

## Scope of Responsibility and Purpose of the Governance Framework

### Scope

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

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

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

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

### Purpose

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

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

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at Plymouth City Council for the year ending 31 March 2019 and up to the date of the approval of the Annual Report and Statement of Accounts.

## Certification

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

Councillor Tudor Evans (OBE)  
Leader of Plymouth City Council

Dated:

Tracey Lee  
Chief Executive

Dated:

Andrew Hardingham  
Service Director for Finance (Section 151 Officer)

Dated:

# The Corporate Plan

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

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

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

## OUR PLAN A CITY TO BE PROUD OF



### CITYVISION Britain's Ocean City

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

#### OUR MISSION

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

#### OUR PRIORITIES

#### OUR VALUES

**WE ARE DEMOCRATIC**  
We will provide strong community leadership and work together to deliver our common ambition.

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

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

**WE ARE CO-OPERATIVE**  
We will work together with partners to serve the best interests of our city and its communities.

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

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

#### HOW WE WILL DELIVER

Listening to our customers and communities.

Providing quality public services.

Motivated, skilled and engaged staff.

Spending money wisely.

A strong voice for Plymouth regionally and nationally.



[www.plymouth.gov.uk/ourplan](http://www.plymouth.gov.uk/ourplan)

# The Assurance Framework - The Three Lines of Defence

The Three Lines of Defence Assurance Model is used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective governance and assurance. The diagram below shows the relationship between these functions:-

### First Line of Defence – Management Controls and Internal Control Measures

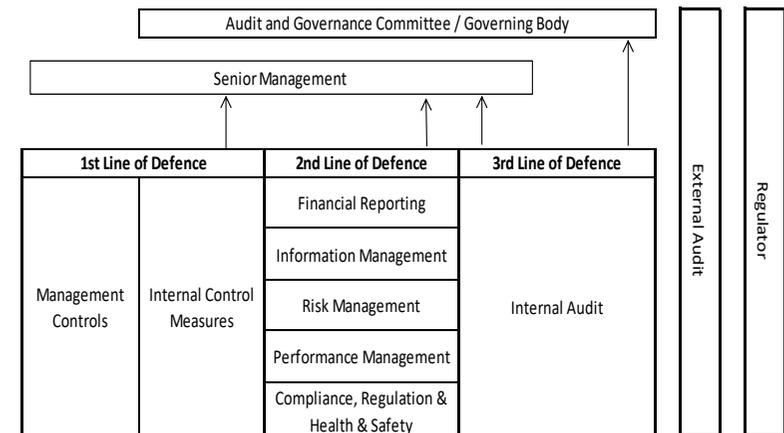
Line management are responsible for ensuring that a risk and control environment is established as part of day to day operations. Line management should be adequately skilled to create risk definitions and make risk assessments. The risk profile needs to be proactively reviewed, updated and modified for changes to the business environment and emerging risk changes. Active risk management and periodic reporting on risk is crucial to quick identification and response. The first line of defence provides management assurance by identifying risks and business improvement actions, implementing controls and reporting on progress.

### Second Line of Defence – Oversight Functions

The second line of defence consists of activities covered by several components of internal governance. This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation. These are usually management functions that may have some degree of objectivity, but are not entirely independent from the first line.

### Third Line of Defence

Internal audit forms the third line of defence. An independent internal audit function will, through a risk-based approach to its work, provide assurance to the organisation’s senior management. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of the Council’s risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives.



