

Please ask for:

Joe Martin

Direct dial:

(023) 9254 5651

Fax:

(023) 9254 5587

E-mail:

Joe.martin@gosport.gov.uk

16 April 2008

S U M M O N S

MEETING: Standards and Governance Committee
DATE: 24 April 2008
TIME: 6.00pm
PLACE: Council Chamber, Town Hall, Gosport
Democratic Services contact: Joe Martin

BOROUGH SOLICITOR

MEMBERS OF THE COMMITTEE

Independent Members

Mr R V Perry (Chairman)	Vacancy
Councillor Carr	Councillor Smith
Councillor Kimber	Councillor Wright
Councillor Langdon	Councillor Mrs Wright

FIRE PRECAUTIONS

(To be read from the Chair if members of the public are present)

In the event of the fire alarm (continuous ringing) or controlled evacuation alarm (intermittent ringing) sounding, please leave the room immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

Legal & Democratic Support Unit: Linda Edwards – Borough Solicitor
Switchboard Telephone Number: **(023) 9258 4242**
Britdoc Number: **DX136567 Gosport 2** Website: **www.gosport.gov.uk**

IMPORTANT NOTICE:

- If you are in a wheelchair or have difficulty in walking and require access to the Committee Room on the First Floor of the Town Hall for this meeting, assistance can be provided by Town Hall staff on request

If you require any of the services detailed above please ring the Direct Line for the Democratic Services Officer listed on the Summons (first page).

NOTE:

- i. Members are requested to note that if any member wishes to speak at the meeting then the Borough Solicitor is required to receive not less than 24 hours prior notice in writing or electronically and such notice shall indicate the agenda item or items on which the member wishes to speak.
- ii. Please note that mobile phones should be switched off for the duration of the meeting.

AGENDA

RECOMMENDED
MINUTE
FORMAT

PART A ITEMS

1. APOLOGIES FOR NON-ATTENDANCE

2. DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter, any personal or personal and prejudicial interest in any item(s) being considered at this meeting.

3. MINUTES

To approve as a correct record the Minutes of the Committee meeting held on 20 March 2008 (copy attached)

4. DEPUTATIONS – STANDING ORDER 3.5

(NOTE: The Committee is required to receive a deputation(s) on a matter which is before the meeting of the Committee provided that notice of the intended deputation and its object shall have been received by the Borough Solicitor by 12 noon on Tuesday, 22 April 2008. The total time for deputations in favour and against a proposal shall not exceed 10 minutes).

5. PUBLIC QUESTIONS – STANDING ORDER 3.6

(NOTE: The Committee is required to allow a total of 15 minutes for questions from Members of the public on matters within the terms of reference of the Committee provided that notice of such Question(s) shall have been submitted to the Borough Solicitor by 12 noon on Tuesday, 22 April 2008).

6. PRESENTATION BY MAZARS ON ANNUAL AUDIT AND INSPECTION LETTER AND AUDIT INSPECTION PLAN

Part II

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work. Incorporated within the report is an assessment of the Council's Use of Resources position.

Contact Officer:
Peter Wilson
Ext 5301

7. INTERNAL AUDIT PROGRESS REPORT FROM 31/12/2007 – 31/03/2008

Part II

This report tables the performance of the Internal Audit Section in the period to week 52 (1st April – 31st March 2008) against the agreed audit plan to the Members with responsibility for governance. The report also provides an independent internal audit opinion on the overall control environment based on coverage for the full year, and finally, provides Members with a table of all recommendations compared against last year.

Contact Officer:
Chris Davis
Ext 5306

Standards and Governance Committee
24 April 2008

- | | | |
|-----|--|---|
| 8. | LOCAL GOVERNMENT OMBUDSMAN: CHANGES TO JURSDICTION AND OPERATION | Part II |
| | <i>To advise the Committee on the introduction of changes to the Local Government Ombudsman's (LGO's) jurisdiction and operation. A letter from the LGO to the Council's Chief Executive detailing these changes has been affixed as Appendix A.</i> | Contact Officer:
Linda Edwards
Ext 5400 |
| 9. | ARRANGEMENTS FOR THE ASSESSMENT AND HEARING OF COMPLAINTS ABOUT MEMBER CONDUCT | Part II |
| | <i>To update the Committee on the progress of arrangements for local assessment and hearing of complaints (Report to follow).</i> | Contact Officer:
Linda Edwards
Ext 5400 |
| 10. | STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN | Part II |
| | <i>It has been necessary to amend the Workplan in the light of additional unforeseen areas of work that must now be included, such as changes to the procedure for dealing with complaints (Report to follow).</i> | Contact Officer:
Linda Edwards
Ext 5400 |
| 11. | ANY OTHER ITEMS
<i>-which by reason of special circumstances the Chairman considers should be considered as a matter of urgency</i> | |

**A MEETING OF THE STANDARDS AND GOVERNANCE COMMITTEE
WAS HELD ON 20 MARCH 2008**

Councillors Carr (P), Kimber (P), Langdon (P), Smith, Wright (P) and Mrs Wright (P)

Independent Members: Mr R V Perry (P), vacancy.

41. APOLOGIES

An apology for inability to attend the meeting was received on behalf of Councillor Smith.

42. DECLARATIONS OF INTEREST

There were no declarations of interest.

43. MINUTES

RESOLVED: That the Minutes of the meeting of the Standards and Governance Committee held on 17 January 2008 be approved and signed by the Chairman as a true and correct record.

44. DEPUTATIONS

There were no deputations.

45. PUBLIC QUESTIONS

There were no public questions.

46. RISK MANAGEMENT UPDATE

Consideration was given to a report of the Head of Internal Audit and Risk Assurance that outlined the current position of risk management within the Council.

In answer to Members' questions, the Head of Internal Audit and Risk Assurance gave a brief outline of the way in which the Covalent system, referred to in paragraph 2.1 of his report, would be adapted to provide an on-line risk management system for the Borough. The live working site also referred to in paragraph 2.1 was Winchester City Council and officers would be undertaking training and study Winchester's use of the system. It was anticipated that Gosport Borough Council would be able to minimise some of the problems that could be encountered in changing to Covalent by learning from the experiences of officers at Winchester City Council.

A Member queried whether officer time should be allocated to Eastleigh Borough Council when paragraph 3.1 of the report referred to a potential threat to risk management if

insufficient officer time was available. It was confirmed that responsibility for risk management had been passed to the Financial Services Manager. It was also confirmed that he was fully trained in this key area of work.

