

# ANNUAL GOVERNANCE STATEMENT

## Introduction

The Leader of the Council (Councillor Alex Rennie) and Interim Chief Executive (Kim Sawyer) both recognise the importance of having good systems in place to manage and deliver services to the residents of Havant Borough. Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. This AGS is in respect of 2021-22.

The Council also publishes an Annual Statement of Accounts which provides further information on the opportunities and challenges faced by the Council.

## The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. The framework brings together an underlying set of legislative requirements, good practice principles and management processes and enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities.

The risk management processes and other internal control systems such as standards of conduct and audit form part of this framework. Members and senior Officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Management Team which comprises the Chief Executive, Executive Heads, Chief Finance Officer (Section 151 Officer) with advice and guidance provided by the Monitoring Officer. The Management Team is further supported and provided with assurance by the Corporate Governance Board.

## Governance during Covid-19

The year 2021-22 although not as impacted as the previous year has still been characterised by the challenges around delivering services while maintaining good governance during the Covid-19 pandemic. The Council has continued to operate through a remote and/or hybrid way of conducting business. Council meetings have moved back to in-person meetings, as required by law, however, meetings continue to be live-streamed over the internet and officers often attend remotely if not in person. The majority of our staff have been working remotely, with all statutory Council services continuing to be delivered throughout the year.

The requirements of responding to Covid have reduced over the year, although during the early part of 2021-22 business grants were still being provided, and the elections in May 2021 were run successfully, adhering to all Covid requirements.

Internal audit have provided assurance on our approach to Covid-19 business grants through an internal audit which gave a 'substantial' rating with three management actions, all of which have been completed.

## Governance during the transition from shared management to a standalone Council

In January 2022, after a 12 year partnership, Havant Borough Council and East Hampshire District Council announced that it was the right moment to establish their own management teams so they could focus on their different strategic priorities and deliver outcomes for their communities more quickly.

On 26 January 2022 at an extraordinary Full Council meeting it was formally agreed that Havant Borough Council would be withdrawing from its joint management agreement with East Hampshire District Council, subject to a

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business case which would be brought forward at earliest opportunity. East Hampshire formally agreed to withdraw at its meeting on 20 January 2022.

During February business cases and an options appraisal was worked up for consideration by Cabinet and then Council. In addition, CIPFA were engaged to produce a financial review of both authorities. The CIPFA review formed part of the business case and options appraisal for withdrawal and confirmed from a financial perspective Havant Borough Council could operate as a standalone Council. During the process staff were kept updated on progress through regular staff briefings, Q&As being published and a special section on the staff intranet (Skoop+) which contained all the relevant information and reports for staff to review.

On 16 March 2022 Havant Council approved the preferred option and business case for managing the transition and withdrawal from the joint management and shared staffing arrangements at both authorities and move towards a standalone Council. East Hampshire approval followed on 17 March 2022. The Council meeting reviewed the business case, options appraisal and report from CIPFA in making its decision. During the initial decision making process, Kim Sawyer was confirmed as the Acting Chief Executive at Havant and Gill Kneller the Chief Executive at East Hampshire.

Following the formal decision in late March, work was put in place to progress the transition to ensure the ending of shared management arrangements and establishment of new management structure to be in place during the course of 2022/23. At this stage Kim Sawyer was confirmed as the Interim Chief Executive of Havant Borough Council. The next Annual Governance Statement for 2022/23 will provide further narrative on the governance process of the transition once it has been completed in full by December 2022. In addition, an area for improvement within this governance statement is the management of the transition and ensuring the right governance process is in place for ensuring a smooth transition covering people, systems and processes.

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## How do we know it is working?

The annual process that we use to maintain and review effectiveness of our governance arrangements includes a wide input.

