

# AUDIT & GOVERNANCE COMMITTEE

Tuesday 13<sup>th</sup> June 2017

**Please also note, a session has been arranged for Members of the Committee, to start at 6:00pm on 13 June, to review and challenge the Council's risk management arrangements to prevent the breakdown of community relations or deterioration of community cohesion and to manage the risk of a high profile serious safeguarding incident or case that is known to the Council. The Committee will start at the rise of the training.**

## AGENDA

---

### Part 1: Items for consideration in public

1. **Minutes of the meetings held on 11<sup>th</sup> April 2017** (Page )
2. **Declarations of interest** (Page )
3. **External Audit Update Report**  
The Council's External Auditors will provide the Committee with a verbal update on the progress of their work.
4. **Treasury Management Report – March to May 2017** (Page)  
The Head of Financial Services will provide the Committee with a report on Treasury Management activity.
5. **Audit & Assurance – Progress & Outcomes to May 2017** (Page )  
The Head of Audit & Assurance will report on progress and outcomes achieved within Audit & Assurance.
6. **Corporate Annual Report on Health, Safety & Wellbeing 2016/17** (Page )  
The Health, Safety & Wellbeing Manager will provide the Committee with the Health, Safety & Wellbeing annual report.
7. **Annual Risk Management Report 2016/17** (Page )  
The Director of Finance & IT will provide the Committee with the Annual Risk Management Report for 2016/17.
8. **Annual Counter Fraud Report 2016/17** (Page )  
The Head of Audit & Assurance will provide the Committee with the Annual Counter Fraud Report for 2016/17.
9. **Annual Internal Audit Opinion Report 2016/17** (Page )  
The Head of Audit & Assurance will provide the Committee with the Annual Internal Audit Report for 2016/17.
10. **Annual Governance Statement for 2016/17** (Page )  
The Director of Finance & IT will provide the Committee with the Annual Governance Statement for 2016/17.

**11. Audit Committee Annual Report 2016/17 (Page )**

The Chair will present the draft Audit Committee Annual Report for 2016/17.

**12. Significant Partnerships Register 2016/17 (Page )**

The Policy & Partnership Manager will provide the Committee with a report on the Significant Partnerships Register for 2016/17.

**Part 2: The Press and Public may be excluded during consideration of the following items**

**Harry Catherall  
Chief Executive  
June 2017**

**AUDIT AND GOVERNANCE  
COMMITTEE  
Tuesday, 11<sup>th</sup> April 2017**

**PRESENT** – *Councillor Sidat, (in the Chair); Murray, Casey and D Foster.*

**APOLOGIES** – *Councillor McGruk*

**ALSO PRESENT**

Councillor Kay	– Executive Member for Resources
Karen Murray	– District Auditor
David Fairclough	– Director for Legal and HR
Louise Mattinson	– Director for Finance and IT
Colin Ferguson	– Head of Audit and Assurance
John Addison	– Principal Scrutiny Officer

**RESOLUTIONS**

**31 Minutes of the meetings held on 10<sup>th</sup> January 2017**

The minutes of the meeting held on 10<sup>th</sup> January 2017 were agreed as a correct record.

**32 Declarations of interest**

There were no declarations of interest.

**33 External Audit Update Report**

The Council's External Auditors provided the Committee with a report on the current position of their work as of March 2016. The report outlined in detail work that had been undertaken and a timetable of work to be undertaken during the rest of the financial/municipal year.

The report also provided Members with a summary of emerging national issues/developments that may be relevant to the Council, it also highlighted a number of challenge questions in respect of those emerging issues which the Committee may wish to consider.

**RESOLVED:**

That the report on External Audit's progress report be noted.

**34 External Audit Plan for 2016/17**

The Council's External Auditors provided the Audit Committee with their Audit Plan for 2016/2017. The report provided Members with the

response of the External Auditors to the challenges, opportunities and developments facing the Council.

The report also covered the audit approach, risks identified and a value for money conclusion. It was noted that one of the key risks identified was around welfare expenditure.

**RESOLVED:**

That the External Audit Plan be noted.

**35 External Audit Grant Certification Report 2015/2016**

The Council's External Auditors presented to the Committee the External Audit Certification report on the audit of grants for 2015/2016 for formal approval by the Committee.

**RESOLVED:**

That the External Audit Certification report be noted.

**36 Treasury Management Report – December 2016 to February 2017**

The Director for Finance and IT provided Members with a report on the Council's Treasury Management function for the period December 2016 to February 2017.

The report summarised the interest rate for the quarter, borrowing and lending transactions undertaken and the Council's overall debt position. It also reported on the position against the Prudential Indicators established by the Council.

**RESOLVED**

That the Committee note the report.

**37 Audit & Assurance – Progress & Outcomes to February 2017**

The Head of Audit and Assurance submitted a report which updated the Committee on progress and outcomes against the Audit & Assurance Plan 2016/17 in terms of outcomes achieved for the period dated the 1<sup>st</sup> December 2016 to 28<sup>th</sup> February 2017.

The report focused on a number of key areas in Audit & Assurance, in particular on going reviews:

- Private Care Homes Contract Payments
- Budgetary Control
- Efficiency Partner

- Strategic Funding & Bidding

The Committee received an update to the 12 recommendations made in relation to the social media audit and wished to receive an update on Children's services at the Committees next meeting.

**RESOLVED:**

That the Committee note the outcomes achieved to 28<sup>th</sup> February 2017 against the Audit & Assurance Plan, which was approved by Committee in April 2016.

**38 Audit & Assurance Plan 2017/18**

The Head of Audit and Assurance informed Members of the planned Audit & Assurance work for the new financial year 2017/2018.

Members were reminded that the Audit & Assurance Plan defined the scope and reasoning behind the approach that had been adopted. Overall, the objectives were:

- to fulfil Audit & Assurance's own statutory obligations;
- to provide assurance, support and advice to Directors on matters under their control;
- to support the Section 151 Officer's statutory obligations;
- to assist the Audit Committee in gaining independence assurance on the Council's risk management, governance and control arrangements;
- to report compliance with the Public Sector Internal Audit Standards (PSIAS); and
- to contribute, as part of the Resources & Transformation Directorate, to the development of corporate standards.

It was noted that the plan was, as in previous years, risk-based and the audit methodology was essentially risk-based auditing.

It was reported that the planned resources for the audit function for 2017/2018 were 676 work-days. In addition, there are 714 work-days for Risk Management (70), Counter Fraud (85), Insurance (462) and Financial Support/Other (93).

**RESOLVED:**

That the Committee:

- Approve the 2017/18 Plan (as set out in Appendices A and B)
- Approve the revisions to the Internal Audit Charter (as set out in Appendix C);

- Note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting
- To note that Plan changes will be reported during the year.

### **39 Risk Management – 2016/17 Quarter 3 Review**

The Head of Audit and Assurance provided the Committee with a report that detailed risk management activity that had taken place within the Borough/Council since January 2017

Members were reminded that the Council recognised that risk management was not simply a compliance issue, but rather a way of viewing its operations with a significant impact on long-term viability. It was noted that risk management helped to demonstrate openness, integrity and accountability in all of the Council's activities.

The Audit & Assurance Manager informed the Committee of the current top corporate risks, it was noted that the Corporate Risk Register currently contained a total of 15 open risks; this was a reduction of two since the previous quarter as reported to Committee on 20th September.

The Committee was asked to consider the Risk Register. Members agreed to look in depth at the following two areas prior to the Committees' next meeting;

- Risk 14 - High profile serious/critical safeguarding incident/case that is known to Council services.
- Risk 10 - Due to the breakdown of community relations or a deterioration of community cohesion, greater risk of hate crime, extremism, radicalisation or polarisation of communities.

#### **RESOLVED:**

That the Audit Committee considered and approved;

1. Progress made on the Corporate Risk Register at the end of Quarter 3 2016/17;
2. Note the Risk Management activity during the period;
3. Members will look in depth at risks 14 and 10 on the Council's Risk Register.

### **40 Response to the External Auditors Request for Information**

The Head of Audit and Assurance presented a report to Members that summarised how the Audit & Governance Committee gained assurance, in order to fulfil its responsibilities in relation to the financial reporting process.

It was reported that the Council's external auditor, Grant Thornton, was obliged to comply with the International Standards on Auditing (UK and Ireland) (ISAs). They have specific responsibilities, under these ISAs, to communicate with the Audit & Governance Committee on matters which should be communicated.

It was noted that to support their work, the Audit & Governance Committee had been asked to provide information on how it gains assurance from management in order to fulfil its responsibilities in respect of the financial reporting process Grant Thornton is required to obtain an understanding of the management processes and the Committee's oversight of the following areas in respect of the year ended 31 March 2017.

- Fraud;
- Laws and regulations;
- Going concern; and
- Contingent liabilities.

**RESOLVED:**

The Committee approve the response to the External Auditors request for information (Appendix A).

**Signed** .....  
**Chair of the meeting at which the Minutes were signed**  
**Date** .....

**DECLARATIONS OF INTEREST IN  
ITEMS ON THIS AGENDA**

**Members attending a Council, Committee, Board or other meeting with a personal interest in a matter on the Agenda must disclose the existence and nature of the interest and, if it is a prejudicial interest, should leave the meeting during discussion and voting on the item.**

**Members declaring an interest(s) should complete this form and hand it to the Committee Administrator at the commencement of the meeting and declare such an interest at the appropriate point on the agenda.**

MEETING: **Audit Committee**

DATE:

AGENDA ITEM NO.:

DESCRIPTION (BRIEF):

NATURE OF INTEREST:

PERSONAL/PREJUDICIAL (delete as appropriate)

SIGNED :

PRINT NAME:

(Paragraphs 8 to 13 of the Code of Conduct for Members of the Council refer)



# BRIEFING PAPER

**REPORT to :** Audit and Governance Committee

**LEAD OFFICER:** Director of Finance and IT

**DATE:** 13<sup>th</sup> June 2017

**WARD/S AFFECTED:** All

## TREASURY MANAGEMENT REPORT – 2017/18

Based on monitoring information for the quarter 1<sup>st</sup> March 2017 – 31<sup>st</sup> May 2017

### 1. PURPOSE

To allow scrutiny of the Treasury Management function.

### 2. RECOMMENDATIONS

It is recommended that Audit and Governance Committee notes the Treasury Management position for the period.

### 3. BACKGROUND

3.1 The Council has previously adopted CIPFA's latest Code of Practice on Treasury Management in the Public Services and associated guidance notes. The Treasury Management Strategies for 2016/17 and 2017/18, approved at Finance Council in February 2016 and 2017, respectively, comply with both the CIPFA Code and with current Department for Communities and Local Government (CLG) guidance on investments (issued March 2010). The CIPFA Code, Investment Guidance issued by CLG and Audit & Assurance reviews of Treasury Management activities all recommend an enhanced role for elected members in scrutinising the Treasury Management function of the Council.

3.2 This report summarises the interest rate environment for the three month period and the borrowing and lending transactions undertaken, together with the Council's overall debt position. It also reports on the position against the Treasury and Prudential Indicators established by the Council.

3.3 A glossary of Treasury Management Terms is appended to this paper.

### 4. KEY ISSUES

#### 4.1 Interest Rates

Since the Bank of England Bank Rate was reduced to 0.25% in August 2016, market interest rates, including the cost of government borrowing, have fluctuated, in reaction to political events and

announcements. From a broader perspective, rates have remained at very low levels.

#### 4.2 Investments Made and Interest Earned

The graph in Appendix 1 shows the weekly movements in totals available for investment, both actuals to date and projections for the rest of the year (which have been inflated by taking significant short term borrowing ahead of the year end).

Investments made were mainly in “liquid” (instant access) deposits, either bank “call accounts” or Money Market Funds (MMFs). Returns on such investments were low, with MMF rates falling again, to between 0.18% and 0.20%. Bank accounts continue to yield 0.10% or 0.15% (though we have been notified that one, RBS, will cut its rate to 0.05% from 5 June).

For limited periods, funds were also placed with the Government’s Debt Management Office (at 0.10%). The only other fixed term investments made were:

<b>Start Date</b>	<b>End Date</b>	<b>Counterparty</b>	<b>Amount £</b>	<b>Rate</b>
27-Mar-17	03-Apr-17	Stoke City Council	5,000,000	0.40%
30-Mar-17	24-Apr-17	West Yorkshire Police & Crime Commissioner	2,000,000	0.40%
31-Mar-17	28-Apr-17	London Borough of Ealing	5,000,000	0.35%
27-Apr-17	01-Jun-17	Lewes District Council	4,000,000	0.25%
28-Apr-17	31-May-17	London Borough of Ealing	5,000,000	0.25%
28-Apr-17	31-May-17	Middlesbrough Borough Council	3,000,000	0.25%
04-May-17	11-Aug-17	National Counties Building Society	5,000,000	0.35%
30-May-17	30-Aug-17	Torfaen County Borough Council	5,000,000	0.25%

At 31<sup>st</sup> March, the Council had just over £22M invested. Appendix 2 shows the breakdown of the £30 million invested at the end of May.

The Council’s average return over the 3 months was around 0.20% (a little down compared to 0.22% in the last quarter).

For comparison, benchmark LIBID (London Interbank Bid) rates also remained low. Average rates for 1 month’s lending held at around 0.13%, and for 3 months averaged 0.20% (though still on a falling track).

#### 4.3 Borrowing Rates

The cost of long term borrowing through the PWLB (Public Works Loan Board) is linked to Central Government’s own borrowing costs. PWLB rates fell in anticipation of, and following, the Bank Rate cut and hit a historic low last summer, then rose up to January 2017, falling again .

Average PWLB borrowing rates are historically low. Based on the cost of new “maturity” loan to the Council, 5 year loans remained at around 1.3% (generally between 1.25% and 1.35%), while loans in the 20 to 50 year range were at around 2.5% (generally between 2.3% and 2.7%)

Short term borrowing rates - based on loans from other councils – were also low, as alternative options for lenders (investment rates) were low. There was a slight upward movement up to the end of March (the low point for most local authorities’ cash) before a relaxation of rates again in the new year. By the end of May, 3 month loans usually cost below 0.35%, while 6 month/ 1 year loans were between 0.40% and 0.50%.

#### 4.4 Borrowing and Lending in the 3 month period

The Council's CFR (Capital Financing Requirement) is the key measure of the Council's borrowing **need** in the long term. It is

- (a) the accumulated need to borrow **to finance capital spend** (not funded from grants, etc.)  
**less**
- (b) the accumulated Minimum Revenue Provision (MRP) charges already made - councils must make a prudent MRP charge in their accounts each year, to finance their debt -  
**less**
- (c) any capital receipts applied to finance outstanding debt.

and therefore tends to increase if capital spend financed from borrowing exceeds MRP.

