

## **PLYMOUTH CITY COUNCIL**

### **ANNUAL GOVERNANCE STATEMENT 2013/2014**

#### **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 2014 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 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. We are represented on the Peninsula Leadership Group which considers strategic, regional issues such as transport and the economy. Within Plymouth the Council and its partners have developed One Plymouth which acts as the "guiding partnership" for the city, with key strategic leaders meeting regularly to discuss common issues and themes.

At Full Council 22 July 2013, the Corporate Plan 2013/14 – 2016/17 was adopted. It reflects 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.

Over the past twelve months the Council has reviewed its corporate planning arrangements which now 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 is 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 Head of Legal Services, 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 falls within the Corporate Services Directorate (Transformation and Change Directorate with effect from 1<sup>st</sup> January 2014). Until September 2013, the Statutory Finance Officer (Section 151 Officer) role rested with the Director for Corporate Services; following his resignation, and ahead of a senior management review, this role was transferred to the Assistant Director for Finance, Efficiencies, Technology and Assets (FETA) for a period of six months. The appointment was ratified by Full Council at the meeting 16 September 2013. This role was supported by the Head of Finance, as deputy S.151 Officer, with support from two Strategic Finance Managers.

There is a Cabinet Member with responsibility for Finance who met regularly with the Director for Corporate Services and these meetings now continue with the Assistant Director for Finance.

A key element of **budgetary control** is the **budget monitoring process**. For 2013/14, 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 Co-operative Scrutiny Board. Formal quarterly Finance reports go to the Corporate Management Team, Cabinet meetings and to the Co-operative Scrutiny Board. This will continue for 2014/15 with the reports incorporating a rolling Medium Term Financial Plan to identify all known changes to both resources available and anticipated spending pressures.

From 1<sup>st</sup> May 2014 the accountancy arm of the finance department has been restructured to cover strategy, operating finance and a temporary Transformation strand, with each area having a head of Service. These changes will strengthen the finance service and provide improved support for both business as usual and the council wide transformation programme.

**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.

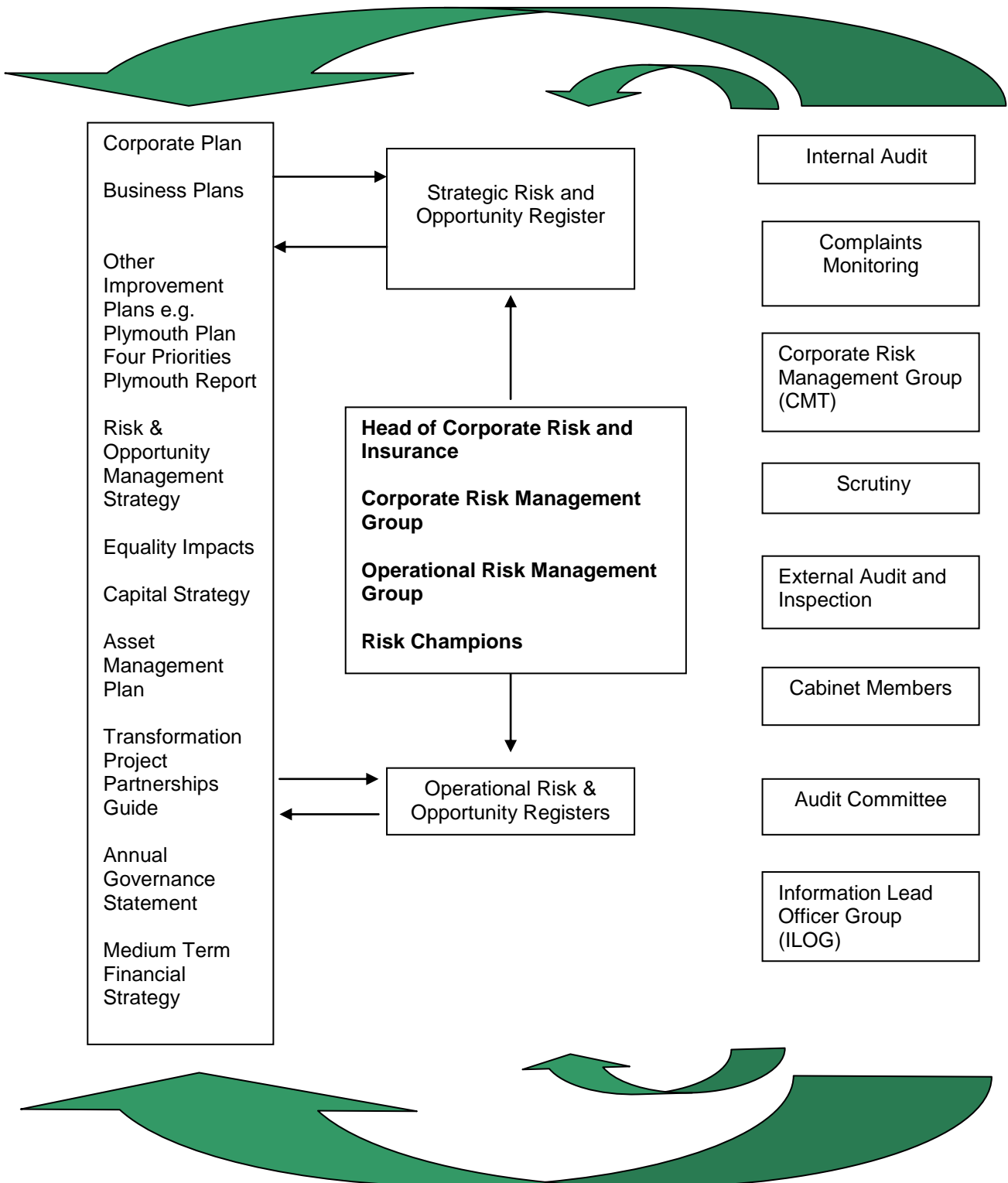
From the 2011/12 Statement of Accounts it has been agreed with external auditors that the Council’s 50% share of this entity will now form part of our total accounts. This recognises that the Council has a 50% ownership of the enterprise, which brings with it a 50% share of any future liabilities.

