



## **Blackburn with Darwen Borough Council**

### **Annual Governance Statement**

**For the year ended 31 March 2022 and up to the date  
of the June 2022 Audit & Governance Committee**

# **ANNUAL GOVERNANCE STATEMENT**

## **Foreword by the Chief Executive – Chair of the Statutory Governance Officers 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 continue to respond to Covid and the challenges the pandemic has had on the 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 2021/22 included the following:

- Continuing review and refresh of the Council's Constitution.
- Completion and review of Strategic Director and Director annual assurance statements, which reflect the seven principles of good governance in support of the Annual Governance Statement.
- Regular deep dive review and challenge of corporate risks by the Audit & Governance Committee.
- Establishment of a chief officers' Corporate Assurance Board.
- Establishment of a Statutory Governance Officers Group (SGOG), which meets on a monthly basis.
- The Council's evidence submitted for the 2021/22 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.
- Approval of a corporate Risk Management Policy Statement and review and refresh of the Risk Management Strategy and Framework and supporting toolkit.
- Risk management refresher awareness sessions for Directors and senior managers.
- 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 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 continued to free 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.

- The Council has had a Local Government Association (LGA) Corporate Peer Challenge within the last five years in line with best practice. It 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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As a local authority, the Council is required by law to review its governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

Blackburn with Darwen Borough Council (the Council) is responsible for ensuring that:

- its business is conducted in accordance with relevant laws and regulations, and proper standards; and
- that public money is safeguarded and properly accounted for and

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, and to ensure that the responsibilities set out above are being met.

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 Local Code of Corporate Governance, which is consistent with the seven principles of the Framework. 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 seven principles set out in the Framework during 2021/22 and the Code and how 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 2022 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 systems of internal control, corporate governance and risk 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.

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

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

#### **1. 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.

#### **2. 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 October 2021 to reflect the resolutions/decisions made at Full Council since March 2021. 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 the revised Member Allowances Scheme approved at Finance Council in February 2022, and a review of the officer delegated powers as well as changes to the Executive Member portfolio responsibilities. There is currently a review ongoing in relation to the Financial Procedure Rules and Contracts & Procurement Procedure Rules, which will need to be approved by full Council.

The Council has adopted the Leader and Executive model of governance. The Council's Constitution sets out the relative roles and responsibilities of the Leader and Executive, 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 had 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. Since 6 May 2021 the legislation allowing remote council meetings expired and the Council reverted to face to face meetings. .

During the pandemic no existing delegations or powers were 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.

Temporary arrangements were put in place during the year to realign responsibilities, primarily through two existing senior members of the extended leadership team, as a result of the retirement of the Director of HR Governance and Engagement. Permanent arrangements are now in place following approval by the Chief Officer Employment Committee to appoint the interim Strategic Heads of Services, Legal & Governance and HR & Engagement to the roles of Deputy Director, Legal and Governance and Assistant Director, Chief Executive's Department, respectively. 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 Corporate Assurance Board was established during the year. This sits alongside the existing Corporate Leadership Team (CLT). This Board provides effective assurance and challenge in respect of the Council's overall performance in meeting its strategic objectives and statutory duties. This has increased the Team's focus in the right areas and improved its effectiveness as a senior team. The Extended Leadership Team continues to meet on a regular basis 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 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.

## **Principle B – Ensuring openness and comprehensive stakeholder engagement**

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

The Council's corporate plan 2019-2023, was 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 recently the Our Communities, Our Future Board.

In working with the Department of Levelling Up, Housing and Communities (DLUHC) 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, as the accountable body for Pennine Lancashire's 'Together an Active Future' partnership. The £13m of available funding will enable the six Local Authority areas to work together with people and partners to test different 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.

When developing the Corporate Plan, the Council established what will be done to deliver the ambition and how progress against this delivery will be measured. The success of the Corporate Plan is measured through a performance management framework with Key Performance Indicators (KPIs) which are measurable and meaningful.

The Corporate Data and Policy teams work with service departments to ensure that appropriate responsibilities for delivery are built into departmental business plans.