RESOLVED: That agreement be given to the delayed proposed amendment to the risk management principles for the forthcoming year.

47. INTERNAL AUDIT PLAN 2008-2009

Consideration was given to a report of the Head of Internal Audit and Risk Assurance which provided the Committee with the planned annual coverage of Internal Audit resources for 2008-2009.

It was confirmed that it would be necessary to outsource an IT Audit specialist, as referred to in paragraph 2.2 of the report, as this was a specialist area of work and Gosport Borough Council did not have a member of staff with the necessary technical skill.

RESOLVED: That agreement be given without amendment to the 2008-2009 Internal Audit Plan as attached at Appendix One to the report of the Head of Internal Audit and Risk Assurance.

48. STANDARDS AND GOVERNANCE COMMITTEE WORKPLAN

Consideration was given to the Standards and Governance Committee Workplan.

The Borough Solicitor reported that she had been unable to bring a report to the Committee on the new Regulations and Guidance on Standards as they had not yet been published. She was expecting the Regulations to be available on the 24th April and would bring a report to the Committee as soon as possible.

In answer to a Member's question, it was confirmed that the Member/Officer Protocol was a Gosport Borough Council document and any breach would be dealt with internally without the need for referral to the Standards Board.

Members suggested that the dates of some of the Work Areas were no longer realistic as the Plan indicated a number of items to be completed by 24 April 2008. The Borough Solicitor advised that she would bring an amended Plan, showing revised dates and with completed items ticked, to the next meeting of the Committee. She pointed out that when the Plan had been devised she had not known that the regime for dealing with complaints would be changed.

RESOLVED: That an amended Workplan be brought to the next meeting of the Committee.

**49. CHAIRMAN'S URGENT ITEM
INDEPENDENT MEMBERS FORUM - EASTBOURNE**

By reason of special circumstances, the Chairman determined that this item be considered at this meeting notwithstanding the fact that the item had not been available for public inspection in accordance with the provisions of Section 100B(4)(a) of the Local Government (Access to Information) Act 1985.

The special circumstances were created by the fact that the Chairman wished to draw Members' attention to the discussions which took place at the Independent Members' Forum held in Eastbourne on 11 March 2008.

Consideration was given to the Chairman's report which noted the current position on Standards and Governance matters as reported at the above Forum.

Members discussed the difficulties that Gosport Borough Council would face in appointing the number of Independent Members required to service the expected four stage complaints procedure comprising referrals, assessments, re-assessments (if necessary) and appeals. The cost of such procedures would also have a significant impact on a small authority such as Gosport. It had been suggested that authorities should share Independent Members and appoint a dedicated officer to service the complaints procedures for each participating authority. The Borough Solicitor confirmed that there was to be a meeting of Monitoring Officers on 11 April 2008 and she would put forward Gosport Borough Council's willingness to co-operate with other authorities in Hampshire. However, she considered it would be unwise to share resources with an authority with parish councils as these could generate a considerable amount of work making such a partnership uneconomic for Gosport.

It was confirmed that no additional funds would be forthcoming from central government to cover the costs of the new complaints procedure and it was not possible to predict the amount of work it would generate. It was suggested that mediation could be a less onerous procedure to follow but the Borough Solicitor advised that the new legislation made no mention of a mediation process. Complaints may come from members of the public and they may be unwilling to go through a mediation process. Although the Regulations and Guidance on the new legislation was not yet available, the process would be a more formal, evidence based procedure than the current Complaints Procedure operated by the Council. The sanctions available were far greater as a Councillor could be suspended for a period of up to 6 months.

The Chairman thanked Members for their contributions to the discussion.

RESOLVED: That the Chairman's report on the current position on Standards and Governance matters, as reported at the Independent Members' Forum held on 11 March 2008, be noted.

The meeting commenced at 6.00pm and concluded at 6.26pm.

CHAIRMAN

Annual Audit and Inspection Letter

Date

Last saved: 27/03/2008 09:47:00

DRAFT

Annual Audit and Inspection Letter

Gosport Borough Council

- Audit Commission descriptor to be inserted by Publishing-

Document Control

Author

Author

Filename

GBC - Annual Audit and Inspection Letter 2006-07 final Mar 27.doc

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2007

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Key messages	4
Action needed by the Council	4
Purpose, responsibilities and scope	5
How is the Council performing?	6
The improvement since last year - our Direction of Travel report	6
Other performance work	13
The audit of the accounts and value for money	14
Looking ahead	18
Closing remarks	19
Availability of this letter	19

DRAFT

Key messages

- 1 The main messages for the Council included in this report are:
 - Gosport Borough Council can demonstrate good progress in meeting its priorities, such as community safety, housing, waste collection, street cleaning, social inclusion and equalities work. It still has some important issues to address such as poor satisfaction and recycling rates;
 - The external auditors have issued an unqualified opinion on the accounts for the year ended 31 March 2007 and concluded that there are adequate arrangements in place for ensuring value for money; and
 - The Council has achieved a score of two in the annual Use of Resources assessment.

Action needed by the Council

- Investigate reasons and identify solutions for poor satisfaction rates;
- Develop and implement a plan to increase recycling rates;
- Ensure adequate capacity to enable improvements in planning performance;
- Consult and communicate on plans to address budget deficits; and
- Continue to develop the approach to the management and use of resources, in particular the mechanisms for identifying future efficiency savings and value for money improvements.

Purpose, responsibilities and scope

- 2 This report provides an overall summary of the Audit Commission's assessment of the Council. It includes our review of how well the Council has progressed (our Direction of Travel report) and the auditors' assessment of how well the Council has managed its finances (the Use of Resources scores), and draws on the findings and conclusions from the audit of the Council.
- 3 We have addressed this letter to Councillors, as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 4 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. In addition the Council is planning to publish it on its website.
- 5 Your appointed auditors, Mazars LLP, are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditors review and report on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 6 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report.
- 7 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is the Council performing?

The improvement since last year - our Direction of Travel report

Summary

- 8 Gosport Borough Council can demonstrate good progress in meeting its priorities, although it still has some important issues to address.
- 9 Performance indicators show the Council as improving well in many service areas. It can demonstrate improvements in community safety, housing, waste collection, street cleaning, social inclusion and equalities work and several corporate health indicators. Progress to redevelop the Rowner estate continues positively. Most targets are being met and costs are generally low, showing the Council provides adequate value for money.
- 10 However, satisfaction rates are poor. Progress with health, leisure and tourism outcomes remain limited, and planning performance has declined significantly in the last six months. Recycling rates also remain below average. Financial capacity is currently sound, but the Council faces significant budget deficits from next year. Better political consensus is being achieved to allow the Council to make some important strategic decisions. However there remain major challenges for councillors in agreeing how to secure financial capacity to deliver priorities in the medium and longer term. The Gosport Partnership has started to tackle the residents' major concerns of transport and jobs. Although the solution to access problems is not resolved, the Council continues to liaise with the county council via the Partnership for Urban South Hampshire (PUSH) for a solution.