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. Services are also asked to consider how the five Transformation Programmes impact on objectives and cross reference them to the Transformation Programme risk log.

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.

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 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.

Managing partnerships was identified as a weakness in the 2013 blueprint and will be an area of focus in the Co-operative Centre of Operations and People and Organisational Development Transformation Programmes.

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 in accordance with the Public Sector Internal Audit Standards, undertakes an objective programme of audits using a risk-based approach. The audit plan is adjusted and reviewed in response to changes in business, risk, operations, programs, systems and controls 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 formed under a joint committee arrangement comprising Plymouth, Torbay and Devon councils and is constituted under section 20 of the Local Government Act 2000.

### External Audit

Grant Thornton LLP continued to provide external audit services during 2013/14. 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 2011

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.

The Audit Commission Act 1998 was repealed by the Local Audit and Accountability Act which received Royal Assent on 30 January 2014. The Act makes provision for the closure of the Audit Commission on 31 March 2015 with Local Authorities taking responsibility for engaging their own external auditors.

### 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 restructured the Overview and Scrutiny Management Board and its panels to improve effectiveness. The proposals modernised the Overview and Scrutiny Function and brought 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 also has special responsibility for statutory functions in relation to health matters and joint health obligations.

The four panels are chaired by a member from the majority political group with the vice chair from the opposition political group. One of the opposition vice chairs takes 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.

One of the responsibilities of the Co-operative Scrutiny Board is to set up Co-operative Review Groups the purpose of which is to undertake scrutiny work as required by the Board and are time and remit specific. These groups are 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**

For the first time, the budget signed off by Full Council in February 2014 incorporated a further two year financial plan. This plan will be updated on a rolling three month cycle incorporated within the finance monitoring reports. With the outturn result for 2013/14 now agreed by the Corporate Management Team, it will be formally signed off at the June 2014 Cabinet meeting.

The revised Medium Term Financial Plan (MTFP), covers 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 also identifies the Transformation strands being undertaken plus other significant work streams, and sets out the anticipated savings these plans will generate.