At Policy Council in December 2021, members agreed to refresh the corporate plan to take into account the impact of COVID on both the organisation and the borough. While that refresh is taking place, the current corporate plan outlined above still stands.

A programme of engagement is being undertaken so residents, businesses and partners can help shape the plan. The programme includes a residents' survey.

#### **4. 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.

A further residents survey is currently being undertaken which will include a representative sample of interviews and an open survey element.

#### **5. 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 Council's 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 the 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 have worked 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.

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

#### **6. 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.

Blackburn with Darwen was one of the first areas in the country to set up a 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, Hyndburn 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. Lancashire Leaders from



all 15 local authorities are also committed to working together on a strategic plan for Lancashire 2050 and a potential devolution deal with government.

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 (ICS), which will become a statutory Integrated Care Board (ICB) in July 2022.

**7. 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. The Significant Partnerships Register was taken to Audit & Governance Committee in March 2022 and the Register will be reviewed in six months to capture any changes before the annual review.

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.

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

**8. 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 decision making. It includes delegations to various committees, Executive Members and officers, and also scrutiny arrangements for holding decision makers 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. The Council is currently developing a Data Strategy, which includes a baselining exercise to assess the level of data maturity across the organisation. The Data Quality Policy will be assessed during 2022/23 and revised in line with the planned introduction of corporate data standards.

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 is reviewing its Equality, Diversity and Inclusion work and continues to use the Equality Impact Assessment (EIA) Toolkit. Training for EIA and Equality and Diversity is available for staff. 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 a 'screening' element to the EIA process and is in line with legislative requirements. This process continues to work well and the team continue to support colleagues.

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 organisational change.

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 each year. 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 Internal Audit 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 & Assurance annual internal audit opinion which contributes to the Annual Governance Statement.

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

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

The Council has invested in a new Organisational Development Programme, with one of the four workstreams being leadership & management development. This includes reviewing the training needs of Elected members including a comprehensive Elected Member induction programme, for newly Elected Members.

The leadership & management development programme will develop a clear leadership framework, which includes our leadership culture and expected behaviours.

There will be a full range of support, development and interventions which include access to ILM programmes, strength based leadership programmes, a library of tools and resources, coaching, mentoring and opportunities to support career development into more senior management and leadership roles.

The Council will be aiming to take on at least two graduates, under the LGA's National Graduate programme.

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

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

Overarching responsibility for risk management lies with the CAB. Chief Officers are identified as owners of the risks identified in the Corporate Risk Register. The corporate risk register is

considered by CAB on a regular 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.

A corporate Risk Management Policy Statement has been implemented during the year. It is a key element of the Council's corporate planning process and the Corporate Governance Framework. The Policy Statement sets out the Council's intent with the management of risks. It includes a definition of the Council 'appetite' for risk across a range of key risk categories. These are based on a selection of relevant key risk categories recommended in The Orange Book – Management of Risk, Principles and Concepts (2020) published by HM Government.

The Policy and supporting Strategy and Framework will provide a consistent corporate approach to ensure that robust and effective risk management procedures are embedded into the Council's culture so that risk management is an integral part of the decision making process and the supporting systems and procedures used by Members, Chief Officers and staff at all levels. The Policy Statement and Risk Management Strategy and Framework set out the Council's approach for the systematic management of risk, the culture and roles and responsibilities of all managers and decision makers to achieve this.

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 continued to have 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. They should identify any areas of concern and action that they are taking to address these, via their MAF Dashboard Report. This report is reviewed, along with progress against the Corporate Plan priorities, 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 Statutory Governance Officers Group (SGOG) 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 SGOG is

chaired by the Chief Executive and has the Monitoring Officer, Senior Information Risk Owner and Section 151 Officer as members.

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 next 12 months all of the departmental business continuity plans will be reviewed and updated to reflect lessons learnt from our experience of COVID-19. 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 corporate exercise for March 2022 was based on a flood response scenario (Emergency Planning). This exercise not only provides training to attendees but it also an opportunity for plans to be tested and any amendments made where required. We are still supporting the response/recovery phases of the pandemic and departmental plans are flexing to meet the needs of each department as we move into recovery.