What evidence is there of the Council improving outcomes?

- 11 Performance indicators (PIs) show the Council is improving well, from an already good base. In 2006/07, 61 per cent of PIs improved from the previous year, compared to the district average of 58 per cent. It now has 37 per cent of PIs in the best 25 per cent of all councils, compared to 33 per cent of other councils. This shows the Council has improved more than many other councils. Top performing indicators include: new homes built on developed land; buildings returned to use; many planning and environmental PIs such as time to process applications, fly tipping, and the amount and cost of waste collected. Improvements have also been made in the past year to benefits, housing and corporate health indicators.
- 12 However, there are some areas of poorer performance. PIs comparable with the worst 25 per cent of councils for 2006/07 include: race equality checklist score; time taken to respond to complaints; collection of council and business tax; recycling rates; time to process benefits changes, planning appeals and urgent housing repairs completed on time. Satisfaction is poor with the Council overall as well as for waste, cleanliness, sports facilities and parks.

- 13 Its own performance analysis shows that most indicators are on track for 2007/08. This includes processing benefits, street cleanliness and planning appeals. However, performance is deteriorating with some corporate indicators such as percentage of black and minority ethnic and disabled staff as well as sickness rates. Planning speed has dropped significantly, and violent crimes and robberies are unlikely to decrease in line with targets.
- 14 In 2005 the Council agreed four strategic aims for the borough: People, Places, Prosperity and Pursuit of Excellence. Progress against each of these is assessed in the following commentary.

People

- 15 The outcomes the Council aims to deliver in this theme are: fewer instances of anti-social behaviour; less crime against people and property; and improved health and leisure facilities with increased usage.
- 16 The Council continues to successfully meet its community safety objectives. Significant investment over the past few years is now starting to improve crime figures. Processes for acceptable behaviour contracts and parenting contracts are now in place and adhered to by the Council and partners. It has also worked with the police to introduce drinking ban areas to curb anti-social behaviour. The Peninsula Project, a local project to prevent reoffending, has had much success and other councils are copying this approach. These initiatives have led to improvements in antisocial behaviour and crime as planned. For example, four out of the six key measured crimes have got better, with burglaries dropping from 15 to 9 per 1,000 households in 2006/07, and down to only 2.6 for the first half of 2007/08. However, violent crime increased over the past year and is unlikely to meet the 2008 target.
- 17 The Council can still only demonstrate mixed progress with its health and leisure facilities. Health inequalities, such as differences in life expectancy between income groups and above average teenage pregnancy rates, are prevalent in Gosport, and it is unclear how the Council is resolving this. The Council is working to influence the PCT over its decision to close Haslar hospital to ensure alternative solutions for health care are put in place. In the meantime, it has invested in part-funding a mental health outreach worker, which has helped prevent homelessness. The development of a replacement leisure centre has been problematic due to lengthy political disagreements over the future of the site. However, a recent compromise has been reached, and the Council still hopes to have a replacement built by 2010. The Explosion! museum has reduced its opening hours this year, although plans to transfer it to a new operator are now underway, and its re-launch should take place this year as planned. In the meantime, its visitor numbers are below target.

Places

- 18 The outcomes the Council aims to deliver in this theme are: improved access and reduced congestion; a high quality waterfront; a regenerated Rowner Village; improved recycling with less waste; and quality public areas and green spaces.

- 19** Access and congestion remain key challenges for the borough. Transport is one of the two main new priorities of the local strategic Gosport Partnership, which should ensure buy-in from some major partners towards tackling these issues. However, plans for a western relief road and a major public transport scheme, which would involve commitment from the county council, are not in place. In the meantime, the Council has started a travel study to combat congestion and has worked with partners to ensure improvements to a major roundabout. Other access issues include the ferry landing stage, which is an important method of transport between Gosport and Portsmouth, but is in need of repair. The future of this access point is a priority for the Council, but the £3 million needed for its replacement has not been identified to date.
- 20** Improvements have been made to the waterfront as planned. The conclusion of building agreements led to the opening of refreshment facilities at Stokes Bay and Lee-on-the-Solent in 2007. The redevelopment of Priddy's Hard is continuing on target, for example, with progress on the Explosion! museum mentioned above. This work is helping to ensure a high quality waterfront environment.
- 21** The long term regeneration of Rowner Village continues to show much progress. This major £140 million redevelopment has involved extensive partnership working and resident consultation. The project is going ahead as planned, with building due to start next year. In the meantime, the Council continues with its social inclusion work in the area, including many successful community safety initiatives, and support to its local carnival, although problems such as low educational attainment remain.
- 22** The Council's recycling rate remains poor, but the amount of waste collected is in the best 25 per cent of councils and costs remain low. Recycling rates only rose marginally to 24 per cent in 2006/07 and are still around this rate due to continuing contamination. Targets are unlikely to be reached this year. However, the amount of waste collected remains very low at only 344kg per head of population, coupled with low costs. Satisfaction with waste collection fell from 83 to a very low 59 per cent in 2006/07, although conversely, recycling satisfaction remains above average. The Council is continuing its public education campaign, including focusing on contamination of recyclables. It is also just about to start a pilot scheme for recycling in flats to help improve performance.
- 23** The Council continues to improve its public areas and green spaces, although satisfaction remains very poor. The percentage of land littered has reduced from 21 per cent to 9 per cent over the past 18 months, and problems with graffiti have been addressed in the last 6 months. Issues with contractor performance mean that grounds and housing maintenance work, such as grass cutting is below standard although this is being tackled by negotiating with contractors. Elsewhere, an audit of parks is underway, roundabouts have been newly landscaped and the Council has completed a 5-year £1million lottery project to improve its historic parks.

- 24 The Council's planning service maintained its good performance between 2005/06 and 2006/07, but the speed of applications has declined considerably in the last six months. The amount of appeals was very high in 2006/07 at 50 per cent, but is now on target at 0 per cent for the last 6 months. Sickness absences and a key resignation led to a delay in processing applications in the past 6 months, with for example, major applications decided on time falling from 80 to 33 per cent, and 'others' falling from 94 to 79 per cent. Temporary staffing arrangements are now in place to recover performance.