The Chancellor's "Autumn Statement 2013" was delivered to Parliament on 5<sup>th</sup> December 2013 and set out the parameters for Local Authority funding for the period 2014/15 to 2016/17. Together with all authorities, the Council had its 2014/15 funding confirmed by the Department of Communities and Local Government (DCLG) in mid-December, with a firm indication of 2015/16 funding. We have engaged independent advisors LG Futures to interpret the data and forecast funding for the following year 2016/17. Both of these later years are subject to change.

Following changes to the Business Rates which took effect from April 2013, we are now exposed to a higher risk from collection. In place of the previous arrangement where we were guaranteed the business rates income from Central Government, we are now locally responsible for 50% of the income generated. To offset some of this risk, a Devon wide Business Rates Pool was set up for 2013/14 with Plymouth as the Lead Authority. This arrangement allows funds to be pooled and the region as a whole to share both the minimal risk and large potential growth. In its first year, Plymouth City Council benefited by £0.479m of additional funding. This arrangement is continuing for 2014/15 with an additional funding benefit forecast.

The cornerstone of our direction is the Brilliant Co-operative Council Corporate Plan which clearly lays out the objectives, outcomes and values that the Council is committed to whilst driving down spend and maximising income in order to balance the books. The plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth. Setting a robust, reliable three year balance budget is crucial for the council to deliver against its co-operative vision. With falling resources and increasing demand and costs on our services, it is imperative that a more strategic, and prioritized, approach is taken to medium term budget setting.

For the three year period 2014/15 to 2016/17 we are looking at a £33m reduction in our Government funding, representing a 51% cut from our formula grant; added to additional cost

pressures such as increased demand for Adult and also Children's social care, utility and salary inflation amounting to (if we did nothing to address them) £31.5m, we are facing an unprecedented funding gap of £64.5m. This will force us to fundamentally transform the way in which we undertake our business and demands a new approach to sustainable budget setting.

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 2014/15 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. From 1<sup>st</sup> July 2014 the new Delt Company is planned to go live, jointly owned by Plymouth City Council and the Clinical Commissioning Group (CCG), to provide the ICT requirements of both organisations. This will drive out both operational and financial benefits.

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 has been drawn up by the Director for Place which will see more emphasis on the strategic direction and early involvement from the Portfolio Holders.

The 2013/14 programme has enabled investment in some notable schemes, including building and maintaining schools and academies, on removing potholes in roads, Disabled Facilities Grants, a contribution towards the regeneration and modernisation of Plymouth Theatre Royal, as well as supporting vehicle and plant replacement on an invest to save basis.

## **Transformation Programme**

As a result of the Council's projected funding gap of approximately £65m, which is likely to grow over the next three years without a significant restructuring of services, a Transformation Project was initiated in 2013/14 to undertake a fundamental review of how Council services can be delivered in future.

The Transformation Programme has been constructed to align programmes to one another and to the Council's Corporate Plan in order to meet this financial challenge. Governance for the Programme involves five delivery strands that link to a Portfolio risk register which is monitored by a Transformation Portfolio Board.

The Transformation strands are:

- Growth, Assets and Municipal Enterprise (GAME)
- Integrated Health and Well Being (IHWB)
- Customer and Service Transformation (CST)
- Co-operative Centre of Operations (CCO)
- People and Organisational Development (P&OD)

New business planning guidance issued to Assistant Directors in February 2014 requires Services to consider how the five delivery strands that comprise the Transformation Programme may

impact on business objectives and managers are being advised to cross reference service risks to the Transformation Programme risk logs.

The benefits that the project needs to realise have been challenged and there is confidence in the robustness of the financial plan 2014/15. The budget for 2015/16 and 2016/17 however has what are considered achievable figures but will be subject to a robust budget challenge process as part of building the full business cases for the programme.

However until the projected outcomes and benefits from the programme are realised the risk remains a significant one for the Council, particularly with regard to the delivery of the target budget savings.

### **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.

As a listed building, demolition is not feasible and therefore a renovation and conversion project is required. There have been many reports to CMT and Cabinet since 2007 when the major options began to be considered.

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 but an agreement could not be reached that satisfied all our criteria under this particular process and under the timescales we had set out. Dialogue is continuing with interested parties to make this regeneration project happen.

