

## **PLYMOUTH CITY COUNCIL**

### **ANNUAL GOVERNANCE STATEMENT 2012/2013**

#### **Scope of Responsibility**

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 1999 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, and which includes arrangements for the management of risk.

Plymouth City Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is on our website under "Constitution".

This Annual Governance Statement explains how the Council has complied with the Code and also how it meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011, which requires all relevant bodies to prepare an annual governance statement

#### **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate 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 ended 31 March 2013 and up to the date of the approval of the Annual Report and Statement of Accounts.

#### **The Governance Framework**

The internal control environment comprises all the processes and procedures in place for the sound running and well-being of the Council. It is designed with the intention of:

- establishing and monitoring the achievement of the Council's objectives
- facilitating policy and decision making

- ensuring compliance with established policies, procedures, laws and regulations
- identifying, assessing and managing risks that threaten the delivery of the authority's objectives
- ensuring the economical, effective and efficient use of resources and securing continuous improvement in the way in which the authority's functions are exercised
- managing performance to reduce impact on the environment and managing environmental risks
- managing and reporting of financial information for the authority
- managing performance of the authority and subsequent reporting

The following is an overview of the key elements of Plymouth City Council's control environment. It is not meant to be exhaustive but indicative of the controls adopted by the Council in meeting its aims and objectives. The Council has a number of measures in place to establish and monitor its key aims and objectives and to ensure that the resources used in delivering those objectives are utilised in an economical, effective and efficient way.

Plymouth has a strong vision to be one of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone. The vision is driven by the Council and partners and provides the context in which services and investments can be delivered in a more responsive, better co-ordinated and sustainable way.

The Plymouth Report 2010 provided the evidence base for establishing four shared priorities for delivering the vision for Plymouth:

- Deliver growth
- Raise aspirations
- Reduce inequality
- Provide value for communities

Progress against these priorities was reviewed in the Plymouth (Interim) Report 2012 which provided an up-date on the 2010 report. Its purpose being to confirm where our key focus needs to be if the city is to effectively deliver against these four priorities. The Council and partners are in the process of building on the city's vision, the Local Development Framework's Core Strategy and the requirements in the Localism Bill to develop an overarching Plymouth Plan 2011-31 into which other strategies and plans will feed.

We are currently re-designing our partnership structures to ensure we exert our collective leadership capacity and plan to take our partnerships even further as we work across the peninsula to set out our goals as a region.

The Corporate Plan 2012–2015 was approved by Council in February 2012 and sets out the Council's strategic direction. It was updated in February 2013 to reflect the Council's commitment to being a 'Brilliant Co-operative Council'. The Corporate Plan sets out the key components of a Co-operative Council. These include devolving power to communities, supporting greater engagement, influence over service design and delivery, and the transfer of ownership of assets and services.

The Annual Audit and Inspection letter (October 2012) by our external auditor Grant Thornton found that the Council had sound arrangements in place to manage its financial risks and opportunities. However recommended that the Council improve the information provided to Cabinet linking performance against targets, medium term financial planning and monitoring and

the achievement of strategic priorities so that the progress made against the corporate plan is more transparent in the future.

The Council is currently reviewing its corporate planning arrangements to address the need for longer term financial and business planning in an uncertain economic climate, to establish revised organisational values and priorities and to ensure that a robust framework is in place to ensure that the Council's performance will be monitored at a time of significant organisational change.

The Corporate Plan also provides the framework used by departments in developing their **Business Plans** which establish and monitor the achievement of objectives at service and team level. It also sets out how each service is implementing the Co-operative Council principles laid out in the Corporate Plan.

The **Constitution** aids the financial management of the Authority and is complemented by **Financial Regulations** and **Standing Orders**, which document protocols and procedures for members and officers in conducting the business of the Council.

Ensuring the Council complies with **Law and Regulations** is ultimately the responsibility of the Assistant Director for Corporate Support (Democracy and Governance), who is the Council's statutory Monitoring Officer, and a series of controls are in place to address compliance issues.

In March 2008 the Council adopted a **Code of Corporate Governance** based on best practice as recommended by CIPFA (The Chartered Institute of Public Finance and Accountancy) and SOLACE (The Society of Local Authority Chief Executives). The Code is reviewed annually as part of the preparation of this Governance Statement.

The **Financial Management** of the Council is based upon a semi-devolved structure – the Statutory Finance Officer role rests with the Director for Corporate Services with a Head of Finance reporting to the Assistant Director for Finance, Efficiencies, Technology and Assets. There are two Strategic Finance Managers one based in each major location.

There is a Cabinet Member with responsibility for Finance who meets regularly with the Director for Corporate Services. Regular one to one meetings are also held with each Director and the Director for Corporate Services.

Regular, timetabled meetings are held between the Director for Corporate Services, the Assistant Director for Finance, and the Head of Finance; there are also regular scheduled meetings of the senior finance managers who sit on the management teams of departments and who provide financial management advice and guidance.

A key element of **budgetary control** is the **budget monitoring process**. For 2012/13, at the start of each month, Finance provided departmental finance reports to all budget managers. These are reviewed at the next Department Management Team meeting and variances discussed and action taken as appropriate followed by monthly finance monitoring reports to the Corporate Management Team and Cabinet members. These are then shared on a monthly basis with the next available Overview & Scrutiny Management Board (OSMB). Formal quarterly joint Finance and Performance reports go to the Corporate Management Team, Cabinet meetings and to the OSMB. This will continue for 2013/14.