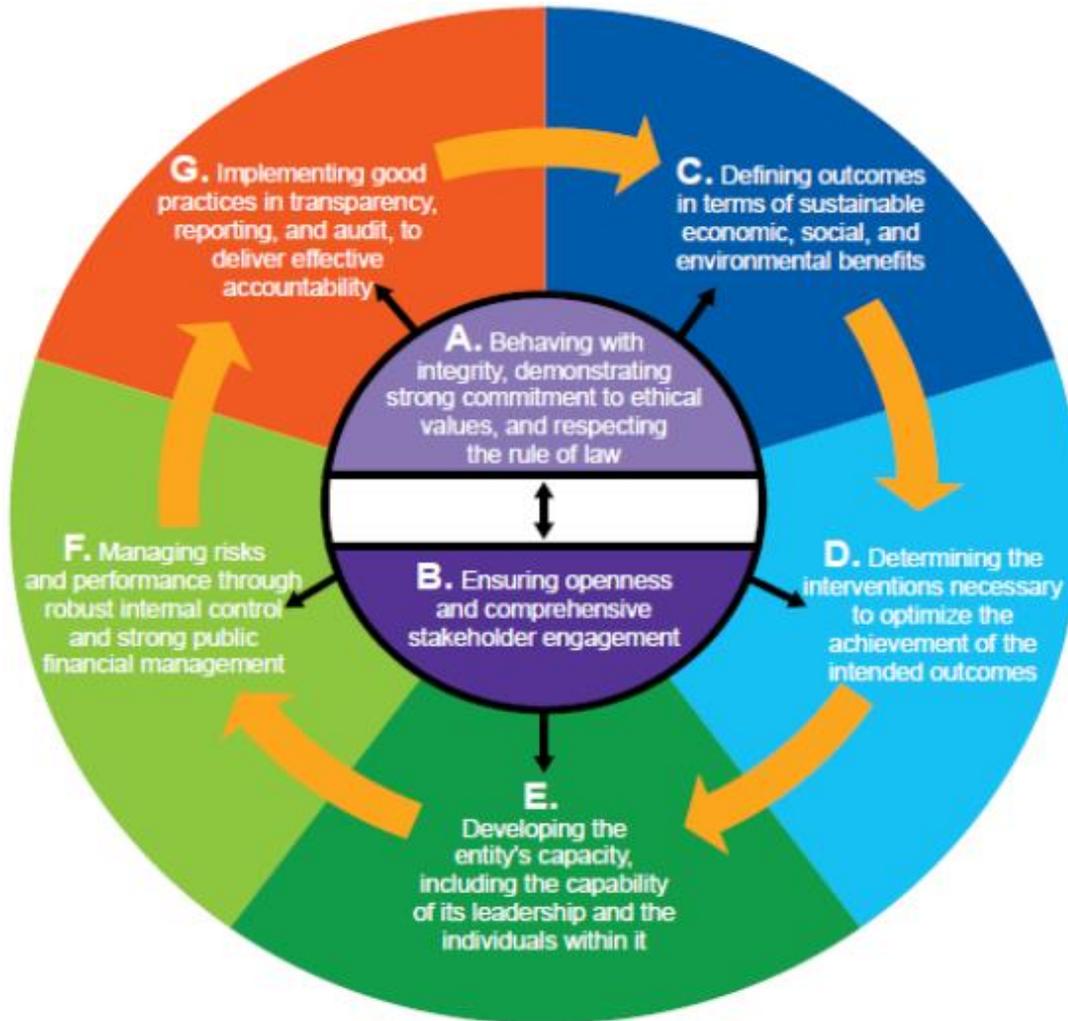
### External Auditors and Regulators

External auditors and regulators reside outside the council structure but have an important role in the overall governance and control structure by providing an independent and objective function to assess the whole, or some part of the first, second or third line of defence.

### Audit and Governance Committee’s Role

All three lines of defence have specific tasks in the internal control governance framework. It is the Audit and Governance Committee’s role to maintain oversight and to monitor the effectiveness of internal controls and risk management processes, as well as internal audit activities.

## The Governance Framework



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

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

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

A high-level summary of local arrangements in place for 2018/19 to comply with each of the principles is set out on the following three pages.

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- Council's [Constitution](#)
- Committee [structure](#)
- Corporate [Plan](#)
- Code of Corporate Governance
- Codes of Conduct
- Anti-Fraud, Bribery and Corruption Policy
- Whistle Blowing Policy
- S151 Officer
- Monitoring Officer
- Executive arrangements
- Ward-based governance
- Register of Interests/Hospitality

Principle B – Ensuring openness and comprehensive stakeholder engagement

- Thrive Plymouth
- 100 [Pledges](#)
- Customer complaints
- Committee meetings webcast and agendas published
- Open data information available on [website](#)
- Plymouth City Survey
- Annual Reports
- Safer Plymouth Partnership
- 'Have your say' events
- Social media pages

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

- Medium Term Financial [Strategy](#)
- [Statement](#) of Accounts
- The Plymouth and South West Devon Joint Local [Plan](#)
- The Plymouth [Plan](#)
- Transformation Programmes
- Integrated Commissioning
- Treasury Management and Capital Strategy

Principle D – Determining the interventions necessary to optimize the achievement of the intended outcomes