### Procedures, rules and internal management processes

- Delivery of Corporate Strategy priorities
- Services are delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effective internal controls
- Community engagement and public accountability
- Shared service governance
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Training and development of Members and Officers
- Compliance with laws and regulations, internal policies and procedures

### Sources that provide assurance

- Constitution (including statutory officers, scheme of delegation, financial management and procurement rules)
- Council, Cabinet, Committees and Panels
- Corporate Governance Board
- Quarterly healthcheck reports
- Joint Human Resources Committee
- Management Team
- Project management methodology
- Strategic Projects Board
- Performance Management Framework
- Medium Term Financial Strategy
- Complaints system
- Head of Paid Service, Monitoring Officer and S151 Officer
- HR policies and procedures
- Whistleblowing and other policies countering fraud
- Staff and Member training
- Codes of conduct
- Internal audit
- External audit

### Ongoing assessment of our effectiveness

- Annual Governance Questionnaire
- Regular performance and financial reporting
- Annual financial report
- External audit reports
- Internal audit reports
- Officer governance groups
- Customer feedback
- Council's democratic arrangements including scrutiny reviews and the audit committee
- Staff surveys
- Community consultations

### 2021-22 areas identified for improvement in 2022-23

Transition to standalone Council

Review of Budget and MTFS

Review of Corporate Governance arrangements

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## How we apply the governance framework to the Local Code of Corporate Governance

The Council aims to achieve effective corporate governance through the Local Code of Corporate Governance. The table below highlights examples of how the Council has adhered to its governance commitments as set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

<b>A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW</b>	
<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<p>There are codes of conduct in place for all Councillors and Officers which can be found in Part 4 of the Constitution. The Council has appointed independent persons to investigate any allegations of misconduct, and the Standards Committee receives regular reports from the Monitoring Officer on any complaints regarding Councillors.</p> <p>The Council's Constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. The Constitution also contains the policies for anti-fraud and corruption, anti-bribery and whistleblowing. A comprehensive review of the Constitution took place in 2020-21 to ensure that it is an effective and up-to-date document and the new Constitution became effective during 2021-22. The Constitution will be further reviewed and updated to reflect the transition to a standalone Council during 2022-23.</p> <p>All Council employees have clear conditions of employment, and roles and responsibilities are set out in job descriptions. Mandatory performance objectives are set for all staff which ensure compliance with data protection law, Health and Safety regulations, and the Council's Safeguarding Policy. Staff must also undertake mandatory e-learning courses throughout the year on such topics to ensure their knowledge and understanding is up to date.</p> <p>There is a requirement for Councillors to make a Declaration of Disclosable Pecuniary Interests within 28 days of taking office and to notify the Council of any changes to the interests made in this declaration within a specified time period. Councillors must also disclose interests which are not registered but which are relevant to matters to be discussed at a meeting of the authority. Councillors are barred from participating in any discussion on, or voting on, the matter in relation to which the Member has a disclosable pecuniary interest. There is an up-to-date register of gifts and hospitality, and an annual register of declarations. Any declarations of interest made during meetings are recorded in the minutes.</p> <p>The Council has in place a complaints procedure including weekly reminders to relevant managers responsible.</p> <p>The Council has a Monitoring Officer who is a member of the Management Team. They are kept appraised on the Council's projects and actions and are ultimately responsible for legal compliance. The Monitoring Officer also chairs the Corporate Governance Board. During 2021-22 this role was shared with East Hampshire District Council, however going forward will be solely Havant employed.</p> <p>Statutory officer roles are the Head of Paid Service who is the Chief Executive, the Chief Financial (S151) Officer, who carries overall responsibility for the Council's financial administration, and the Monitoring Officer, who ensures the Council acts lawfully. The Data Protection Officer is also a statutory role under the new GDPR legislation. These statutory roles were shared with East Hampshire during 2021-22, however going forward will be solely Havant employed.</p>	<p><a href="#">Councillor Code of Conduct</a> <a href="#">Staff Code of Conduct</a></p> <p><a href="#">Standards Committee</a></p> <p><a href="#">Audit &amp; Finance Committee</a></p> <p><a href="#">Constitution</a></p> <p><a href="#">Anti Fraud &amp; Corruption Policy including Fraud Response Plan</a> <a href="#">Whistleblowing Policy</a></p> <p><a href="#">Declarations of interest</a></p> <p><a href="#">Complaints procedure</a></p> <p><a href="#">Management structure</a></p>