The Finance Management Team (FMT) comprising the Strategic Finance Managers and Head of Finance meet fortnightly to manage this process and to review all financial matters.

## **Compliance with CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).**

The Council is aware of the CIPFA statement “Delivering Good Governance in Local Government” and the “Role of the Chief Financial Officer”. In response to both statements, the Council is satisfied that the governance arrangements in place satisfy all of the requirements. Robust mechanisms are in place to capture the risks and to ensure sign off and understanding by individual directors and the collective Corporate Management Team, together with the Cabinet.

## **Tamar Bridge and Torpoint Ferry Joint Committee**

The City Council is jointly responsible (with Cornwall Council) for the operation of the Tamar Bridge and Torpoint Ferry (TBTF) Joint Committee.

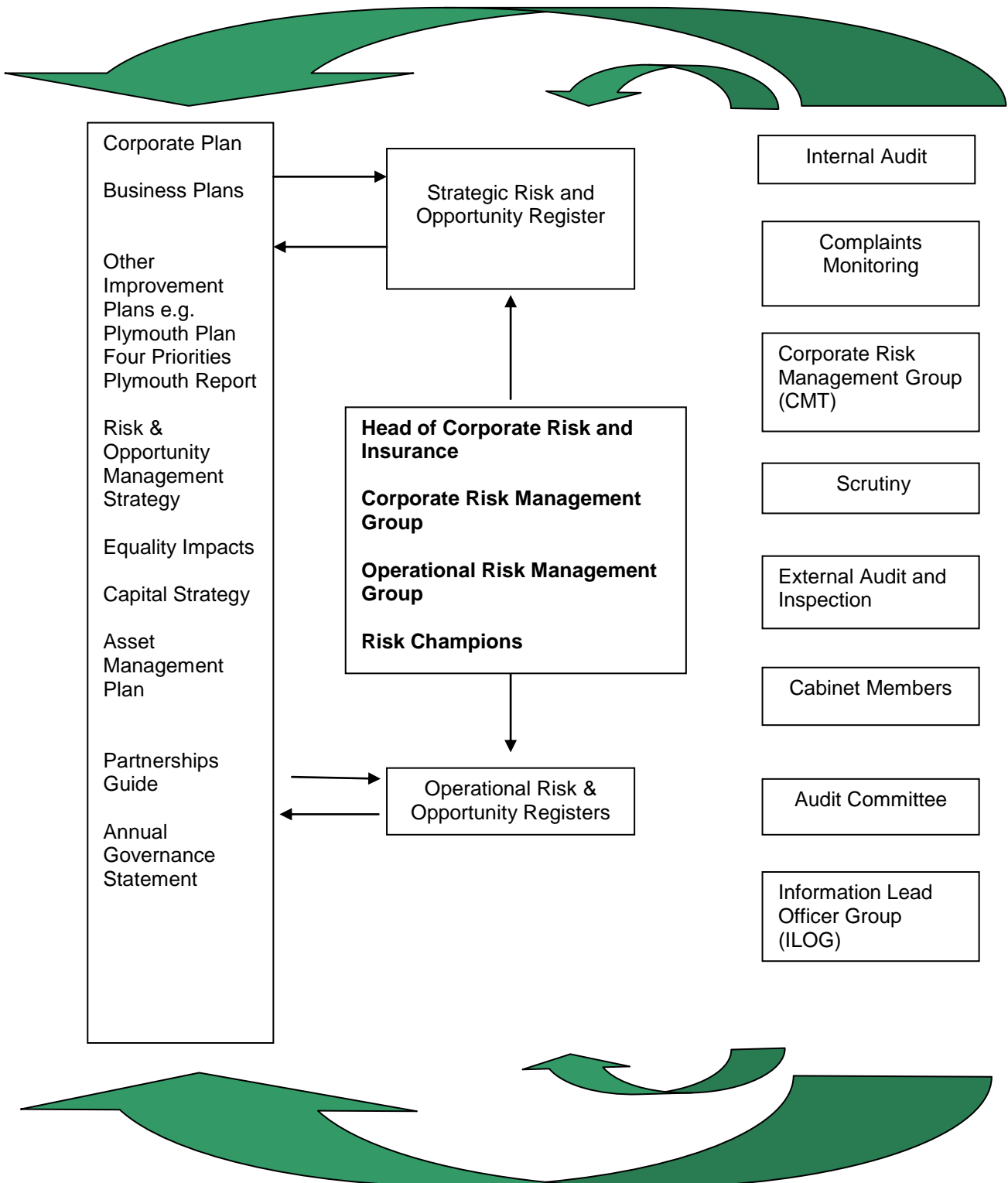
From the 2011/12 Statement of Accounts it has been agreed with external auditors that the Council's 50% share of this entity will now form part of our total accounts. This recognises that the Council has a 50% ownership of the enterprise, which brings with it a 50% share of any future liabilities.

