



## **Blackburn with Darwen Borough Council**

### **Annual Governance Statement**

**For the year ended 31 March 2021 and up to the date  
of the June 2021 Audit & Governance Committee**

# ANNUAL GOVERNANCE STATEMENT

## Foreword by the Chief Executive – Chair of the Primary Assurance Group

Blackburn with Darwen Borough Council recognises that there always will be risks that it must manage effectively. Whilst it recognises that due diligence will not always ensure that it gets things right first time, it continues to put in place assurance frameworks and enhance existing arrangements that are intended to ensure that its system of governance is fit for purpose and has flexibility to meet the challenges that the change agenda brings. During the year, the Council has had to put in place processes to allow it to respond to Covid and the challenges the pandemic has had on its ability to continue to deliver priority services. As a result, alternative processes have been put in place to ensure that effective governance and decision-making arrangements have continued to operate during the year.

The Resources Directorate has continued to promote the Council's strategic approach to governance and assurance. The key developments and on-going arrangements in governance 2020/21 included the following:

- Continuing review and refresh of the Council's Constitution.
- Completion and review of director assurance statements, which closely reflect the seven principles of good governance in support of the Annual Governance Statement.
- Council IT infrastructure and support processes were reviewed externally by Mersey Internal Audit Agency during 2020/21. An action plan is in place to address key findings.
- The Council's evidence submitted for the 2020/21 NHS Data Security and Protection Toolkit (DSPT) met the standards required to achieve compliance and enable the Council to continue to exchange data with the NHS.
- The IT infrastructure was assessed as sufficiently secure to connect to the Public Services Network.
- Continuing embedding of information security awareness through the annual refresh of the e-learning toolkit, and monitoring staff completion of mandatory training.
- On-going participation in the National Fraud Initiative.
- Ongoing use and review of the risk register template to improve the monitoring arrangements.
- Revision of the Medium Term Financial Plan and Capital Programme.
- Annual Audit & Governance Committee self-assessment arrangements to evaluate its effectiveness against best practice guidance.
- The on-going formalised, structured member training and development programme including mandatory and optional courses.
- The Audit & Governance Committee routinely inviting senior officers to attend meetings and holding them to account for actions to address significant issues identified by Audit & Assurance in respect of key systems.
- The effective management of the election arrangements with the Borough.
- The review of significant partnerships and external bodies the Council is represented on to confirm the Council representation is appropriate and the governance arrangements in place are adequate.
- The implementation of the new Children's Advice and Duty Service has freed up resources leading to a reduction in the volume of work in the service, resulting in a reduction in social workers caseloads and led to substantial savings across the service. It has also embedded strong partnership working.
- Regular deep dive review and challenge of corporate risks by the Audit & Governance Committee.
- The 2018 Local Government Association (LGA) Corporate Peer Challenge concluded that the Council demonstrates a deep understanding of its local place and the challenges and opportunities these present for communities across Blackburn with Darwen.

## **SCOPE OF RESPONSIBILITY**

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Blackburn with Darwen Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Audit & Governance Committee fulfils the core functions of an audit committee, as identified in the Chartered Institute of Public Finance and Accountancy (CIPFA) *Audit Committees - Practical Guidance for Local Authorities and Police 2018*. It monitors and responds to the work of internal and external audit and has overall responsibility for reviewing the framework of corporate governance.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government 2016”. A copy of the Code is on our website at [www.blackburn.gov.uk](http://www.blackburn.gov.uk); it is contained within the Constitution. This statement explains how Blackburn with Darwen Borough Council has complied with the Code and it meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

## **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

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The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the 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 a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and it can therefore only provide reasonable, and not absolute, assurance of effectiveness. It is based on a continuous process that is designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of both those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blackburn with Darwen Borough Council for the year ended 31 March 2021 and up to the date of approval of the annual statement of accounts.

## THE GOVERNANCE FRAMEWORK

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The Council has had robust corporate governance and management arrangements in place for many years which have led to good financial management, the delivery of efficiencies and planned investment in priorities. The Council is already implementing improvements to these business systems and processes.

Some of the key features of the governance framework are set out in the following paragraphs.

### **1. Identify and communicate the vision and intended outcomes for citizens and service users.**

A key part of the corporate culture at Blackburn with Darwen Borough Council is for residents, elected members and staff to have a clear overview of the Council's priorities for service delivery. This is communicated in the form of a published Corporate Plan.

In March 2019, Council Forum agreed the refresh of a new corporate plan for 2019-2023. The Plan and its eight new priorities was launched after Annual Council in May 2019; after extensive consultation with residents, staff and members. It was also agreed that a new performance framework should be developed to outline key performance indicators (KPIs) and reporting mechanisms to ensure the Council's performance against the new priorities can be measured. At that, time there was also a change to Executive Member Portfolios.

Robust performance management arrangements have continued in 2020/21 to monitor 73 performance measures and ensure the delivery of the Corporate Plan. However, since early March, the Council has been responding to the emergencies of the Coronavirus pandemic. Therefore, in some instances data was not available for all 73 KPIs.

Member and officer led challenge processes have been supported by the Policy & Research team, with reports to the Leader of the Council and Corporate Leadership Team (CLT). The focus has been on improving services, delivery of the corporate priorities and strengthening accountability to Elected Members.

Six monthly corporate plan performance challenge meetings take place in late October / early November for quarters 1 and 2 prior to reporting to Policy Council in early December; and again in late April / early May for quarters 3, 4 and for the year-end outturn prior to reporting to the Executive Board in June.

Priority issues are highlighted and discussed with all directors and the Chief Executive; and are administered by a Policy & Research Officer and an Audit & Assurance Officer. These issues are highlighted for progression to CLT prior to being included in performance reports, which are discussed with the Leader of the Council and challenged at PDS prior to final overall performance reporting and challenge at Executive Board or Policy Council.

A challenge summary is produced by the Policy & Research officer and is used to brief the Chief Executive. The summary includes data for discussion on the Corporate plan, Management Accountabilities Framework (MAF) and any other key items pertinent for discussion; for example, HR data (sickness and Health & Safety), Business Plans, good news stories, key dates etc.

The PDS Challenge process includes a pre-brief with the Leader of the Council prior to the Leader challenging each Executive Member and the Executive Member group overall. This process has served to satisfy and sharpen the level of political ownership and engagement in

the performance management process, whilst also strengthening the accountability of senior officers around monitoring and reporting against corporate priorities.

The Policy & Research team provide the Executive Board / Policy Council with a report on the performance of all the Council's Corporate Plan performance measures.

The report also includes areas of underperformance, which are explained in more detail by an exception report. As part of the transparency agenda, any performance indicators that are collected and reported are likely to be listed on the internet and may be subject to public scrutiny. Therefore, key performance indicators must be relevant and robust.