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<b>B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT</b>	
<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<p>The Council has laid out its purpose, direction, vision and objectives in its Corporate Strategy which can be obtained either on the Council's website or from the Council's offices. The Council Corporate Strategy is reviewed on a regular basis. During 2021-22 the Corporate Strategy received a comprehensive refresh and a new, updated Strategy was produced and approved by full Council in February 2022.</p> <p>The Council is committed to transparency and an open culture and publicises information in line with the publication scheme under the Freedom of Information Act. In addition, we subscribe to the government's transparency agenda and publish information such as remuneration for senior management and information on items of expenditure over £500.</p> <p>The Council's democratic function is responsible for ensuring agendas and key decisions are published in line with the statutory legal requirements. They are also responsible for supporting the scrutiny function of the Council and publishing a corporate calendar of dates annually. During the Covid-19 pandemic, Council meetings were held remotely and/or in a hybrid manner according to government guidance and legislative requirements at the time, and these have been livestreamed via the Council's website which has resulted in increased public engagement with these meetings. Meetings are now held face to face, however, continue to be livestreamed for the public to view.</p> <p>The Council usually carries out a residents' survey every two years, but during the Covid-19 pandemic has increased the frequency to be able to monitor the concerns and feelings of residents as the situation changes. A full residents' survey is planned for 2022-23.</p> <p>In addition to the publication of the residents' magazine, called 'Serving You', which is translated into accessible formats, the Council has a Facebook page and Twitter feed which is actively promoted and used. To promote transparency and wider engagement with Council decisions, residents can use social media such as Facebook, Twitter, LinkedIn and Instagram to get updates from and interact with the Council.</p> <p>The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as Council Tax and Waste and Recycling, can be accessed quickly and easily from the homepage. During the Covid-19 pandemic, the Communications team have made regular updates to dedicated pages on the website to provide residents and business with reliable information on legislative changes and public health guidance as it has shifted throughout the year.</p> <p>The Statement of Accounts provides a clear summary of the Council's activity over the previous year, so that residents can see where money has been spent and what this has achieved.</p> <p>The Council has a joint venture partnership (Norse South East) for waste collection which is governed by the Norse South East Board. There are members from Norse Commercial Services and the Council on the Board. Norse South East is responsible for the procurement and efficient management of waste and recycling collections, street cleaning, public convenience cleansing, grounds maintenance and associated service facilities for the treatment and disposal of residual waste.</p>	<p><a href="#">Corporate Strategy</a></p> <p><a href="#">Freedom of Information</a></p> <p><a href="#">Committees and Papers</a></p> <p><a href="#">Residents' Survey</a></p> <p><a href="#">Serving You magazine</a>  <a href="#">HBC Facebook</a>  <a href="#">Twitter</a>  <a href="#">Instagram</a></p> <p><a href="http://www.havant.gov.uk/">http://www.havant.gov.uk/</a></p> <p><a href="http://www.havant.gov.uk/accounts">http://www.havant.gov.uk/accounts</a></p> <p><a href="http://norsesoutheast.co.uk/">http://norsesoutheast.co.uk/</a></p>