However, from a Governance point of view, the TBTF Joint Committee produces and monitors its own Governance arrangements, including the preparation of a separately published Annual Governance Statement covering the operations of the joint committee.

# The Management of Risk and Opportunity

The overall framework for managing risk is illustrated by the following diagram:-

## Monitoring and Review process



## **How the Council Monitors Risk**

The Council maintains Strategic and Operational Risk and Opportunity Registers to record and monitor progress against the key risks which threaten the Council's corporate and service objectives. Registers record, against each of these risks, controls which are already in place and also identify additional controls to enhance the control environment, acting as an action plan to include details of any opportunities that may arise from the successful management of each risk and therefore address and improve risks at all levels.

Objectives identified in operational level Business Plans include links where appropriate to the Corporate Plan to ensure that each Service can identify where it contributes to the delivery of the Council's key strategic aims.

The Council invests significant resources into the management of risk through Strategic and Operational Risk Management Groups. A Risk and Opportunity Management Strategy and Policy Statement have been developed and risk and opportunity registers are monitored alongside the corporate performance management system, as well as creating links to Business Plans and key performance indicators.

Registers and controls are continuously monitored and are updated regularly at a departmental level and through meetings of the Strategic and Operational Risk Management Groups with Member input at Cabinet Planning and subsequent ratification at Audit Committee.

Operational Risk and Opportunity Registers allow departments to monitor potential risks that may threaten the delivery of their service objectives and to escalate a risk to the strategic level for inclusion in the Strategic Risk and Opportunity Register if it is a cross-cutting risk or if it is considered to threaten the strategic objectives of the Council.

Operational Risk and Opportunity Registers are now being fully integrated with Service objectives in line with corporate Business Planning arrangements.

The authority acknowledges its responsibilities with regard to environmental risks and is taking action to identify and mitigate future impact.

The Council's Civil Protection Unit, in partnership with the Local Resilience Forum, Devon and Cornwall Police and other key partners, works to identify and manage potential environmental risk and the impact of civil emergencies.

### **Partnerships Governance**

The Council increasingly delivers services via partnership delivery mechanisms and recognises that this creates risks as well as opportunities.

Accordingly, the Council has produced a Partnerships Register which assesses each partnership for significance.

Senior Officers and/or Members sit on the board of most of Plymouth City Council's main partnerships and group organisations and therefore take an active part in discussions/decisions

Significant partnerships have their own risk registers and risk is managed as a routine part of performance management.

In order to improve consistency and produce a standard approach to partnerships, particularly with regard to the management of risks and opportunities, the Council has produced a draft 'Establishing and maintaining effective partnerships guide'. Our Risk and Opportunity Management Strategy provides the strategic framework for the delivery of risk and opportunity management within the Council and in the partnerships in which we engage. The strategy defines risk and opportunity management as the "culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation in achieving its objectives". The Council has also developed formal protocols on the sharing of information.

## **Complaints Monitoring**

The Council also addresses the management of risk through its internal complaints procedures. The complaints process is now managed and tracked on the Dynamics Customer Relations Management (CRM) system which requires the officer dealing with the complaint to complete a "lessons learned" field, and enables regular reporting of numbers of complaints and handling performance to senior management."

## **The Role of Audit**

### Internal Audit

Internal Audit complies with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and undertakes an objective programme of audits to ensure that there is sound and adequate risk management and internal control in place across the whole of the City Council. It also supports the authority in accounting for and safeguarding the Council's assets and interests from error, fraud, waste, poor value for money or other losses.

Independent advice, continuous appraisal of systems and other processes are provided to all levels of management on, for example, risk identification, internal controls, anti-fraud and other corporate policies and regulations.

The scope of Internal Audit also includes business transformation and government initiatives such as partnership working and other corporate governance issues.

Internal Audit forms an intrinsic part of the risk management and scrutiny function, which ensures that there are robust arrangements for monitoring and review, and that adequate processes are in place for managing the Council's internal affairs and its relationship with key stakeholders, which are required to demonstrate effective corporate governance.

Continuous review of the adequacy and effectiveness of the internal audit system is included in the terms of reference of the Audit Committee and a formal annual review is conducted by that Committee based on the Chief Auditor's annual report.

The Internal Audit services have been provided by Devon Audit Partnership (DAP). This is a shared services arrangement between Plymouth City Council, Devon County Council and Torbay Council and is constituted under section 20 of the Local Government Act 2000.

### Public Sector Internal Audit Standards

Collaboration between the Institute, CIPFA and the Relevant Internal Audit Standard Setters has resulted in the first unified set of public sector internal audit standards (PSIAS) for the UK. The PSIAS, which come into force on 1 April 2013, have been developed to create consistent standards for the practice of internal audit across the public sector and establish the basis for its

quality assurance. An independent review of Devon Audit Partnership in 2012/13 found the internal audit service to be compliant against these new standards.

### External Audit

Grant Thornton LLP continued to provide external audit services during 2011/12. They provide improvement, assessment and assurance services. In carrying out audit work they comply with the following statutory requirements:

- The Audit Commission Act 1998
- The Code of Audit Practice
- The Local Government Act 1999
- Accountancy and Audit Regulations 2003

They work with the council on the improvement planning process to ensure that the work they perform is co-ordinated and targeted on the Council's key areas for improvement.