As the Borough went into the first full lockdown of the pandemic, the Council began to identify its critical functions and priorities and assess its ability to fulfil them. Information was gathered from every service to support a corporate response and situation reports began to be compiled regularly for the whole organisation. This information was used to assess the services with the greatest need for additional support and those with some capacity to assist, and since then the Council's resources have been actively managed throughout the year. The main focus has been on care-related services, and resources were concentrated on supporting the most vulnerable individuals.

The Council's political and managerial leadership is widely respected. The confidence that partners have in the Council is in part inspired by its track record in stepping up to its responsibilities in partnerships across Lancashire and by its ability to deliver. Political and managerial leaders are experienced and, along with wider membership of the Council and staff, are passionate and committed to the area. This gives the Council a clear understanding of the place and its communities.

The Medium Term Financial Strategy (MTFS) is reviewed at Finance Council, and builds upon the priorities agreed at Policy Council and identified within the Corporate Plan.

## **2. Review the Corporate Plan and Vision and translate into objectives for the authority and its partnerships.**

The Council's corporate plan 2019-2023, has been developed for everyone - councillors, staff, partners, residents, businesses – who can all support the Council and the Borough in being the best it can possibly be. We cannot do this on our own. We need our public and private sector partners to work with us to create jobs; build and improve homes; increase skills and qualifications; support communities; improve health and wellbeing etc.

The Council continues to work in partnership with other organisations in many different partnerships, with other councils, businesses, public sector bodies as well as the voluntary, faith and community sector.

It values these Partnerships, and these are evident in established mature partnership structures, e.g. Health and Well-being Board, The Hive business network and more recent over the last 18 months the development of the Our Communities, Our Future Board.

In working with the Ministry of Housing, Communities & Local Government (MHCLG) the four priorities in Blackburn with Darwen's Our Community, Our Future strategy are:

1. To increase economic prosperity for all the borough's communities as an essential prerequisite for social integration.
2. To strengthen relationships between the borough's diverse communities (focussed predominantly on adults).

3. To build connections and strengthen relationships between young people who live in the borough's diverse communities.
4. To connect the borough's disadvantaged communities to shared spaces – linking people and neighbourhoods to zones of employment, physical assets, community shared spaces and social action.

We are also working with Sport England, leading on Pennine Lancashire's 'Together an Active Future' partnership, which is moving forward into the £3m Pathfinder phase. This exciting 'test and learn' period will enable the six Local Authority areas to work together with people and partners to create ideas and test different solutions that can be used to understand why not enough people access the wide range of activities, that are already available in Blackburn with Darwen, and to change ways of working to better support people who are inactive and affected by poor mental wellbeing. However, the Pilot will, through whole system change, look to have a direct impact on the whole population, the majority of whom experience below average health and wellbeing and could benefit from increased levels of physical activity.

At the same time as developing the Corporate Plan and ambition, the Council's policy, research and partnerships team worked with officers to identify what will be done to deliver the ambition and how progress against this delivery will be measured. The success of the Corporate Plan will be measured through a new performance management framework with Key Performance Indicators (KPIs) which are measurable and meaningful.

The policy, research and partnerships team also work with service departments to ensure that appropriate responsibilities for delivery are built into departmental business plans.

### **3. Measure the quality of services for users.**

In autumn 2018, the Council undertook a resident survey to gain a better understanding of the opinions and views of residents and their priorities. Survey methodology was via a random sample postal survey and an online survey published on the Council website.

Respondents reported the highest level of satisfaction with refuse collection and doorstep recycling (68%) and sport and leisure facilities (66%) out of the services listed. Almost three quarters (73%) thought that the Council promotes a good image of the Borough 'a great deal' or 'to some extent'. A large proportion also felt that the Council treats all types of people fairly 'a great deal' or 'to some extent' (67%) and uses new technology to deliver services well (63%).

Customer / resident satisfaction with the services they receive, for the council tax that they pay, has always been a key priority for the Council, and as such key measures are included in the current Corporate Plan and customer service is an embedded principal in all council work and specific arrangements exist within statutory services around adults and children social care

### **4. Define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.**

The Council is legally and constitutionally obliged to maintain and keep up to date its constitution. The Council Constitution was updated in March 2021 to reflect the resolutions/decisions made at Full Council since July 2019. This included changes in organisational structure previously noted and agreed, statutory changes and changes to the delegations.

The annual update also reviewed Executive Member portfolio responsibilities and the Council's strategic objectives. Amendments are made as necessary during the course of the year to reflect changes in the law and others changes which would require full Council approval. The Constitution is due to be further reviewed and updated this year to reflect the further changes to

the organisational structure and portfolios made by the leader at Annual Council in May 2021, and a review of the officer delegated powers.

The Council has adopted the Executive and Leader model. The Council's Constitution sets out the relative roles and responsibilities of Executive and, Officers and Committees of the Council. It defines, through the procedure rules, how day-to-day activities must be undertaken and it allocates statutory responsibilities to designated posts/positions. . The decision-making processes are also defined by the Constitution and Executive Member decisions and "key decisions" may only be taken after both the Finance and Legal departments have been consulted and considered any implications. The Constitution also sets out the overview and scrutiny arrangements, including the review ('call-in') of executive decisions.

At the start of the pandemic, decision-making meetings were paused until national legislation was enacted and local technology was put in place to permit on-line meetings. Since then all council meetings, including scrutiny and other business has been conducted through remote means to ensure that the Council has continued to be governed in accordance with its constitution and decisions have been properly made. Therefore we have continued operating under our existing governance arrangements through-out the period and in accordance with legislation through digital means, i.e. On-line meetings, live streaming as a means of public access and digital approval/authorisation of documents.

No existing delegations or powers have been altered, nor have any additional powers/delegations been provided to the Chief Executive or any other officers. There is a delegated power in the constitution for the Chief Executive to incur expenditure or take action in an emergency or disaster, which was used as required at the start of the pandemic. This power was used after consultation with/approval from the Leader, formally recorded as an officer decision, and published as usual.

The respective roles of the Section 151 Officer, Monitoring Officer, the statutory Scrutiny Officer and Senior Information Risk Officer (SIRO) ensure legality, financial prudence and transparency in transactions in accordance with legislative requirements.

Following the reduction of the executive level posts from two to one in 2019, a more efficient internal departmental structure was implemented during the year, which included the appointment of four Strategic Directors. This took effect from 1 February 2021. Three Deputy Director roles have also been established, remodelled from existing Heads of Service roles. This change supports continued working across services and across different departments on key themes and priority projects. This builds on and retains the strengths in the leadership team that we already have, whilst ensuring that we remain resilient and ready for the challenges and opportunities now and into the future. The overall commitment is to strengthen our resilience and strategic capacity, provide for improved succession planning and career pathways for senior management, development opportunities for other staff and more collaborative working across departments, without increasing overall costs.