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 ongoing response and recovery element to Covid-19.

The Resilience & Emergency Planning Service will continue to deliver 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. To further support this the team have now developed an SLA, which school can purchase to access the support required for emergency preparedness.

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 in March 2022 and is due to be reissued shortly, 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, more recently

the Health & Safety Action group for services at Davyfield Road Depot has also been re-established, with further groups for other main settings also being prepped for re-establishing.

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. 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; this will be reviewed in 2022.

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. Over the last 2 years due to COVID-19, the team have continued to work closely with both schools and council teams, reviewing risks and supporting their plans for a safe management of COVID-19 in 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 and this support is ongoing. This has allowed us input to enable more robust due diligence systems across these important areas.

In addition to the above some of the operational activity to support health and safety includes:

- Working in conjunction with insurance, identifying risks and threats to the council. Supporting insurance in the defence of civil claims against BwDBC.
- Conducting petrol filling station visits on behalf of Public Protection (relating to fire, explosion and environmental risk).
- Provision of inspections and advice around the operation of the Davyfield Road depot.
- Concentrated advice and support in setting up a community hospital / extra care facility at Albion Mill.
- Advice to multi faith settings on Covid-19.

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. Five (5) incidents were reported to the HSE via RIDDOR in the 2021-22 period. This compares to seven (7) incidents during 2020/21.

**11. 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 2021 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 new Director of Finance took over the role when he joined the Council in August.

**12. 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.

### 13. 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.

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 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.

#### **14. 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.

#### **15. Ensure effective management of change and transformation.**

The Council is now approaching the end of year 1 of the 3 year Digital Strategy which covers four work streams:

- Digital first for our services.
- Enable transformation for our staff.
- Data driven organisation.
- Secure and resilient technology.

The Strategy sets out what we will do to make Blackburn with Darwen a truly digital council and borough over the next three years and beyond. The aim is to enable positive impacts to the way people live, connect and work. It is our challenge to effectively engage with, understand, collaborate and better serve our customers and communities in digital first environments over the next three years and beyond. The scope of the Digital Strategy is a large portfolio of work and requires a wider remit for governance. Each of the four work streams has its own governance board in place and each are chaired by the Strategic Director of Resources:

- For work stream 1 and 2 there is a monthly Projects Review, noting that projects with a significant value additionally have project boards;
- Work stream 3 is in the process of setting up a data steering committee; and
- Work stream 4 is governed by a bimonthly Tech Assurance Board.

**16. 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 formed part of the specific responsibilities of the Director of HR, Governance and Engagement until 13 September 2021. In July 2021, Council Forum approved temporarily transferring the functions to the Strategic Head of Service, Legal & Governance. This has now been made permanent and the role is Deputy Director, Legal & Governance

**17. 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.

**18. 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 2022 showed that there is a strong belief by its members that the Committee is operating effectively.

**19. 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 annual 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 has submitted evidence for the 2022/23 NHS Information Governance Toolkit (DSPT). The submission is subject to NHS audit, this will enable the Council to continue to exchange data with NHS bodies should our compliance evidence be accepted.

Risks identified during 2021/2022 include 20 outstanding historical Children's Social Care subject access requests that carry risk of non-compliance with legislation, as they are significantly overdue. The risk of non-compliance with new Subject Access Requests within Children's Social Care is also raised. One FTE post was transferred into the Information Governance Team in 2020/21. Whilst existing IG members are continuing to assist with the volume of requests, with a single specialist resource in this field in place, there is a single point of failure/risk. This is a significant role requiring specialist knowledge of Children's Social Care processes. Additional resource requirement has been formally identified and an apprentice post has been applied for. This needs close attention over the next 12-18 months considering the existing post holder is close to retirement. The consequences of this risk materialising 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 via the Quarterly SIRO report.