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<b>C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS</b>	
<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<p>A refreshed Corporate Strategy has been developed and was approved in February 2022; the refreshed Corporate Strategy contains the following themes:</p> <ul style="list-style-type: none"> <li>• An environmentally aware and cleaner Borough</li> <li>• A safe environment, healthier and more active residents</li> <li>• A thriving local economy</li> <li>• A revitalised borough with infrastructure that meets our ambitions</li> <li>• A responsive and commercial council</li> <li>• A quality home for all</li> </ul> <p>These evidence based themes are used to guide the Council's corporate planning and decision making.</p> <p>The Council has also developed a Digital Strategy which supports the Corporate Strategy delivery and to create digitally 'savvy' staff and councillors and services designed to be accessible and convenient for our customers.</p> <p>The Council takes an annual approach to business planning, allowing a close link between business and financial planning. The Medium Term Financial Strategy is reviewed annually and forms the basis of the annual budgeting process.</p> <p>The Corporate Strategy has been prepared to detail the key actions that are required to deliver the overall strategy. Within the Corporate Strategy actions are listed under each theme to be delivered over the initial six months, over the financial year and over the next three years. Progress against the objectives in the Corporate Strategy is reported quarterly. Each service's Key Performance Indicators are monitored corporately and reported to the Management Team on a quarterly basis to ensure that the objectives in the Corporate Strategy are on target. Monthly financial forecasts are submitted to the Management Team and quarterly to Councillors alongside the quarterly performance report.</p> <p>The Council's budget report contains a summary of the budget that has been set for Havant Borough Council for 2021-22, as approved by the Council on the 24th February 2021. It shows on what service areas money is spent, and how this expenditure is funded. Also within this document is information showing the forecast financial position over the next five years, taking into account changes in government funding, other income and spending. The most recent budget for year 2022-23 was approved by the Council on the 23<sup>rd</sup> February 2022. This budget included a commitment to establish a Budget Working Group to review the Medium Term Financial Strategy to ensure the Council is in a strong financial position going forward.</p> <p>The Council uses evidence based insight to inform decision making and uses the data available to understand residents and local businesses better. The Council is committed to consulting with and engaging with residents and local businesses in the planning and delivery of services to meet the needs of the community.</p>	<p><a href="#">Corporate Strategy</a></p> <p><a href="#">Digital Strategy</a></p> <p><a href="#">Council Budget</a></p>

<b>D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES</b>	
<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>

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<p>The Council has a Medium Term Financial Strategy (available on the Council's website as part of the budget for the forthcoming year) which is used to align resources to key priorities.</p> <p>The Council has report templates to ensure authors cover all the requirements to enable a decision to be made; they include options appraisal (if required), cost and risk analysis in addition to key signatories such as legal and finance and must include the portfolio holder. This process has been significantly improved in recent years to increase the robustness of decision making.</p> <p>All decision-making meetings are held in public and decisions made by Cabinet members and Officers are published in line with the statutory legal requirements, although some items are considered as exempt. Minutes of all Council meetings are made available to the public, and members of the public have the opportunity to contribute to Council meetings.</p> <p>The Council has a complaints and feedback system, which records and monitors customer comments, complaints and requests for information.</p> <p>The Council has an internal audit service sourced through the Southern Internal Audit Partnership. The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. Audit recommendations are monitored to ensure that they are completed by the service within a reasonable timeframe, and any actions which are not completed are reported to the management team.</p> <p>The Overview &amp; Scrutiny Committee has responsibility for the performance of overview and scrutiny functions under the Local Government Act 2000 Section 9F. The role of Overview &amp; Scrutiny Committee is to hold Cabinet decision makers to account by monitoring and scrutinising the decisions being made, both before and after they take effect. Members of the Overview &amp; Scrutiny Committee must not be members of the Cabinet and, where possible, should be from different political parties.</p>	<p><a href="#">Medium Term Financial Strategy</a></p> <p><a href="#">Council Decisions</a></p> <p><a href="#">Complaints procedure</a></p> <p><a href="#">Internal audit</a></p> <p><a href="#">Overview &amp; Scrutiny Committee</a></p>
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E. DEVELOPING THE COUNCIL'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT	
How the Council meets these principles	Where you can see Governance in action
<p>As noted above, during 2021-22 the Council had a joint management team with East Hampshire District Council made up of the Chief Executive, Chief Finance Officer (S151 Officer), Executive Director and the Heads of Service, most of which are shared with East Hampshire District Council. The costs of all shared management posts were shared between the Councils. Going forward as part of the transition to a standalone Council Havant will have its own dedicated management team and this will be in place during 2022-23. The new management team will be solely focussed on delivering the priorities of Havant Borough Council.</p> <p>A number of the Council's corporate services are delivered through the 5 Councils Partnership with Capita which is monitored via a shared Client Team.</p> <p>The Council has a performance management framework which includes a comprehensive induction programme for new starters. Performance appraisal processes for all employees include regular 1:1 meetings with line managers and assessment against the Staff Competency Framework. In 2021-22 new mandatory e-learning courses were introduced for all staff (including health and safety, equality and diversity, and time management), alongside the ongoing</p>	<p><a href="#">Management structure</a></p>