A bill to complete the abolition of the Audit Commission was announced in the Queen's speech in May 2013 and if passed by Parliament, the Local Audit and Accountability Bill will replace the Audit Commission Act.

### Audit Committee

The Council's Audit Committee comprises five Councillors and three Independent Members supported by the Head of Finance, and the Head of Corporate Risk and Insurance.

The Committee has responsibilities with respect to both Internal and External Audit, and monitors the nature and scope of audit work performed. It reviews reports and annual audit letters with departmental management, makes recommendations to Cabinet and oversees the interaction of the Council with its external auditor.

The Audit Committee has responsibility to undertake core functions as identified in CIPFA's Audit Committee: Practical Guidance for Local Authorities, as listed below:

- Approve, support and monitor the implementation and on-going processes for identifying and managing key risks of the Council
- Monitor the Council's compliance with its own published standards and controls and recommend any necessary changes to Financial Regulations and Standing Orders
- Review external audit report and annual audit letters, together with management response and make recommendations to the Cabinet
- Respond to any other concerns of the external auditors
- Agree the Internal Audit Plan
- Monitor the progress and performance of Internal Audit
- Consider significant findings of Internal Audit reviews and investigations together with management responses and monitor implementation of agreed recommendations
- Consider Internal Audit's annual report and comment annually on the adequacy and effectiveness of internal control systems
- Monitor the performance of the Treasury Management function
- Review and advise the Cabinet and Council on the content of the Annual Governance Statement and Statement of Accounts



- Keep under review corporate policies e.g. the Anti-fraud Strategy

Internal and External Audit work closely together to maximise opportunities for synergy between the two services.

## **Overview and Scrutiny**

In April 2013 the Council agreed proposals to undertake a restructure of the Overview and Scrutiny Management Board and its panels to improve effectiveness. The proposals modernise the Overview and Scrutiny Function and bring them in line with the council's priorities and recent legislative changes. The Council has modernised its processes to ensure that Overview and Scrutiny focuses on the issues most important to the Council's improvement.

Revised Overview and Scrutiny arrangements provide a process for challenge of decision making and development of policy. It is also one of the ways the Council monitors performance and demonstrates to communities that it is spending their money effectively on the services and issues important to the city.

The revised structure is of a Co-operative Scrutiny Board and four Scrutiny Panels. The Board consists of four Chairs and four Vice Chairs and two non-chair members. Each of the four panels consists of 12 members including a chair and vice chair. The panels are:

- Your Plymouth
- Caring Plymouth
- Working Plymouth
- Ambitious Plymouth

The Caring Plymouth panel will also have special responsibility for statutory functions in relation to health matters and joint health obligations.

The four panels will be chaired by a member from the majority political group with the vice chair from the opposition political group. One of the opposition vice chairs will take the role of Chair of the Co-operative Scrutiny Board reflecting best practice and further enabling the separation of Scrutiny leadership from that of the Executive.

The Co-operative Scrutiny Board may set up Co-operative Review Groups. The purpose of these groups will be to undertake scrutiny work as required by the Board and will be time and remit specific. These groups will be made up of members who have expressed an interest in the particular issue.

## **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 is subject to a number of audits and inspections. These help to inform the development of a strong control environment and to develop risk management processes. The Council has an established Risk Management Policy.

In reviewing the current control environment, reports issued by external bodies (Audit and Inspection) and reports produced by Internal Audit 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.

Directors complete an Assurance Questionnaire reviewing the control environment within their Department and the results of the questionnaires have been used to inform the assessment of significant governance issues for the Council.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the audit committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

### **Significant Governance Issues**

As part of the review of the effectiveness of the system of internal control the governance issues summarised below have been assessed as being significant for the purposes of this Statement:

### **Medium Term Financial Plan/Capital Strategy**

The Council's Medium Term Financial Strategy (MTFS) was last updated and approved by Cabinet in June 2012. With the outturn result for 2012/13 now agreed by the Corporate Management Team, it will be formally signed off at the May 2013 Cabinet meeting. Incorporating data from this result, such as one-off versus on-going pressures and savings, a revised MTFP covering the period 2014/15 to 2018/19 is also being prepared for Council to sign off at the July 2013 meeting. The last Comprehensive Spending Review (CSR) was published in October 2010 and has resulted in a real terms reduction of around 35% in central government funding for Plymouth City Council over the four year period. We now have confirmed funding for the 2013/14 financial year and are working to a balanced net revenue budget of £212.5m. For the remainder of the MTFP period we are still working on our best available information, including national and local government briefings and working closely with our Unitary Treasurers colleagues and close neighbours Devon and Torbay. We have also engaged with outside consultants LG Futures, and are currently using their intelligence to interpret likely funding models.

Having set the 2013/14 revenue budget, Finance are now working in conjunction with colleagues across the council plus Portfolio Holders to reshape and realign the budget with the priorities set out in the Corporate Plan.