A revised format has been implemented for CLT meetings. This has increased the Team's focus in the right areas and improved its effectiveness as a senior team. Themed meetings take place fortnightly, covering strategy and performance. The Extended Leadership Team meets monthly alternating workshop sessions and bite sized update meetings. This has provided flexibility to discuss items such as borough events, elections, constitutional matters, urgent operational issues and planning for member meetings. Team activities have also been undertaken to develop CLT working together effectively as a group.

The Council is proactive in supporting the development of partnership bodies both with other public sector agencies, like health and the police, and with representation from the business and community sectors. The policy, research and partnerships team produce an Annual Significant Partnerships Governance checklist, which is reviewed and audited by internal audit prior to the final report being taken to Audit & Governance Committee. Governance arrangements are also set out in the Constitution.

The Council has introduced a procedure for recording and publishing decisions made by officers, in line with the Government's transparency agenda and the Access to Information Procedure Rules in the Constitution. Such decisions are subject to the scrutiny arrangements outlined in the Constitution.

The LGA Peer Challenge team reported that members from all parties feel able to challenge the executive through scrutiny, without a detrimental impact on relationships and that the use of scrutiny appears appropriate.

**5. Develop, communicate and embed the codes of conduct and define the standards of behaviour for members and staff.**

The Council Constitution contains codes of conduct for Members and officers. New Members accept their code of conduct as part of their Acceptance of Office declaration. They are also provided training on the Code of Conduct as part of their induction. All Members need to complete and submit a 'General Notice of Registrable Interests' form, which includes information relating to gifts, hospitality and pecuniary interests. These are published on the Council website. New staff appointees sign the staff Code of Conduct as part of their induction. In addition, each Department maintains a register of gifts and hospitality and of personal interests, in accordance with the recently revised Standing Financial Instruction 12 – Register of Personal Interests. The latter are reviewed at least annually. The Employee Code of Conduct was updated in October 2013 and is reflected in the Constitution.

**6. Review the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.**

The Constitution provides the framework for decisions making. It includes delegations to various committees, Executive Members and officers, and also scrutiny arrangements for holding decision makers to be held to account. The decision making process is set out in Article 13 of the Constitution and responsibilities are identified in Part 3. The Monitoring Officer also holds and maintains a record of sub-delegations by each Chief Officer, and is responsible for ensuring lawfulness and fairness of decision-making.

External formal monitoring of the Council's data quality arrangements are no longer required by external audit. However, the Council's previous monitoring arrangements have continued to be operated. Council processes have been reassessed in light of the requirements of the Single Data List published by the Department for Communities and Local Government. Training and awareness raising sessions continue to be delivered as and when required, alongside formal checks on performance indicator files and monitoring / recording processes. The Data Quality Policy (Performance Data) was revised in April 2019 to reflect the changes in reporting arrangements and staff within the Council. As the Policy & Research team have been responding to the emergencies of the pandemic, the policy has not been refreshed in 2020/21. Refreshing the Policy is part of the team's work plan for 2021/22.

Work is continually underway to assess the Council's compliance with the Government's Code of Practice on Transparency, and any areas recommended for improvement will be addressed and monitored through existing data quality arrangements.

Over the course of the year the Council has continued to carry out and record equality analysis and impact assessments as a key stage in the decision making process.

The Council revised its Equality Impact Assessment (EIA) Toolkit and reviewed its decision-making processes in 2016/2017 to embed a robust and mandatory process. This helps demonstrate due regard of the impact of service reviews on protected groups, staff and local residents, whilst ensuring a level of bureaucratic balance with the introduction of a new 'screening' element to the EIA process and in line with legislative requirements. This process continues to work well and the Policy and Research team continue to support colleagues with the process.

Senior Management Teams (SMT's), and Elected Members within their respective service areas, are engaged in understanding the outcomes of consultations and the impacts of decisions as part of the organisational transformation and downsizing.

The annual Audit and Assurance Plan and supporting Strategic Statement set out the internal audit resources and skills required to deliver an effective internal audit service for the Council. The staff resources are considered adequate for the Council's current needs to ensure that it meets the requirements of the Accounts and Audit Regulations. The resources are prioritised to evaluate and improve the effectiveness of the Council's risk management, control, and governance processes for the higher priority areas identified in the annual Audit and Assurance Plan, which is approved by the Audit & Governance Committee at its meeting in March/April each year. Reviews of these areas are required to inform the Head of Audit annual internal audit opinion which contributes to the Annual Governance Statement.

## **7. Review the effectiveness of the framework for identifying and managing risks and demonstrate clear accountability.**

Overarching responsibility for risk management lies with the CLT. Chief Officers are identified as owners of the risks identified in the Corporate Risk Register. The corporate risk register is considered by CLT on a six monthly basis. Risk management reports, including a summary of the corporate risk register, are also presented at each Audit & Governance Committee meeting. The Committee also carries out a detailed review and challenge of a selection of corporate risks on a regular basis during the year.

The Corporate Risk Management Strategy and Framework sets out the structure of the risk management groups and risk management roles and responsibilities. It also includes the terms of reference for the groups responsible for monitoring risk management arrangements and activity, and includes risk management guidance for decision makers and self-challenge questions for report writers. The Risk Management Toolkit and risk register provide a consistent approach to risk management across the Council. Each department has its own risk register and is required to consider risk at each departmental management meeting.

During the year, the Council has had to respond to and manage a significant number of new and emerging risks due to the need to respond to the impact that Covid has had on the Council's services and activities and the local community. The primary focus has been on the new risks relating to the Council's response and recovery from the pandemic, whilst maintaining as much business as usual activity as possible, safely and effectively.

The Executive Member and Executive Board Decision templates include a section to record and consider key risks as part of the decision making process. The Management Accountability Framework (MAF) Director's Exception/Dashboard Report also contains a risk section.

Directors are required to confirm that there are sound corporate governance, control and risk management arrangements operating within their Departments, in accordance with the Council's procedures and practices that uphold the Code of Corporate Governance, on a six monthly basis, to identify any areas of concern and action that they are taking to address these, via their MAF Dashboard Report. This is report reviewed, along with progress against the Corporate Plan priorities, as part of the Programme Area Meetings and reported to the Chief Executive and the Audit & Governance Committee through the MAF thematic summary included in the Audit & Assurance Progress Reports.

The six monthly assurance statement covers the effectiveness of the internal controls risk management and governance arrangements within Departments and relevant corporate risks. This includes safeguarding assets, monitoring compliance with Council policies and objectives, budget management, risk management, and health and safety. MAF is an evolving process and refinements and extensions to its coverage will continue.