During 2021/22 (to date) there were three complaints made to the Information Commissioner's Office (ICO). This is an 80% decrease on the number of complaints registered with the ICO in 2020/2021 (15)

During 2021/22 there were 77 recorded information security incidents. This is an 18% decrease on the number of information security incidents registered with the Information Governance Team in 2020/2021 (94). Incidents where the cause has been identified as process failure as opposed to human error will continue to be reviewed to ensure the suggested remediation actions have been completed within the timescale required. All human error breaches have been followed up with line management instructions and retraining where appropriate.

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 and action plans are issued to relevant Directors. The team also regularly reports to the Audit & Governance Committee on the progress and outcomes of its planned work. At the year end, a mandatory Head of Internal Audit opinion report is produced, 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.

## **20. 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.

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

### **21. 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 2021/22 to monitor 73 performance measures and ensure the delivery of the Corporate Plan. However, the Council has been responding to the emergencies of the Coronavirus pandemic. There are some instances where data was not available for all 73 KPIs.

Member and officer led challenge processes have taken place, 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. 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 Executive Board / Policy Council receives 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. 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.

## Progress during 2021/22 on significant governance issues identified in the 2020/21 Annual Governance Statement

Title	CIPFA Criteria	2020/21 Issue	2021/22 Action taken
<b>1. Children's Services Financial Position</b>	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>	<p><b>Year-end Update 31 March 2022</b></p> <p>We are currently working through the year end closure of accounts and as such the final outturn is not yet known. However it is expected to return an overspend in the region of £2,000,000. This would be an increase on the position reported at quarter 2.</p> <p>The demand pressures that existed in 2020/21 continued into 2021/22 with the largest overspends being seen within Placement Services, specifically Special Guardianship Orders, Commissioned Placements and Foster Care. Additional pressures have been seen against our Home to School and SEN Transport budgets.</p> <p>The budget pressures associated with Special Guardianship Orders have been addressed as part of the Medium Term Financial Plan, with additional funding of £1,000,000 allocated against this budget in 2022/23.</p>
<b>2. 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 much reduced levels of</p>	<p><b>Year-end Update 31 March 2022</b></p> <p>The year end position for the portfolio is significantly improved and based on current levels of demand and information the net spend for the portfolio for 2021/22 is</p>

	<p>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>The portfolio is also starting to see pressures from the mental health service pathways with more cases being reported where there is a shortage of crisis and rehabilitation beds.</p> <p>Ability to recruit and retain workforce is also a growing concern and may require the council to further prioritise services in order to keep our most important services resilient. In particular recruitment in re-ablement and crisis support remains a challenge. The registered care and domiciliary care sectors are also impacted by workforce pressures.</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>predicted to be an underspend in the region of £2.2m.</p> <p>Pressures exist within the commissioning budget particularly on domiciliary care due to additional demand and increased acuity of need impacting on the cost of care. However continued utilisation of our demand management strategies and review of our most complex cases and higher cost packages has resulted in an overall underspend.</p> <p>The majority of the current underspend is as a result of one off income in this financial year. Discharge to Assess income from Health in respect of Covid-19 care costs, additional one-off unplanned receipts and associated budget adjustments for Continuing Health Care contributions from the CCG, ordinary residence disputes which have been resolved, and reclaims of individual direct payment budgets. Direct Payment clawbacks are predominantly due to under utilisation as a result of the pandemic, and reviews of assessed needs.</p> <p>Delays in the mobilisation of Albion Mill has also contributed to the in-year position. The increased demand in domiciliary care and cost of individual care packages due to acuity of needs should be noted as it is likely these pressures will impact on the 22/23 budget as one off income streams are no longer available.</p> <p>Recruiting social care staff has continued to be challenging and has resulted in significant staff vacancies and underspending within non commissioning budgets. It is hoped that this is a temporary issue due to the difficulties being experienced by the whole sector in recruiting</p>
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			<p>and retaining social care staff during the pandemic. However social care workforce capacity has now become a key risk for the department and the Council.</p> <p>Our ongoing engagement with care providers continues to highlight the significant challenges they face following the pandemic (including low occupancy, insurance cost, Infection control, staffing and now escalating fuel and energy costs).</p> <p>These issues are highlighted across the sector at a national level. We have now consulted with providers and finalised our agreed provider fee increases for 2022/23 which allow for the increase in National Living Wage, Employer NI contributions and other inflation. However the increases are unlikely to fully address the issues faced by providers as our agreed increases are obviously balanced against affordability within the Council's Medium Term Financial Plan.</p> <p>The Government have announced a Market Sustainability and Fair Price for Care Grant for 22/23, which requires local authorities to undertake a cost of care exercise and publish market sustainability plans. This exercise will be undertaken early in the new financial year and it is anticipated there may be further budget pressures which arise from the review in terms of managing the market and the risks associated with provider failure and our ability to deliver statutory care services.</p>
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			<p>The Government have announced Social Care reforms, which will have a very significant impact on numerous aspects of our service including how we assess and commission care, client contributions and our existing systems and processes. At this stage it is difficult to quantify the impact on the commissioning budget and resource requirements. However, it is essential to highlight that the scale of reform changes and pace at which these have to be introduced will have a significant impact on the department at the same time as our preparations for full CQC inspection.</p> <p>The Government have stated that Social Care Reforms should result in additional funding for Social Care but the details are yet to be confirmed.</p>
<p><b>3. Impact of COVID-19 on the financial position 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</p>	<p><b>Year-end Update 31 March 2022</b></p> <p>On the basis of the latest budget monitoring exercise, undertaken at the end of Quarter 3, the Council is forecasted to overspend its Revenue Budget by c£3.9m (which is an improved position when compared to the forecast outturn at the end of Quarter 2). The overspend is largely a consequence of the continuing impact of Covid-19 which has resulted in lower than budgeted income a number of areas such as car parking, leisure and licensing. Efforts to contain the overspend continue to be pursued along with monitoring of the budget position up to the year-end. In relation to the Capital Programme for 2021/22, there are no exceptional variances.</p>