The Council's **actual** long term debt was more than £75M below the CFR at the start of 2016/17, and this gap widened to more than £88M by the end of the year (as the CFR increased and long term debt was repaid). The Council has taken no new long term borrowing for several years, and is repaying existing debt at maturity.

We are effectively using "internal borrowing" from available revenue cash balances to part cover this gap. Two benefits of this are:

- (a) a net saving on interest (as long term borrowing costs more than investments would earn), and
- (b) fewer funds held, so a lower risk of funds invested being lost.

The rest of the gap is covered by taking enough short term borrowing to ensure that the Council has sufficient funds to pay its liabilities and commitments, and in anticipating future borrowing needs.

Over the period, there was an increase in short term borrowing of £10M, as loans of £30M of were repaid and **£40M of new loans** had been taken (listed below).

Start Date	End Date	Counterparty	Amount £	Rate
09/03/2017	09/01/2018	Tendring District Council	1,000,000	0.42%
15/03/2017	15/12/2017	Vale of Glamorgan	1,000,000	0.43%
15/03/2017	22/06/2017	Derby City Council	3,000,000	0.40%
15/03/2017	14/06/2017	Bridgend Borough Cncl	2,000,000	0.40%
20/03/2017	20/09/2017	Kent Police Authority	5,000,000	0.40%
20/03/2017	20/06/2017	Portsmouth City Council	5,000,000	0.40%
30/03/2017	29/09/2017	Basildon District Council	2,000,000	0.45%
31/03/2017	30/06/2017	Vale of White Horse District Cncl	2,000,000	0.40%
04/04/2017	04/07/2017	Middlesbrough Pension Fund	6,000,000	0.40%
21/04/2017	23/06/2017	Derbyshire County Council	5,000,000	0.40%
27/04/2017	29/01/2018	North East Combined Authority	5,000,000	0.42%
08/05/2017	30/11/2017	Gwent Police Authority	3,000,000	0.35%

**Note of Future deals already agreed by end of period**

Start Date	End Date	Counterparty	Amount £	Rate
01/06/2017	31/05/2018	London Borough of Havering	5,000,000	0.45%
15/06/2017	29/03/2018	Wokingham BC	5,000,000	0.40%
30/06/2017	29/03/2018	Tendring District Council	1,000,000	0.40%
04/07/2017	30/04/2018	London Borough of Brent	10,000,000	0.45%
18/07/2017	18/04/2018	Kent Police Authority	2,000,000	0.40%
18/07/2017	19/02/2018	Kent Police Authority	2,000,000	0.38%
10/07/2017	10/04/2018	West Yorks Police & Crime Commissnr	5,000,000	0.43%

#### 4.5 Analysis of debt outstanding -

	1st March 2017		31 <sup>st</sup> May 2017	
	£'000	£'000	£'000	£'000
<b>TEMPORARY DEBT</b>				
Less than 3 months	8,000		20,000	
<u>Greater than 3 months (full duration)</u>	<u>45,000</u>		<u>43,000</u>	
		53,000		63,000
<b>LONGER TERM DEBT</b>				
Bonds	21,503		21,503	
Mortgages	17		17	
PWLB	106,125		105,345	
<u>Stock &amp; Annuities</u>	<u>258</u>		<u>258</u>	
		127,903		127,123
Lancs County Council transferred debt		16,158		15,992
<u>Recognition of Debt re PFI Arrangements</u>		<u>68,680</u>		<u>68,311</u>
<b>TOTAL DEBT</b>		<b>265,741</b>		<b>274,426</b>
Less: Temporary Lending - fixed term		(6,000)		(10,000)
- instant access		(21,415)		(20,075)
<b>NET DEBT</b>		<b>238,326</b>		<b>244,351</b>

The key elements of long term borrowing included above are:

- (a) £21.5M classed as bonds, borrowed from the money markets, largely in the form of "LOBO" (Lender Option, Borrower Option) debt. The overall average interest rate paid on this debt is now around 5%, with individual deals ranging from 4.35% to 7.625%
- (b) £105M borrowed from the PWLB at a range of fixed rates, at an overall average rate of around 4.2%. Loans repayable on maturity range from 3.06% to 7.875%, while EIP (Equal Instalment of Principal) loans range from 1.94% to 3.77%.
- (c) Debt managed by Lancashire County Council after Local Government Reorganisation, which is repaid in quarterly instalments across the year – charged provisionally at 2%.
- (d) Debt recognised on the balance sheet as a result of accounting adjustments in respect of bringing into use those new school buildings financed through Public Finance Initiative (PFI) arrangements. The Council's effective control over and use of these assets is thereby shown "on balance sheet", with corresponding adjustments to the debt. This does not add to the costs faced by the Council Tax payer as these are incurred through the payments made from the PFI contractor (and are largely offset by PFI grant funding from the Government).

#### 4.6 Issues to note in the period

The most significant cash flow movement in the period was the payment of £13.4 M in respect of the pension deficit contributions due to Lancashire Pension Fund following the triennial actuarial valuation. The Pension Fund gave the authority a significant discount for paying what would have been thirty six monthly instalments of the pension deficit repayment, as a single lump sum at the start of the three years. Though additional borrowing was and will be required over the three years, it is still projected that this will generate net savings for the Council over the period of between £617k and £755k. This matter was reported to Council Forum on 20<sup>th</sup> April.

Over the period as a whole, net borrowing increased and cash balances built up (as short term borrowing was taken to ensure there were sufficient funds to cover the upfront pension payment as well as day to day operational cash flow needs). Further short term borrowing will be taken over the rest of the year as both long and short term loans mature, and as material capital expenditure is incurred.

If it appears likely that the short run cost of carrying long term borrowing would be outweighed by future interest rate increases, some longer term borrowing may be taken.

Investments will continue to be kept short term, and mainly in liquid deposits.

#### 4.7 Potential negotiations over the re-financing of the existing PFI contract for BSF schools

It is likely that the Council's partner in the current PFI (Private Finance Initiative) contract covering three BSF (Building Schools for the Future) schools in the borough will shortly look to re-finance the existing deal. The Council will be involved in this process by default, and it will have the option of being more actively involved.

#### 4.8 Performance against Prudential and Treasury Indicators

Appendix 3 shows the current position against the Prudential and Treasury Indicators set by the Council for the previous and current year.

Movements in the key indicator – Overall Borrowing against Borrowing Limits – are shown as the first graph in Appendix 4. Our total borrowing at 31<sup>st</sup> May 2017 was £274.4M, well within our Authorised and Operational Borrowing Limits for 2017/18 (£312.8M and £322.8M respectively). The Authorised Borrowing Limit is the key Prudential Indicator - loans from the PWLB cannot be taken if this Limit is (or would be caused to be) breached.

This total debt includes the impact on the balance sheet of the recognition of assets brought into use that have been financed through PFI. The accounting adjustments are designed to show our effective long term control over the assets concerned, and the "indebtedness" arising from financing the cost of them. They do not add to the "bottom line" cost met by the Council Tax payer.

The significant level of short term borrowing resulted in the Council breaching the limit it set for itself for the Maturity Structure of its Borrowing, in the last two weeks of 2016/17, with more than 30% of debt held having a maturity of less than one year. The equivalent limit for 2017/18 (set at 35%) has not been breached as yet, but may be – for example if opportunities arise to take short term borrowing at a good rate, a little ahead of need in the year.

The breach is not a major issue – Prudential and Treasury Indicators are not hard and fast limits - but highlights the high level of short term borrowing being taken. It occurred as a result of taking advantage of the opportunity to make savings.

#### Interest Risk Exposures

Our **Variable Interest Rate Exposure** (see second graph at Appendix 4) ended the period at around £44M. At the end of 16/17, it was over £46M - the limit set for that year (of £43M) was breached in the last two weeks of the year.

A new limit (£54.2 M) was set for 2017/18, in setting the Treasury Management Strategy at Finance Council in February 2017 – this year's limit has not been breached.

This indicator exists to ensure that the Council does not become over-exposed to changes in interest rates impacting adversely on its revenue budget. The limit is set to allow for short as well

as long term borrowing, and takes:

- (a) all variable elements of borrowing (including short term borrowing – up to 364 days – and any LOBO debt at risk of being called in the year), which are then offset by
- (b) any lending (up to 364 days).

The high level of short term, variable borrowing now being taken caused the breach at the end of 2016/17, and means we will continue to run close to the limit set for 2017/18. Such a breach is only a warning flag, rather than a serious concern. If there are signs of significant upward movements in interest rates, the borrowing strategy will be reviewed (as noted at 4.6, above).

The Prudential and Treasury Indicators set for 2016/17, and to some extent for 2017/18, did not allow for the scale of borrowing that was eventually taken ahead of the up-front pension payment. If necessary, the Indicators set for 2017/18 can be amended at the Mid-Year Treasury Management Strategy review which will be taken to Council later this year.

Our **Fixed Interest Rate Exposure** fell - with the PWLB debt repayments made at the end of March - to around £115.6M, against the 2016/17 limit of £223 M and the 2017/18 limit of £220 M. This indicator effectively mirrors the previous indicator, tracking the Council's position in terms of how much of the debt will **not** vary as interest rates move. The historically low interest rates prevailing over recent decades led the Council to hold a large part of its debt in this way.

This limit was set to allow for the possibility of higher levels of new long term, fixed rate borrowing, which have not been taken.

## 5. POLICY IMPLICATIONS

None

## 6. FINANCIAL IMPLICATIONS

The financial implications arising from Treasury Management activities are reflected in the Council's overall Budget Strategy, and in ongoing budget monitoring throughout the year.

## 7. LEGAL IMPLICATIONS

The report is in accordance with the CIPFA code and therefore is in accordance with the Financial Procedure Rules under the Council's Constitution.

## 8. RESOURCE IMPLICATIONS

None

## 9. CONSULTATIONS

None

## 10. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

**VERSION:** 0.03

### CONTACT OFFICER:

Ron Turvey - Deputy Finance Manager                      extn 5303

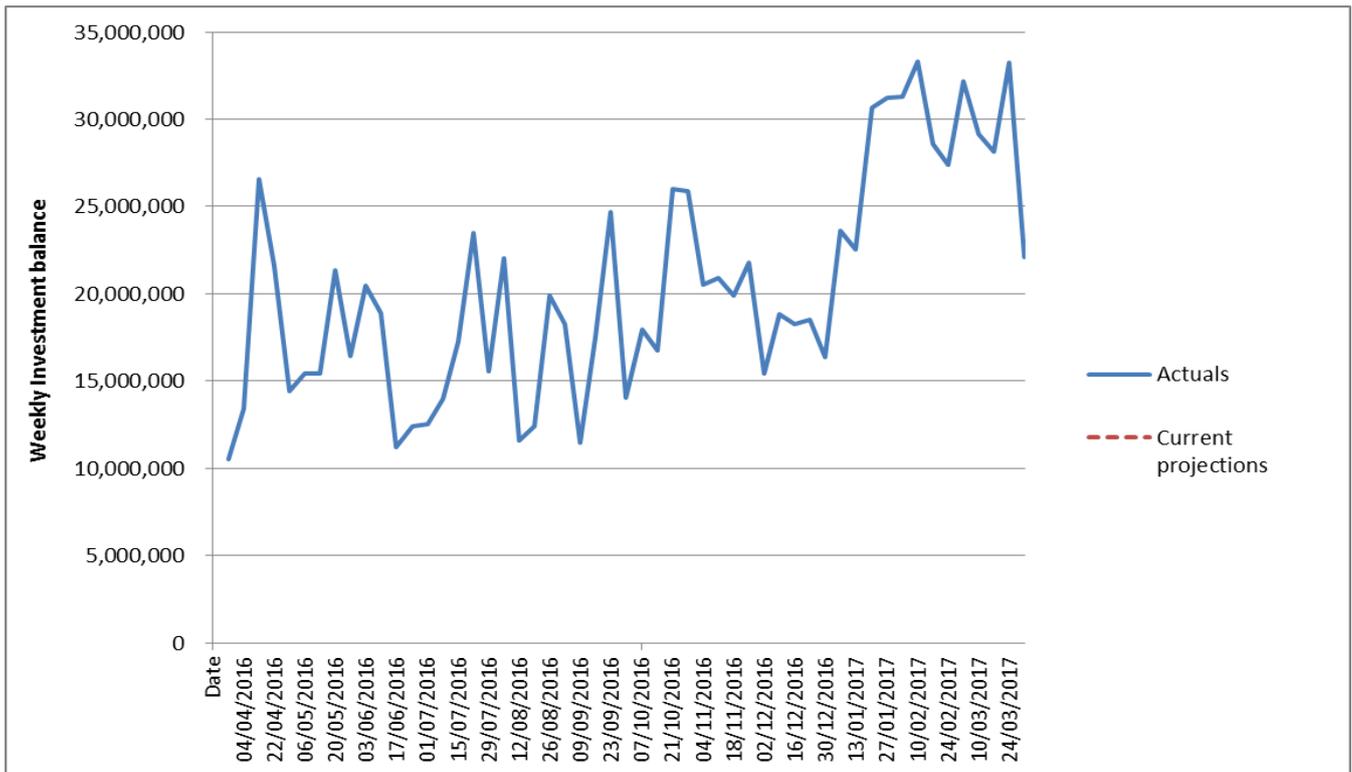
Louise Mattinson - Director of Finance and IT                      extn 5600

[Page 14 of 156](#)