The Council will vacate the building by December 2014 and will occupy alternative office accommodation so that a twin-track approach can be actioned:

1. The building will be sold to a private developer for conversion to a non-council use such as a hotel, and
2. Failing 1, the Council itself will work up a conversion scheme for offices that can be partly occupied by the Council, with the remaining office space being leased out as part of the Council's commercial estate.

The operating cost of the Civic Centre of c. £1.6m per annum impacts on all Council Departments. In addition, if the Council itself needs to fund the repair and renovation of the building, there will be a capital funding requirement of c. £30m, although the operating costs of a renovated building would be expected to be less than as existing.

If the building is sold to a private developer, the Council may need to incur professional and legal fees in connection with the disposal.

Issues relating to the size of the Council's future property requirements, and the options for the Civic Centre itself, are considered by the Working Group.

## **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 Chief Information Officer – currently the Strategic Director for People.

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 internal 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.

During 2013 an eLearning training module entitled 'Data Safe' was rolled out to all staff with computer access following an intensive awareness campaign. This training module now forms part of staff induction and will be followed up with a refresher course during 2014. Development of a training package for staff without computer access will also be undertaken.

The Information Commissioner's Office (ICO) offer "focused assistance" to larger organisations in meeting their information governance obligations and accepted an invitation to undertake an audit of the Council's processes in April/ May 2014.

The audit's scope covered three areas – Records Management, Request for Personal Data and Training and Awareness. Two ICO auditors visited the Council to carry out an on-site review of the procedures in practice and interview a selection of staff. They were also provided with evidence of current policies and procedures.

The results of this audit and subsequent recommendations will further inform the ILOG action plan and help to ensure compliance and good practice. A follow up review will also be undertaken by the ICO in approximately 6 months.

The current Transformation Programme will also develop consistent business architecture across the Council through the proposed Cooperative Centre of Operations (CCO).

## **Monitoring Officer Section 5 Report**

In March 2014 the Council's Monitoring Officer issued a report under Section 5 of the Local Government and Housing Act 1989 which referred to the process of appointing chief officers and suggested that some appointments had taken place without reference to the legislative framework and the Council's Pay Policy. In response to this, the Council has enacted a number of changes to how its Appointments Panel operates and has revised and published a new Pay Policy Statement. External legal opinion confirms that the Council is now fully compliant.

## **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 Plymouth Board, which held its first business meeting in June 2013, has introduced democratic legitimacy to health services, children and young people's services, adult services' joint commissioning through a Joint Health and Wellbeing Strategy and has supported the integration of public health services into local authorities. It is 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 are 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 has identified and developed 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 has ensured that:-

- A Joint Health and Wellbeing Strategy for Plymouth was 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 are 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
- 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 promotes and encourages 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 delivers 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 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 are creating 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 is allowing locally designed services to address specific inequalities within the city.
- The Health and Wellbeing Board, through the Health and Wellbeing Strategy and integrated commissioning structure is providing 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 and children's 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.

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 gives further focus on health inequalities that identify need through the Joint Strategic Needs Assessment. The Health & Well-being Board has also produced a Health and Well-being Strategy which supports the delivery of a number of plans that are designed 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 public health 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.

### **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.

As part of the consideration of risk for this transition, a number of common areas emerged that identified potential risks for Plymouth City Council. Action plans were put in place around 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.

The Council appointed an interim Director of Public Health in 2013 with a permanent Director starting in April 2014.

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

The implementation of the Police Reform and Social Responsibility Act 2011 is now embedded. 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, and continues to be, hugely influential as the Commissioner uses the Peninsula Strategic Assessment as a basis for informing his Police and Crime Panel and any updates. Work is on-going to refresh and rewrite Peninsula Partnership Strategic Assessments annually and the Police and Crime Plan priorities and objectives are also now strongly reflected in Safer Plymouth Partnership (CSP) Plan 2014-17.