	<p>to be made available for front line activity including site marshals, testing team, public protection, 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>	<p>In the meantime, at the end of February 2022, the Council set both its General Fund Revenue Budget and Capital Programme for the 2022/23 financial year. This was underpinned by a better than expected funding settlement from Government although, as this was for one-year only, there remains some uncertainty about the future funding of the Council. Indeed, the Council's latest Medium Term Financial Plan to 2024/25 shows a forecast funding shortfall of c£6m.</p> <p>In agreeing the budget for 2022/23, the Council also endorsed a Financial Strategy based on four key themes – Grow (the Council's tax bases), Charge (for services where possible), Save (costs through transformation) and Stop (providing services where others are capable of providing them in place of the Council). Allied to this is the use of reserves in a strategic way to help the Council transition to a lower cost base and to have an active lobbying campaign to ensure the Council receives a fair funding settlement (based on the Borough's needs) from the Government. The implementation of this Strategy, in conjunction with the wider work of the Council, is intended to provide the basis for a sustainable budget that supports the delivery of the Council's corporate objectives.</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 CAB who each sign an annual assurance certificate regarding the effectiveness of the governance arrangements in place within their areas of responsibility, 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 2021/22 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:**

In the draft Audit Findings Report presented by the Council's external auditor for the year ended 31 March 2021, considered by the Audit & Governance Committee in January 2022 it was noted that:

- At that stage, the External Auditor anticipated issuing an unmodified audit opinion on the 2020 /21 financial statements.
- The work value for money work completed to that date had not identified any significant weakness in the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources.
- The audit work had not identified any evidence of management over-ride of controls.
- The Council's Annual Governance Statement and Narrative Report, and other information published with the audited financial statements was consistent with the External Auditors knowledge obtained during the audit.
- The Annual Governance Statement is compliant with the disclosure requirements of the CIPFA/SOLACE guidance.
- One the basis of the work carried out they had obtained sufficient appropriate evidence to conclude that there was no material uncertainty identified relating to going concern and management's use of the going concern basis of accounting in the preparation of the financial statements was appropriate.

The external auditors also noted that their work had not identified any significant and pervasive weaknesses in arrangements. Therefore, they have not made any statutory recommendations or exercised any of their additional statutory powers or duties under the Local Audit & Accountabilities Act 2014 in the course of their work for the 2020/21 audit year.