The Primary Assurance Group (PAG) draws together the sources of assurance, including those provided through MAF, and, having challenged them, produces the Annual Governance Statement for consideration by the Audit & Governance Committee. The PAG is chaired by the Chief Executive and has the Monitoring Officer, Senior Information Risk Owner and Section 151 Officer as members. The Chair of the Audit & Governance Committee also attends the meeting to oversee the annual governance process.

The Council produces integrated financial monitoring reports covering revenue and capital expenditure. The Council introduced a new Financial Management System from 1<sup>st</sup> April 2017, this produced immediate working efficiencies, cost savings and facilitated the production of more timely and detailed information to Members and Officers at all levels. The system continues to be developed and produce cost and working efficiencies both within the Finance Department and the Council as a whole.

The Departmental Business Continuity Plans and the Functional Emergency Plans are constantly being reviewed and streamlined. Over the last two years all of the departmental business continuity plans have been reviewed and updated to reflect the Covid19 challenges the Council has faced and the Corporate Plan has been fully updated too. The structure of the organisation has also changed resulting in plans being further amended. The Emergency Plans now have Standard Operating Procedures (SOPs), essentially a "plan on a page" to assist Strategic Officers quickly assess information when/if they have to attend the Strategic Co-ordinating Centre at Police Headquarters. The Corporate BC Plan contains all Critical/Priority Functions and essential prioritised services at the White Dove Centre in times of IT outage etc.

The corporate Emergency and Business Continuity plans are tested annually in alternate years. The planned corporate exercise for March 2020 was changed from the original intent of flood response (Emergency Planning); to planning to test the LRF Pandemic Influenza Plan as Covid-19 has just been declared a national and global emergency. This was cancelled due to the wholesale response to the emergency. We are still supporting the response/recovery phases of this global emergency and all departmental plans are flexing to meet the needs of each department. The Resilience & Emergency Planning Service delivers an annual corporate training programme to staff and volunteers to ensure that they are all trained in their roles they are either expected to perform or volunteer to perform for the Council. The Resilience & Emergency Planning Service has responded to a number of concurrent emergencies in the community whilst supporting the response to Covid-19.

The Resilience & Emergency Planning Service is currently delivering a programme of training/exercising, emergency preparedness and response to an emergency or disruption. This

is now a mandatory service provision to **all** Schools in the borough, including Independent, Free, Academy and Community schools to ensure consistency. The Resilience & Emergency Planning Service has also supported the Council's preparedness around the EU Exit.

The Corporate Health and Safety policy clearly states that health and safety is the responsibility of **all** employees and managers within the Council, with clear leadership from Chief Officers. The Chief Executive retains overall responsibility for the management of health and safety in the Council. The Policy, which was updated and reissued in May 2019, along with the system of safety procedural and guidance documents, outline the arrangements in place to meet the Council's statutory duties.

The Health and Safety Committee meet quarterly for senior managers to discuss key issues and actions taken to address these. Accident, incident and near miss statistics and trends are reported at this forum and improvements to health and safety are discussed and agreed. Incident data is also provided to Chief Officers on a monthly basis. Health and Safety Task Groups and Task and Finish Groups are also commissioned from time to time as appropriate.

Employees receive health and safety training upon induction and in line with role requirements thereafter. A range of classroom courses and e-learning training is available to all members of staff. Further to re-issuing the Health and Safety Policy in 2019, the Chief Officers agreed to some mandatory health and safety e-learning for all employees, to be refreshed on a three yearly basis. Currently these are Health and Safety in the Workplace, Manual Handling and Fire Safety Awareness.

A rolling health and safety audit programme is in place for the Council, with higher risk departments and services prioritised. Service Level Agreements are offered to schools across the Borough for a health and safety service, with over 50 schools purchasing this service from the team. During recent months in lockdown due to COVID-19, we have continued to work closely with both schools and council teams, reviewing risks and supporting their plans for a safe return to the workplace. Our service provision will continue and we will look for new and innovative ways to deliver this. Other forms of health and safety support during the pandemic have been via our staff partaking on advisory groups such as the Education Response Team, the Social Care Covid Response Group and the Events Safety Advisory Group. This has allowed us input to enable more robust due diligence systems across these important areas, both during lockdown and as sectors once again begin to re-open.

The Council has an online portal for staff to report all accidents, incidents and near misses. All reports are investigated and steps are taken to reduce the chances of a recurrence. Seven (7) incidents were reported to the HSE via RIDDOR in the 2020-21 period. This compares to three (3) e incidents during 2019/20 and eleven (11) RIDDOR events in 2018/19.

#### **8. Ensure effective counter-fraud and anti-corruption arrangements are developed and maintained.**

The Audit & Assurance Team takes part in the National Fraud Initiative on behalf of the Council and monitors the completion of the fraud awareness e-learning package by staff. It also monitors whistle-blowing calls and emails received by the Council and carries out investigations into reports of potential or suspected fraud and non-compliance with financial policies and procedures or financial irregularities.

The Council's Counter Fraud Policy Statement and Strategy was approved in March 2016. The Statement and Strategy have been prepared in accordance with the CIPFA Code of Practice on managing the risk of fraud and corruption for public service organisations (2014). The document

sets out the Council's approach to the management of fraud risks and defines responsibilities for action.

Having considered all the principles, the organisation has adopted a satisfactory response that is appropriate for the fraud and corruption risks identified and commits to maintain its vigilance to tackle fraud.

**9. Ensure effective management of change and transformation.**

The Council has reviewed the Digital Strategy and is in process of launching the plan for the next 3 years. The work on this area is governed by the Modern Working Design Authority. The Digital Strategy and programme plan supports the Council's vision of leading a skilled and modern workforce with a positive workplace culture equipped with the right technology and new ways of working to deliver better service.

The Design Authority maintains a consistent, coherent and complete perspective of the Digital programme design. The aim is that business operations can be changed and benefits secured in a coordinated manner across the organisation to remove barriers, maximise the use of new technology and explore new ways of working to enable us to work smarter, more efficiently and achieve better outcomes.

**10. Ensure the financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)*.**

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. In March the Finance Council approved the Chief Executive assuming the Section 151 Officer responsibilities when the previous Director of Finance left the Council at the end of April 2021, pending the appointment of a new post holder. The Council has recently recruited an experienced Section 151 Officer who will take over the role in August.

**11. Ensure the assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*.**

The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit.

The Statement identifies that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

- i. objectively assessing the adequacy and effectiveness of governance and management of risk, giving an evidence based opinion on the of all aspects of governance, risk management and internal control; and
- ii. championing best practice in governance and objectively commenting on responses to emerging risks and proposed developments.

