). Risks to the achievement of Council objectives are recorded in strategic and operational risk registers and reported to the Audit and Governance Committee on a quarterly basis – agendas can be viewed [here](#).
- The Operational Risk Management Group is aligned to the Three Lines of Defence Assurance Model (page four). Membership consists of risk champions from each department and representatives from internal governance functions who make up the second line of defence.
- In reviewing the current control environment, reports issued by external bodies (audit and inspection) and reports produced by internal audit (Devon Audit Partnership) have been reviewed to ensure that a comprehensive assessment of the current control issues has been made and that all potential areas of significant risk are being addressed within the internal control environment.
- Service Directors and Heads of Service completed an assurance questionnaire reviewing the control environment within their directorates and the results of the questionnaires have been used to inform the assessment of significant governance issues for the Council.

Significant Governance Issues

There is no single definition for what constitutes a significant governance issue. Strategic Directors exercise judgement in deciding whether or not a particular issue is significant enough to be reported on in the Statement, however, the following factors help in exercising that judgement:-

- The issue has the potential to seriously prejudice or prevent achievement of a principal objective;
- The issue may result in a need to seek additional funding to allow it to be resolved;
- The issue has the potential to result in significant diversion of resources from another aspect of the business;
- The issue may lead to a material impact on the accounts;
- The issue, or its impact, may attract significant interest or seriously damage the reputation of the Council;
- The issue may result in formal action being taken by the Section 151 Officer and/or the Monitoring Officer;
- The Audit and Governance Committee, or equivalent, has advised that it should be considered significant for this purpose, or
- The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

Whilst we are satisfied that the Council has the appropriate systems and processes in place to ensure good governance is maintained, our review has identified the following significant governance issues:-

Significant Governance Issue	Service Director	Assurance Statement	Reporting Through
<p>Financial Resources</p> <p>Despite the significant budgetary pressures faced by the Council in 2019/20 and the impact of COVID-19 at the latter part of the financial year, the Council has been able to declare a balanced budget (a very small variance of £5,000). This is a commendable position and provides a sound footing to address the new financial challenges for the new financial year.</p> <p>The Medium Term Financial Plan 2019/2020 to 2021/22 (MTFP) sets out the resource envelope and cost pressures for the next three years including the Capital Strategy.</p>	<p>Service Director for Finance</p>	<p>Due to the impact of COVID-19 a detailed review of council finances are being undertaken with a focus on the current year. This will include the impact of changing resources and demographic, service pressures and new funding proposals. This is being undertaken in conjunction with end to end service reviews arising from the impact of COVID-19.</p> <p>Each Service Director will prioritise commitment to put in place financial plans to deliver a balanced budget in 2020/21. This takes into account any pressures carried forward from the previous year.</p> <p>Emergency Grant has been received and other specific grants however, this is insufficient to cover all costs and lost income. The council are working closely with the</p>	<p>Cabinet and Scrutiny Panels;</p> <p>Corporate Management Team;</p> <p>Senior Leadership Team.</p>

Significant Governance Issue	Service Director	Assurance Statement	Reporting Through
<p>The inability to meet the longer term target budgets given the size of the resource reductions and increasing cost pressures and impact of COVID-19 is being closely monitored. The Councils External Auditors are paying significant attention to the value for money statement in 2019/20 and beyond.</p> <p>Departure from EU single market at the end of 2020 without a trade deal in addition to COVID-19 economic impacts further decreases city economic output.</p>		<p>Local Government Association (LGA) to lobby for additional funds.</p> <p>The MTFP will be refreshed each quarter to reflect Corporate Management Team and Member discussions. Devon Audit Partnership (DAP) have supported services running COVID-19 related grants and schemes ensuring that officers have clear processes to follow to help protect from fraud. Any suspected fraudulent activity is referred to the DAP Counter Fraud Team. A post event review of payments made in respect of Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund is underway.</p>	
<p>UK leaving the European Union</p> <p>Brexit risks identified in our strategic risk register were identified in the context of the United Kingdom (UK) leaving the European Union (EU) without a withdrawal agreement or trade deal. In October 2019 the UK parliament and the EU ratified the withdrawal agreement which included provisions for a transition period to last until 31st December 2020. Although the UK left the European Union in January 2020 the transition period ensures that the UK continues to apply EU rules including those relating to membership of the single market and customs union. The main purpose of the transition period was to allow the UK and the EU to negotiate their future trading relationship. The government has indicated that if these negotiations are not completed by 15th October 2020 the UK will revert to trading under World Trade Organisation rules.</p>	Service Director for Finance	<p>The council has appointed a Brexit Lead Officer who is responsible for ensuring the council has taken all reasonable steps to prepare for our exit from the EU and continue to lobby to ensure Plymouth is fully reimbursed for all costs associated with Brexit. Other responsibilities include maintaining related organisational and citywide risk registers and providing regular briefings to Cabinet and the Council's Corporate Management Team.</p>	<p>Corporate Management Team</p> <p>Senior Leadership Team</p> <p>Cabinet and Scrutiny Committees</p>