We have been advised of the result of the review of the effectiveness of the governance framework by the Audit & Governance Committee and SGOG, 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 2021/22 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>We are currently working through the year end closure of accounts and as such the final outturn is not yet known, however the portfolio is expected to return an overspend in the region of £2,000,000. This would be an increase on the position reported at quarter 2.</p> <p>The demand pressures that existed in 2020/21 continued into 2021/22 with the largest overspends being seen within Placement Services, specifically Special Guardianship Orders, Commissioned Placements and Foster Care. Additional pressures have been seen against our Home to School and SEN Transport budgets.</p> <p>There is an issue with placement sufficiency and cost pressures on external placements. These placements are closely monitored. There is a national crisis in the availability of placements for cared for children who have social, emotional and mental health issues who have sexually harmful and other risk taking behaviours and the impact of the added requirement for post-16 regulation</p>	Strategic Director Children's Services & Education

		<p>of suitable accommodation. The implications of the Integrated Care System the pan Lancashire and South Cumbria approach to joint funding of children with complex needs and the implementation of the Individual Patient Allowance needs to be assessed.</p> <p>Consideration is being given to sub regional commissioning, along with a review of the internal provision. The independent review into children's social care will a view on this.</p> <p>The budget pressures associated with Special Guardianship Orders have been addressed as part of the Medium Term Financial Plan, with additional funding of £1,000,000 allocated against this budget in 2022/23.</p>	
<p><b>Adult Social Care Commissioning</b> (brought forward from 2020/21)</p>	1,2,3	<p>The Department is beginning to see escalating costs in the commissioning budget as a result of increased numbers of domiciliary care packages and increased acuity of need. However the commissioning budget is forecasting an underspend due to one off income in year. Our ongoing engagement with care providers continues to highlight the significant challenges they face following the pandemic (including low occupancy, insurance cost, Infection control, staffing and now escalating fuel and energy costs). These issues are highlighted across the sector at a national level. We have now consulted with providers and finalised our agreed provider fee increases for 2022/23, which allow for the increase in National Living Wage, Employer NI contributions and other inflation. However, the increases are unlikely to fully address the issues faced by providers as our agreed increases are obviously balanced against affordability within the Council's Medium Term Financial Plan.</p> <p>The Government have announced a Market Sustainability and Fair Price for Care Grant for 2022/23, which requires local authorities to undertake a cost of care exercise and publish market sustainability plans. This exercise will be undertaken early in the new financial year and it is anticipated there may be further</p>	<p>Strategic Director for Adults and Health</p>

		<p>budget pressures in commissioning which arise from the review in terms of managing the market and the risks associated with provider failure and our ability to deliver statutory care services.</p> <p>The Government have announced Social Care reforms, which will have a very significant impact on numerous aspects of our service including how we assess and commission care, client contributions and our existing systems and processes. At this stage it is difficult to quantify the impact on the commissioning budget. However, it is essential to highlight that the scale of reform changes and pace at which these have to be introduced will have a significant impact on the department at the same time as our preparations for full CQC inspection.</p> <p>The Government have stated that Social Care Reforms should result in additional funding for Social Care but the details are yet to be confirmed.</p>	
<p><b>Long term financial sustainability of the Council</b> (Brought forward from 2020/21)</p>	<p>1,2,3,4,5,6</p>	<p>Underpinning the development of the 2022/23 budget (and the Financial Strategy and 2022/25 Medium Term Financial Plan) is the continuing impact of austerity. Although the Council's Core Spending Power for 2022/23 has increased, that increase is neither sufficient to make up for the funding reductions the Council has experienced since 2010 nor reflective of the significant changes in demand for services. Consequently, the Council's Medium Term Financial Plan still shows a forecast funding deficit for which action will need to be taken to ensure the Council remains financially sustainable.</p> <p>The generally accepted view is that the increase in Core Spending Power set out in CSR21 is unlikely to be enough to keep pace with rising demand for Adult Social Care, meaning further pressure on other services that have already borne the brunt of a decade of austerity.</p> <p>In addition there are ongoing income losses from the COVID pandemic as footfall and demand have not risen back to pre-pandemic levels. Further uncertainty has been created by rising inflation and the cost of living crisis and the projected increases in the national living wage will</p>	<p>Chief Executive and Directors</p>