To perform this role the Head of Internal Audit must:

- i. be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit & Governance Committee;
- ii. lead and direct an internal audit service that is resourced to be fit for purpose; and
- iii. be professionally qualified and suitably experienced.

**12. Ensure effective arrangements are in place for the discharge of the monitoring officer function.**

The functions of the Monitoring Officer are set out in the Council's Constitution. The role of Monitoring Officer forms part of the specific responsibilities of the Director of HR, Governance and Engagement.

**13. Ensure effective arrangements are in place for the discharge of the head of paid service function.**

As Head of the Paid Service, the Chief Executive is responsible for ensuring that Directors and Members both understand the need for sound internal controls and governance arrangements and to apply these in practice.

**14. Undertake the core functions of an audit committee.**

The Audit & Governance Committee provides independent assurance and high level focus on the audit, assurance and reporting arrangements, which underpin good governance and compliance with financial standards. It provides independent assurance on the adequacy of the risk management framework, and internal control environment and to the extent that these meet the objectives of the Local Code of Corporate Governance. It oversees the internal and external audit arrangements, helping to ensure efficient and effective assurance arrangements are in place. This includes the integrity of financial reporting and annual governance processes. It also provides independent scrutiny of the Council's financial and non-financial performance to the extent that it affects its exposure to risk and weakens the control environment.

The Audit & Governance Committee is responsible overall for monitoring compliance with policies and procedures and for setting defined standards, where need be; this includes responding to reports from the Council's external auditor.

The Audit & Governance Committee has continued to monitor its own effectiveness against the criteria outlined in the CIPFA Audit Committees Practical Guidance for Local Authorities and Police. The overall results reported to the Committee in March 2021 showed that there is a strong belief by its members that the Committee is operating effectively.

**15. Ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

Directors are responsible for ensuring that, within their areas of responsibility, they establish and maintain effective systems of risk management, governance and internal control, complying with legislation, grant rules, the Council's own rules, etc. This includes both responding to recommendations by internal and external inspection processes and working with partner organisations.

A key element of assurance available to the Council and the Audit & Governance Committee are the assurance statements made by each of the directors that support the Annual Governance Statement. These require each director to take personal responsibility for the operation of adequate and effective governance and internal control systems within their departments, which include compliance with applicable laws and regulations. The directors' assurance statements closely reflect the seven CIPFA/SOLACE principles of good governance and the Council's Local Code of Corporate Governance.

The Council's evidence submission for the 2021/22 NHS Information Governance Toolkit (now known as DSPT) was submitted and uploaded by the Council's Data Protection Officer on 22<sup>nd</sup> March 2021. This has been accepted by NHS assessors with an accreditation of 'standards met'. Subject to NHS audit, this will enable the Council to continue to exchange data with NHS bodies.

Risks identified during 2020/2021 still include 28 outstanding Social Care subject access requests that carry risk of noncompliance with legislation, as they are significantly overdue. Whilst compliance with new Social Care subject access requests have achieved the target rate of 90%, thanks to an additional FTE allocated to this programme of work during 2020/2021, this resource is not being carried forward into 2021/2022. . There remains a significant risk that we

will struggle to continue to meet the 90% compliance rate due to reduced capacity given the 1xFTE that has been assisting with Social Care SARS compliance for the last 12 months has come to an end.

The consequences of this risk include enforcement action and potential civil monetary penalties issued to the Council by the Information Commissioner. The statistics on compliance will continue to be escalated to CLT via the Quarterly SIRO report. Steps are in hand to address this issue as part to the re-structuring of Departments and transfer of staff. This should provide greater flexibility to manage this area.

During 2020/2021 there were 15 complaints made to the Information Commissioner's Office (ICO). This is an increase on the 2019/20 total of three. Whilst ordinarily this would be a cause for concern, 40% (6) of these complaints relate to one individual. The ICO will continue to monitor the number of complaints issued against Blackburn with Darwen Council. There is currently an increased risk of mandatory inspection of our processes should this rate of complaints continue to be received.

Audit & Assurance produces an internal audit charter and annual plan that are approved by the Audit & Governance Committee. The annual plan examines the Council's systems of risk management, control, and governance. It reports to individual managers on the outcomes of its audit reviews, agreeing management actions with them. Finalised reports are issued to relevant Directors. It also regularly reports to the Audit & Governance Committee on the progress and outcomes of its planned work. At the year end, it produces a mandatory Head of Internal Audit opinion report, which is part of the Annual Governance Statement process. Routinely during the year Audit and Assurance reports to the Chief Executive and Audit & Governance Committee on governance matters of particular importance through its independent reviews of MAF Exception reports.

#### **16. Whistleblowing and for receiving and investigating complaints from the public.**

The Council's Whistle-blowing and Corporate Complaints Policies are available on the Internet. Both define what steps will be taken in investigating complaints or allegations of potential or suspected fraud or irregularity from staff or members of the public.

#### **17. Identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.**

The Council remains committed to elected member training and development, and continues to assess the development needs of all Elected Members. A training needs assessment is carried out following Council elections. There is a robust induction programme for newly elected members to the Council and portfolio areas. The Council also maximises the development opportunities offered by North West Employers Organisation. The Council has also developed more on-line training so that this is available in a more flexible way.

The Council has invested additional resource in 2021/22 to develop a leadership framework and offer a range of leadership and management development, building on the work that is currently being undertaken with the senior leadership team. There is also investment in coaching, to be able to offer coaching and mentoring for aspiring leaders.

The Council is also taking on two graduates, under the LGA's National Graduate programme.

#### **18. Establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.**

As well as a constantly updated online version of The Shuttle a hard copy magazine called the Shuttle Extra is now published annually and delivered to homes throughout the borough. Both

the hard copy and online versions contain latest news, decisions and service updates and information about the Council budget and Council Tax. Automatic updates whenever a new article is published on the Councils website are also available via social media channels. Media enquiries are dealt with promptly following agreed protocols. Commercial services across the council also operate their own marketing. Stakeholder communication is part of normal service delivery both at a corporate level and within services and projects.

The Council is committed to working together with residents; businesses and partners, to develop a local solution to local problems. By making volunteering easier and working with these groups, the Council is supporting and helping to implement their ideas to improve their streets, neighbourhoods and towns. The Lancashire Volunteer Partnership is also a very significant asset to the way we work and empower communities. This has been very visible during Coronavirus pandemic.

The Council has engaged with a number of established community groups throughout the pandemic, to work together to support the local community. As a result, there are now a number of Covid Community Champions in place. These volunteers work with Council staff to help share the latest public health information from the Council and local NHS to make sure that their neighbourhoods remain healthy, safe and well.