- Business Planning
- Overview and Scrutiny Committees
- Corporate Plan Performance Reports
- Key Performance Indicators
- Service Standards
- Portfolio Holder meetings
- Complaints procedure
- Audit reports

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it



- Organisational Design
- Smart working
- People Strategy
- Annual staff survey
- Annual Staff ‘Star Awards’
- eLearning
- Councillor Development Programme
- Apprenticeship Programme
- Management Driving Licence eLearning Package
- Staff performance discussions
- Staff Wellbeing and Resilience Survey

Principle F – Managing risks and performance through robust internal control and strong public financial management



**Risk Governance**

<p><b>Aligning risk to Council Strategy, Business Planning and Performance</b></p> <p>Monitor performance against:</p> <ul style="list-style-type: none"> <li>&gt;Council priorities</li> <li>&gt;Internal Control arrangements</li> <li>&gt;Audit Recommendations</li> </ul>	
<p><b>Identification and Prioritisation</b></p> <ul style="list-style-type: none"> <li>&gt;Identify risks to delivery of outcomes</li> <li>&gt;Evaluate potential likelihood and impact of risk</li> </ul>	<p><b>Monitoring</b></p> <p>Identification of risks and mitigation activity considered by Corporate Management Team quarterly and presented to Audit and Governance Committee</p>
<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>&gt;Identify mitigation already in place</li> <li>&gt;Agree additional mitigation actions</li> </ul>	
<p><b>Risk based Internal Audit planning</b></p>	

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

- The Devon Audit Partnership Internal Audit Plan is based on the high risks reported within risk registers
- Arrangements for providing economy, efficiency and effectiveness are reviewed by external auditors on an annual basis. They also review the Annual Governance Statement
- The Audit and Governance Committee provide independent assurance of the adequacy of the internal control environment and oversee the financial reporting process

## 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 Anti-Fraud, Bribery and Corruption [Policy](#) and Whistle blowing [Policy](#) were both endorsed by the Audit and Governance Committee in December 2018.
- The Council has an established Risk and Opportunity Management [Strategy](#) which is reviewed annually and endorsed by the Audit and Governance Committee. Risks to the achievement of Council objectives are recorded in strategic and operational risk registers and reported to the Audit and Governance Committee on a quarterly basis – agendas can be viewed [here](#).
- The Operational Risk Management Group has been aligned to the Three Lines of Defence Assurance Model (shown on page four). Membership consists of risk champions from each department and representatives from internal governance functions who make up the second line of defence.
- In reviewing the current control environment, reports issued by external bodies (audit and inspection) and reports produced by internal audit (Devon Audit Partnership) have been reviewed to ensure that a comprehensive assessment of the current control issues has been made and that all potential areas of significant risk are being addressed within the internal control environment.
- Strategic Directors completed an assurance questionnaire reviewing the control environment within their directorates and the results of the questionnaires have been used to inform the assessment of significant governance issues for the Council.

## Key Delivery and Improvement Areas

Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained. Whilst we are satisfied that these work generally well our review has identified the following key delivery areas. An update is also provided on page 13 on a key improvement area carried over from last year's Annual Governance Statement:-

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
<p><b>1. The Plymouth and South West Devon Joint Local Plan</b></p> <p>Governance arrangements to monitor delivery of the Plymouth and South West Devon Joint Local Plan (JLP) and Plymouth Plan.</p> <p>The Plymouth and South West Devon Joint Local Plan is a joint plan between Plymouth City Council, South Hams District Council and West Devon Borough Council. The three councils have joined up to create this plan which looks at every aspect of how we want our cities, towns and villages to look and feel over the next 20 years. The JLP will replace all previous development plans in each local authority and in Plymouth, the existing policies in the Plymouth Plan will also be combined with the Plymouth-specific policies in the new Joint Local Plan to create one document.</p>	Strategic Director for Place	<p>The Plymouth and South West Devon Joint Local Plan (JLP) was adopted in <a href="#">March</a> 2019 by the Joint Local Plan Councils following three years of drafting, consultation and examination.</p> <p>As part of the examination process, the independent inspectors appointed by the Secretary of State raised questions about how the councils would ensure delivery of the JLP through ongoing collaboration and joint working. The councils therefore produced a Governance Topic Paper, agreed by the Steering Group, which was submitted to the inspectors during the examination. The governance arrangements set out in that paper were accepted by the inspectors and no further questions or concerns were raised. Approval was given to the establishment of the Joint Local Plan Partnership Board in accordance with the Joint Local Plan governance arrangements set out in the Plymouth and South West Devon Joint Local Plan – Delivery and Governance <a href="#">Paper</a> at Plymouth City Council's Audit and Governance Committee on 11 March 2019.</p>	Joint Local Plan Partnership Board
<p><b>2. Financial Resources</b></p> <p>Inability to meet the longer term target budgets given the size of the resource reductions and increasing cost</p>	Service Director for Finance /	Children young people and families have an annual budget of £35 million for Children's Social Care, of which £21 million is spent on placements. Savings targets for 2018/19 Children's Social Care were	Corporate Management Team;