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<p>leadership development programme, business continuity and emergency planning training, and specialist professional training for frontline services.</p> <p>Following the Borough Council elections, all Councillors are required to undertake a comprehensive training programme which ensures that they have an understanding of the procedures and protocols of the Council. This may include training on planning and licensing matters and Councillors are not allowed to sit on the Planning or Licensing Committees until such training has been undertaken.</p> <p>In addition to the compulsory training, a series of other courses and events are also offered. Under the Councillor Development Programme and accompanying Competency Framework, during the course of a Councillor's four year term of office, regular skills audits are undertaken to identify any new skills requirements or refresher training requirements.</p>	<p><a href="#">Councillor Competency Framework</a></p>
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<b>F. MANAGING THE RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT</b>	
<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>
<p>The Council ensures that the roles and responsibilities for decision making and governance arrangements are defined and allocated, so that there is clear accountability for decisions made and actions taken. The Council does this by appointing a Leader and a Cabinet, which allocates specific executive responsibilities.</p> <p>There are also a number of committees appointed to discharge regulatory and scrutiny functions. Each committee has clear terms of reference setting out roles and responsibilities. All leadership roles, the roles of key Officers and the Council's Scheme of Delegation are set out within the Council Constitution.</p> <p>The Cabinet operates within the policy framework set by Full Council, and makes key decisions. All Cabinet meetings are held in public, with the exception of exempt items. All decision records are publicly available, and the Forward Plan and Key Decision notice is published on the Council website. Decisions made by Cabinet can be called in for review by the Overview &amp; Scrutiny Committee. Decisions can also be made by Officers under delegated powers and reported to Councillors in line with the Council Constitution. Authority to make decisions is given in the Scheme of Delegation and by specific delegation by Cabinet or Council.</p> <p>Risk is considered and recorded as part of the business planning process, and monitored throughout the year as part of the quarterly review of performance and financial management (quarterly performance report). The Council has a wide range of performance indicators, which are used to measure progress against the Council's priorities. Performance indicators are reported quarterly to the the senior management team, to Audit and Finance Committee, and informally to Cabinet. Performance indicators clearly link individual services to the corporate objectives and include details of national and local performance indicators and risk. Performance indicators are reviewed annually as part of the business planning process to ensure they continue to be relevant and stretching.</p> <p>A Corporate Governance Board has been established with an objective of providing a pragmatic layer of assurance to the business. Specifically, the Corporate Governance Board ensures that the organisation develops and implements an effective approach to corporate governance which enables the business and affairs of the Council to be carried out, directed and managed with the objective of enhancing value to the public. This will be underpinned by the Local Code of Corporate Governance. In addition, the Corporate Governance Board is responsible for ensuring that an adequate risk management framework</p>	<p><a href="#">Council structure</a></p> <p><a href="#">Committee structure</a></p> <p><a href="#">Forward Plan</a></p> <p><a href="#">Corporate Governance Policy</a></p> <p><a href="#">Local Code of Corporate Governance</a></p>



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and associated control environment exists within the Council, and for monitoring the arrangements in place for the identification, monitoring and management of risks. The Board's Terms of Reference will be reviewed in light of the management team changes and move to a standalone Council during 2022-23.

The Council has in place a number of policies and procedures to ensure decisions made are robust. These include the Finance and Contracts Procedure rules in the Constitution. Compliance with these policies is the responsibility of all Officers.

[Policy Hub](#)

## G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

### How the Council meets these principles

### Where you can see Governance in action

The Council publishes the Statement of Accounts annually within the statutory timescales. Accounting statements incorporate the full requirements of best practice guidance.

[Statement of Accounts](#)

The Council has an Audit and Finance Committee to provide assurance to the Council on the effectiveness of internal audit and the robustness of the Council's Annual Accounts. Risk management is controlled through the Corporate Governance Board and reported to the management team through the quarterly performance report. Risks rated as above the risk threshold are reported as part of the quarterly performance report to Councillors.