We have represented the budget for 2013/14 into four budget blocks, to use as the template for the MTFP modeling. As a major change, we are now presenting the full gross budget, including specific grant funding for all areas. The four budget blocks are;

1. Income – government grant, fees & charges, core funding
2. External expenditure – supplies and services, third party payments
3. Assets & Premises – all property associated costs, depreciation
4. Management & Support – employee costs

The revised Medium Term Financial Plan (MTFP), will cover the likely costs and pressures that the council will face and matches these against the anticipated resource allocation over the period against reduced funding. It will also identify the Transformation strands being undertaken plus other significant work streams, and set out the anticipated savings these plans will generate.

The Transformation strands are:

- Customer Transformation
- ICT Shared Services / Technology
- Procurement
- Adult Social Care (ASC)
- Accommodation

There remain a number of significant financial pressures that the council will face in the medium to long term including:

National context

- The uncertainty around future funding levels for 2014/15 and beyond;
- Welfare Reform including changes to Council Tax Benefits and National Non Domestic Rates (NNDR) collection

Local context

- The reliance on full delivery against our budget saving plans of £17.8m in 2013/14 to balance our resources to our expenditure.
- Utility costs are escalating at a far greater pace than inflation with price rises in the region of 15% quoted
- significant shortfall in the funding of the council's pension fund; known budget volatilities such as Adult Social Care, Children, Waste

Our ability to generate income also remains under pressure. We continue to strive to improve our income collection rates in all major areas including council tax, NNDR and sundry debtors. Challenging income targets have again been set for 2013/14 however there is a risk that the revision to the NNDR allocation plus the revised Council Tax billing could impact on our ability to be able to achieve these targets.

Alongside existing financial pressures there is a need for significant future investment in our ICT systems. The council needs to fundamentally change the way in which it works to meet the challenging diminishing resources that we face and better joined up systems, integrated around the customer, will be crucial. Council has recently approved a capital investment of £4.5m and business plans are being developed which will ensure this investment is allocated to projects which will allow the further transformation of the way we work, whilst providing efficiency savings and improved delivery of services to our customers.

We still have an ambitious and significant investment programme in physical assets and local infrastructure. However the council has reviewed and updated its medium term capital programme considering the current economic climate, accounting for future risks around government capital allocations and achievability of capital receipts. A revised Capital Governance is being drawn up by the Director for Place which will see more emphasis on the strategic direction and early involvement from the Portfolio Holders.

### **Civic Centre Listing issues**

The listing of the Civic Centre as a Grade II building by English Heritage continues to have a potentially significant financial impact on the Council.

In order to properly address the impact of the Grade II Listing, the Council worked with English Heritage and Avanti Architects, to identify the scope of a variety of potential refurbishment options for the building.

Following the completion of the joint EH/PCC Feasibility Study the Council progressed with analysis of the Options arising from the Study and conducted a soft market exercise of the Council's freehold interest in the Civic Centre, Council House and the Civic Centre car park. Expressions of interest from developers were received and a number of development options were considered in the context of the Council's overall Accommodation Strategy and current property market conditions.

As on-going work the Council continues to inspect, repair and maintain the premises taking appropriate action, given the restrictions of the listing, to mitigate any health and safety risks.

A formal procurement process to identify a suitable purchaser who will refurbish the Civic Centre (excluding the Council House) was commenced in September 2012 and has now reached the final proposals and offer stage from two developers. Consideration of the final submissions will take place in August 2013 and the considerations will be reported to a future Cabinet meeting for decision.

It is presently anticipated that the necessary contracts for the re-development of the Civic Centre will be completed by the end of 2013, and the planning, design and refurbishment works will take no more than a further 3 years to complete.

The Council House will remain in Council use and occupation. The Council will continue to maintain this building.

If there is no selection of a preferred bidder the Council will need to consider alternative options which could include the implementation of refurbishment works to the Civic Centre and the Council House itself.

### **Waste PFI/Future Landfill Allowance Trading Scheme Liabilities**

The project to secure a long term waste treatment solution for the Council continues to programme for an anticipated operational commencement in late 2014 and the majority of risk of delay to operational commencement is with the contractor.

Planning approval for the development was formally granted by Plymouth City Council Local Planning Authority in Feb 2012. An Environmental Permit to operate the facility has been issued by the Environment Agency.

The project implementation phase continues to be steered and monitored by a formally appointed Partnership Joint Committee of Councillors and a Partnership Project Executive consisting of senior officers from each of the three Councils. The project and Partnership arrangement is monitored by the Devon Audit Partnership.

A project risk register is frequently refreshed by the project delivery team to recognise the project delivery risks and this is regularly reviewed by the Partnership Project Executive. Waste disposal is being maintained through existing landfill contracts - which have significant budget implications.

The Council's LATS liabilities will cease after 2012/13 with the 2011 announcement that this legislation is being cancelled. As PCC's biodegradable waste tonnage being disposed of in landfill

continued to reduce in 2012/13, the Council's consequential liability has also been reduced. The Council will need to purchase LATS allowances for 2012/13 to cover an expected shortfall although this purchase will be made during 2013 and as prices for LATS credits has dropped this risk is now manageable in terms of cost implications.

## **Information Governance**

Information is the raw material used by the Council to plan for and deliver all its services and reducing the risk that describes the availability and quality of information for staff, decision makers and citizen use, as well as the protection of sensitive information, is a continuing process. There is a risk of potential financial and reputational effects on the Council arising from the intervention of a regulator if information management is not successfully implemented across all council activities.