The Council website provides access to Council papers, including Committee agendas, minutes, relevant reports and decisions. Since March 2020, there has been a dedicated section on the website providing local Coronavirus information, advice and support for residents and businesses.

The Council takes the views of all the groups into account when preparing its budgets. In advance of final decisions on the budgets, the potential impact on individuals, services and the voluntary and community sector is considered. As each service is reviewed and final recommendations are made Equality Impact Assessments are undertaken.

#### **19. Enhance the accountability for service delivery and effectiveness of other public service providers.**

The Council is proactive in supporting the development of partnership bodies both with other public sector agencies, like health and the police, and with representation from the business and community sectors.

The Local Strategic Partnership is responsible for monitoring the Plan for Prosperity and there is a governance framework in place for the significant partnerships register.

Blackburn with Darwen was one of the first areas in the country to set up a new Health and Wellbeing Board as part of government changes to the NHS. The board, run by Blackburn with Darwen Council, leads on improving the strategic co-ordination of planning and buying local health services, social care for both children and adults and public health services to promote more local control over those services. All organisations working in those areas will, through the board, develop a shared understanding of local need and agree the best strategy to meet that with the funding and resources available.

The Blackburn with Darwen Community Safety Partnership (CSP) has merged with the CSP's of Burnley and Rossendale following agreement by members and the Police and Crime Commissioner of Lancashire. Blackburn with Darwen administers the new Pennine Lancashire Community Safety Board and retains its duty as a Local Authority alongside the Police, Fire Service, Clinical Commissioning Groups, National Probation Service and Community Rehabilitation Company to work together to reduce crime and anti-social behaviour.

The Partnership has grown in size and strength and now includes a wide range of partners from both the statutory and voluntary sector from across the Sub Region. Collectively it is achieving positive outcomes for vulnerable individuals, families and communities.

Beyond the borough, the Council continues to work with Councils and partners across Lancashire on a range of work programmes including economic development, housing, skills, environment and health and wellbeing. As part of this work programme the Council is the accountable body for the Lancashire One Public Estate Programme.

Work is also ongoing with colleagues from the NHS, other local authorities, the community and voluntary service and other partners to transform the health and social care system across Pennine Lancashire local delivery partnership under the Healthier Pennine Lancashire programme. The programme is part of the Healthier Lancashire and South Cumbria Integrated Care System which is delivering the area's Sustainability and Transformation Plan (STP).

## **20. Incorporate good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.**

The Council continues to undertake sound governance arrangements with its partners.

Significant partnerships have continued to be identified and assessed since 2012 via the refreshed toolkit, which was updated in 2016/2017 following an audit review. The Significant Partnerships Register was taken to Audit & Governance Committee in March 2021 and the Register will be reviewed in six months to capture any changes before the annual review. The Register now incorporates all significant partnerships developed to respond to Covid-19.

The shared management arrangements, and associated governance controls, with Capita ended in March 2018. Staff delivering the core services under the partnership agreement transferred to the Council on 1 January 2019. The call off of specialist services under the partnership agreement still continues, as and when required.

The Council is also the host authority for the Lancashire Police and Crime Panel. The Council provides legal and secretarial advice and support to enable the Panel to carry out the functions and responsibilities set out in the Police Reform and Social Responsibility Act 2011 and the Regulations made under it.

## **21. Financial Management (FM) Code of Practice.**

CIPFA launched the FM Code of Practice in November 2019. It was developed on behalf of MHCLG in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The Code clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

Local authorities are expected to demonstrate that the requirements of the Code are being satisfied and full compliance is expected for 2021/22 (i.e. from April 2021), with 2020/21 acting as a preparatory year.

The Code is set by CIPFA on behalf of MHCLG. Compliance with the Code is obligatory but is not currently referenced in legislation meaning that it is not statutory guidance. However, it draws heavily on existing statutory guidance:

- Role of the Chief Financial Officer in Local Government;
- Prudential Code for Capital Finance; and
- Code of Practice on Local Authority Accounting in the United Kingdom

The FM Code has six key themes aimed at strengthening the financial resilience and sustainability of local authorities:

- (i) Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- (ii) **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- (iii) Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- (iv) Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- (v) Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- (vi) The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

Performance against the six key themes is measured by 19 standards, which are arranged over seven sections:

- (i) The responsibilities of the chief finance officer and leadership team
- (ii) Governance and financial management style
- (iii) Long to medium-term financial management
- (iv) The annual budget
- (v) Stakeholder engagement and business plans
- (vi) Monitoring financial performance
- (vii) External financial reporting

The first full year of compliance with the FM Code is due for 2021/22. An assessment has been made of the Council's current compliance with the 19 Standards in the Code. The assessment has identified that the Council is well placed to evidence compliance with the Code from 1 April 2021.

## Progress during 2020/21 on significant governance issues identified in the 2019/20 Annual Governance Statement

Title	CIPFA Criteria	2019/20 Issue	2020/21 Action taken
<p><b>1. Children’s Services Financial Position</b></p>	<p>1,2,3,4</p>	<p>The Children’s Services budget position continues to face demand pressures in 2019/20 in line with those experienced in 2018/19, due to an increase in the volume of work being referred to the Social Work Service and sustained pressure on the out of borough budget due to the number of placements and complexity of needs. The number of social workers with higher than the recommended caseload is also a concern. These issues have led to a need for an increase in social workers to manage demand.</p> <p>The Portfolio continues to mitigate demand pressures as far as possible and is utilising underspends on other areas of activity to offset placement pressures to reduce the portfolio’s forecast overspend.</p> <p>Measures have been implemented to manage the “front door” and assessment activity more effectively, and the Department continues to explore options to re-focus, and build capacity, in more cost-effective ‘in-house’ services. However, these strategies will take at least twelve months to impact on the whole of the service in order to affect real change and before there are fewer numbers of ‘looked after’ children and a resultant reduction in the cost pressures.</p>	<p>The portfolio has managed to reduce expenditure substantially during 2020/21 when compared with 2019/20, as the strategies implemented to reduce demand have proven to be successful. The largest reduction can be seen on the Commissioned Placements budget where expenditure is expected to be in the significantly less than the previous year.</p> <p>In addition, the work conducted to establish a joint commissioning framework with Health has brought in additional contributions towards placement costs and packages of care.</p> <p>The final outturn position for the portfolio will be heavily dependent on the allocation of funds awarded to the Council in relation to Covid-19</p>
<p><b>2. Adult Social Care Commissioning</b></p>	<p>1,2,3</p>	<p>Pressures for 2019/20 have increased due to the uplift in provider rates whilst the baseline budget remained unchanged. This was managed within the Portfolio during 2019/20 but cannot be sustained in the longer term due to the risk of market collapse, burn out or lower assurance and quality. Providers are also being more commercial and selective, and there is diminishing resilience in the sector with the potential that providers may withdraw from the market.</p>	<p>As anticipated in the half-year update there have been pressures on the commissioning budget as a direct impact from the Covid 19 pandemic. Occupancy levels within the residential and nursing sector have fallen significantly in the most recent wave of Covid-19, with some providers struggling to maintain their provision within the care market. The</p>