[Audit and Finance Committee](#)

Full Council is responsible for agreeing new policies and amendments to existing policies. It also sets out the policy and budget framework, and approves the annual budget. Audit and Finance Committee approves the Statement of Accounts.

[Full Council](#)

The Council is subject to independent external audit currently by Ernst & Young. The external audit plan outlines the work undertaken and the timing of external audit reports.

The Council supplements this work with an internal audit service sourced through the Southern Internal Audit Partnership. The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. This minimises the risk of fraud and error, and provides management with assurance that policies and procedures are robust. The Chief Internal Auditor is required to provide a written status report to the management team, summarising the assurance opinions arising from the internal audit reviews carried out during the year.

[Internal audit](#)

The Audit and Finance Committee undertake the core functions of an audit committee.

The Council has appointed the Chief Finance Officer as the Section 151 Officer with the statutory responsibility for the proper administration of the Council's financial affairs.

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## Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the following areas:

Area	Review of effectiveness
Political leadership	<ul style="list-style-type: none"> <li>Following the agreement of the new Constitution the various Council committees were amended in 2020-21. During 2021-22 the new Committee structure was fully established and in operation. The Overview &amp; Scrutiny Committee is responsible for monitoring, scrutinising and holding the decision makers to account. The Audit and Finance Committee ensures that the internal and external audit reports it receives are robust and provides assurance to the Council that the governance processes in place are sufficient. The role of the Standards Committee is to monitor standards of conduct of Members and advise the Council on probity issues.</li> <li>A significantly improved Councillor Development Programme has been developed with mandatory and optional training modules. This is being rolled out to ensure that Members are equipped with the right skills and knowledge to be able to fulfil their duties.</li> <li>A new Corporate Strategy covering the period from 2022 to 2025 was developed and approved during 2021-22, to ensure that it best reflects the Council's ambitions for the Borough in the coming years. All councillors were given an opportunity to comment on the draft of the Corporate Strategy. The Corporate Strategy is a key strategic document that articulates the vision, values and priorities of the organisation and provides a framework for putting the Council's resources to best use.</li> <li>During the year the Overview &amp; Scrutiny Committee considered numerous items, including quarterly reviews of the Shaping our Future programme and Regeneration programme. Post-scrutiny items included the distribution of business grants during Covid and pre-scrutiny items included the Climate Strategy, the budget and various projects within the Regeneration programme. The full year end Overview &amp; Scrutiny Committee report can be viewed here: <a href="https://havant.moderngov.co.uk/documents/s44656/HBC%20Annual%20Scrutiny%20Report.pdf">https://havant.moderngov.co.uk/documents/s44656/HBC%20Annual%20Scrutiny%20Report.pdf</a></li> </ul>
Officer leadership	<ul style="list-style-type: none"> <li>The Council's Constitution underwent a comprehensive review in 2020-21, led by the Monitoring Officer, to ensure that it remains an effective and up-to-date document, and a revised version was approved in January 2021 and came into effect in March 2021 and this was in full operation during 2021-22. The document has been modernised and streamlined in order to make it easier to understand and to put into practice and its introduction is being accompanied by training to ensure that the new version is embedded.</li> <li>The Corporate Governance Board covers matters of governance covering risk, health and safety, business continuity, emergency planning, information governance and financial risk. Updates are also provided to Audit and Finance Committee through the quarterly performance report which has undergone significant improvements during 2020-21 both in format (with a colour-coded dashboard format now being used to show the performance of different services) and content (with an extended range of quantitative performance indicators now being included). During the year further work on improving performance reporting started with a view to introducing a new performance approach for 2022-23. The Corporate Governance Board Terms of Reference will be reviewed to reflect the new management arrangements to be put in place for 2022-23.</li> </ul>
Internal assessment and monitoring	<ul style="list-style-type: none"> <li>There are regular reporting arrangements in place regarding the financial affairs of the Council. The budget for 2021-22 was agreed by Full Council on 24 February 2021 and financial performance is reported on a quarterly basis to Members.</li> <li>Effective operation of the Performance Management Framework throughout the year: monitoring information on key areas of performance has been provided by the Governance Hub for review and action. The majority of service performance indicators were met during the year.</li> <li>The Annual Governance Questionnaire is a survey run every January which asks officers for their self-assessment of the effectiveness of governance arrangements in their service area. Participation has improved in recent years following the extension of the questionnaire to all staff to reflect that good governance is everyone's responsibility - the number of responses received for the January 2022 survey had</li> </ul>