		<p>put further pressure in the Council's salary budgets.</p> <p>The February Finance Council meeting approved a Finance Strategy the aim of which is to provide a 'route map' for a balanced sustainable budget over the medium term planning period whilst ensuring that resources are applied in the most effective, efficient and economical way ensuring that the Council's Strategic Plan is achieved.</p> <p>There are four key themes to the Strategy; Grow (the Council's tax bases), Charge (for services where possible), Save (costs through transformation) and Stop (providing services where others are capable of providing them in place of the Council).</p>	
<b>Children's Services Ofsted Inspection Findings</b>	1,2,3,5	<p>The Ofsted ILACS inspection in February/March 2022 acknowledged that there were areas of good practice in place but found that improvement was required to be good across the four categories inspected. The inspectors identified that that further work was needed to embed the full Quality Assurance Framework to drive forward practice.</p> <p>The outcome of the inspection, and key priorities, were reported to Executive Board in April. The report noted that additional investment would be required to cover improvement activity.</p> <p>A costed improvement plan has been developed and is due to be submitted to Ofsted by 1st July 2022. The plan will be driven by a multi-agency 'Achieving Excellence' Partnership Board which is being chaired independently to oversee the delivery of the response and actions identified. The Board has now met and had sight of the plan, which will now be approved by Executive Board prior to submission to Ofsted.</p> <p>It will continue to build on the Council's commitment to supporting the most vulnerable. The plan will address the key concerns around multi-agency strategy discussions, data and assurance, and our services and support for care leavers up to the age of 25.</p>	Strategic Director Children's Services & Education

		<p>The Action Plan will be subject to further refinement as the financial year progresses. This acknowledges that the Council's response needs to be both immediate to deal with some of the issues raised in the Inspection and developed to ensure that the improvements in the service are sustained to deliver the best outcomes for Children in a way that remains affordable for the Council.</p>	
<p><b>Teachers' Pension Agency Year End Certification and audit</b></p>	3,5	<p>There are a number of issues in iTrent when running the Monthly Contributions Reconciliation (MCR) return for teachers' pension contributions which the Council is required to provide the Teachers' Pension Agency (TPA). This is causing additional manual activity for Payroll staff of around 10 days per month that should not be required, is not sustainable and creates the risk of human error.</p> <p>The software provider has been working on identify the cause of the errors and resolving these. This work is currently on-going. The software provider has been put on notice that the Council reserves the right to recovering the additional costs arising from the extra work required as a result of these issues occurring.</p> <p>If the issues are not able to be resolved there is significant reputational risk to the Council. Any under payment of teachers' pensions contributions identified will also attract compound interest. At this stage it is not clear when the issues will be resolved.</p> <p>A year end certificate was manually produced by 31 May, as required. This is now required to be audited. The auditor must provide the audited return direct to the TPA by 30th November 2022.</p>	<p>Assistant Director, Chief Executives Department</p>
<p><b>Performance Management System</b></p>	1,2,3,5	<p>Corporate performance monitoring arrangements were stepped back during the last two years to allow for the Council to provide an effective response to the pandemic. In light of the new Corporate Plan being developed and implemented, alongside the Organisational Development Framework and new Council Values and Behaviours, the Performance Management Framework and reporting</p>	<p>Corporate Leadership Team</p>

		<p>arrangements needs to be reviewed, refreshed and strengthened, linked into business plans, to ensure that the right information is being monitored and reported accurately, in a timely manner.</p> <p>This will ensure that there is a better corporate understanding of service performance.</p> <p>This will enable a better corporate focus on service performance along with co-ordination of cross-cutting matters, better engagement with staff and their development and the development of a culture of improvement.</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:**

*P. Riley*

*Denise Park*

**Leader of the Council**

**Chief Executive**

**Date:**

**05.07.2022**

**05.07.2022**