Prosperity

- 25 Outcomes for this theme are: improved social inclusion; better access to decent housing; improved promotion of tourism opportunities; a knowledge and skills base that matches the need of local businesses; and increased investment in Gosport's economy.
- 26 Much of the Council's social inclusion work is focussed on the deprived Rowner estate. As previously mentioned, this has led to reduced crime and antisocial behaviour. Elsewhere, the Council has installed information kiosks and continued to supported community events and the local voluntary association. It also set up a group to facilitate a better understanding between Turkish and British taxi drivers, and is on target to develop and implement partnership-based regeneration plans in three deprived wards this year. The Council is working hard behind the scenes to improve its knowledge of its communities, particularly harder to reach groups, and is pursuing its equality and diversity work with vigour.
- 27 The Council has ensured better access to housing. It completed a significant 217 affordable homes in 2006/07, provided a new hostel and introduced choice-based letting. It also continues to perform well with a low amount of vacant private-sector homes and a high amount of dwellings returned to occupation. Tenant satisfaction and the energy efficiency of their homes remains in the best 25 per cent of councils. Average length of stay in bed and breakfast accommodation and hostels remained slightly longer than average at 3.5 and 11 weeks respectively in 2006/07, although hostel stays have now fallen to 7 weeks.
- 28 Performance on processing benefits has improved in all areas over the past year. For example, accuracy of claims is now 99 per cent and the time taken to process new claims fell from 29 to 26 days - better than average performance - in 2006/07 and was 28 days as of October 2007. However, the time to process changes, although reduced from 20 to 14 days, is still comparable with the worst 25 per cent of authorities. A take-up campaign is being launched imminently.

- 29 Outcomes for tourism and increasing the skill levels of the community remain limited. For example, many of the actions to promote tourism and the economy involved carrying out audits, surveys and data gathering, and so it is unclear if this has boosted visitor numbers or the economy. However, the Council did enable two waterfront cafes to open this year, and the town's website gained a 'highly commended' award. The Council's business broker has also facilitated events and developed links between the business community and local schools, as well as levering in additional funding for local businesses. Although the Council can show it is investing in this area, it may take some time to achieve these priorities. Given that deprivation (as measured by the Indices of Multiple Deprivation) has increased, it is important the Council continues to focus on achieving outcomes.

Pursuit of Excellence

- 30 The Council aims to improve performance management and customer service, ensure trained, motivated staff and promote more effective decision making.
- 31 The Council has improved its service improvement planning and performance management system. There is better monitoring of the corporate plan, with a suite of outcomes, actions and position statements compiled regularly. For example, outcome statements, although in draft, are useful in highlighting the wide variety of actions that the Council has completed to improve its priorities. The Council has yet to link performance indicators closely to the corporate plan, which means it is difficult to assess or measure progress against priorities. However, a new management system is currently being populated, and the Council intends to use this opportunity to connect priorities to measurement more closely. It also realises the need to link plans more strongly to Local Area Agreement commitments. Finally, the Council has gathered baseline data from a wide variety of sources to develop its plans, including the Local Development Framework and new community strategy. Although there is still work to be done to embed the developments, this is an improvement on last year.
- 32 Customer service has improved. The Council has achieved a charter mark¹, set new customer standards and improved online services. It has installed self-service kiosks around the borough to help users access council services electronically, and refurbished its reception areas, which are now more accessible to disabled people. A young people's charter has been launched and a consultation policy is being approved. Staff have attended various training sessions, for example, on the Disability Equality Scheme. This has helped ensure that staff are motivated to deliver better customer service.
- 33 The planned review of democratic arrangements has been delayed until after the 2008 elections, although a revised councillor code of conduct has been adopted. This means that the Council's goal of more effective decision making cannot yet be fully demonstrated.

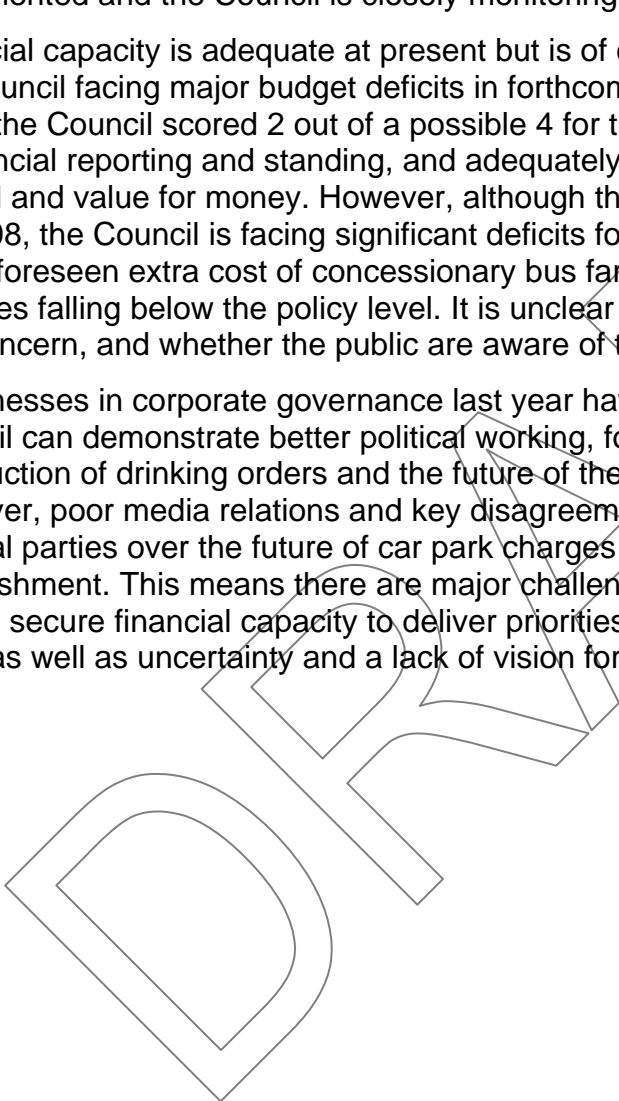
¹ Charter Mark is the government's national standard for customer service excellence.