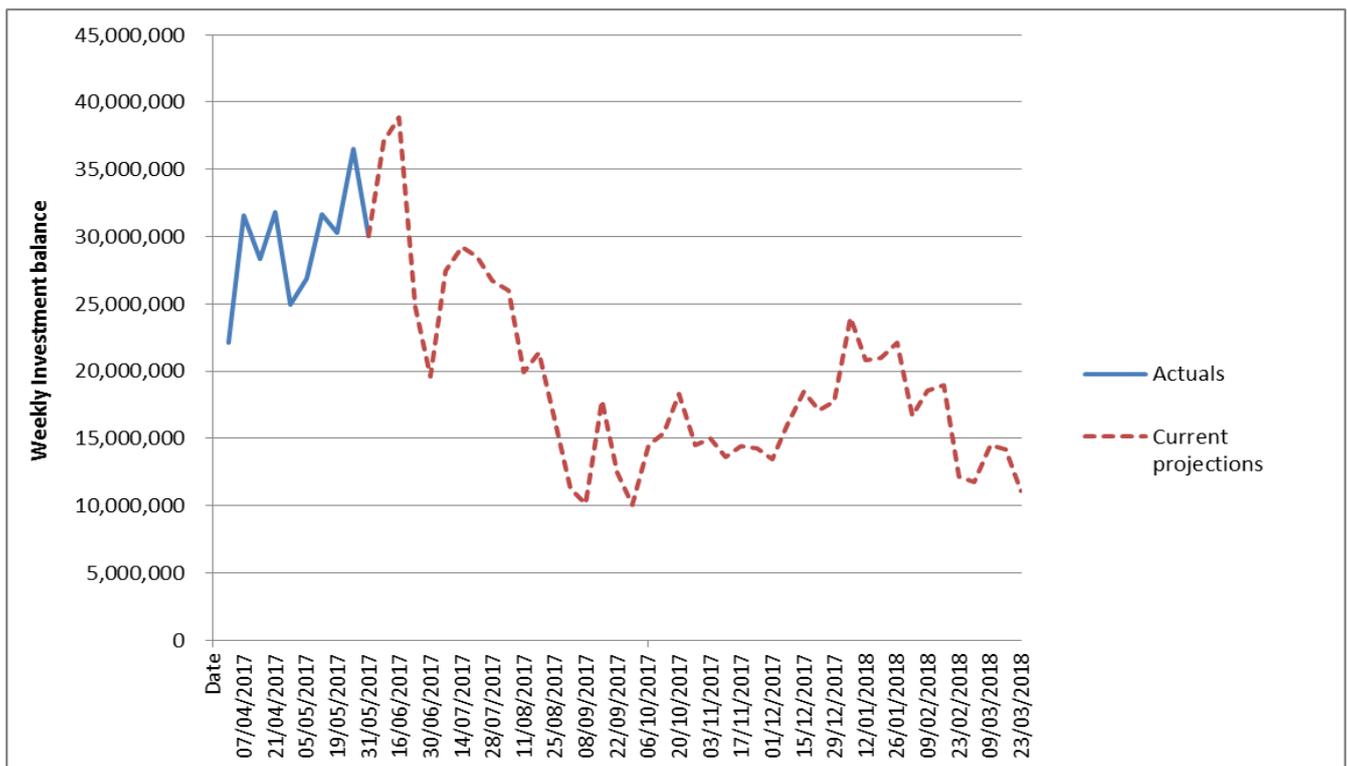
<b>DATE:</b>	2 June 2017
<b>BACKGROUND PAPERS:</b>	CIPFA Guidance - CLG Investment Guidance - Council Treasury Management Strategies approved Finance Council 29 <sup>th</sup> Feb 2016 and 27th February 2017

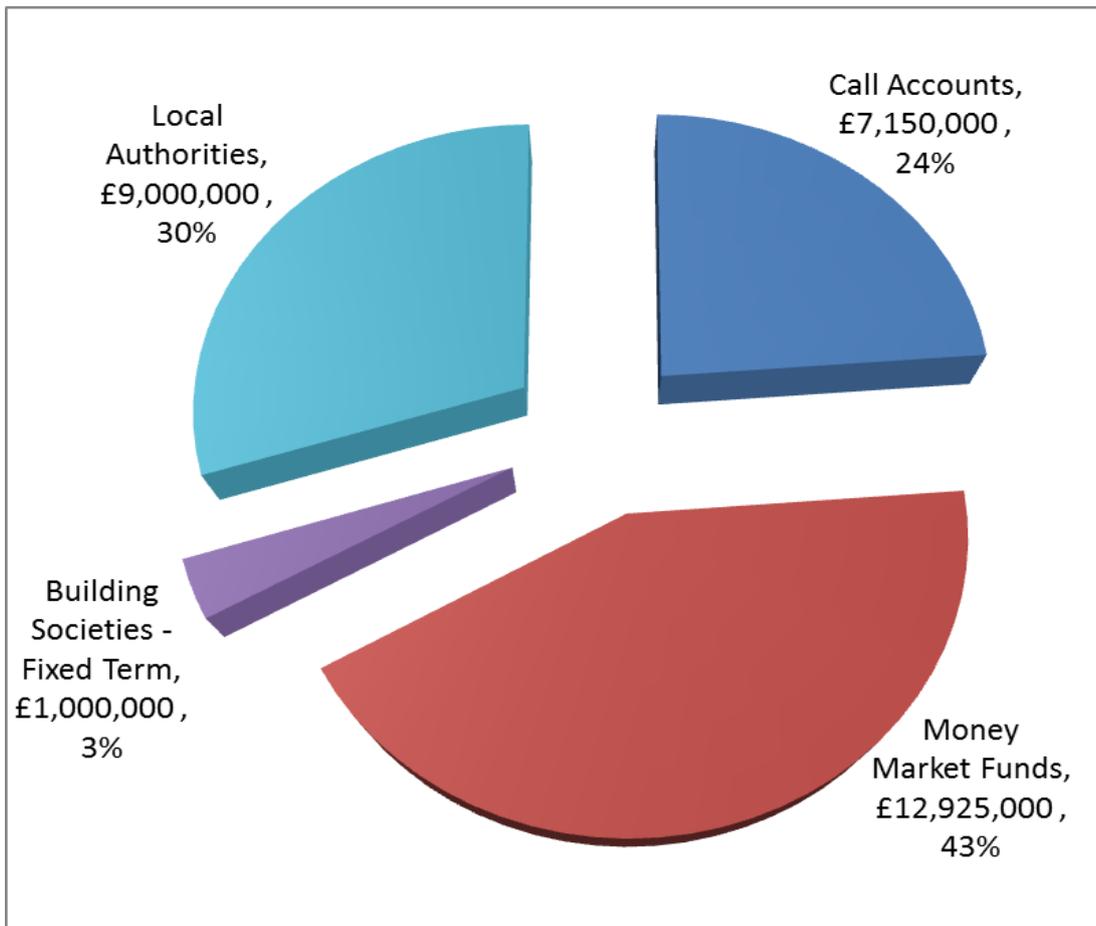
# Weekly Investment balances

2016/17



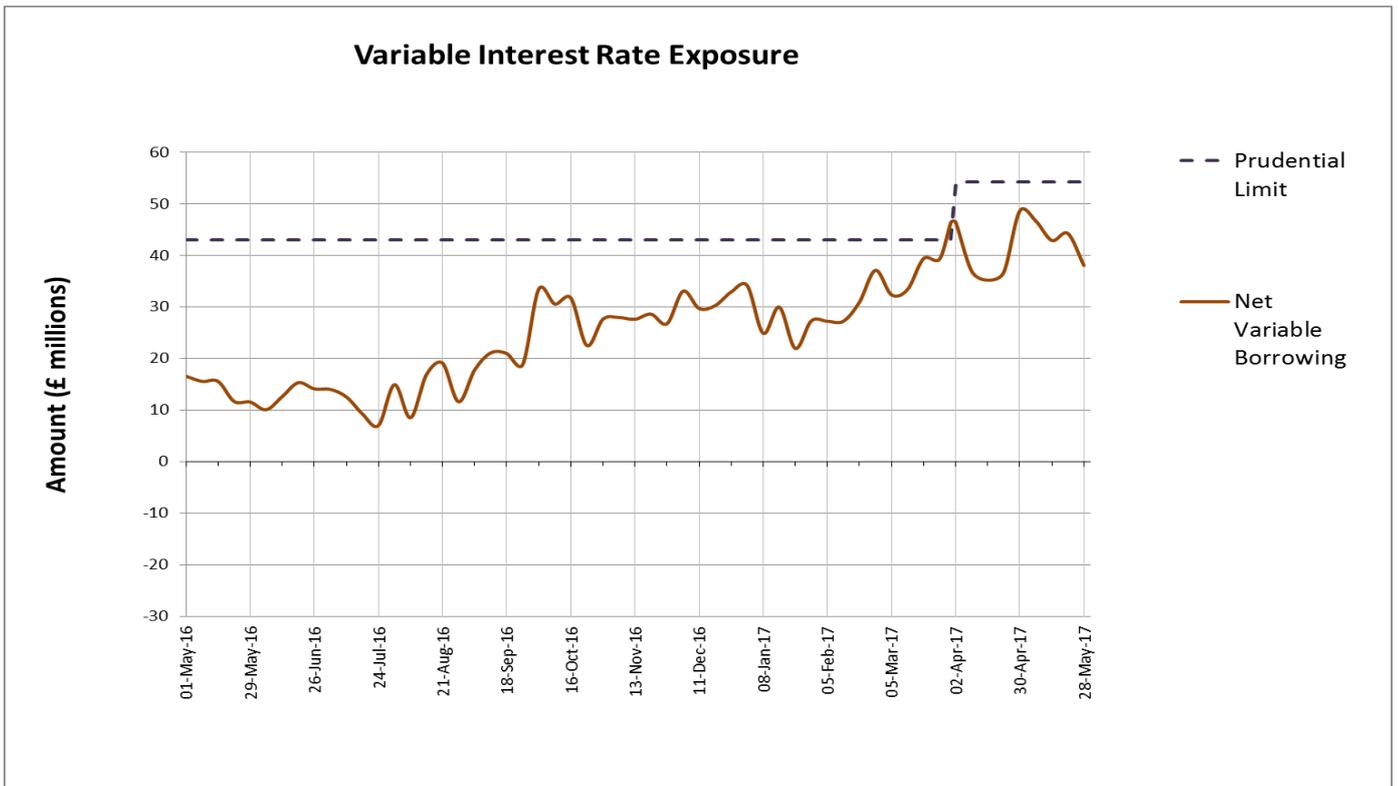
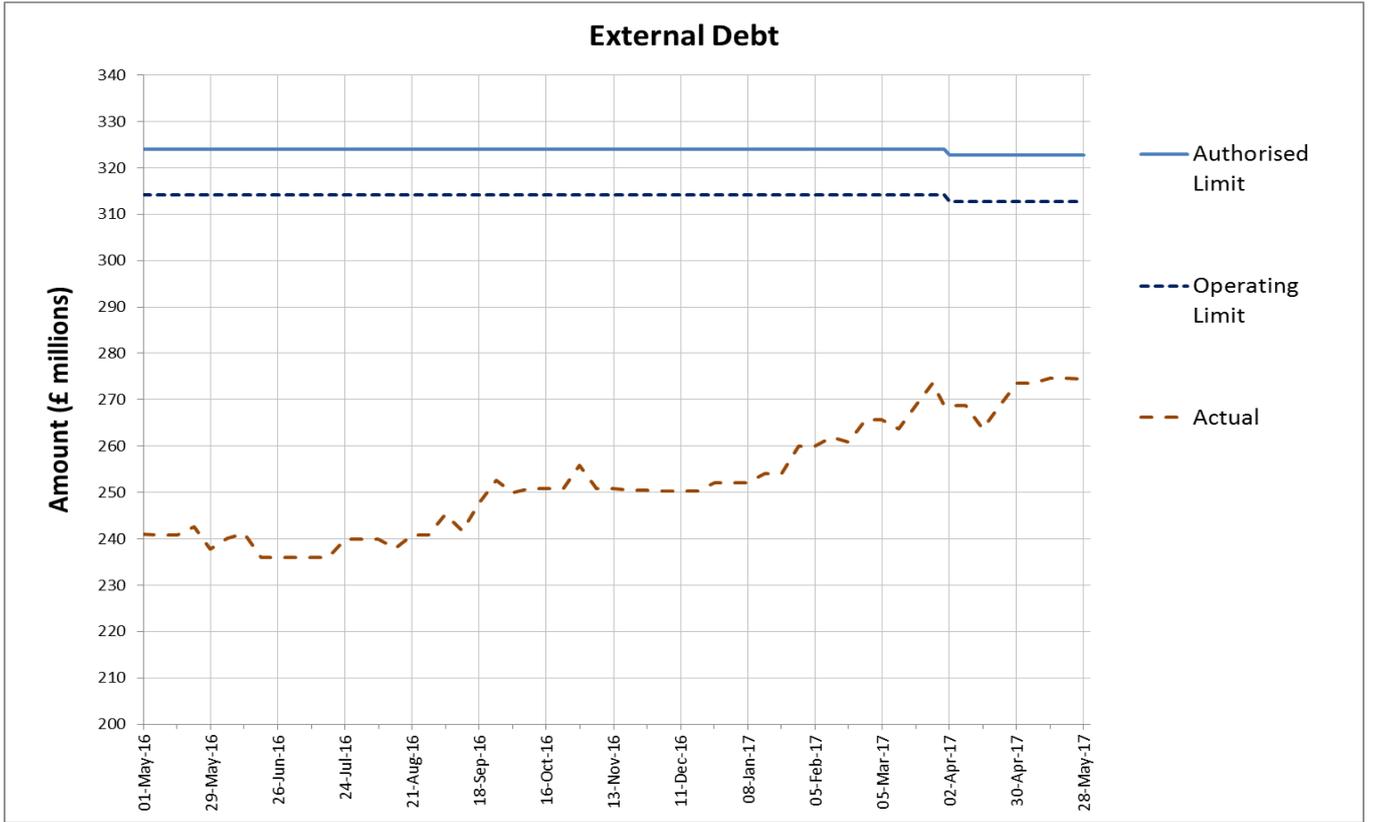
2017/18