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	<p>decreased slightly (13% down) compared to the 2021 survey, although responses were still significantly above the 2020 survey. The results of the questionnaire highlighted the following:</p> <ul style="list-style-type: none"> <li>○ There were reasonable levels of confidence in governance arrangements, indicated by the majority of scores assigned to <b>1</b> ('Evidence of consistently meeting criteria') or <b>2</b> ('Meets criteria, but room for improvement').</li> <li>○ Areas of strength: <ul style="list-style-type: none"> <li>▪ Regular meetings between managers and staff</li> <li>▪ Compliance with FOI procedure</li> </ul> </li> <li>○ Areas for improvement: <ul style="list-style-type: none"> <li>▪ Engaging with Members</li> <li>▪ Awareness of structure of council</li> <li>▪ Feedback from stakeholders</li> </ul> </li> <li>○ Significant changes from 2021 survey: <ul style="list-style-type: none"> <li>▪ Although still scoring relatively highly, there was a reduction in evidence of managers meeting to review performance regularly. This is likely as a result of the reliance on remote working and effects of 'working from home fatigue'.</li> <li>▪ A reduction in scoring on the question of seeking feedback from stakeholders when making service planning improvements and this likely reflects the Shaping our Future work and announcement on the movement to a standalone council.</li> </ul> </li> </ul> <p>Areas that scored poorly in the questionnaire will be targeted with a programme of improvements throughout 2022-23 and the questionnaire will be repeated to see if any trends can be identified. The survey was conducted at the time of the announcement of the split of shared arrangements and hence may have impacted on the responses from a number of staff, in particular around awareness of council structures and stakeholder engagement.</p>
Responsibilities of Chief Finance Officer (s151)	<ul style="list-style-type: none"> <li>• The Chief Finance Officer is the Responsible Financial Officer and is a member of the Management Team, reporting directly to the Chief Executive. They are responsible for delivering and overseeing the financial management arrangements of the Council. Havant Borough Council shared a Chief Finance Officer with East Hampshire District Council for 2021-22, although this will become a solely Havant post in 2022-23 onwards.</li> <li>• They are also responsible for ensuring alignment with the Code of Practice on Local Authority Accounting for 2020-21. Havant Borough Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2016).</li> </ul>
Internal audit	<ul style="list-style-type: none"> <li>• The Council's internal audit programme is provided by the Southern Internal Audit Partnership which is hosted by Hampshire County Council. An audit plan, based on a full risk evaluation, is approved annually.</li> <li>• Progress against the audit plan is reported quarterly to the Audit and Finance Committee. Any outstanding high risk actions are addressed as a matter of priority.</li> <li>• Internal audit attend Corporate Governance Board every quarter to provide an update on progress of management actions. Any outstanding actions are reported to the management team to ensure that these are escalated where necessary and completed within a reasonable timescale.</li> <li>• The Southern Internal Audit Partnership delivered 20 internal audit opinions over the course of the year ending 31 March 2021 with 2 'substantial' assurance reports, 14 'reasonable' assurance reports, 4 'limited' assurance report and no 'no assurance' reports. Additional reviews were conducted which did not lead to an audit opinion as they were advisory reviews and/or follow-up reviews.</li> <li>• The Chief Internal Auditor's annual opinion of Havant Borough Council's framework of governance, risk management and management control is reasonable and audit testing has demonstrated controls to be working in practice.</li> </ul>
External audit	<ul style="list-style-type: none"> <li>• The Council's external audit requirement is provided by Ernst &amp; Young LLP.</li> <li>• The role of external audit is to ensure that the Council's Accounts are free from material error, to provide a value for money conclusion and to certify key grant claims.</li> <li>• The Council's external auditor provided the Council with an unqualified opinion on the last set of accounts approved within their Audit Results Report.</li> <li>• Ernst &amp; Young LLP also provided an unqualified opinion of the Council's arrangements to secure Value for Money.</li> </ul>

# ANNUAL GOVERNANCE STATEMENT

## Last year's key improvement areas

In the 2020-21 Annual Governance Statement, three key issues were identified for improvement. Below are the issues and actions taken during 2021-22.