- 34 The Council has made great progress in addressing equality and diversity issues this year. However, this has not yet had an impact on the Council's poor-performing equality indicators, and it remains at level 1 of the equalities standard. The Council's work has included: launching the disability equality scheme (DES); a customer care handbook including how to greet customers, with information on different races; a 'read text aloud' facility on the website; preparing Equality Impact Assessments for many services; and DES training for all staff. Workshops have led to practical improvements suggested by staff such as lowering council signs and its post-box, and installing more practical chairs in reception. Specific work has been done to engage the Polish community, several of whom attended one of the Council's advice days. However, councillors' involvement in equality issues is variable and many did not attend the DES training. The Council is now actively consulting on its draft race equality scheme and corporate equality policy which are due to be approved shortly. It is also hosting a community development worker on behalf of the county council, who has a remit to address mental health issues with the BME community. This focus on harder to reach groups helps to ensure fairer access to council services for all its citizens.
- 35 Value for money is adequate. Overall, the Council is aiming to ensure that expenditure, quality of service and satisfaction levels improve. Cost and performance in many services are good, such as waste collection and street cleaning. However, satisfaction in many areas - particularly with the Council overall, planning, waste collection, and leisure services - is low. For example, satisfaction with parks and open spaces is in the lowest 25 per cent of councils, but its cost per head of population is high, which does not demonstrate value for money. The Council is addressing this by benchmarking its services, keeping councillors regularly informed and ensuring robust performance management. It has also commissioned research to look further into the reasons for poor satisfaction. However, resources to improve VFM are limited and so the Council is focussing on addressing priority areas. A comprehensive procurement strategy is in place although no major benefits have yet been achieved.

How much progress is being made to implement improvement plans to sustain future improvement?

- 36 The Council has worked hard to engage its residents with community issues. After extensive consultation, the Gosport Partnership launched its new sustainable community strategy with agreed short-term priorities of transport and jobs. It has just started to focus on these two themes, and so has not yet agreed any smart targets for them. Nor does the strategy yet contain any strong links to the Local Area Agreement (LAA). In the meantime however, the partnership has developed a Children and Young People plan. The Council also welcomes the opportunity that the LAA will bring in helping to raise the low educational attainment that the borough experiences.

- 37 A key development in other partnership work this year has been the sharing of internal audit staff with a neighbouring district. This is due to be expanded and formalised shortly, for example, with a service level agreement. Joint building control services with another district continues to help capacity. However, the joint plans for a benefits partnership have not progressed and is seen as a missed opportunity by the Council.
- 38 Staff capacity is mixed. Staff sickness rates are getting worse (although are still average), which is having an impact on some services such as processing planning applications. However, a new sickness procedure has been implemented and the Council is closely monitoring this.
- 39 Financial capacity is adequate at present but is of concern in the longer term, with the Council facing major budget deficits in forthcoming years. Use of Resources work (the Council scored 2 out of a possible 4 for this) show it is performing well in financial reporting and standing, and adequately in management, internal control and value for money. However, although the budget is balanced for 2007/08, the Council is facing significant deficits for following years, in part due to the unforeseen extra cost of concessionary bus fares. This could result in reserves falling below the policy level. It is unclear how councillors are addressing this concern, and whether the public are aware of the problem.
- 40 Weaknesses in corporate governance last year have started to improve, and the Council can demonstrate better political working, for example, by agreeing the introduction of drinking orders and the future of the Explosion! museum. However, poor media relations and key disagreements still remain between political parties over the future of car park charges and leisure centre refurbishment. This means there are major challenges for councillors in agreeing how to secure financial capacity to deliver priorities in the medium and longer term, as well as uncertainty and a lack of vision for residents over these issues.



Other performance work

- 41 The Hampshire Local Area Agreement (LAA) is progressing well with good engagement and cooperation from all partners, including District Councils. The LAA runs from April 2006 to March 2009. The original agreement and action plan was signed in February 2006 and the outcomes, indicators and targets have been updated for 2007/08. The LAA helps focus the attention of partners on 8 priority outcomes and 4 Flagship initiatives drawn from the Hampshire Sustainable Community Strategy and the 11 District Sustainable Community Strategies.
- 42 Hampshire Partners are setting up a Hampshire Senate. This will bring together and streamline LAA and Hampshire Strategic Partnership (HSP) governance and is intended to improve leadership and accountability. The HSP with partners is currently refreshing its Sustainable Community Strategy – ‘Shaping our future together’ 2007-2017 to be signed off by June 2008. District Councils are engaged and contributing effectively to this.

DRAFT

The audit of the accounts and value for money

- 43 Mazars LLP, as your appointed auditors have reported separately to the Standards and Governance Committee on 13 September 2007 on the issues arising from the 2006/07 audit and have issued:
- an audit report, providing an opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan (BVPP) confirming that it had been audited.

Use of Resources

- 44 The findings of the auditor are an important component of the CPA framework described above. In particular, the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 45 For the purposes of the CPA your auditors have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	2 out of 4
Financial standing	3 out of 4
Internal control	2 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	2 out of 4

(Note: 1 = lowest, 4 = highest)

The key issues arising from the audit

The audit of the accounts and value for money

- 46 An unqualified opinion on the Statement of Accounts was issued on 28 September 2007. A small number of misstatements in the draft Statement of Accounts were identified during the course of the audit. There was one material classification error and other non-material errors but all were corrected by management.
- 47 The auditors concluded that the Council's value for money arrangements were adequate and issued a report to that effect on 28 September 2007. There were no significant matters arising from the audit work.
- 48 The statutory audit report on the 2006/7 BVPP was issued on 30 November 2006. The auditors were satisfied that in all significant respects the BVPP was prepared and published in accordance with the statutory requirements and there were no matters that required to be formally reported to the Council.

Use of resources

- 49 The key findings in relation to each of the five Use of Resources themes are summarised below.

Financial reporting

- 50 The Council produced accounts which were largely free from material errors and misstatements. There was one classification error which was material and a further two non-material errors. The Council received an unqualified opinion on the statement of accounts for 2006/7.
- 51 During the audit, staff were available to answer audit queries and dealt with all requests on a timely basis. Working papers supporting the statement of accounts were adequate.
- 52 The Council website has a comprehensive range of information available for the public, including the statement of accounts, agendas, minutes and reports for council meetings and committees.
- 53 Summary accounts and an annual report are not yet produced by the Council. These should be produced and made available to all stakeholders.

Financial management

- 54 A Medium Term Financial Strategy (MTFS) is in place and linked to key strategic objectives. This was updated in March 2008.
- 55 There is an adequate budget setting process in place, with balanced budgets in place for 2006/7 and 2007/8. Budget holders are involved in the budget setting process each year. The budget is revised between the Finance team and the relevant budget holder and finally approved by the Policy & Organisation Board and full Council.