	Indicator 2016/17	As approved Feb 16	Provisional outturn 16/17	Commentary																																																	
	1 Local Authority has adopted CIPFA Treasury Management Code of Practice	Latest edition of CIPFA TM Code of Practice adopted March 2012																																																			
PRUDENTIAL INDICATORS	2 Estimated Capital Expenditure	£29.1 Million	£22.9 M																																																		
	3 Estimated total Capital Financing Requirement at end of year	£308 Million (incl projections re LCC debt £16M and accumulated PFI / Lease debt £68.6M)	£302 Million (incl LCC debt £16.3M and accumulated PFI / Lease debt £70M)	lower MRP payments have left outturn CFR for LCC debt and PFI debt higher than originally projected																																																	
	4 Estimated incremental impact of capital investment decisions on Council Tax	£0 (Zero after revenue savings allowed for)																																																			
	5 Estimated ratio of financing costs to net revenue stream	17.74% (Main Programme Capital Spend)																																																			
	6 Outturn External Debt prudential Indicators	LCC Debt	16.0M	<table border="1"> <thead> <tr> <th>Borrowing to date</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>LCC Debt</td> <td>16.0</td> </tr> <tr> <td>PFI Elements</td> <td>68.6</td> </tr> <tr> <td>BwD</td> <td>184.1</td> </tr> <tr> <td><b>Total</b></td> <td><b>268.7</b></td> </tr> </tbody> </table>	Borrowing to date	£M	LCC Debt	16.0	PFI Elements	68.6	BwD	184.1	<b>Total</b>	<b>268.7</b>	LCC debt & BSF PFI debt both fell across the year, as debt repaid - note that LCC Debt and PFI Debt no longer match their respective CFRs (which formerly they did)																																						
		Borrowing to date	£M																																																		
LCC Debt	16.0																																																				
PFI Elements	68.6																																																				
BwD	184.1																																																				
<b>Total</b>	<b>268.7</b>																																																				
PFI elements (no lease)	68.5M																																																				
	Remaining elements	229.6M																																																			
	<b>Operational Borrowing Limit</b>	<b>314.1M</b>																																																			
	<b>Authorised Borrowing Limit</b>	<b>324.1M</b>																																																			
TREASURY	7 Variable Interest Rate Exposure	£43 Million	Exposure to date £46.4M	Limit breached for the last two weeks of the year																																																	
	8 Fixed Interest Rate Exposure	£223 Million	Exposure to date £115.6 M	Limit not breached during the year																																																	
	9 Prudential limits for maturity structure of borrowing	<table border="1"> <thead> <tr> <th>Lower Limit</th> <th>Upper Limit</th> <th>Period (Years)</th> <th colspan="3">Actual maturity structure to date</th> </tr> <tr> <th></th> <th></th> <th></th> <th>Period (Years)</th> <th>£M</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>30%</td> <td>&lt;1</td> <td>&lt;1</td> <td>57.0</td> <td>31.0</td> </tr> <tr> <td>0</td> <td>15%</td> <td>1-2</td> <td>1-2</td> <td>2.6</td> <td>1.4</td> </tr> <tr> <td>0</td> <td>30%</td> <td>2-5</td> <td>2-5</td> <td>7.2</td> <td>3.9</td> </tr> <tr> <td>0</td> <td>30%</td> <td>5-10</td> <td>5-10</td> <td>15.8</td> <td>8.6</td> </tr> <tr> <td>25%</td> <td>95%</td> <td>&gt;10</td> <td>&gt;10</td> <td>101.5</td> <td>55.1</td> </tr> <tr> <td colspan="3"></td> <td><b>Total</b></td> <td><b>184.1</b></td> <td><b>100.0</b></td> </tr> </tbody> </table>			Lower Limit	Upper Limit	Period (Years)	Actual maturity structure to date						Period (Years)	£M	%	0	30%	<1	<1	57.0	31.0	0	15%	1-2	1-2	2.6	1.4	0	30%	2-5	2-5	7.2	3.9	0	30%	5-10	5-10	15.8	8.6	25%	95%	>10	>10	101.5	55.1				<b>Total</b>	<b>184.1</b>	<b>100.0</b>	< limit breached for the last two weeks of March, as a result of high levels of short term borrowing
		Lower Limit	Upper Limit	Period (Years)	Actual maturity structure to date																																																
				Period (Years)	£M	%																																															
0		30%	<1	<1	57.0	31.0																																															
0		15%	1-2	1-2	2.6	1.4																																															
0	30%	2-5	2-5	7.2	3.9																																																
0	30%	5-10	5-10	15.8	8.6																																																
25%	95%	>10	>10	101.5	55.1																																																
			<b>Total</b>	<b>184.1</b>	<b>100.0</b>																																																
10	Total investments for longer than 364 days	£7 Million	NO LONG TERM INVESTMENTS MADE																																																		

	Indicator 2017/18	As approved Feb 17	Current Monitoring	Commentary																																										
	Local Authority has adopted CIPFA 1 Treasury Management Code of Practice	Latest edition of CIPFA TM Code of Practice adopted March 2012																																												
PRUDENTIAL INDICATORS	2 Estimated Capital Expenditure	£21.2 Million																																												
	3 Estimated total Capital Financing Requirement at end of year	£307 Million (incl projections re LCC debt £16M and accumulated PFI / Lease debt £69.8M)																																												
	4 Estimated incremental impact of capital investment decisions on Council Tax	£0 (Zero after revenue savings allowed for)																																												
	5 Estimated ratio of financing costs to net revenue stream	14.73% (Main Programme Capital Spend)																																												
	6 Outturn External Debt prudential Indicators	LCC Debt 16.0M PFI elements (no lease) 69.8M Remaining elements 227.0M <b>Operational Borrowing Limit 312.8M</b> <b>Authorised Borrowing Limit 322.8M</b>	<table border="1"> <thead> <tr> <th>Borrowing to date</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>LCC Debt</td> <td>16.0</td> </tr> <tr> <td>PFI Elements</td> <td>68.3</td> </tr> <tr> <td>BwD</td> <td>190.1</td> </tr> <tr> <td><b>Total</b></td> <td><b>274.4</b></td> </tr> </tbody> </table>	Borrowing to date	£M	LCC Debt	16.0	PFI Elements	68.3	BwD	190.1	<b>Total</b>	<b>274.4</b>	LCC debt and BSF PFI debt will both fall across the year, as debt payments are made																																
	Borrowing to date	£M																																												
LCC Debt	16.0																																													
PFI Elements	68.3																																													
BwD	190.1																																													
<b>Total</b>	<b>274.4</b>																																													
7 Variable Interest Rate Exposure	£54.2 Million	Exposure to date	£44.4 M	Limit not breached during the year																																										
8 Fixed Interest Rate Exposure	£220.2 Million	Exposure to date	£115.6 M	Limit not breached during the year																																										
TREASURY	9 Prudential limits for maturity structure of borrowing	<table border="1"> <thead> <tr> <th>Lower Limit</th> <th>Upper Limit</th> <th>Period (Years)</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>35%</td> <td>&lt;1</td> </tr> <tr> <td>0</td> <td>20%</td> <td>1-2</td> </tr> <tr> <td>0</td> <td>30%</td> <td>2-5</td> </tr> <tr> <td>0</td> <td>30%</td> <td>5-10</td> </tr> <tr> <td>25%</td> <td>95%</td> <td>&gt;10</td> </tr> </tbody> </table>	Lower Limit	Upper Limit	Period (Years)	0	35%	<1	0	20%	1-2	0	30%	2-5	0	30%	5-10	25%	95%	>10	<table border="1"> <thead> <tr> <th colspan="3">Actual maturity structure to date</th> </tr> <tr> <th>Period (Years)</th> <th>£M</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>&lt;1</td> <td>65.6</td> <td>34.5</td> </tr> <tr> <td>1-2</td> <td>4.1</td> <td>2.2</td> </tr> <tr> <td>2-5</td> <td>4.3</td> <td>2.3</td> </tr> <tr> <td>5-10</td> <td>18.1</td> <td>9.5</td> </tr> <tr> <td>&gt;10</td> <td>98.0</td> <td>51.6</td> </tr> <tr> <td><b>Total</b></td> <td><b>190.1</b></td> <td><b>100.0</b></td> </tr> </tbody> </table>	Actual maturity structure to date			Period (Years)	£M	%	<1	65.6	34.5	1-2	4.1	2.2	2-5	4.3	2.3	5-10	18.1	9.5	>10	98.0	51.6	<b>Total</b>	<b>190.1</b>	<b>100.0</b>	< limit <b>close</b> to being breached, again as a result of short term borrowing levels
	Lower Limit	Upper Limit	Period (Years)																																											
0	35%	<1																																												
0	20%	1-2																																												
0	30%	2-5																																												
0	30%	5-10																																												
25%	95%	>10																																												
Actual maturity structure to date																																														
Period (Years)	£M	%																																												
<1	65.6	34.5																																												
1-2	4.1	2.2																																												
2-5	4.3	2.3																																												
5-10	18.1	9.5																																												
>10	98.0	51.6																																												
<b>Total</b>	<b>190.1</b>	<b>100.0</b>																																												
10	Total investments for longer than 364 days	£7 Million																																												





**TO:** Audit & Governance Committee

**FROM:** Head of Audit & Assurance

**DATE:** 13 June 2017

**PORTFOLIOS AFFECTED:** All

**WARDS AFFECTED:** All

---

**TITLE OF REPORT:** Audit & Assurance - Progress and Outcomes to 31 May 2017

---

**1. PURPOSE**

To inform Members of the achievements and progress made by Audit & Assurance in the period from 1 March to 31 May 2017.

**2. RECOMMENDATIONS**

The Committee is asked to:

- discuss, review and challenge the outcomes achieved to 31 May 2017 against the Audit & Assurance Plan, which was approved by Committee on 11 April 2017.

**3. BACKGROUND**

The internal audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS require the Head of Internal Audit to communicate any significant governance, risk management and control issues identified to the Audit Committee during the year. This Progress and Outcomes report complies with the requirements of the PSIAS by communicating any significant issues that have been identified during the year.

**4. RATIONALE**

The Council is required under the Accounts and Audit (England) Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account public sector internal audit standards (PSIASs).

The work undertaken throughout the year is intended to ensure that:

- at the year end, an objective and independent opinion can be provided that meets the statutory governance requirements;
- it also demonstrates the effectiveness of the internal audit function; and
- throughout the year, support is provided to Members, Directors and managers in their particular areas of responsibility.

## 5. KEY ISSUES

Outcomes achieved in the year thus far:

### Risk and Corporate Governance

#### Director Exception/Dashboard Report and Assurance Statement Half-Year Update

The table below lists the eight “red” priority areas of concern across the departments, by key themes, identified in the summary Director Exception/Dashboard Report and Assurance Statements for the year end 31 March 2017. In summary, five areas of concern previously identified as “red” have been downgraded this period to “amber” or “green” rating. Two new “red” priority areas have been identified where these appeared for the first time or were escalated from amber or green ratings.

			2016/17	2016/17
Themes	No	Description	Quarter 4	Quarter 2
<b>Demand Management</b>	1	Deliver statutory requirements under Deprivation of Liberty (DoLS) (Adults)	Red	Amber
	2.	Deprivation of Liberty Safeguards and Children’s Service Care Orders & Public Law Outline (HR, Legal & Corporate)	Red	Red
		Service Users Classified as Not in Education, Employment or Training (NEET) (Education)	Amber <sup>1</sup>	Red
	3	Failure to recruit long term foster carers, Asian heritage foster carers and carers for older and more challenging young people increasing demand led services, in particular commissioned out of borough. (Children’s)	Red	Amber
	4.	Social Worker Workloads (Children’s)	Red	Red
		Failure to Complete Education, Health & Care Plans within Statutory Timescales (Education)	Amber <sup>2</sup>	Red
<b>Budgets &amp; Finance</b>	5.	Budget Pressures – Adult Social Care Commissioning (Adults)	Red	Red
	6.	Family Court Decisions Placing Increased Financial Burden On Permanence Planning (Children’s)	Red	Red
<b>Staffing/HR</b>	7.	Sickness Absence (Corporate)	Red	Red
	8.	Maintain Number of Approved Adopters (Children’s)	Red	Red
		Failure to Implement Transforming Lives Prevention Work Following Workforce Review (Localities & Prevention)	Green <sup>3</sup>	Red

			2016/17	2015/16
Themes	No	Description	Quarter 2	Quarter 4
<b>Capital Works</b>		Pennine Reach Programme (Growth & Prosperity)	Green <sup>4</sup>	Red
<b>Governance &amp; Compliance</b>		Failure To Develop, Monitor & Implement Public Health Contracts & Quality Framework (Public Health)	Amber <sup>5</sup>	Red

### Internal Audit

A summary of the 5 audits completed and finalised since the last report to Committee are detailed below.

Risk, Control & Governance Reviews	Assurance Opinion		Recommendations
	Environment	Compliance	Agreed
Efficiency Partner	Adequate	Adequate	6
Highways	Limited	Limited	15
CCTV - Pennine Lancashire Provision	Adequate	Adequate	8
St Anne's RC Primary	Limited	Limited	30
Strategic Funding and Bidding Protocol	Adequate	No	4
Police & Crime Panel Grant Verification	Substantial	Limited	3

We have provided a brief commentary on the four audit assignments where we have provided a limited or no assurance opinion.

**Highways:** review considered the controls in place to ensure that the Council's highways network is maintained to a reasonable standard. The final report provided a **limited assurance** opinion for both the control environment in place and compliance with the controls identified. In particular the following weaknesses were identified at the time of the audit:

- The Highways Inspection Procedure was out of date, having not been reviewed since January 2014.
- Cost estimates and actual expenditure for defect repairs could not be readily identified by the EXOR system resulting in ineffective cost management and budget monitoring of reactive maintenance work.
- Testing of a sample of 70 defects identified that 41% had not been repaired within the required timeframe.
- There was no evidence that the charging basis for repair works, including the hourly rate for staffing costs and the proportion of overheads included had been reviewed or agreed by management or Finance.
- Testing of Planned Works showed that the inaccurate estimation of contractor's fees for resurfacing works had led to an overspend in 8/10 cases reviewed.
- Budget monitoring arrangements with both Finance and the Portfolio

Executive Member needed to be improved.

- An action plan to ensure that the Council maximises Department for Transport incentive funding had not been agreed or communicated to relevant staff.

**St Anne's RC Primary School:** The final report provided a limited assurance opinion for both the control environment and compliance with controls identified. We made 30 recommendations to strengthen arrangements in place across eight of the eleven areas covered during the visit. This included 11 'must' level recommendations There were issues found within the following areas:

- Management Structure (6 recommendations);
- Policies/Transparencies agenda (1 recommendation);
- Budgetary Control (4 recommendations);
- Expenditure Control (6 recommendations);
- Petty Cash (3 recommendations);
- Asset Control (5 recommendations);
- Access Rights (4 recommendations);
- Cheque Production (1 recommendation).

**Strategic Funding and Bidding Protocol:** The objective of the review was to ensure that the procurement of external funding was co-ordinated, effective and met the Council's strategic priorities. No assurance was able to be provided for compliance with the controls as the External Funding Strategy and the External Bidding Protocol have not been adhered to by departments.

**Police & Crime Panel Grant Verification:** The audit objective was to ensure that the Home Office grant funding conditions had been fully complied with. The reason for the limited compliance opinion being reached was due to management being unable to substantiate all the expenditure claimed.

In addition we have completed appropriate work to certify the Historic England grant funding claim for the year ended 31 March 2017 and confirmed that the funding was fully and solely expended for the agreed purpose.

During the period Audit & Assurance have also provided support to the Primary Assurance Group, consisting of the Deputy Chief Executive, Section 151 and Monitoring Officers and the Chair of Audit & Governance Committee, to co-ordinate and prepare the Annual Governance Statement.

#### **Current internal audit reviews**

In addition to the above completed audits, the following reviews are ongoing:

- Adult Services Client Case Management System (Mosaic).
- St Thomas CE Primary School.
- Private Care Homes Contract Payments.
- Prosecution Process.
- Budgetary Control.
- Cyber Risk.
- HR & Payroll VFM.

- Payroll Core System.
- Debtors.
- Housing Growth.
- Project Management/Capital Schemes Management.