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
<p>pressures as detailed in our Medium Term Financial <a href="#">Plan</a> (MTFP).</p> <p>The MTFP is being updated and has identified the requirement to save a further estimated £25m in the three years from 2020/21.</p> <p>The government is undertaking a Fair Funding Review where it consults on the system for local government finance. This is a complex review and will have significant implications for Plymouth's future funding.</p> <p>The Council's ambition to achieve zero (net) carbon by 2030 and the potential for allowing for low/zero carbon technologies to be addressed and/or incorporated in all significant projects and refurbishments will also have a significant cost implication.</p>	<p>Head of Financial Planning and Reporting</p>	<p>£4.6million. A small number of high cost packages of tailored care for children with incredibly complex needs added £1.3m to 18/19 budget pressures. Plymouth is experiencing a large increase in the number of vulnerable children needing care and this cost pressure reflects the escalating costs for specialist residential care and the cost of care packages.</p> <p>The Council has declared an over-spend in 2018/19 after the use of alternative funding sources, some of which will not be available in 2019/20.</p> <p>Each Strategic Director has confirmed they will put in place financial plans to deliver a balanced budget in 2019/20. This takes account of any pressures carried forward from 2018/19.</p> <p>The Council continues to implement its ambitious capital investment plan through the city. This will be funded from a variety of funding streams and the impact of increased borrowing reviewed before being built into the revised MTFP.</p>	<p>Senior Leadership Team;</p> <p>Scrutiny Panels and Cabinet</p>
<p><b>3. Health-related Partnerships</b></p> <p>Achievement of public health outcomes and provision of public health commissioned services are part of the wider health and social care system with a range of partner services from Police, NHS England and Clinical Commissioning Groups (CCGs). All partners are facing financial constraints and Plymouth is part of "challenged health economy". These financial constraints risk services being fragmented and destabilised affecting health outcomes. Increasing numbers of older people with complex needs could also result in a rise in demand for services.</p>	<p>Director of Public Health</p>	<p>The Office of the Director of Public Health is fully engaged at all levels with:-</p> <ul style="list-style-type: none"> <li>▪ Integrated health and wellbeing and the integrated commissioning strategies with pooled funds between Plymouth City Council and the Western Locality of the CCG</li> <li>▪ Devon CCG to protect and promote health and care services for patients in challenged health and care systems</li> <li>▪ Devon (geographic footprint) Sustainability and Transformation <a href="#">Plan</a> (STP) to strengthen relationships and create a shared plan for</li> </ul>	<p>Health and Wellbeing Board;</p> <p>Devon CCG (Western Locality Board);</p> <p>Plymouth System Improvement Board</p>