Improvement area	Issue of concern	Objective and actions taken
Embedding of revised Constitution including codes of conduct and structure of Council	Now that the new Constitution has come into effect, work must continue to ensure that the revised version is embedded and understood by all councillors and officers. This will be key to ensuring that the proper procedures are followed and that the framework of corporate governance remains strong.	Since adoption of the new Constitution there has been regular updates to senior officers and a rolling programme of training for Councillors
Review of the 2021/22 Medium Term Financial Strategy (MTFS)	Considering the recent pandemic response, ensure that the published MTFS remains robust.	During the year as part of the budget setting process it was agreed to establish a Councillor Budget working group to review the budget and MTFS with a mission to present a balanced MTFS going forward.
Review the governance arrangements for the 'Shaping our Future' programme	Ensure that the programme is well governed, with good control of investments and benefits.	<p>The Shaping our Future programme was subject to regular review at the Overview &amp; Scrutiny Committee during the year with quarterly updates provided, these were also provided to Cabinet.</p> <p>Going forward, the work done as part of Shaping our Future will be embedded into the transition and transformation programme of the Council and taken forward during 2022/23.</p>
Compliance with the CIPFA Financial Management (FM) Code	This Code comes into effect from 2022/23 and the Council will need to be compliant.	The (Joint) Councils prepared adequately for the CIPFA Financial Management Code. Havant Borough Council will continue to strengthen its Financial Management arrangements throughout 2022/23, as a standalone council, and will be fully compliant with the Code.

# ANNUAL GOVERNANCE STATEMENT

## Identified key improvement areas

The Council is generally satisfied with the effectiveness of corporate governance arrangements and internal control. As part of its continuing efforts to improve governance arrangements the following issues, as highlighted in this Statement, have been identified for improvement in 2022-23.

Issue of concern	Key improvement	Lead officer	Action required
Ensure a smooth transition to a standalone Council with appropriate governance in place	<p>The Council has committed to move towards a standalone Council, ending the current shared management arrangements with East Hampshire District Council.</p> <p>The move towards a standalone Council after 12 years of shared management presents a number of challenges that need to be overcome and carries a number of risks that will need to be appropriately managed.</p>	Chief Executive	<p>Establishment of a transition team and clear work programme to move towards a standalone Council.</p> <p>Establishment of new management structure and new team structures, where appropriate.</p> <p>Consideration of people, financial, process and IT implications of ending shared arrangements.</p> <p>Ensure appropriate communication plans are in place to ensure staff are kept informed of changes.</p>
Review of the 2022/23 budget and MTFS	The current MTFS as approved at Council in February 2022 highlights significant deficits in the years from 2023 onwards. Historically, although balanced budgets have been set there have been repeated forecasts of future deficits which need to be addressed.	S151 Officer	<p>Budget working group to review current budget and MTFS with the aim to balance the MTFS by October 2022.</p> <p>Finance to review the current budget in light of the move towards a standalone Council to ensure proposed structures are deliverable within the budgetary framework.</p>
Establishment of corporate governance arrangements	As the Council moves towards a standalone Council it is important to ensure that governance arrangements are in place and understood to ensure the smooth running of the authority.	Monitoring Officer	<p>Review the current Corporate Governance Board and ensure its replacement is fit for purpose.</p> <p>Review and ensure all statutory roles are appointed to.</p> <p>Ensure Constitution is updated to reflect new management structure and delegations are adequate.</p>

# ANNUAL GOVERNANCE STATEMENT

## Opinion

It is our opinion that corporate governance, along with supporting controls and procedures, is strong. We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed

CEO

Leader