### **Internal Audit Performance**

The Departmental Business Plan includes seven targets to achieve our strategic aims. The defined targets and actual performance for the latest period and the previous period are as follows:

<b>Performance Measure</b>	<b>Target</b>	<b>Q4 2016/17</b>	<b>Q3 2016/17</b>
1. Delivery of Priority 1 Audits (Annual)	100%	<b>83%</b>	N/A
2. Planned Audits Completed Within Budget	90%	<b>83%</b>	<b>75%</b>
3. Final Reports Issued Within Deadline	90%	100%	100%
4. Follow Ups Undertaken Within Deadline	90%	93%	100%
5. Recommendations Implemented	90%	90%	<b>89%</b>
6. Client Satisfaction	75%	100%	100%
7. Compliance with PSIAS (Annual)	95%	99%	N/A

We have provided a brief commentary on the measures where performance (Q4, 2016/17) has fallen below the agreed target:

#### 1. Delivery of Priority 1 Audits

The 2016/17 Audit & Assurance Plan included six Priority 1 audit assignments, of which five (83%) have been delivered in 2016/17 or were in progress at the year end. The only Priority 1 audit assignment not completed relates to the IT Infrastructure (Resilience). The time allocated to this area was used to provide support to the Zurich Municipal Information Governance Health Check. That review included consideration of IT technology and Infrastructure.

#### 2. Planned Assignments Completed Within Budget

One of the six audits (17%) was completed over budget. The Police & Crime Panel audit required extra time as this was the first review of this area and additional time was required due to the liaison with managers regarding the details of the expenditure included in the claim.

#### 4. Follow Ups Undertaken within Deadline

We have received responses to 14 of the 15 audits (93%) requiring follow up by 31 May. We did not receive a response to follow up regarding the report on Compliance with Health & Safety legislation at Davyfield Road. There were no recommendations contained in this report. In addition a response was outstanding in respect of one recommendation relating to the Social Media review. This was a 'should' graded action.

#### 5. Recommendations Implemented

Of the follow up responses received we were able to identify that 91 (76%) of the 120 recommendations due for implementation on or before 31 May 2017 had been fully implemented and 17 (14%) partially implemented.

- Section 17 Payments – 12 recommendations; seven fully and three partially

implemented, two not yet done. No 'must' recommendations

- Service Desk Performance – seven recommendations; two fully and two partially implemented. Three not yet done. No 'must' recommendations.
- Planning Performance Improvement – six recommendations; five completed, one not yet implemented. No 'must' recommendations.
- Longshaw Nursery – 17 recommendations, 16 implemented one outstanding. No 'must' recommendations.

**6. POLICY IMPLICATIONS**

This delivery of the Plan leads to the Annual Internal Audit Opinion Report and this, in turn, contributes directly to the Annual Governance Statement.

**7. FINANCIAL IMPLICATIONS**

There are no financial implications arising as a result of this report.

**8. LEGAL IMPLICATIONS**

There are no legal implications arising as a result of this report.

**9. RESOURCE IMPLICATIONS**

There are no resource implications arising as a result of this report.

**10. EQUALITY & HEALTH IMPLICATIONS**

There are no equality or health implications arising as a result of this report.

**11. CONSULTATIONS**

Directors

Contact Officer: Colin Ferguson, Head of Audit & Assurance– Ext: 5326  
Date: 2 June 2017  
Background Papers: Audit & Assurance Plan 2017/18, approved by Audit Committee on 11 April 2017.

**TO:** Audit & Governance Committee  
**FROM:** Director of HR, Legal & Corporate Services  
**DATE:** 13 June 2017

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

---

**TITLE OF BRIEFING PAPER** Corporate Annual Report - Health, Safety & Wellbeing – 2016/2017

---

**1. PURPOSE**

A report on the Council Health and Safety Policy.

**2. RECOMMENDATIONS**

The Committee is asked to note the report.

**3. KEY ISSUES**

The Corporate Annual Report - Health, Safety & Wellbeing – 2016/17 provides the Audit & Governance Committee with a summary of the Council's performance in managing health and safety over the year ended 31 March 2017.

Blackburn with Darwen Borough Council has legal duties under the Health and Safety at Work etc. Act 1974 and other UK health and safety legislation to protect the health, safety and welfare of employees and other people who may be affected by Council business and activities. The Council must do whatever is reasonably practicable to achieve this. This means protecting workers and others from anything that may cause them harm and effectively controlling any risks to injury or health that could arise in the workplace

The current Council Health and Safety Policy was approved in November 2015. The Director of HR, Legal and Corporate Services is required to present an annual health and safety report to the Chief Executive (Appendix B refers). The annual report is a vehicle for the Council to describe the risk profile and performance in managing health, safety and wellbeing risks. This report is produced in line with *Reporting Performance: Guidance on including health and safety in annual reports* (Institution of Occupational Safety and Health).

## **Performance 2016/17**

The Corporate Plan scorecard contained one health and safety performance indicator:

- The number of accidents and RIDDOR reports to the Health and Safety Executive

**Outcome:** RIDDOR reports have decreased by 50% from 12 in 2015/16, to 6 in 2016/17 the breakdown of employees was:

- Growth & Prosperity Highways - Cut / laceration
- Children's Services Safeguarding - Bruise / abrasion
- Finance & IT Revenues, Benefits & Customer Service - Aggression
- Environment & Leisure, Cleansing - Lifting / handling / moving / carrying object
- Environment & Leisure, Cleansing - Collision - vehicle
- Environment & Leisure, Leisure, Health & Wellbeing - dog bite

Accidents reported for employees and non-employees in the 2016/17 financial year were:

- BwD employee – 214
- BwD non-employee – 260
- Schools employee - 57
- Schools non-employee - 74

## **Key activities during the year**

- Assisting the organisation with wellbeing support throughout the workforce reviews.
- Identified a new occupational health provision to replace the multiple services currently utilised.
- Health and safety audits carried out in PAM areas including:
  - Apple Trees
  - Blackburn Central Library
  - HAVS and Noise
  - IT
  - Blackburn Sports and Leisure Centre
  - Children Social Work
  - Blakey's
  - Witton Arena
  - Darwen Resource Centre
  - Blackburn Enterprise Centre (BEC)
  - YP Services Daisyfield Base (Moss Street)
  - Registrars
  - Shadsworth Children's centre
  - Darwen Leisure Centre
  - St Aidan's Centre
  - Cherry Tree Children's Home
  - Darwen Library / Library Theatre
  - Facilities services
  - Daisyfield Mill
  - Blacksmith's Workshop
  - Hopwood Court

- Darwen Market
  - King George's Hall
  - Shadsworth Leisure Centre
  - Livesey Children's and all age centre
  - Darwen Library Theatre
  - Blackburn Bus Station
  - Davyfield Road Depot
  - Shared Lives
- HSCC for schools re-introduced and delivered in the 2016/17 financial year on a termly basis.
  - Health and Safety task groups in place for each PAM group.
  - Resources allocated for the Schools SLA Model to deliver the audits and a report for the SLA's sold to schools across the Borough.
  - Absence Project ended, absence support now offered to ALL areas of BwD to support a Council key priority, this includes, welfare issue discussions, absence trend analysis, disciplinary support and phased return to work support.
  - Safety procedural document review started in November 2015 through to full completion in July 2016.
  - Sales & Marketing material designed and developed to support the Councils income generation initiatives.
  - Health & Safety Course developed and delivered across BwD and the Schools purchasing the SLA.
  - Wellbeing workshops delivered to BwD employees in conjunction with the Wellbeing Service.
  - Compliance checks developed for use across the organisation.
  - Absence module developed and implemented for MyView and use across the departments.
  - Health & Safety accident reporting system implemented across the Council.
  - Wellbeing statement developed, uploaded to the intranet and introduced within the wellbeing sessions.

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 require the Council to report certain serious workplace accidents, occupational diseases and specified dangerous occurrences to the Health and Safety Executive (HSE). During the 2016 /17 year:

### **Over-seven-day incapacitation of a worker**

1 employee cut his foot whilst working outdoors, 1 employee was subject to physical violence, 1 employee was subject to verbal aggression, 1 employee injured his back through a lifting / handling incident, 1 employee was hit by a vehicle and 1 employee was subject to a dog attack.

### **Specified injuries to workers**

There were no specified injuries reported in 2016/17, this is the same figure as 2015/16.

## **Occupational diseases**

There were no occupational diseases reported in 2016/17 compared with 1 case of Hand Arm Vibration Syndrome (HAVS) in Highways within 2015/16. There are however ongoing cases with pending claims sitting with insurance. The HAVS cases are diagnosis's from historical vibration exposure and do not relate to current practices.

## **Non-fatal accidents to non-workers (e.g. members of the public)**

There were no reportable accidents involving members of the public or other service users, this is the same figure as 2015/16.

## **Priorities in the next 12 months (Appendix B Refers)**

The priorities for health, safety and wellbeing from April 2017 – March 2018 include:

- Supporting the organisation to ensure that all managers and employees fully understand their responsibilities with regard to health, safety and wellbeing and that these are embedded in an organisational culture which supports a healthy working environment, by ensuring the intranet pages are relevant and up to date on an ongoing basis, updated training availability, face to face and e-learning as required and analysis of accident information gathered via the H&S reporting system.
- A planned approach to a health, safety & wellbeing audit plan across all PAM areas based on level of risk, with higher risk areas being audited more often. Corporate plan already in place to continue as at April 2017.
- Review the Task Group approach in the PAM areas and how this feeds into the HSCC by September 2017.
- Continued development of a Schools training programme, based on identified need from the Schools Audit provision and gained knowledge through service visits.
- Delivering ongoing absence support to all departments as part of the Attendance Management Strategy.
- Deliver a quality Health, Safety and Wellbeing provision to the Schools that have purchased the SLA's across the 2017/2018 financial year
- Ensuring that high risk areas are identified, audited and escalated to Directors as required to reduce the likelihood of RIDDOR reports to HSE.
- Increased near miss reporting and investigation awareness to be promoted through audits and safety meetings.
- Continued accident reporting to assist with reduction in employee accidents, statistics to be reported via the task groups and HSCC's.
- Income generation for through health, safety & wellbeing support to external organisation, schools and trusts.
- Increased knowledge through team training to enable all levels to contribute to safety and absence reduction across their roles by December 2017.

#### **4. RATIONALE**

The key issues detailed above provide the members of the Committee with a summary of the health and safety performance of the Council in the year ended 31 March 2017.

The details reported provide assurance to the Committee on the effectiveness of the current health and safety policy and management arrangements and on the current and priorities and the areas be targeted by the Health, Safety & Wellbeing team.

#### **5. POLICY IMPLICATIONS**

There are no policy implications.

#### **6. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

#### **7. LEGAL IMPLICATIONS**

There are no direct legal implications within this report.

#### **8. RESOURCE IMPLICATIONS**

There are no additional resource implications within the report.

#### **9. EQUALITY AND HEALTH IMPLICATIONS**

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

#### **10. CONSULTATIONS**

Executive Team, Management Board, Health & Safety Committees.

CONTACT OFFICER: Lorraine Nicholls, Health, Safety & Wellbeing Manager  
HR, Legal and Corporate Services

DATE: April 2017

BACKGROUND PAPER: Health, Safety & Wellbeing Annual Report 2016/17



# HEALTH, SAFETY AND WELLBEING

## CORPORATE ANNUAL REPORT

1 April 2016 to 31 March 2017

## 1. Background

The Council's first Annual Report on Health, Safety and Wellbeing was produced in 2014 and set out priorities for implementation over a 2 year period.

This report gives a progress update in the 2016/17 financial year and defines revised priorities for the period. Below are the work activities, that in addition to business as usual workflow and internal audit recommendations will support the departmental business plan.

Develop and deliver absence management workshops, 1:1 support and advice for BwD managers to support a reduction in absence.	First Aid Courses – advertised and delivered through the services for schools portal alongside the internal & external Bookwhen site.	Utilise the Me-Learning e-learning portal for BwD employees, promoted via the intranet and highlighted on audits where required.	Implement the new and revised occupational health provider / EAP support from April 2017.
Support the RLA AGMA e-learning procurement.	Continue to develop “How to manage ...” guidance for managers	Support and promote the newly live absence management system via MyView	Launch on line health & safety accidents recording systems to schools.
Review and revise as necessary the health, safety and wellbeing procedural documents.	Continue to promote near misses as safety best practice through meetings and audits.	Promote the BwD Health, Safety & Wellbeing service delivery model and pricing at DMT/SLT and upload to the intranet site.	Deliver an ongoing rolling programme of H&S inspections

Blackburn with Darwen Borough Council has legal duties under the Health and Safety at Work Act 1974 and other UK health and safety legislation to protect the health, safety and welfare of employees and other people who may be affected by Council business and activities. The Council must do whatever is reasonably practicable to achieve this. This means protecting workers and others from anything that may cause them harm effectively controlling any risks to injury or health that could arise in the workplace.

These duties include the need to assess all risks that may cause harm, and introduce effective controls to reduce the risks where necessary. The Council must also provide information about the risks in the workplace and how people are protected. It must also provide instructions and training on how to deal with risks. The Council also has a duty to consult employees on health and safety issues, this is currently delivered through consultation with the trade unions and H & S representatives through the HSCC and departmental H & S Committees.

## 2. Health and safety performance 2016/17

The Corporate Plan scorecard contained one health and safety performance indicator:

- The number of accidents and RIDDOR reports to the Health and Safety Executive

**Outcome:** RIDDOR reports have decreased by 50% from 12 in 2015/16, to 6 in 2016/17 the breakdown of employees was:

- Growth & Prosperity Highways - Cut / laceration
- Children's Services Safeguarding - Bruise / abrasion
- Finance & IT Revenues, Benefits & Customer Service - Aggression
- Environment & Leisure, Cleansing - Lifting / handling / moving / carrying object
- Environment & Leisure, Cleansing - Collision - vehicle
- Environment & Leisure, Leisure, Health & Wellbeing - Dog bite

Accidents reported for employees and non-employees in the 2016/17 financial year were:

- BwD employee – 214
- BwD non-employee – 260
- Schools employee - 57
- Schools non-employee - 74

### **Key activities during the year**

- Assisting the organisation with wellbeing support throughout the workforce reviews.
- Identified a new occupational health provision to replace the multiple services currently utilised.
- Health and safety audits carried out in PAM areas including:
  - Apple Trees
  - Blackburn Central Library
  - HAVS and Noise
  - IT
  - Blackburn Sports and Leisure Centre
  - Children Social Work
  - Blakey's
  - Witton Arena
  - Darwen Resource Centre
  - Blackburn Enterprise Centre (BEC)
  - YP Services Daisyfield Base (Moss Street)
  - Registrars
  - Shadsworth Children's centre
  - Darwen Leisure Centre
  - St Aidan's Centre
  - Cherry Tree Children's Home
  - Darwen Library / Library Theatre
  - Facilities services
  - Daisyfield Mill
  - Blacksmith's Workshop
  - Hopwood Court
  - Darwen Market
  - King George's Hall
  - Shadsworth Leisure Centre
  - Livesey Children's and all age centre
  - Darwen Library Theatre
  - Blackburn Bus Station
  - Davyfield Road Depot
  - Shared Lives

- HSCC for schools re-introduced and delivered in the 2016/17 financial year on a termly basis.
- Health and Safety task groups in place for each PAM group.
- Resources allocated for the Schools SLA Model to deliver the audits and a report for the SLA's sold to schools across the Borough.
- Absence Project ended, absence support now offered to ALL areas of BwD to support a Council key priority, this includes, welfare issue discussions, absence trend analysis, disciplinary support and phased return to work support.
- Safety procedural document review started in November 2015 through to full completion in July 2016.
- Sales & Marketing material designed and developed to support the Councils income generation initiatives.
- Health & Safety Course developed and delivered across BwD and the Schools purchasing the SLA.
- Wellbeing workshops delivered to BwD employees in conjunction with the Wellbeing Service.
- Compliance checks developed for use across the organisation.
- Absence module developed and implemented for MyView and use across the departments.
- Health & Safety accident reporting system implemented across the Council.
- Wellbeing statement developed, uploaded to the intranet and introduced within the wellbeing sessions.