- 56 There is a formal scheme of budget delegation in place and guidance is distributed to all relevant officers. The Corporate Management Team have overall responsibility of professional standards.
- 57 Effective budget monitoring is undertaken, with involvement from budget holders, senior management and Members. A regular training programme for has been in place since summer 2006. The Council should consult, advise and train budget holders, to ensure that relevant financial information for their budget monitoring is provided.
- 58 Partnership arrangements are regularly reviewed by the relevant business unit and any points are actioned as appropriate.
- 59 The Council has introduced an updated capital strategy (2007-2012) which is linked to the MTFS.
- 60 An Asset Management Plan was produced in 2006/07 and approved by Members in April 2007. The Council should consider introducing a set of local performance measures that evaluate asset use in relation to corporate objectives.

Financial standing

- 61 The Council sets balanced budgets and has maintained spending within overall budget without excessive rises in council tax. The monitoring of budgets throughout the year ensures that there are no major overspends. There is no history of unexpected under or overspends.
- 62 A formal reserves policy is in place and is reviewed on a quarterly basis to ensure that the level is suitable for the activities of the Council. The quarterly budget reports comment on the appropriateness of the reserves balances and will make adjustments if required. These are reported to Members.
- 63 Targets for income recovery are set and levels of debt recovery are monitored. However, this has only recently been introduced and there is scope to further improve the effectiveness and coverage of debt recovery actions.
- 64 The Council should consider monitoring key financial health indicators with challenging targets set in areas such as income collection, variances from budget for example.

Internal control

- 65 The Council has updated its Risk Management Policy as part of a review of the assurance framework which was approved in April 2007. Prior to the recent update the risk management policy had not been updated for 3 years. The Council should ensure that, in future, the policy is reviewed annually and updated where necessary.

- 66 The Chief Executive and Corporate Management Team have overall responsibility for identifying corporate and operational risks. There is also a risk management working group that assists with this responsibility. A corporate risk register is in place that assigns ownership for each risk. Risk profiles are in place and available on the intranet. The risk management strategy should specifically consider the risks in relation to partnership working. Risk management awareness training should be provided to Members with specific responsibility for risk management.
- 67 The Standards & Governance Committee are responsible for the review and approval of the Statement of Internal Control (SIC). There are specific action plans in place for all weaknesses identified in the SIC.
- 68 The Council has a business continuity plan in place. However the plan is out of date and currently being updated, with the help of consultants.
- 69 A new Member code of conduct was introduced during 2007, which all Members have signed up to. There is an anti-fraud & corruption policy in place, which was updated in April 2007 and has been communicated throughout the Council. The Council needs to ensure that an assessment of the standards of conduct of Members takes place to ensure compliance with the code of conduct and that appropriate action is taken against complaints received.

Value for money

- 70 As noted above, a Medium Term Financial Strategy (MTFS) and corporate plan have been developed since last year and linked to strategic priorities.
- 71 There are a number of areas of low customer satisfaction (in particular planning, leisure and recreation services). The Council is aware of these issues and is taking steps to address them.
- 72 The Council is benchmarking its performance against other authorities. Performance management arrangements are robust and Members are kept updated on a regular basis.
- 73 There are limited resources available to further improve value for money performance and the Council is focusing on areas of priority.
- 74 A comprehensive procurement strategy is in place and a procurement sub-group regularly monitors procurement exercises. There is limited evidence of the benefits that have been achieved to date. The Council needs to continue to regularly monitor procurement exercises and ensure that value for money is achieved for all purchases. Successes and failures should be recorded to assist value for money decisions going forward.

Looking ahead

- 75 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 76 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 77 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

DRAFT

Closing remarks

- 78 This letter has been discussed and agreed with the Chief Executive and Deputy Chief Executive on 20 March 2008. A copy of the letter will be presented at the Standards & Governance Committee on 24 April 2008. Copies need to be provided to all Council members.
- 79 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and Inspection plan	April 2006
Report to management: Interim audit 2006/07	June 2007
Annual Governance Report	September 2007
Opinion on financial statements	28 September 2007
Value for money conclusion	28 September 2007
Report to management: Final accounts 2006/07	December 2007
Report to management: Use of Resources 2007	December 2007
Report to management: Data Quality review 2006/07	December 2007
Annual Audit and Inspection Letter	March 2008

- 80 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 81 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Linda Krywald
Relationship Manager

March 2008

AGENDA ITEM NO. 7

Board/Committee:	Standards & Governance Committee
Date of Meeting:	24th April 2007
Title:	Internal Audit – Progress Report from 31st December 2007 to 31st March 2008
Author:	Head of Internal Audit & Risk Assurance
Status:	For Decision

Purpose

To table the performance of the Internal Audit Section in the period to week 52 (1st April – 31st March 2008) against the agreed audit plan to the Members with responsibility for governance.

Secondly, to provide an independent internal audit opinion on the overall control environment based on coverage for the full year.

Finally, to provide the Members with a table of all recommendations compared against last year.

Recommendation

That the Committee reviews the performance of Internal Audit from April 2007 to March 2008 (Appendix A).

That the Committee note the Head of Internal Audit's independent audit opinion on the level of assurance relating to the control environment.

1 Background

- 1.1 To enhance the Council's corporate governance arrangements, in line with the Use of Resources CPA test, the report outlines the performance of the Internal Audit Section against its overall annual plan fro 2007/08.
- 1.2 In addition, the work performed by the Internal Audit section allows a judgement on the overall internal control environment. Detail of all categorised recommendations are attached in Appendix B including comparative data from the previous year.

2 Report

- 2.1 The position statement (Appendix A) highlights the workload since the last report to Committee (17th January 2008). All fundamental work has been completed within the year for inspection by External Audit. Some minor work did drift into April 2008 but this is now all complete. In total forty five (41 in 06/07) reviews have been completed to week 52 (98 %). As reported to the Committee previously the target for 2007/08 is to complete forty-six reports by the 31st March 2008. A comprehensive report will be tabled to this Committee in July to detail 2007/08 audit coverage in the Head of Audit's Annual Report.
- 2.2 Appendix B graphically represents the complete number of agreed recommendations compared to last year. The headline has dropped significantly this year (192 in 2006/07 compared with 150 for 2007/08) but this is mainly reflected in the advisory category as the section has focused on strategic risk areas in 2007/08. Based on the complete audit work to 31 March 2008 again no critical recommendations have been reported in any areas of the Council reviewed. In total there have been twenty one essential recommendations compared with seventeen previous year. In the important category internal audit reported one hundred and nine against one hundred and eight previous year. Finally the advisory category of recommendations has dropped to twenty from sixty seven in the previous year.
- 2.3 Based on the work performed to 31 March 2008 the Head of Audit & Risk Assurance is of the opinion that the Council's internal control systems for those areas audited are satisfactory and improving on previous year. Recommendations by internal audit have been accepted by management and programmed for implementation. A full follow up on recommendations is planned for quarter one 2008/09.