Significant Governance Issue	Service Director	Assurance Statement	Reporting Through
<p>The risk implications of a failure to negotiate a trade agreement are broadly similar to those we identified in the 'no deal' context, which include: enhanced financial instability should the UK enter a recession post-leaving EU that impacts on local economy, the ability of residents to pay council tax, increases in the number of people eligible for council tax support and negatively impact on businesses affecting business rates.</p>			
<p>Children's Placement Costs</p> <p>Children's placement costs are subject to continued volatility due to demand and impact of private provider market conditions.</p>	<p>Service Director for Children, Young People & Families</p>	<p>There are robust budget weekly monitoring arrangements in place overseen by the Service Director.</p> <p>Monthly budget monitoring reports supported by the fortnightly budget containment meetings and quarterly star chambers to drive out the savings.</p> <p>Weekly Placement Review Panel to review/monitor all high cost placements.</p> <p>In house practice solutions to reduce risk and costs. Increase In-house Foster carer numbers and use of preventative Adolescent Support Team initiative.</p> <p>Dedicated manager role to monitor, coordinate and work with the service to manage and reduce in year placement costs and achieve delivery savings plans targets.</p> <p>Dedicated support from Commissioning to work with providers to monitor costs of placements and support Block Contract arrangements with providers to keep costs down.</p>	<p>Education & Children's Social Care Overview & Scrutiny Committee</p>

Significant Governance Issue	Service Director	Assurance Statement	Reporting Through
<p>Fair Funding for Schools</p> <p>Changes to government funding resulted in the loss of the Education Services Grant (ESG), which was used by councils for school improvement and special needs pupils, and to plan for school places.</p>	<p>Service Director for Education, Participation & Skills</p>	<p>Officers act in accordance with legal rulings – e.g. Supreme Court judgement regarding unauthorised school absence and Government guidance relating to attendance during the COVID-19 pandemic.</p>	<p>Education & Children's Social Care Overview & Scrutiny Committee</p>
<p>On Course South West Contract</p> <p>On Course South West are a not for profit organisation and a member of Social Enterprise UK and promote social purpose alongside existing high quality training offer of English and Maths Functional Skills, Apprenticeships, GCSEs, NVQs and a range of less formal learning opportunities. Failure to secure funding could potentially cause financial issues for the department.</p>	<p>Service Director for Education, Participation & Skills</p>	<p>Contractual arrangements are monitored and tracked against learner engagement. The contract will be retendered 2019 to 2020 and to 2022 as an annualised contract.</p>	<p>Education & Children's Social Care Overview & Scrutiny Committee</p>
<p>Impact on health and wellbeing of workforce from responding to COVID-19 emergency and new ways of working</p> <p>The COVID-19 response required rapid implementation of working at home policies and safe systems of working to enable continued delivery of essential services to our residents and communities. The impact on health and wellbeing of the workforce remains a priority as we move towards the renewal and recovery phases.</p>	<p>Service Director Human Resources & Organisational Development</p>	<p>We have prioritised essential services and designed safe systems of work.</p> <p>Staff Pulse survey.</p> <p>Wellbeing Champions in place.</p> <p>Regular staff communications.</p>	<p>Health, Safety and Wellbeing Programme Board.</p>
<p>Use of Vibration Tools</p> <p>HSE v Plymouth City Council: risk of prosecution under the Control of Vibration at Work Regulations 2005 and the Health and Safety at Work Act 1974 Section 2 following HSE Improvement Notice (IN).</p>	<p>Service Director for Street Services</p>	<p>The HSE IN was lifted in full in April 2019 and we await the final conclusions of the HSE in relation to legal action.</p> <p>The management controls in place have resulted in the exposure to vibration being As Low As Reasonably</p>	<p>Health, Safety and Wellbeing Programme Board;</p>

Significant Governance Issue	Service Director	Assurance Statement	Reporting Through
Systemic failures in the management of the exposure to vibration dating back to 2005		<p>Practicable (the legal requirement). On the majority of days, and across the majority of workers, exposure to vibration is less than the Exposure Action Value of 100 points. Where this is exceeded, exposure to vibration does not exceed the Internal Limit Value of 300 points (The HSE exposure limit value is 400 points).</p> <p>PCC were contacted by the HSE in June 2020 and invited to make a submission of evidence that we wanted the HSE to take into account when concluding their assessment of the three legal tests for prosecution. PCC took Specialist Legal Advice in support of our submission, which was made in full within the required deadline. PCC concluded that we do not feel it is in the public interest for the HSE to proceed to prosecution, in that the public interest has been served by the remedial action taken towards the individuals concerned, and in relation to the management controls now in place, which consistently achieve the legal requirements.</p>	Street Services Health, Safety and Wellbeing Board and Working Groups