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 require the Council to report certain serious workplace accidents, occupational diseases and specified dangerous occurrences to the Health and Safety Executive (HSE). During the 2016 /17 year:

### **Over-seven-day incapacitation of a worker**

1 employee cut his foot whilst working outdoors, 1 employee was subject to physical violence, 1 employee was subject to verbal aggression, 1 employee injured his back through a lifting / handling incident, 1 employee was hit by a vehicle and 1 employee was subject to a dog attack.

### **Specified injuries to workers**

There were no specified injuries reported in 2016/17, this is the same figure as 2015/16.

### **Occupational diseases**

There were no occupational diseases reported in 2016/17 compared with 1 case of Hand Arm Vibration Syndrome (HAVS) in Highways within 2015/16. There are however ongoing cases with pending claims sitting with insurance. The HAVS cases are diagnosis's from historical vibration exposure and do not relate to current practices.

### **Non-fatal accidents to non-workers (e.g. members of the public)**

There were no reportable accidents involving members of the public or other service users, this is the same figure as 2015/16.

### **3. Workplace injuries and ill health**

A new reporting system has been implemented for use across BwDBC, the system allows the team to analyse accident trends but also to monitor and hold employee and non-employee information centrally.

This system is now in the process of being replicated for Schools and external business use and is estimated to be live by May/June 2017.

#### **a. Workplace ill-health**

One of the one the key corporate priorities was (and still is) to reduce absence. The cost of sickness absence for the Council in 2016/17 was £2,189,286 compared to £2,076,811 in 2015/2016, however the number of absences reported has decreased to 9.37 from 9.86 days per FTE.

In common with the national trend the main causes of employee absence were stress and MSK related, Stress related absence cost £669,533 (2016/2017) which represents an increase of £77,164 on the previous years' costs of £592,369 (2015/2016) and musculoskeletal related absence, which cost £472,395 compared with £550,524 the previous year showing a decrease of £78,129.

##### *Stress / mental health conditions*

Stress related absence included a range of conditions including depression and anxiety and a number of specific conditions relating to bereavements and family stress.

In terms of employees affected and days lost, this equates to 206 employees absent for 6136 days for stress related absence.

Mental health conditions historically resulted in referrals to Occupational Health for counselling or cognitive behavioural therapies (CBT) which have also incurred significant additional costs to the Council. Since February 2015 the Employee Assistance Programme has been providing counselling support to employees where needed (6 free sessions per employee per year included), and there have been minimal costs for extended sessions, as a result, this has resulted in a cashable saving of over £14265 (for the 317 attended sessions employees that have accessed this service during the 2016/17 financial year).

##### *Musculoskeletal Disorders*

Musculoskeletal disorders (MSDs) are conditions that affect the nerves, tendons, muscles and supporting structures, such as the discs in the back. In terms of employees affected and days lost this equates to 268 employees losing 4799 days for musculoskeletal disorders. These conditions often result in referrals to Occupational Health for physiotherapy, which also incur significant additional costs to the Council. Where employees use the NHS and their own GP there can be delays in receiving physiotherapy treatment which can lengthen the return to work process.

As at March 2016, there are 42 open ended sicknesses still being managed by the health, safety & wellbeing team.

These are a mixture of short and long term absences, the main cause being Stress, Anxiety & Depression followed jointly by Back Pain/Spasm/Strain/Joint Pain and Nausea/Vomiting/Food Poisoning/Stomach bug

#### **4. Priorities for the next 12 months**

The priorities for health, safety and wellbeing from April 2017 – March 2018 include:

- Supporting the organisation to ensure that all managers and employees fully understand their responsibilities with regard to health, safety and wellbeing and that these are embedded in an organisational culture which supports a healthy working environment, by ensuring the intranet pages are relevant and up to date on an ongoing basis, updated training availability, face to face and e-learning as required and analysis of accident information gathered via the H&S reporting system.
- A planned approach to a health, safety & wellbeing audit plan across all PAM areas based on level of risk, with higher risk areas being audited more often. Corporate plan already in place to continue as at April 2017.
- Review the Task Group approach in the PAM areas and how this feeds into the HSCC by September 2017.
- Continued development of a Schools training programme, based on identified need from the Schools Audit provision and gained knowledge through service visits.
- Delivering ongoing absence support to all departments as part of the Attendance Management Strategy.
- Deliver a quality Health, Safety and Wellbeing provision to the Schools that have purchased the SLA's across the 2017/2018 financial year
- Ensuring that high risk areas are identified, audited and escalated to Directors as required to reduce the likelihood of RIDDOR reports to HSE.
- Increased near miss reporting and investigation awareness to be promoted through audits and safety meetings.
- Continued accident reporting to assist with reduction in employee accidents, statistics to be reported via the task groups and HSCC's.
- Income generation for through health, safety & wellbeing support to external organisation, schools and trusts.
- Increased knowledge through team training to enable all levels to contribute to safety and absence reduction across their roles by December 2017.

#### **5. Recommendations**

Implement in line with actions and timescales addressed in section 4.

David Fairclough  
Director of HR, Legal & Corporate Services

Lorraine Nicholls  
Health, Safety & Wellbeing Manager

April 2017

**TO:** Audit and Governance Committee

**FROM:** Director of Finance & Information Technology

**DATE:** 13 June 2017

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

---

**TITLE OF BRIEFING PAPER    Annual Risk Management Report 2016/17**

---

**1.     PURPOSE**

The Corporate Risk Management Strategy and Framework 2015/20 requires the Audit and Governance Committee to approve an annual risk management report which includes consideration of the effectiveness of the risk management arrangements in place within the Council. The Committee's terms of reference also requires it to review progress on risk management at least annually.

**2.     RECOMMENDATIONS**

The Committee is asked to:

- Consider and review the annual risk management report; and
- Agree the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2016/17.

**3.     KEY ISSUES**

**1.     Summary**

1.1    The Annual Risk Management Report provides the Audit and Governance Committee with a summary of risk management activity that has taken place across the Council over the year ended 31 March 2017. The role of the Forum is to ensure the Council has adequate and effective risk and resilience management arrangements in place to ensure that key business objectives are met.

1.2    The key elements of risk and resilience considered by the Corporate Risk & Resilience Forum (CRRF) are:

- Risk Management;
- Insurance;
- Emergency Planning and Business Continuity (including health aspects);
- Health, Safety and Wellbeing; and
- Information Governance.

1.3    This report covers the work on corporate and departmental risk management arrangements, emergency and business continuity planning,

event management, information governance and insurance. It outlines risk management policies and practices currently in place, activities during the last year directed at achieving the various risk objectives, and details of key actions or developments for 2017/18.

- 1.4 A separate health, safety and wellbeing annual report will be presented to the Committee.

## **2. Background and Overall Assessment**

- 2.1 The Council uses the Institute of Risk Management's definition of risk management, which is as follows:

The systematic process which aims to help organisations understand, evaluate and address risks to maximise the chances of objectives being achieved and reduce the likelihood of failure. It also exploits the opportunities uncertainty brings, allowing organisations to be aware of new possibilities.'

- 2.2 The Council recognises that risk management is not simply a compliance issue, but rather it is a way of viewing its operations with a significant impact on long-term viability and that risk management helps to demonstrate openness, integrity and accountability in all of the Council's activities. It also benefits how we operate, to ensure that key risks are identified, assessed and mitigated.
- 2.3 The details provided in this report provide evidence that overall the Council has adequate risk management arrangements in place and these have operated effectively during the year ended 31 March 2017. Areas for action or development during 2017/18 have been identified in the following sections. These will strengthen the existing arrangements in place.

## **RISK MANAGEMENT**

### **3. The Corporate Risk Management Process**

- 3.1 The Corporate Risk Management cycle is aimed at identifying, analysing, prioritising, managing and monitoring risks which could impact on the delivery of the Council's objectives (i.e. corporate risks).
- 3.2 Corporate risks are those significant risks which could impact on the overall success of Council objectives and priorities, or the vitality and viability of the organisation. Should these risks materialise Members and other stakeholders/partners, including the public will be aware of them and they may affect the reputation of the Council, amongst other significant consequences.
- 3.3 The CRRF, chaired by the Director of Finance & IT, is responsible for oversight of the risk management arrangements across the Council. The Chief Executive and Management Board are responsible for leading and ensuring effective risk management operates consistently across the Council. Each Director is the risk owner for all risks within their Department. Departmental Risk Champions provide support to senior managers to maintain their departmental risk registers. The Champions provide advice on risk management matters to Executive Members, Directors, Heads of Service and other managers within each department or service area. These officers also highlight relevant significant risks included on departmental risk registers to the CRRF for consideration to be included in the corporate risk register. Once agreed these are escalated to the Management Board for approval.

#### 4. Corporate Risk Register

4.1 Corporate risks are those which may impact on the overall achievement of Council objectives and priorities. The CRRF reviews the corporate risk register quarterly to ensure that appropriate corporate risks are identified, assessed and aligned to corporate priorities and objectives on an ongoing basis. A revised risk register format has been used in 2016/17, as part of the implementation of the revised Corporate Risk Management Strategy and Framework 2015/20. The registers now include inherent and target risk scores for each risk and the summary report shows the changes in residual risk score between quarters to enable changes to be tracked.

4.2 The following key changes to corporate risks were made during the year:

- The Emergency Planning and Business Continuity risks have now been separately recorded and assessed (Risks 7 & 7b); and
- The IT Infrastructure/Resilience Risk (Risk 3) has been incorporated into the Business Continuity Risk (Risk 7b) and Failure to deliver a robust medium Term Financial Strategy (Risk 16) has been combined with the updated Risk 1.

4.3 As at 31 March 2017 the Corporate Risk Register contained 15 risks. A summary of all the corporate risks is attached at Appendix 1. The following list shows the number of risks that are aligned to each of the corporate priorities:

<b>Corporate Priority</b>	<b>No of Risks</b>
Jobs	8
Housing	8
Health & Wellbeing	10
Outcomes for Young People	8
Safeguarding Vulnerable People	11
Making Your Money Go Further	11

4.4 As at 31 March 2017 the Council's top corporate risk was the risk of a serious/critical safeguarding incident.

#### 5. Key events and achievements during the year

5.1 During the year corporate risk management support has been delivered by the Audit & Assurance team, under the Director of Finance & IT, to support the achievement of the risk management objectives. Key activities undertaken/achievements during the period include the following:

##### Corporate/Departmental

- A revised risk register template and updated risk management toolkit was rolled out to improve the corporate risk assessment process. This supports the revised Strategy and Framework 2015/20;
- Improved monitoring of risks is in place via the implementation of the revised Summary Risk Register Report for corporate and departmental risks, which now includes the facility to track changes to residual risk scores;
- Participation in the 2016/17 CIPFA Risk Management Benchmarking to self-assess the Council's risk arrangements;
- The development and implementation of a Counter Fraud Risk Register;
- Ongoing support was provided to Directors and managers regarding the

identification of risks and management of corporate and departmental risk registers;

- Monitoring and review of the completion of departmental risk registers, with associated reporting to the CRRF;
- Audit & Assurance continuing scrutiny and challenge of Directors Management Accountabilities Framework Exception reports, to ensure that risk issues identified have been included in Departmental risk registers;
- Monitoring of the corporate risks and actions, with periodic reporting to Management Board and quarterly reporting to the Audit and Governance Committee; and
- The Road Risk Management Group continued to meet quarterly during the year. As part of its role the Group reviews and monitors management reports relating to fleet vehicles and drivers to identify any themes or training needs.

5.2 During 2016/17 work has also been carried out to complete the implementation of the recommendations from the internal audit review of risk management arrangements which was carried out in 2015/16. In addition, colleagues from Zurich Municipal have provided risk management support to the Council in a number of areas during the year. This has included:

- The completion of an Information Governance Health Check;
- The follow up of the 2014 Motor Fleet Review to assess progress made against the previous recommendations; and
- Support for the Civil Contingencies team to arrange and facilitate the testing of the Council's corporate and departmental business plans.

## **6. Developments for next 12 months**

6.1 The risk management activity planned for the next twelve months includes the following:

- A 'deep dive' assessment of a selected corporate risk by the Audit and Governance Committee at each meeting to improve its oversight and understanding of key corporate risks;
- On-going development of fleet driver and manager awareness and training to ensure robust accident investigations are carried out and minimise the incidence and impact of motor vehicle claims and incidents;
- On-going support for corporate and departmental risk initiatives via the internal risk management fund;
- Continuing the cycle of Departmental risk register reviews and challenges as part of the risk management work carried out by Audit & Assurance staff; and
- A review of the Counter Fraud Risk Register by Audit & Assurance to provide assurance on the risks identified.

## **7. Review of the Effectiveness of Risk Management Arrangements**

7.1 The arrangements, as set out in the Risk Management Strategy, have been undertaken throughout the year and we consider that the Council continues to maintain robust and effective risk management processes. This

conclusion is supported by the results of the 2016/17 CIFPA Risk Management Benchmarking Report. This considered the risk management arrangements in seven strands and assessed the Council's risk maturity in each of these areas. The benchmarking was carried out by the Head of Audit & Assurance, with support from the Head of Service for Policy, Performance and Commissioning in Children's Services and the Housing & Localities Business Support Service Lead. The five assessment categories, from lowest to highest, are Awareness, Happening, Working, Embedded & Integrated and Driving. The Council's results were as follows:

- Risk Management Enablers:
  - Leadership & Management – Working;
  - Policy & Strategy - Embedded & Integrated ;
  - People - Embedded & Integrated;
  - Partnership & Shared Resources – Working;
  - Processes – Working.
- Risk Management Results:
  - Risk Handling & Assurance - Embedded & Integrated;
  - Outcomes & Delivery – Working.