3 Risk Assessment

3.1 The report has a minimal direct impact on the overall risk of the Council.

4 Conclusion

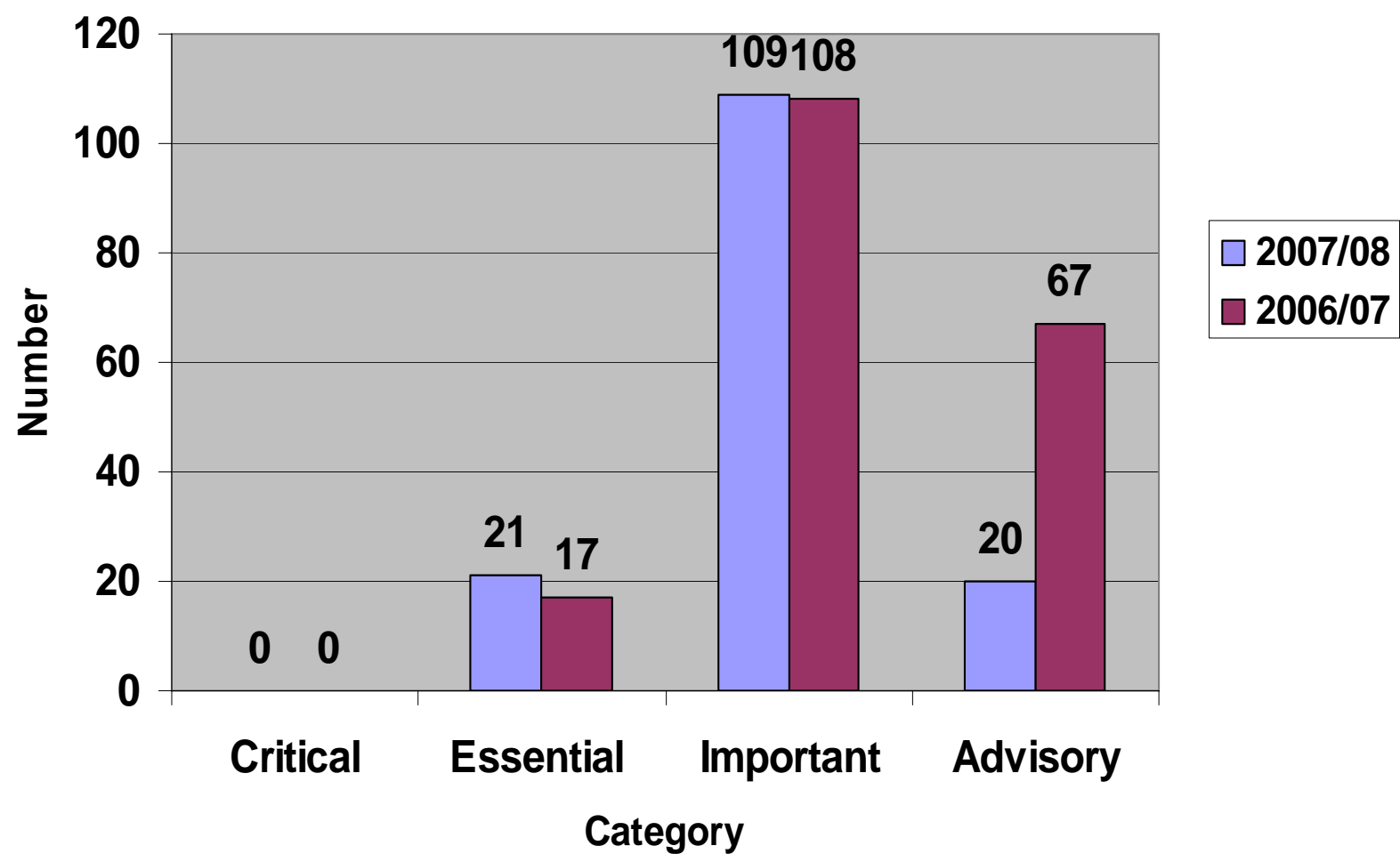
- That the Committee notes the performance of the Internal Audit Section to 31 March 2008.
- That the Committee note the opinion of the Head of Internal Audit and Risk Assurance on the level of assurance from the work performed by the Internal Audit Section to 31 March 2008.
- That the Committee note the high level audit recommendations attached within Appendix B that support the overall Annual Governance Statement for 2007/08.

Financial Services comments:	Nil
Legal Services comments:	Nil
Service Improvement Plan implications:	The information provided within the report has a direct link to improving the overall governance arrangements within the Council. The performance of the Internal Audit section is a key operational indicator monitored closely against the agreed Annual Audit Plan.
Corporate Plan:	Internal Audit's work supports all Council Services in pursuit of their overall corporate and strategic priorities.
Risk Assessment:	See Section 3
Background papers:	Standards & Governance Committee Report (17th January 2008 Nine Month Position Statement“)
Appendices/Enclosures:	<ul style="list-style-type: none">• Appendix A – Twelve Month Position Statement 2007/08• Appendix B – Recommendation profile (2006/07 v 2007/08)
Report author/ Lead Officer:	Chris Davis 023 9254 5306

Twelve Month Position Statement

Subject Area (45)	Risk Factor	Status	Comments
21 Completed reviews	Various	Completed	(see previous report 17 th Jan 2008)
Open Market	1	Completed	
CRM	1	Completed	
Facilities Management (Leisure)	3	Completed	
Asset Management Plan	1	Completed	
NNDR	F1	Completed	
Benefits Overpayments	F1	Completed	
IT Inventory	2	Completed	
Council Tax	F1	Completed	
Utilities & Mobile Phones	2	Completed	
Refuse & waste recycling	2	Completed	
Sheltered Accommodation	2	Completed	
Grounds Maint. & Street Cleansing	1	Completed	
HRA Business Plan	1	Completed	
Housing Voids	1	Completed	
Section 106's	1	Completed	
Housing Rents	F1	Completed	
Special Investigations (2)	-	Completed	
Committee Reports (6)	-	Completed	

Internal Audit Recommendations 2006/07 & 2007/08



AGENDA ITEM NO. 8

Board/Committee:	Standards and Governance Committee
Date of meeting:	24 April 2008
Title:	Local Government Ombudsman: Changes to jurisdiction and operation
Author:	Borough Solicitor
Status:	For Decision

Purpose

To advise the Committee on the introduction of changes to the Local Government Ombudsman's (LGO's) jurisdiction and operation.