		<p>A comprehensive range of Demand Management strategies remain in situ and the impact that these are having will continue to be monitored during 2020/21. These are designed to delay, deflect or offer alternative solutions. An associated action plan has been developed to ensure adherence at every level within the department. This includes scrutiny of decision-making and commissioning spend. However, there is a risk that complexity of cases and morbidities start to rise, which would increase budget pressures.</p>	<p>department has continued to support providers as far as possible to provide some stability but this does result in significant pressure on social care activity and financial costs.</p> <p>Recent engagement with providers in relation to the Provider Fee uplifts has further highlighted the escalating costs of care as a direct result of the Covid-19 pandemic (Insurance, PPE, Infection control and staffing) so our negotiations have been particularly challenging. In addition to providing for National Living Wage increase, it is critical to begin to address the risks associated with our low starting base for fees in comparison to our nearest neighbours. Indeed, more than ever, our providers are identifying a risk to their ongoing sustainability, as they believe the Council's uplifts do not meet the cost of care within the sector. As far as possible these additional costs are factored in to the Council's Medium Term Financial Strategy. However, Covid-19 is most certainly likely to have an enduring impact on the care market and potential for some providers to exit the market, impacting on the local authority's ability to meet its statutory duties. The pandemic has also had a significant impact on providers' ability to meet increasing CQC quality standards and this is an area which will require resource investment from the department in the new year.</p> <p>The department has a strong monitoring and performance management approach to commissioned care but there are significant improvements which can be made. The benefits of merging Adult Social Care Finance with the</p>
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			Commissioning team are now evident in the work we are beginning to do across the team to review services, together with our work across the wider Lancashire and South Cumbria system, Pennine Lancashire Integrated Partnership and ADASS groups on market shaping and the development of our commissioning strategies but this remains challenging within existing resources whilst continuing with a Covid-19 response.
<b>3. Impact of COVID-19 on the financial position of the Council</b>	1,2,3,4,5,6	<p>The Council is experiencing increased costs, significant loss of income, and has received insufficient government funding to respond to the issues arising from Cov-19. The position is exacerbated, as the Council's capacity to address the financial position arising from the required response to the virus is limited, given the low level of Unallocated and Earmarked Reserves at its disposal.</p> <p><b>Half year Issue Update:</b> As reported to Policy Council on 3rd December 2020, we are facing significant financial pressures from the increased costs and losses of income due to the pandemic. Some of the additional financial pressures we are currently forecasting for the year, as reported in our latest monthly Covid-19 financial return to MHCLG, include: £7.252 million on Adult Social Care including the costs of PPE, the costs of setting up the food hub and associated costs to distribute food to shielded and vulnerable groups, providing support to the social care market and meeting the additional demand pressures arising due to Covid-19. £0.842 million on Children's Social Care, including the additional costs of care packages for extended placements due to the pandemic £1.367 million on testing, contract tracing and outbreak management £10.113 million in respect of the loss of sales, fees, charges and commercial income.</p>	<p>The Government has provided numerous funding packages for local government over the course of the year, and will continue to do so in the first quarter of 2021/22. These have ensured that the council, unlike several other authorities publicised in the national press, has not had to issue a Section 114 notice, nor has it had to seek further financial assistance and intervention from central government.</p> <p>As the continuing response to and recovery from Covid-19 spans financial years, funding received in the financial year 2020/21 can be carried forward into 2021/22 to support ongoing response and recovery work with a final outturn to be provided to Government in June 2022. Indeed the specific funding will be critical during 2021/22 as we deliver Covid-related activity alongside more Council services returning to business as usual.</p> <p>To support our continued emergency response into and throughout the current year, 2021/22, resource will continue to be made available for front line activity including site marshals, testing team, public protection, Help Hub,</p>

			<p>education/social care/crises response and our core public health Covid incident management teams. We will also retain a focused Covid programme management team to co-ordinate activity such as governance, reporting, communications, testing, contact tracing, vaccination support. We will also ensure all of our council premises and spaces remain safe and Covid-secure. This more dedicated response resource will enable other services to focus on returning to business as usual as far as is possible in the circumstances.</p> <p>As with other public sector organisations, we are also dealing with a backlog and rise in demand across many of our services including social work support for vulnerable adults and children, legal, registrars, public protection, youth provision, employment and business support. To acknowledge the adjustments to services in continuing to respond to the pandemic, and operate within Covid-safe guidelines, we have allocated additional resource in this first phase to manage increased demand and provide capacity to deal with backlogs due to Covid-19.</p>
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## **REVIEW OF EFFECTIVENESS**

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The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review of effectiveness is informed by the work of the members of the Council's CLT who each sign an annual assurance certificate regarding the effectiveness of the governance arrangements in place, the Head of Audit & Assurance's annual opinion report, and by comments made by the external auditors and other inspection agencies.

The Council regularly reviews its Constitution and has delegated to the Audit & Governance Committee responsibility for reviewing the effectiveness of the governance framework and for reporting to the Executive Board where it thinks that there are issues that must be considered by the Executive.

The Scrutiny Committees set their own annual work plans and report to the Council both quarterly and annually. These Committees continue to monitor the performance and delivery of the Executive, engaging and challenging through a variety of scrutiny review methodologies, traditional reviews, appreciative and collaborative inquiries. Where appropriate, Members will utilise Task and Finish Groups outside of Committee to scrutinise and work with Officers on a wide range of issues. Overview and Scrutiny arrangements have been reviewed and revised and their effectiveness will be monitored.

The Audit & Governance Committee, in addition to having responsibility for reviewing the Corporate Governance Framework, also has responsibility for reviewing the effectiveness of risk management arrangements. The Committee receives an annual risk management report. The 2020/21 report concluded that "the Council continues to maintain robust and effective risk management processes".

The Standards Committee promotes and maintains high standards of Member conduct and monitors the operation of the Code of Conduct. A new Member's Code of Conduct was approved by Council on 30 August 2012 in accordance with the Localism Act 2011. This included new arrangements for dealing with member complaints. The Committee also examines the training needs of Members relating to the Code of Conduct and if necessary make appropriate recommendations.

The Standards Committee reviews the Member Code of Conduct and Complaints procedures on an annual basis and the latest versions are included as part of the Constitutional updates to Council.