In 2012 the Council received a financial penalty of £60,000 for a specific breach of the Data Protection Act that occurred in November 2011 arising from the inappropriate release of sensitive personal information.

In response, in February 2012 the Council vested responsibility for the strategic management and delivery of consistent governance principles and processes around information management in a corporate Information Lead Officers Group (ILOG) that reports to a nominated Senior Information Risk Officer - the Director for Corporate Services.

The ILOG comprises Information Lead Officers for each directorate who provide the means for achieving a co-ordinated information governance framework that will develop an increasing return on information holdings and improvements to service delivery.

In 2012/13 an information risk audit was completed and an action plan developed to address key issues, including staff training and awareness raising, communications, team briefings and newsletters.

## **Impact of Health and Social Care Reforms**

The introduction of a statutory Health and Wellbeing Board is a key aspect of the Health and Social Care Act 2012. The Board will introduce democratic legitimacy to health services, support children, young people and adult services' joint commissioning through a Joint Health and Wellbeing Strategy and support the integration of public health services into local authorities.

An information group has led on the development of the Health and Wellbeing Board which will hold its first business meeting as a statutory committee in June 2013. The Health and Wellbeing Board will be subject to scrutiny from the City Council's Caring Scrutiny Panel.

The purpose of the Board is to promote the health and wellbeing of all citizens in the city of Plymouth. The Board has three principles of working co-operatively which are to:-

- Work together with all city partners and with those we serve to take joint ownership of the sustainability agenda
- Ensure systems and processes will be developed and used to make the best use of limited resources, every time
- Ensure partners move resources – both fiscal and human to the prevention and health and wellbeing agenda

The Board will identify and develop a shared understanding of the needs and priorities of local communities in Plymouth through the development of the Plymouth Joint Strategic Needs Assessment (JSNA). Specifically, the Board will ensure that:-

- A Joint Health and Wellbeing Strategy for Plymouth is prepared and published to ensure that the needs identified in the JSNA are delivered in a planned, co-ordinated and measurable way.
- The Plymouth JSNA is based on the best evidence and data available so that it is fit for purpose and reflects the need of local people, users and stakeholders
- The JSNA drives the development of the Joint Plymouth Health and Wellbeing Strategy and influences other key plans and strategies across the city
- Plymouth City Council, NEW Devon Clinical Commissioning Groups and NHS Commissioning Board Area Teams demonstrate how the JSNA has driven commissioning decisions.

The key areas of focus of the Board will be to:

- Develop an agreed set of strategic priorities to focus both collective effort and resources across the city
- Seek assurance that commissioners plans are in place to deliver the Board's strategic priorities and outcomes
- Review the commissioning plans for healthcare, social care and public health to ensure that they have due regard to the Joint Plymouth Health and Wellbeing Strategy and take appropriate action if they do not
- Ensure that appropriate structures and arrangements are in place to ensure the effective engagement and influence of local people and stakeholders
- Represent Plymouth in relation to health and wellbeing issues across the sub regional and at national level
- Work closely with Plymouth Healthwatch ensuring that appropriate engagement and involvement with existing patient and service user involvement groups takes place
- Retain a strategic overview of the work of commissioners in the city
- Support joint commissioning of NHS, social care and public health services and identify those service areas in Plymouth where additional improvements in joint commissioning could achieve the Board's priority outcomes
- Recommend the development of aligned or pooled budgets and encourage partners to share or integrate services where this would lead to efficiencies and improved service delivery

The Health and Wellbeing Board will promote and encourage joint or integrated commissioning through the Joint Commissioning Partnership which spans across a range of health and wellbeing services. This group is made up of representative commissioners from Plymouth City Council, Public Health, NHS Plymouth, Probation and the Police. The Joint Commissioning Partnership will deliver the strategic objectives and priorities of the Health and Wellbeing Board by making recommendations to their respective organisations for commissioning in support of Health and Wellbeing Board strategic priorities.

The expected benefits of this overall approach are as follows:

- Bringing together commissioning for the Local Authority in one place.

- Focusing on an outcomes framework designed to encourage organisations to think wider than their own service areas in developing and commissioning services and to provide a structure and mechanism to integrate shared areas of responsibility.
- Driving forward the transformation of the joint services agenda by influencing strategic planning / resource allocation of the NHS and vice versa, and by improving communication between frontline teams.
- Integration of public health functions will create closer alignment with current LA services that have an impact on public health including economic development, environmental health, transport, schools, leisure services, and housing.
- Local authority commissioning of Local Healthwatch and an independent advocacy service will allow locally designed services to address specific inequalities within the city.
- Health and Wellbeing Board, through the Health and Wellbeing Strategy and integrated commissioning structure will provide the mechanisms to target collective resources at priority areas including health inequalities.
- Inter-operability between IT systems (Western Locality Clinical Commissioning Group, NHS, PCC).
- Opportunity to develop joint workforce development plans.

In addition, we have a well-developed transformation programme in place that is modernising adult social care.

## **Health Inequalities**

Reducing inequalities particularly in health and between communities is a long term priority for the City Council to support the delivery of the vision for Plymouth.

Overall life expectancy is improving in Plymouth; the city average is now 79.8 years. However, the gap between the most and least well off has now grown from 12 to 14.7 years.