7.2 The Audit & Assurance team will continue to develop the arrangements to address the issues noted from the audit and ensure that the arrangements in place meet the changing needs, risks and pressures that the Council faces.

## **CIVIL CONTINGENCIES - Emergency Planning & Business Continuity**

### **8 Emergency Planning**

8.1 During the year to 31 March 2017, Blackburn with Darwen had several emergency events affecting the community at large. These were:

- Increased security considerations for Council staff and the community as a result of international terrorism events impacting upon UK Nationals;
- A number of ICT outages – variety of reasons – Cyber attack / IP addresses not being recognised / server issues etc;
- Fire at Primrose Hill flats;
- Earnsdale Reservoir landslip and potential consequence of loss of water to Darwen;
- Building collapse;
- Hazardous substance stored incorrectly in schools;
- Property flooding (hot spots) across borough;
- Canal flooding;
- Counter terrorism event in London;
- Planned power outage affecting the Old Town Hall and Tower Block.

8.2 Duty officer statistics for 2016/17 were as follows:

- Local Warnings received = 395 (568 in 2014/15 & 779 in 2015/16);
- Information received total = 173;

- Activations total = 52 (Tactical Officer notified on 12 occasions);
- Total activity = **568**.

## **9 Key events and achievements during the year**

### **Floods Recovery ongoing**

- 9.1 Following the 2015/16 winter storms, which impacted the borough and the North West, the Department for Communities and Local Government (DCLG) provided funding for the affected communities. Almost 15 months on the recovery aspect of this emergency is still being supported by the Civil Contingencies Service and the investigations and applications for funds managed by the Drainage team. To date there are 30 residential properties and 2 business properties affected. Liaison is ongoing directly with DCLG to ensure funds for those impacted will continue to be available in the next financial year 2017/18.

### **Corporate Exercise**

- 9.2 This year the annual corporate exercise focussed on the response to a business disruption event and, therefore, Business Continuity Management (BCM). Exercise Hermes was based upon an escalating ICT malware attack and consequential outage resulting in no availability of ICT/telephony etc. The exercise also focussed initially upon a fire at a local Special School, raising expectations of support from Children's/Education Services whilst responding to the BCM event. The event was well attended by staff and the head teacher of Newfield School. It tested the recently approved Corporate BCM Plan. All departmental business continuity plans were also tested during the exercise. A report with recommendations is being progressed.

### **Schools Community Resilience Project**

- 9.3 This recently developed project is now being rolled out to all of the schools in Blackburn with Darwen. Six schools have taken part to date and we are in discussions with another six schools this term. The project has its roots in Beacon Status/Good Practice. It is aimed at primary school pupils, with a view to raising their awareness of what an emergency is, how to be prepared and how to become self-resilient. The Civil Contingencies Service worked with Education and emergency services colleagues to create a six week session plan to deliver partners key messages via the lessons, which fit with the national curriculum and local themes.

### **Vulnerable People Communications**

- 9.4 The Civil Contingencies Service is continuing to encourage staff to pass on emergency advice and risk communications to the more vulnerable people in the community in conjunction with Public Health and Adult Social Care through the Adverse Weather Group.

### **Community Resilience Communications – Neighbourhoods**

- 9.5 In tandem with the above project the Civil Contingencies Service is working with the Neighbourhoods teams to ensure that "advice, risks and warnings are communicated to the community at large. This will be through text messaging, social media and, where appropriate, word of mouth.

### **Plan Owners on call**

- 9.6 Winter 2016 saw, for the first time, Functional Plan owners on call over the Christmas and New Year period. The rationale for this request was to provide enhanced resilience for the organisation by ensuring that plan owners (i.e.

transport/flooding, etc.) were available over the extended holiday period to provide a response. In previous years the Council had relied upon goodwill from these staff, expecting that they would be available when called upon to respond when not necessarily on a rota. Budget for the Standby payments was sourced from departmental budgets. This request will be submitted to Management Board again in 2017 for approval

### **Corporate Sandbag Policy Change**

- 9.7 In summer 2016 the Civil Contingencies Service received approval from Management Board and Elected Members to change the policy on sandbags. Following the winter floods 2015/16 post emergency de-briefs confirmed that sandbags provide very little or no protection to properties in the numbers that the Council hold and store. Thousands of bags are required to prevent water ingress into buildings; it is also the householder's responsibility to protect their own property. Therefore in autumn 2016 Flood drop-in and awareness sessions were hosted in Blackburn and Darwen. These events were attended by Elected Members, members of the public and some businesses. Letters were issued to all residents and business in flood zone areas to confirm that the Council would not be issuing sandbags for flood protection purposes at all from September 2016.

### **Community Risk Register Workshop**

- 9.8 Multi agency partners attended a workshop to assess the real and perceived risk which may threaten the borough including locations such as V10 Polymers high risk site in Lancashire.

### **Plan reviews**

- 9.9 The Departmental Business Continuity (BC) and Functional Emergency Plans are constantly being reviewed and streamlined. The Emergency Plans now have Standard Operating Procedures (SOPs), whereby a "plan on a page" was requested by the Executive Team to assist them in assimilating information when/if they have to attend the Strategic Co-ordinating Centre at Police Headquarters. This will be replicated for the Departmental BC plans and then a strategic plan on a page showing critical functions and risks will be created for Chief Officer use.
- 9.10 Council staff have provided support and participated in a Public Health hosted Lancashire wide Pandemic Influenza exercise and also supported a large scale Heysham Power station exercise, taking learning from the event.

### **Enhancing Duty Officer Resilience**

- 9.11 The Civil Contingencies Support Officer (a temporary post supporting from October to March) was successful in achieving the Civil Contingencies Officer role in post from 10 April 2017. This has increased the resilience of the Team.

### **Standby Audit**

- 9.12 An HR lead audit is currently underway reviewing staff who are in roles requiring a Standby response. This includes the Civil Contingencies Service. This may have an impact upon the volunteer duty officers (x3) who are not wholly employed in this function, as they are currently remunerated for this additional role they take on.

### **e-portal Learning**

- 9.13 The Civil Contingencies Service is taking advantage of the e-learning portal to promote awareness of the corporate role and expectations of staff in

support of the Civil Contingencies Service. This will be through raising the opportunity to recruit to specific roles or by raising awareness of generic duties for managers etc., to ensure that the Council is more resilient. Introduction to Civil Contingencies is already available.

## **10 Business Continuity**

10.1 The Finance & IT Department has successfully undertaken an exercise to test the departmental BC Plan, in addition to managing various BC incidents which occurred during the year.

10.2 The Council prepared for and managed a planned shutdown of power by United Utilities on 30 March 2017 to upgrade a local store. The outage only impacted the Tower Block and the Old Town Hall. Procedures were implemented in case of the power not coming back for the following day, and business continuity procedures were considered. Staff were prepared and rooms for business critical staff were allocated as appropriate. The EE Texting system was tested prior to being used on the evening to cascade the message to managers (in turn managers to staff) about the result of the power outage. The EE Texting system failed but a Bulk SMS was issued via mobile phone.

### **Elections planning**

10.3 An Elections Contingency plan has been requested to ensure that robust plans are in place in case of an emergency event during the forthcoming elections in 2017. This plan will detail safety procedures to be carried out, and planning in the event of deferral or relocation of the count.

### **Capita Contract – Business Continuity Implications**

10.4 As services come back in-house or are contracted out to external providers, the Civil Contingencies Service is working to ensure that these services are incorporated into revised departmental business continuity plans, and that “key functions” are reviewed to ensure accurate scoring and reflection of appropriate actions in plans.

### **Corporate Procurement and Supply Resilience**

10.5 Supply chain resilience was improved during 2015, with the development of a selection of clauses being written to include in the Council’s standard terms and conditions of contract. These will be used to ensure our key suppliers, especially those supporting our identified critical services, also maintain adequate business continuity arrangements relevant to their size, cost of contract and the level of dependence we have on them.

10.6 Additional advice and guidance for services is being developed to be discussed at a mini workshop/training session at a business continuity meeting for procurement “champions” and business continuity “champions”. This is essential given the number of contracts that the Council already has and the increasing number of commissioning activities the Council will undertake.

### **External Business Continuity Promotion Support**

10.7 Under the Civil Contingencies Act 2004, Local Authorities have a duty to provide business continuity advice and guidance to small and medium sized businesses. This has been low level to date, with one or two firms across the borough approaching the Service for advice. Basic information has been created to promote the Service to local businesses via business rates notices. At a recent event hosted by the Mall 30 businesses were targeted

with this information and the offer of support from the Civil Contingencies Service.

## **11 Key Additional Developments for the next 12 months**

- 11.1 Further Business Continuity promotional work will be undertaken with Strategy & Funding colleagues and the HIVE.
- 11.2 A full Business Continuity template has been developed to enable small and medium sized business in the borough to complete their own business continuity risk assessments and plans. The Civil Contingencies Service will offer support where appropriate. This will be in addition to offering a bespoke service, at a price, to businesses. This bespoke service will involve working with companies to assist them in the business continuity planning process, working towards a comprehensive completed plan and procedures.
- 11.3 Following the numerous ICT outages in Summer/Autumn of 2016 a recommendations report was discussed and approved at Management Board in January 2017. Some of the recommendations included increased agile working for staff and an expectation that “Business Critical Staff” should take their laptops home with them on a daily basis.
- 11.4 Countywide Emergency Response Group (ERG) Volunteer Training will be developed in order to ensure that the community receives consistent support across the county. Every Category 1 Responder has a responsibility to support the community in times of need. The Council has recognised that it cannot always provide a full response to setting up a fully staffed rest centre or information centre when we need to evacuate the community from a place of danger to a place of safety. Therefore the Council is leading on joint working with Lancashire County Council Emergency Planning and Blackpool Unitary colleagues. The end result will be consistent training for all staff, which can be delivered by any of the three organisations; consistent ways of working with the Voluntary sector and a shared understanding of roles. It will also enable the Council to request support from the other two organisations if we need additional ERG Volunteers.
- 11.5 The corporate training programme will continue to be developed and delivered to Chief Officers, Elected Members, Tactical Officers, etc. and Volunteers. As much of this training will be delivered by e-learning packages and supported by face to face training sessions. “A Managers Guide to civil contingencies” and “A basic guide to Emergency Response Group volunteering” will both be available next year.
- 11.6 The Civil Contingencies Service fulfils the “prepare” element of the Contest Strategy (the UK Counter Terrorism (CT) Strategy) utilising the National Risk Register and risk and gap analysis in mitigating consequences of various scenarios i.e. hazardous substances/Chemical, Biological, Radiological, Nuclear/transport accident/mass casualties or mass fatalities – all of which could be a consequence of CT activity. The Council also undertook a review of building security “tailgating”/ access control/ cameras/ door security etc. following the Paris attacks. In partnership with Prevent colleagues the Civil Contingencies Service will undertake Project Griffin training in order to deliver this package to the wider community, staff and local businesses as required. It will seek to promote the “Run Hide Tell” Government hosted information in an appropriate manner.
- 11.7 The Civil Contingencies Service is in the process of creating a “Staff Information Line” to be used in times of emergency to inform staff of welfare

issues or emergencies. This will utilise information held in MyView i.e. staff contact numbers works mobile and personal mobiles to text alert staff to call the Staff Information Line for fuller specific information. This would be activated with Tactical Officer permissions. Messages could relate to “Don’t attend Duke Street because of.....” or “there has been an ICT outage please log on from home”. This is still in the development stage due to delays with staff updating personal information to MyView. It is anticipated that it will be live for use by the autumn 2017.

- 11.8 The Schools Community Resilience Project has now been offered to all Civil Contingency partners across the County, with a “train the trainer” fee to be charged to recoup the development costs expended in the previous 18 months in creating the project. Lancashire County Council and Health partners have shown a specific interest in supporting and delivering this our project. This will be promoted out of county towards the end of the financial year. A webpage will be created specifically for the School project to host all of the information required to enable it to be a stand-alone “off the shelf” package to limit the amount of resources required from the CC Service.
- 11.9 Review and update of the Business Continuity risk information will continue. As the organisation continues to change and redesign itself it is vital that the business continues to review itself and updates the business continuity plans and detail. Services and staff change on a regular basis. Therefore the Civil Contingencies Service will revisit the DMT’s and raise the profile of departmental Business continuity as a regular team discussion and not a once a year review. A risk matrix/plan on a page of Critical Functions and ICT priorities will be created and maintained for Chief Officers to use in times of response.

## **EVENTS**

### **12 Events Safety Advisory Group (ESAG)**

- 12.1 This multi-agency group, chaired during the last year by the Leisure Facilities Manager, is well established and meets every two months to review events across the borough. Membership consists of relevant Council representation; Licensing, Insurance, Countryside Services, Highways, Civil Contingencies, Health & Safety, and external organisations; the Police, Fire & Rescue and Ambulance services. The group acts as a central point for all event notifications, ensuring organisers have a single point of reference to obtain support and advice regarding their event.
- 12.2 The overall aim of the group is to ensure that events operate in a manner that is safe and well- regulated and does not impact on local residents. Secondly to ensure that the reputation of the council and other agencies are protected.
- 12.3 For smaller scale events, which are submitted via the Council website, the group works on a virtual basis reviewing arrangements via telephone / email and providing advice. The Council acts as a gatekeeper for event notifications and then ensures all relevant group members are promptly informed.
- 12.4 The Group has worked proactively with a number of event organisers during the year, ensuring they are fully aware of their responsibilities as organisers and providing advice as to where they can improve their safety arrangements. For larger scale events special ad hoc ESAG meetings have been convened, with the organisers invited to attend. This allows the organisers to outline their plans and for the group to constructively advise and suggest improvements.

- 12.5 One example of this was when organisers submitted an application to hold the Royal Lancashire Show at Witton Park. The Council ensured that the many conditions were included in the Event Management Plan and a thorough Traffic Management plan was produced for the event. Approximately 20,000 people attended the event and there was no noticeable impact on the local area.
- 12.6 Various events managed by the Group have taken place during the year. These included the Royal Lancashire Show, Countryside comes to Town, Eid in the Park and Prayers, Darwen Music Live, charitable events and religious parades and the Town bonfire.

## INFORMATION GOVERNANCE (IG)

### 13 Introduction

- 13.1 The IT Compliance and Information Governance team, within the Information Technology Management & Governance Department, has overall responsibility for the information governance framework within the Council. The team also receive and coordinate responses to Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection Subject Access (DP SARs) requests.
- 13.2 In addition, the team is responsible for monitoring information security incidents in relation to the Data Protection Act, reporting any breaches, ensuring that all incidents are thoroughly investigated and that appropriate corrective action is taken. The team are the first point of contact for complaints made about the Council to the Information Commissioner's Office (ICO).