Recommendation

That the Committee note the report along with the LGO's letter, affixed as Appendix A.

1.0 Background

- 1.1 The introduction of the Local Government and Public Involvement in Health Act 2007 has allowed for some changes to be made to the Local Government Ombudsman's jurisdiction and operation.
- 1.2 A letter from the Ombudsman to the Council's Chief Executive explaining the changes is attached to this report as Appendix A.

2.0 Report

- 2.1 As detailed in the Ombudsman's letter (Appendix A) changes made to the jurisdiction and operation of their service include: the method by which complaints can be made, which can now be accepted by telephone, e-mail or text as well as in writing; investigating maladministration and third party injustice; the scope to make best practice recommendations when investigations have identified there to be 'no injustice'; simplification of the format of reports and statements, and increased transparency; partnership working; procurement, and maladministration and service failures.
- 2.2 In addition to the aforementioned changes, a separate part of the Act relating to Standards Committees is due to come into effect in the next few months. These changes create the potential for complaints to be made to the LGOs about the process, administration and decision making of the Standards Committee.

3.0 Risk assessment

3.1 It is important that the Standards Committee are fully aware of the changes that have been made or suggested and the ways in which these changes could have an impact on the future work of the Council.

4.0 Conclusion

4.1 That the Borough Solicitor's report be noted.

Financial implications:	
Legal implications:	None
Service Improvement Plan implications:	None
Corporate Plan:	The changes made to the LGO's jurisdiction and operation are intended to enhance the service provided by the local authority, particularly in terms of more effective performance management.
Risk Assessment:	It is important that the Council is fully aware of these changes so that it may be prepared for their implementation.
Background papers:	none
Appendices/Enclosures:	
Appendix A	Local Government Ombudsman's letter
Report Author:	Linda Edwards

31 March 2008



The Commission for
Local Administration in England

- All Local Authority Chief Executives

Our ref: LGPIH ACT 2007
(Please quote our reference when contacting us)

If telephoning contact: Mr White's PA on 024 7682 0019
email address: l.mccaig@lgo.org.uk

Jerry White
Local Government Ombudsman

Neville Jones
Deputy Ombudsman

Dear Chief Executive

Local Government and Public Involvement in Health Act 2007

As you will know, the Local Government and Public Involvement in Health Act 2007 introduced some changes to the Local Government Ombudsman's (LGO's) jurisdiction and operation. (The Commencement Order was signed by the Minister for Local Government on Friday 28 March 2008.) These apply to complaints received and matters coming to the attention of an Ombudsman on or after 1 April 2008. The existing provisions of the Local Government Act 1974 will continue to apply to complaints received before then.

Making Complaints¹

Complaints can now be made other than in writing and we will accept complaints submitted by telephone, email or text. Our new Advice Team will be the first point of contact for all new complaints and will confirm the subject matter of complaints before referring any 'premature' complaints to councils and others to the investigation team.

Apparent Maladministration - Third party injustice²

The Act enables the Ombudsman to investigate a matter where, during the course of an investigation, a third party member of the public appears to have suffered injustice. Investigators will involve the Ombudsman, personally, in deciding whether to act in such a case and then consider whether the local authority shall be asked to deal with the matter through its normal procedures. This is an area that the Ombudsmen will review in the light of experience.

¹ s26B and 34(1A)

² s26D

/...

The Oaks No 2 Westwood Way
Westwood Business Park Coventry CV4 8JB
Tel 024 7682 0000 Fax 024 7682 0001
DX 702110 Coventry 6
www.lgo.org.uk

Persons affected³

The current provision relating to "persons aggrieved" changes to "persons affected". This new definition refers to the members of public who claim to have sustained injustice and any third party member of the public who the Ombudsman considers has, or may have, suffered injustice.

Maladministration without Injustice⁴

The Ombudsman already draws a Council's attention to fault which has been identified during the course of an investigation. The new power enables the Ombudsman, in a 'no injustice' report, to recommend action. Such action would be to prevent injustice being caused in the future in consequence of similar maladministration.

Reports, statements of reasons and publicity⁵

The Act allows the Ombudsman to prepare a statement of reasons instead of a report where s / he decides a report is not appropriate and is satisfied with the action taken or proposed by the authority. We can also publish all or part of a report or statement or a summary of a matter which is the subject of a report or statement. These provisions create greater transparency and extend the understanding that the public, council officers and councillors have of our work. Before implementing these new publicity powers we will consult with local government representatives and other stakeholders.

Partnership working⁶

Where a local authority carries out a function entirely or partly by means of an arrangement with another person the action taken by the other person shall be treated as action taken on behalf of the authority and in the exercise of the local authority's function. The Ombudsman's Special Report on partnerships and governance which was published in July last year is of relevance here. This highlights the need for councils to review complaint handling arrangements within partnerships.

Procurement⁷

The Act deletes the existing provision that precludes an investigation about a transaction for the procurement of goods and services necessary to carry out a Public General Act function.

Maladministration and service failures⁸

The Ombudsman will be able to investigate complaints relating to failure in a service which was the local authority's function to provide and, also, failure to provide such a service.

³ s34(1)

⁴ s31(2B)(b)

⁵ s31B

⁶ s25(6)(7)(8)

⁷ Schedule 5

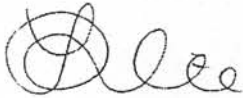
⁸ s26(1)(b) and (c)

Standards Board / Standards Committee

A separate part of the Act relating to Standards Committees is due to come into effect in the next few months. These changes create the potential for complaints to be made to the LGOs about the process, administration and decision making of the Standards Committee. Our approach to such complaints will be developed in dialogue with the Standards Board and Monitoring Officers and I will write to you again with further information.

I hope this brief summary is helpful. If there are any points that you would like to discuss please get in touch or ask your Link Officer to contact the Assistant Ombudsman who deals with your Council. How the new provisions work out in practice will be kept under review and subject to discussion with representatives of local government and other stakeholders. Feedback from your Council throughout the year would be most welcome.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J R White', written in a cursive style.

J R White
Local Government Ombudsman