The root cause of health inequalities in Plymouth is its social inequalities; our efforts to tackle the causes of inequality such as income, housing, education, employment and opportunities and to break the cycle of inequity and inequality has never been more important than during this time of economic recession and austerity.

In order to address this, the council has established a Health & Well-being Board that will give further focus on health inequalities that will identify need through the Joint Strategic Needs Assessment. The Health & Well-being Board has also produced a Health and Well-being Strategy that is currently out for public consultation that will support the delivery of a number of plans that will be implemented to address inequalities.

The council has also set challenging targets and measures that have now been incorporated into the Plymouth City Council Corporate Plan to close this gap. The council is now the lead for health improvement for Plymouth and has established the Office of Director of Public Health to work across all teams and departments to address the wider determinants of health having been allocated a ring fenced budget from the Department of Health.

## **Public Health Transfer to Local Authorities**

On the 1<sup>st</sup> April 2013 the formal transfer of key public health responsibilities from Primary Care Trusts to Plymouth City Council was implemented with an expectation that the new arrangements

would contribute significantly to addressing long term health and well-being for the City and to reduce the gap in health inequalities between communities.

A transition risk register was formally set up in 2012 jointly between the Plymouth Public Health Team NHS Plymouth and Plymouth City Council Risk Management Team reporting directly to the Plymouth Public Health Joint Transition Group to ensure all potential risks could be mitigated.

A number of common areas emerged that identified potential risks for Plymouth City Council that required a number of action plans to be developed, these included, finance, IT, patient safety and loss of workforce capacity. Financial risks were addressed by the Council's Finance team by implementing a robust due diligence process with NHS Plymouth and by ensuring budgets were set to existing and expected commitments. IT risk was mitigated by developing plans with the IT team whilst running in parallel with the Windsor House Co location programme.

Regarding patient safety a clinical governance memorandum of understanding was set up between the council and the NHS Commissioning Board Local Area Team to put in place monitoring arrangements with the new appointed Medical Director.

However as a result of the transition workforce capacity was significantly reduced mainly due to the loss of qualified public health consultants and supporting managers that were appointed to a number of other public health agencies and neighbouring local authorities. To mitigate against this risk ODPH is developing a robust workforce plan to identify skill shortages to enable a recruitment process to be initiated, at present, an acting-up arrangement for the role of Director for Public Health is in place pending an option appraisal.

### **Impact of Police and Crime Reforms**

The implementation of the Police Reform and Social Responsibility Act 2011 is now starting to take effect. The Police & Crime Commissioner for our Force area, Mr Tony Hogg, (which replaced Police Authorities) was elected in November 2012 for a four year term. The Commissioner has responsibility for policing policy but also holds significant community safety budgets previously allocated to the Council (and other Councils across the Force). A great deal of collaborative work was carried out in the run up to the election of the Police and Crime Commissioner by Community Safety Partnerships across the force area to prepare information that marketed the benefit of working with Community Safety Partnerships along with the preparation of the very first Peninsula Partnership Strategic Assessment for the force area. This has been recognised by the Home Office and the Commissioner as good practice, and this has proven hugely influential as the Commissioner has used the Peninsula Strategic Assessment as a basis for informing his Police and Crime Plan. Work will continue in the coming years to refresh and rewrite Peninsula Partnership Strategic Assessments annually.

For 2013/14, the Commissioner has committed funding to Community Safety Partnerships, Drug and Alcohol Action Teams, Youth Offending Service, Positive Futures, and Domestic Abuse on the principles of 'least disruption' and 'maintaining continuity' and applied a small cut in the region of 7% across all allocations.

However, it will be essential now to evidence value for money and effectiveness of how the allocations are commissioned at a local level, in order to continue to effectively influence the Commissioner's future policy, priorities and next round of budget allocation crucial to continued delivery of our community safety priorities for Plymouth. Plymouth, as the largest urban location in the Force area, also has some of the most significant crime challenges and nearly a quarter of the crime. One of the Labour Administration's priorities was to seek regular talks with the Police



and Crime Commissioner – this has now been achieved, and the Leader of the Council has now developed a strong and positive relationship with the Commissioner.

Plymouth City Council led the work to develop a Police & Crime Panel for our area, in liaison and negotiation with other councils. This was challenging because of issues regarding proportionality and the composition of the Panel within restrictive legislation, leading to different opinions amongst councils. However agreement was finally reached by the Panel at its Shadow meeting held in July 2012, and the Panel Composition approved by the Home Secretary in September 2012. The Panel is meeting regularly and is currently working effectively. Home Office funding is continuing for 2013/14 and Plymouth is continuing to Host the Panel until at least March 2014, but will be reviewing its position on this in January 2014 in light of any funding announcements.

It is hoped that this, and continued work, together with direct discussions between Plymouth the Commissioner, will maximise opportunities to continue to exert influence over the Commissioner's future work and commissioning decisions.