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
		accelerating the implementation of the NHS Five Year Forward View to meet the increasing health and care needs of the population – while ensuring services are sustainable and affordable.	
<p><b>4. Improving Outcomes for Children</b></p> <p>i) Torbay contractual arrangement:- Plymouth City Council entered into a formal contractual arrangement to manage Torbay Council's Children's Services on 1 April 2018.</p> <p>ii) Reduction in the quality of education provision negatively affecting level of pupil attainment:- The educational landscape has undergone considerable change in the last nine years. The school system is now described frequently as fragmented and one in which the creation of diversity and choice have at times overtaken excellence or equity. The city hosts a range of different types of settings and schools catering for the needs of children aged three – nineteen. Seventy five percent of these schools are academies and are not therefore directly accountable to the council for standards. This leaves us with the duty to promote better outcomes for children and young people and the role of 'champion for children' irrespective of the school they attend, but few of the powers to tackle underperformance.</p>	Director of Children's Services	<p>The Children and Young People's Plan (CYPP) is a strategic framework and describes the joint agency approach in the local authority area for services to children and young people. It sets out the vision and key priorities agreed by those agencies in helping children and young people to achieve the best outcome.</p> <p>Every council has to set up a Safeguarding Children <u>Board</u> responsible for improving the wellbeing of children in the area. The boards are multi-agency and include representatives from partner organisations.</p> <p>Contractual agreement with Torbay is in place with comprehensive risk management arrangements and governance structure involving both councils at officer and political levels.</p> <p>The Plymouth Board of Education is a partnership designed to ensure that clear lines of accountability exist for all educational providers as well as being a catalyst for educational improvement that is strategic in nature, coherent and carefully planned to meet the needs of all learners.</p>	Plymouth Safeguarding Children Board; Plymouth Education Board
<p><b>5. Leaving the European Union</b></p> <p>Failing to, or inability to understand impacts of Brexit in light of current uncertainty and lack of government guidance adversely affects the Council's ability and capacity to manage changes and deliver its objectives.</p>	Assistant Chief Executive	Active scenario planning has been undertaken by members of the Brexit Officers Working Group. The Group is informed by a Brexit specific risk register which also links to department operational risk registers.	Brexit, Infrastructure and Legislative Change Overview and

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
			Scrutiny Committee
<p><b>6. Information Governance</b></p> <p>The Council not meeting its obligations to keep citizen data secure in line with Data Protection Act 2018 Regulations (GDPR).</p> <p>The volume of Data Protection requests has increased by 55% in the last year, with changes in the data protection act resulting in a reduction in time to complete these requests.</p>	Strategic Director of Customer and Corporate Services	<p>The protection of sensitive information is a continuing process. An Information Lead Officer working group comprising of Information Lead Officers from each directorate is responsible for delivery of actions. The group report to the Senior Information Risk Owner who is a member of the senior management team. An annual report is also presented to the Audit and Governance Committee.</p> <p>A review of all processes within the Information Governance Team is being undertaken with a view to implementing efficiency improvements to help manage the increase in Data Protection requests.</p>	Audit and Governance Committee
<p><b>7. The Regional Partnerships Agenda and Plymouth Family Company Arrangements</b></p> <p>The regional partnerships agenda is highlighted as one of the priorities to continue to progress in 2019/20 in terms of the Council's regional influence.</p>	Chief Executive / Corporate Management Team	<p>The Partnership agenda is actively managed by the Chief Executive and Corporate Management Team directly related to the ambitions of the Plymouth Plan 2019-2034.</p> <p>Progress by the key partnerships against objectives and targets is monitored by scrutiny, via corporate performance monitoring arrangements. Progress by the Health and Wellbeing Board is monitored by that board at its regular meetings. Safeguarding Board issues are reported to the Safeguarding Assurance Board.</p> <p>Each of the family of companies is responsible for reviewing its own internal control arrangements, as separate legal entities.</p> <p>The Chief Executive Office will be supporting the Service Director for Finance in establishing a Company Oversight Group to improve elected-member oversight</p>	Corporate Management Team; Scrutiny; Health and Wellbeing Board; Safeguarding Assurance Board

Key Delivery Area	Lead Officer	Assurance Statement	Reporting Through
		of the family of companies, specifically those which the council controls as a shareholder/owner.	

Key Improvement Area	Lead Officer	Assurance Statement	Reporting Through
<p><b>8. Use of Vibration Tools</b></p> <p>Ensuring the Council meets its legal and regulatory health and safety duties under the Control of Vibration at Work Regulations 2005 and the Health and Safety at Work Act 1974 Section 2, following an Improvement Notice served by the Health and Safety Executive (HSE).</p> <p>The Control of Vibration at Work Regulations 2005 requires that employers must assess and identify measures to eliminate or reduce risks from exposure to hand-arm vibration with the aim to protect employees from risks to their health.</p>	Service Director for Street Services	<p>Ongoing review of risk assessments and actions takes place. The Head of Health, Safety and Wellbeing Assurance is a Business Partner on the Street Services Working Group.</p> <p>The HSE Improvement Notice was lifted in April 2019 following a visit to several sites by the HSE inspector. The investigation into the material breach is ongoing and until this is completed the Council will not know if a criminal prosecution will follow.</p>	<p>Health, Safety and Wellbeing Steering Group;</p> <p>Health, Safety and Wellbeing and Street Services Working Groups</p>