In 2013/14, the Commissioner committed to 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. In September 2013, the Police and Crime Commissioner announced his future commissioning intentions and decisions in his "External Partnership Services Commissioning Intentions Plan 2014/15 – 2016/17" giving a commitment to provide funding to all CSPs in the Force area for the next three years subject to the satisfactory completion by each CSP of a 'due diligence' audit, which Plymouth CSP attained. The indicative funding allocated to each CSP was allocated on an evidence based assessment formula. CSPs are required to submit annual 'spending plans' which are reviewed by the Police and Crime Commissioner's "Commissioning Board". The Plymouth allocation will reduce on a sliding scale over the 3 year commitment by a total of 7.4%. However, the Police and Crime Commissioner has also made it clear that he maintains the right to "reduce or withdraw funding" at any time in light of poor performance or other changing circumstances and/or budgetary pressures.

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 and holds regular meetings with him.

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 at the same level for 2014/15 and Plymouth is continuing to Host the Panel until at least March 2015, but will be reviewing its position on this in January 2015 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 welfare reform agenda continues to present significant risk, placing additional pressures on customer including the most vulnerable, and requiring significant partnership work with the voluntary sector to provide face to face advice to address this.

The reforms have meant that Plymouth continues to have significant 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 have been increased levels of deprivation and related demands on service budgets e.g. homelessness and information/advice. There has also been an increasing use of high cost borrowing in the city and according to the Money Advice Service, Plymouth is the most indebted local authority in the South of England.

As part of our response to these changes, we have:-

- had a cross-directorate officer working group meeting since November 2011

- developed our Council Tax Support scheme to address the shortfall in funding from national government
- developed our Emergency and Welfare Fund to support people in extreme financial difficulty
- introduced a series of debt prevention measures including credit union development, support for our local Foodbank, and co-located advice workers from the community and voluntary sector working side by side with council colleagues in council settings.

The cross-directorate officer working group continues to work together to assist those most affected by the impact of welfare reform. Its future planning includes,

- using The Fairness Commission recommendations to direct us in our Financial Inclusion work continue to work with colleagues across all sectors to ensure good quality free money advice is available for all
- finding ways to ensure our Emergency and Welfare Fund extends beyond the end of government funding in March 2015
- continuing to develop affordable lending and reduce the amount of people accessing pay day lenders, doorstep lenders and illegal loan sharks.

### **Deterioration of Highways Network**

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 the appropriate action is not taken. Bad weather, extremes of cold and wet over the past few years have exacerbated the situation. The condition of the Highways is entered on the strategic risk register and the Transport and Infrastructure Business Plans. Full Council has discussed the issue and has allocated an additional £20m of Capital investment over the next 10 years.

The Council plans to utilise the Governments new Highways Toolkit HMEP for modelling treatment scenarios and commission an independent survey to help achieve value for money in delivering all the investments in the Network. Detailed annual work plans which conform to HMEP to address the critical issues identified by the independent survey will be agreed by the Partnership Board, Street Services Management Team and DMT. These will be dynamic plans which at the discretion of the Partnership Board can be changed to reflect changing circumstances.

### **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.

A detailed delivery plan has been produced by the Sherford Project Team who comprise seconded officers from Plymouth City Council, South Hams District Council and Devon County Council. This is overseen by a Project Board with Council representation.

### **Sustained Economic Growth**

The Council is working on several strategic projects and strategies that help to deliver the city's growth agenda, and is exploring delivery options for the city's key sites.

The Council is keen to work with private sector partners to creatively investigate opportunities, remove obstacles to development and expedite decision-making, ensuring these opportunities move forward to deliver high quality change to the city.

The Plymouth Growth Board (PGB) is the private/public/voluntary board in Plymouth. It is chaired by the Chairman of Plymouth Chamber of Commerce and Industry and brings together representatives from key city organisations to work together and drive forward the economic priorities of Plymouth. The PGB is also the local delivery vehicle for the Heart of the South West LEP.

The PGB has overseen a revision of the action plans surrounding the Local Economic Strategy to ensure they better reflect the economic landscape we are working in as well as the organisations that remain to deliver activities.

The Local Economic Strategy has been approved at Full Council.

Meetings of the PGB are held throughout the year with content reflecting major issues or opportunities impacting on the city so that the PGB can have an input into these.

### **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**

**Malcolm Coe**  
**Assistant Director for Finance (Section**  
**151 Officer)**  
**Dated**