### **Impact of Welfare Reforms**

The government's reform of welfare presents significant risk, placing additional pressures on customers including the most vulnerable, and requiring significant process changes

The reforms mean Plymouth has greater challenges in meeting citywide priorities due to the socio-economic impact of welfare reforms on customers, partners and internally, particularly reducing inequalities e.g. child poverty, health and worklessness. There will be increased levels of deprivation and related demands on service budgets e.g. homelessness and information/advice. There will also be increased levels of debt owed by customers to PCC if they cannot afford to pay, e.g. Council Tax, and there may be inadequate resources to run local welfare schemes.

As part of our response to these changes a cross-directorate officer working group has been meeting since November 2011. The Council has developed and consulted on a local Council Tax Support scheme to address the difficult challenge of an estimated £2.6m shortfall in funding. This has been done in partnership with our neighbour authorities. We have been working hard to minimise the impact on our most vulnerable residents where we can. Pensioners receiving support through the current Council Tax Benefit scheme will be protected along with those receiving the single person Council Tax discount and the current support for War Widows and Veterans. We have reduced Council Tax Support for all working age residents by 25 per cent rather than 30 per cent as recommended by the Government.

The Emergency and Welfare Fund will support people in extreme financial difficulty. It is based on the following principles. It will:-

- be limited to Plymouth residents only;
- deliver goods and services from wherever is most appropriate;
- spend the same amount of funding that the council are handed from government;
- broadly mirror the current Social Fund eligibility (e.g. those on low income and without access to other forms of income);
- provide crisis and welfare responses;
- minimise the spend on administration of the scheme so the council gets as much of the government funding as possible to people in need;
- provide goods, services and cash;
- apply limits to the number of awards an individual can access

Although the council has established the Fund based on lower overheads than recommended by the government (thus maximising funding for the front line service, cuts to funding available mean there is a risk it will not fully meet need. Implementation is being monitored and the Fund will be formally reviewed after 6 months of delivery.

A range of advice is being provided to customers impacted by the changes e.g. through first stop, housing officers and the commissioned Advice Plymouth service. A senior citizens benefits take-up campaign was undertaken last autumn and further campaigns are planned. The Plan for Jobs was approved by cabinet in January and the council is developing further responses to worklessness including joint work with JCP secondee, expected to arrive by the end of May.

The council has passed a formal resolution regarding its concerns over the bedroom tax and is lobbying the government on this issue.

The Welfare Reform officers group continues to meet to oversee the council's response and is developing an updated action plan to guide this work.

### **Deterioration of Highways Network**

The condition of the highway network is a significant concern across the city. This is an issue that is highlighted across all areas of the country and has been exacerbated by cold and wet winters over the past 4 years. It is a national issue and the poor state of the city's roads reflects that. The condition and the perception of the road network across the city is poor and customer satisfaction points to a position where many believe the network to be in an unacceptable condition and this will deteriorate further if no action is taken to deal with it.

At the February 2013 Full Council meeting, a further £20M of capital investment over a 10 year period for highway maintenance was approved.

Utilising the Governments new Highway Toolkit, a number of investment and treatment scenarios have been modelled for the carriageway (footways will require further assessment) – there is no one size fits all situation. Selecting the correct treatment for a failed road is essential in providing best value for money and avoiding polarisation of the network into very good and very poor condition.

This work indicates that this additional investment will halt the decline in the highways network and reduce escalating revenue and insurance costs and deteriorating customer satisfaction and the reputation of the authority.

Funding arrangements have been approved and funds are available. The major risks are:

- 1) Deteriorating weather conditions cause exceptional damage to the highway, therefore the predicted improvements do not all happen;
- 2) The programme is not focussed so that improvements are not easy to identify;
- 3) Insufficient resources are made available and the programme falls behind schedule.

To mitigate these risks standard risk management and monitoring will be carried out at all phases of the programme.

### **Sherford Development**

The Sherford development of 5,500 homes and associated infrastructure is a key component of the City Council's growth agenda as reflected in the Corporate Plan. It forms part of the wider growth plans for the eastern corridor. Most of Sherford is located outside the administrative boundary of the city, with only 320 homes located within Plymouth, although there are significant cross-border transport and greenspace impacts. With the May 2013 Coalition government announcement for £32 million of funding to "kick start" building it is expected that planning permission, with its associated £110 million Section 106 agreement, is likely to be issued in the Autumn of 2013. Development is then expected to start in 2013/2014 following the discharge of pre-commencement conditions.

A requirement of the recently announced government funding is the creation of appropriate governance arrangements, possibly involving some form of programme board comprising the Homes and Communities Agency, South Hams District Council, Devon County Council and Plymouth City Council. The detailed arrangements for this have yet to be established. This arrangement will have implications for how the City Council discharges its duty to co-operate obligations. It also raises co-ordination and governance issues and what relationships may emerge in relation to initiatives such as the City Deal and the strategic plans of the Local Enterprise Partnership.

In a related announcement, a dedicated Sherford Implementation Team has also attracted government funding. The line management of this team needs to be established with South Hams District Council and Devon County Council.

Strategic leadership discussions with surrounding authorities are being held by the Chief Executive, the Director for Place and the Assistant Director for Planning on these matters in order to establish appropriate governance arrangements.

## **Certification**

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

**Cllr Tudor Evans**  
**Leader of the Council**  
**Dated**

**Tracey Lee**  
**Chief Executive**  
**Dated**

**Adam Broome**  
**Director for Corporate Services**  
**Dated**