Any matters following investigation, which require a hearing for determination of a potential breach of the code of conduct would be considered by the Hearings Panel (Sub Committee of the Standards Committee) who would make appropriate recommendations.

## **External inspection and assurance by External Audit during the year:**

The 2019/20 Annual Audit Letter issued by the Council's external auditor noted that:

- They issued an unqualified opinion on the Council's 2019/20 financial statements on 4 February 2021 and did not identify any key audit matters relating to irregularities, including fraud.
- Their audit work did not identify any evidence of management over-ride of controls.
- The audit opinion noted that key audit issues were reported to the Audit & Governance Committee, as those charged with governance, on 12 January. .
- They made a small number of recommendations to support the Council in strengthening its internal controls and financial reporting. These were agreed with management and will be followed up during the 2020/21 external audit.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant supporting guidance. They confirmed that both documents were consistent with the financial statements and with their knowledge of the Council.
- Based on their review they concluded that the Council had put in place appropriate arrangements to ensure recommendations raised by external inspectors were appropriately considered and addressed.
- With regards to financial sustainability they concluded that there were appropriate arrangements in place for the in-year reporting and monitoring of the financial position.
- They were satisfied that in all significant aspects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020. This was reflected in the audit report to the Council on 4 February 2021.
- They confirmed that they carried out work in line with instructions provided by the National Audit Office and issued an assurance statement to confirm the Council was below the audit threshold.

The external auditors also noted that no matters were identified which required them to exercise their additional statutory powers or duties in the course of their audit.

We have been advised of the result of the review of the effectiveness of the governance framework by the Audit & Governance Committee / PAG and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

## SIGNIFICANT GOVERNANCE ISSUES

A key element of the annual governance review process is also to identify any significant internal control issues. The Council has adopted the approach recommended by CIPFA which has identified what may be considered generally as a significant issue. These criteria are:

1. The issue has/may seriously prejudice or prevent achievement of a principal objective;
2. The issue has/may result in a need to seek additional funding to allow it to be resolved;
3. The issue has/may result in significant diversion of resources from another aspect of the business;
4. The issue has/may lead to a material impact on the accounts;
5. The issue, or its impact, has/may attract significant interest or seriously damaged the reputation of the Council;
6. The issue has/may result in formal action being taken by the Section 151 Officer and/or the Monitoring Officer;
7. The audit committee, or equivalent, has advised that it should be considered significant for this purpose, or
8. The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

Significant governance issues identified during 2020/21 are outlined in the following table:

Title	CIPFA Criteria	Issue / Actions being taken	Responsible officer(s)
<b>Children's Services Financial Position</b> (brought forward from 2017/18)	1,2,3,4	<p>The Children's Services budget position continued to face demand pressures in 2020/21 and these are expected to continue into 2021/22. However, the portfolio managed to reduce expenditure substantially during 2020/21 in comparison with 2019/20, as the strategies implemented to reduce demand have proven to be successful.</p> <p>In addition, the work conducted to establish a joint commissioning framework with Health has brought in additional contributions towards placement costs and packages of care.</p> <p>The final outturn position for the portfolio will be heavily dependent on the allocation of funds awarded to the Council in relation to Covid-19.</p>	Strategic Director Children's & Education
<b>Adult Social Care Commissioning</b>	1,2,3	<p>Pressures for 2020/21 have continued within the Adults Commissioning budget due to increased demand for social care services. Costs within the Commissioning budget have escalated over the winter months due to Covid-19 and we are beginning to see an increase in the acuity of care needs as a direct impact of the Covid-19 pandemic.</p> <p>Some of our providers have been impacted significantly by Covid-19 and have suffered</p>	Strategic Director Adults & Health

		<p>much reduced levels of occupancy within their care homes. As such, the Portfolio has provided occupancy payments during the course of the pandemic to support those providers and to enable providers to maintain financial sustainability and reduce the risks of providers of exiting the market.</p> <p>Recent engagement with providers in relation to the Provider Fee uplifts has further highlighted the escalating costs of care as a direct result of the Covid-19 pandemic.</p> <p>In addition, the portfolio has incurred additional staffing costs and commissioned costs around Crisis support as a direct result of the pandemic.</p> <p>The department has a strong monitoring and performance management approach to commissioned care but there are significant improvements which can be made. The benefits of merging ASC Finance with the Commissioning team are now evident in the work we are beginning to do across the team to review services, together with our work across the wider Lancashire and South Cumbria system and ADASS groups on market shaping and the development of our commissioning strategies but this remains challenging within existing resources and the Covid-19 response.</p>	
<p><b>Long term financial sustainability of the Council</b></p>	<p>1,2,3,4,5,6</p>	<p>The Government has provided numerous funding packages for local government over the course of the year, and will continue to do so in the first quarter of 2021/22. These have ensured that the council, unlike several other authorities publicised in the national press, has not had to issue a Section 114 notice, nor has it had to seek further financial assistance and intervention from central government.</p> <p>As the continuing response to and recovery from Covid-19 spans financial years, funding received in the financial year 2020/21 can be carried forward into 2021/22 to support ongoing response and recovery work with a final outturn to be provided to Government in June 2022. Indeed the specific funding will be critical during 2021/22 as we deliver Covid-related activity alongside more Council services returning to business as usual.</p> <p>To support our continued emergency response into and throughout the current year, 2021/22, resource will continue to be made available for front line activity including site marshals, testing team, public protection,</p>	<p>Chief Executive and Directors</p>

		<p>education/social care/crises response and our core public health Covid incident management teams. We will also retain a focused Covid programme management team to co-ordinate activity such as governance, reporting, communications, testing, contact tracing, vaccination support. We will also ensure all of our council premises and spaces remain safe and Covid-secure. This more dedicated response resource will enable other services to focus on returning to business as usual as far as is possible in the circumstances.</p> <p>As with other public sector organisations, we are also dealing with a backlog and rise in demand across many of our services including social work support for vulnerable adults and children, legal, registrars, public protection, youth provision, employment and business support. To acknowledge the adjustments to services in continuing to respond to the pandemic, and operate within Covid-safe guidelines, we have allocated additional resource in this first phase to manage increased demand and provide capacity to deal with backlogs due to Covid-19.</p> <p>The financial position is made more uncertain due to the provision of a one year funding settlement from Government for 2021/22, the challenges arising from the continuing impact of Covid in the Borough and the financial response these will require, and the longer term impacts on income streams, service needs, ability to make savings and ability to collect local taxes, alongside business as usual activity. The financial impact of Covid on the Borough will need to be measured over the long term not just the next financial year.</p>	
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We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:** *M. Khan*

Leader of the Council

**Date:** 16<sup>th</sup> July 2021

**Signed:** *Denise Park*

Chief Executive

**Date:** 16<sup>th</sup> July 2021