### 14 Annual requests and clearance statistics for 2016/17 and comparison against 2015/16

		2015/16	2016/17	% Change
FOI	Number received	1148	1214	<b>+5.75%</b>
	Number cleared	1112	1196	<b>+7.55%</b>
	Number on time	1076	1154	<b>+7.25%</b>
	% on time	96.76%	96.49%	<b>-0.27%</b>
EIR	Number received	289	738	<b>+155.36% (*)</b>
	Number cleared	319	759	<b>+137.93% (*)</b>
	Number on time	244	429	<b>+75.81%</b>
	% on time	76.49%	56.52%	<b>-19.97%</b>
Combined FOI/EIR	Number received	1437	1952	<b>+35.84%</b>
	Number cleared	1431	1955	<b>+36.62%</b>
	Number on time	1320	1583	<b>+19.93%</b>
	% on time	92.24%	80.97%	<b>-11.27%</b>
DPA	Number received	673	638	<b>-5.20%</b>
	Number cleared	666	660	<b>-0.90%</b>
	Number on time	627	613	<b>-2.23%</b>
	% on time	94.17%	92.88%	<b>-1.29%</b>

- 14.1 The number of FOI/EIR received in 2016/17 compared to 2015/16 has increased by 35.84%. Some of this is attributed to the way Growth and Prosperity have changed the process for logging Property Searches (\*). Each property address searched is now allocated a single reference number, as

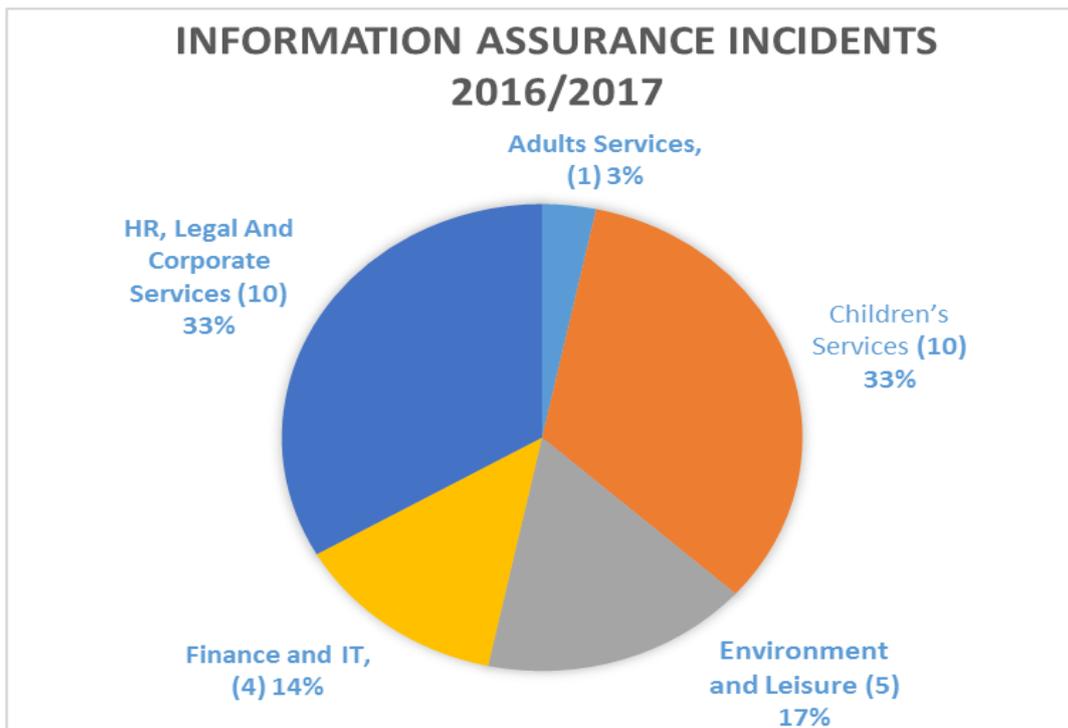
opposed to the previous method of a bulk request for 4 or 5 properties being logged as 1 request. This new way is the correct way to record requests given how much resource is required to respond to 1 property search. The compliance rate for responses answered on time has decreased by 11.27%. Again this is due to the poor clearance rate for property searches. Due to this, the Council have not achieved the minimum requirement for compliance on combined FOI/EIR set by the ICO (85%) in 2016/17.

14.2 The number of Data Protection Act SARs) received in 2016/17 compared to 2015/16 has decreased by 5.20%. The compliance rate for responses answered on time has also decreased by 2.23%. Whilst we remain compliant with the minimum target set by the ICO (85%), our total figure for the period 2016/17 is misleading. The total SARs count includes requests from the Police and other regulatory bodies, which in the main are answered quite quickly. This is masking the falling rate of compliance for the complex subject access requests received in the PEOPLE area. From Q1 2017/2018 onwards IG will amend the way the Council reports compliance with SARs to reflect the issues we are currently experiencing due to lack of resource and a dedicated Records Management function within PEOPLE area, by splitting out Social Care SARs and reporting them as a separate total. It is to be noted that there are currently 33 Subject Access requests that are outstanding for completion. Eight of these requests are over 12 months old. This is an actionable breach of the data subject's rights under Principle 6 of the DPA. The ICO is able to issue enforcement action in relation to this should a complaint be received.

**15 Information Assurance Incidents Recorded During 2016/17**

15.1 During 2016/2017 there have been 30 recorded information assurance incidents. This is a decrease of 6.25% against 2015/2016. All incidents have or are in the process of being investigated. Remediation plans have been actioned with the exception of one on-going investigation at the year end.

15.2 A breakdown of the incidents by Resource area is as follows:



- 15.3 The IG Team continues to raise awareness to improve working practices and has accepted a voluntary request by the ICO to audit the Council's Breach reporting process. This is scheduled for Quarter 2 2017/18, the results of which will be fed back to the CRRF along with any remediation action plans put in place by the ICO.
- 15.4 There have been no ICO self-reported data breaches recorded within 2016/2017
- 15.5 There has been 1 Complaint issued to the ICO in relation to a data breach by Children's Services. The ICO concluded in this case that the Council carried out the necessary remediation to mitigate any significant distress to the data subject and processes were amended to avoid repetition. No further action was necessary but the ICO stated that the case would be held on file and taken into account should a similar incident occur in the future.

## **16 Key events and achievements during the year**

- 16.1 The following activities and development have been commenced and/or achieved during 2016/2017:
- Successful transition to a new e-learning platform has resulted in better management information allowing the Council to demonstrate compliance with the requirement to have mandatory training in Data Protection and Information Security. Progress will continue to be monitored as we enter the appraisal window for 2017/2018 as this year will show a full 12 month data capture for the first time. Discussions are already underway in relation to new content for 2018/2019 in order to refresh the courses, enabling a better user experience more relevant to the daily functions of employees within BWDBC.
  - The datashare website has been operational for just over 2 years. Datasets have been uploaded where required. £500 monthly spend is routinely updated every month by IG. Quarterly Contracts information is being generated by Procurement but to date is yet to have a refreshed dataset published for 2017/2018. This is being chased by IG. In addition to the recommended datasets for Local Government transparency, we have assisted the Parish Councils by including their required publication datasets to our Datashare, as well as allocating each Parish a page on our corporate internet site to publish their minutes, accounts and agenda's. Frequently requested FOIs continue to be monitored and IG are actively encouraging departments to consider routine upload to the Transparency pages in order to reduce the burden of repeat FOI requests.
  - The IG Team secured 28 education establishment contracts for the Information Governance for Schools SLA 2016/2017. The breakdown comprised of 1 Nursery, 27 Primary, 1 Special and 1 Secondary School. Revenue target for 2016/17 was set at £20k, which is a 100% increase on the target of £10k set last year. 2016/7 saw 5 further schools taking up the service for the first time. Schools IG team secured £16,825 for the period. (This figure included ad hoc twilight training).
  - IG are assisting with the Data Access Advisory Group (DAAG) application for NHS Number Matching service for Adult Social care to enable the Council to have a consistent unique identifier for all our service users enabling smoother integration with NHS Service provisions. This was a long and complicated process, however, IG have had assistance from

Leeds and Calderdale Authorities in compiling an application form that could potentially be approved by the DAAG panel. This has been submitted to the panel and is due for review on 29<sup>th</sup> April 2017.

- NHS IG Toolkit –V14 evidence gathering is complete. IG has submitted the toolkit and is awaiting confirmation from HSCIC as to whether this is accepted.

## **17 Developments for next 12 months**

17.1 The following activities are scheduled for the period 2017/2018.

- The General Data Protection Regulations (GDPR) will replace the EU Data Protection Directive on 25<sup>th</sup> May 2018 without the need for any national legislation to be enacted. It will supersede the Data Protection Act 1998 unless the Government takes specific measures prior to the GDPR taking effect. The IG team have created an initial Gap Analysis showing the Council's current compliance with new GDPR requirements. This has been issued to the SIRO and the Audit and Governance Committee. Compliance with GDPR is going to take a considerable amount of resource. Corporate Risk 13 was updated in March 2017 to reflect this. IG will continue to work through the requirements, updating processes and policies for the next 11 months until the date of GDPR implementation. Regular updates will be posted on the intranet. Priorities for Q1 2017/18 will include:
  - Ensuring the Council is aware of its responsibilities;
  - Identifying and appointing a Data Protection Officer;
  - Reviewing all of the Council's privacy notices;
  - Complete review and update of the Information Asset Register;
  - Review of Subject Access Requests process to take account of changes to processes (including timescales to complete);
  - Review of Data Collection forms to demonstrate that 'consent or 'explicit consent' has been given;
  - Review of all Privacy Impact Assessments and the process for ensuring they are completed for all processing of personal data;
  - Training for all Information Asset Owners; and
  - Review of the template contract wording in relation to liability for data losses in relation to commissioned data processors.
- Production of a GDPR bulletin to enable the dissemination of the Council's current status and immediate action plan under GDPR has been posted to the Council Intranet. Subsequent monthly updates will be presented here.
- IG is facilitating an Information Asset Owner training session with support from a Zurich Municipal Risk management colleague. Training is required to reflect issues arising from GDPR and importance will be placed on a substantial review of the Information Asset Register. IAO availability will need to be ascertained before formally arranging the training dates, and full buy in will be required in order to facilitate swift dissemination of information to enable the Council to comply with the new legislation.
- The IG Team to date has secured 26 education establishment contracts for the IG for Schools SLA for 2017/18. This is a 7.14% decrease on 2016/17 (loss of 4 gain of 2), with some schools quoting changes in organisational structure, absorption by larger trusts etc. The revenue target for 2017/18 remains set at £20k. We are still confident of additional

take-up during the course of the year as the pressure to be compliant with the new General Data Protection Regulations is realised. We have already prepared a schools bulletin paper due to be released with the Annual Directors Report, and have measures in place to assist schools through the implementation of this new legislation.

- Information Asset Registers are in the process of being updated, initially solely by IG in order to reflect the new requirements in the GDPR to have detailed records of all information assets including how we share those assets and who we share them with. The Register will need to include new items such as legal gateways used in the sharing of data and whether a privacy assessment has been carried out. This is a substantial piece of work which will require intensive resource during quarters 1-3 of 2017/18.

## **INSURANCE**

### **18 Insurance Policies**

- 18.1 Following the completion of a tender exercise for the Council's insurance cover, the February 2017 Executive Board meeting approved the award of the new contract with effect from 1 April 2017. This is a long term agreement for an initial period of three years with an option to extend for a further two.
- 18.2 During the year the Principal Insurance Officer has continued to provide advice and support to departments regarding insurance requirements and claims. She has also attended case conferences to discuss the Council's defence of claims. This input has continued to prove a valuable link between the insurer and the Council as it has allowed us to give guidance to solicitors when settlement may be beneficial and to provide detailed technical support to defend cases successfully.

### **19 Claims Management**

- 19.1 During the year we have provided claims management reports to Directors on a six monthly regular basis to inform them of the trends in volumes and values of insurance claims and incidents received in respect of their areas of responsibility, along with details of open claims over £50,000. In addition, information relating to motor fleet claims and incidents is provided to the members of the Road Risk management group and employer liability claims experience is provided to health & safety colleagues. Ad hoc reports are produced for managers on request.
- 19.2 During 2016/17 the insurance team handled 86 non injury claims in-house, c. This includes 52 highways claims. These were all claims against the Council where, following a review of the evidence provided by departments, the claims have either been refuted or settled in-house. This approach has benefitted the Council by reducing the claims handling costs, of £140 per claim, which would otherwise have been charged by Zurich and improved customer satisfaction and the Council's reputation by dealing with these claims promptly.
- 19.3 In addition to these savings, where possible the Team has requested invoices for repairs etc. to be sent direct to the Council in respect of those being settled, enabling us to recover the VAT. The team was also able to agree ex gratia payments in a number of cases, limiting the cost to the Council. Overall the savings from these initiatives was estimated to be approximately £42,621 for 2016/17. The Council also recovered £14,740 in the period from

third parties for damage caused to Council property and vehicles.

- 19.4 Zurich Municipal engages local solicitors to assist in defending claims. The Principal Insurance Officer attends regular meetings with the solicitors to discuss cases and their defence and they provide detailed information regarding case load management. The solicitors also contest claimants' solicitors' legal fees and costs, saving the Council significant costs. In the last year this has saved £172,118 (37%) on costs initially claimed, an average saving of £10,757.39 per case. It should also be noted that the 2016/17 costs finally paid have increased by 27.1% compared to 2015/16, to a total of £290,757. Defence costs for the same period were £45,608 (15.7% of claimants' costs). This is a decrease compared to 2015/16 (£93,357). The outcomes of claims listed for trial are illustrated in the final chart at Appendix 2.

## 20 Insurance Claims Experience

- 20.1 Since the implementation of the Jackson reforms in August 2013 we have not experienced any significant increase in the numbers of claims received. Whilst the total number of claims received and incidents reported to the Council during 2015/16 increased slightly compared to the previous year the number of actual claims against the Council reduced in the period. The trends in claims and incidents volumes and values received against the class of business over the last three years are out in the table and charts in Appendix 2.

Class of business	No of Incidents		Claims		Total	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Employers Liability	0	1	22	21	22	22
Motor	27	14	60	54	87	68
Property	4	16	11	15	15	31
Public Liability	107	84	195	160	302	244
<b>Total</b>	<b>138</b>	<b>115</b>	<b>288</b>	<b>250</b>	<b>426</b>	<b>365</b>

- 20.2 We are continuing to work with departments to ensure that relevant documents are retained and investigations carried out so an adequate defence can be maintained against claims received. If there is no documentation or records available we do not have a defence.

## 21 Municipal Mutual Insurance (MMI)

- 21.1 A number of years ago the Council was insured by MMI. This company got into financial difficulty and ceased trading in 1992 but maintained the claims arising whilst it was still solvent. In November 2012 the MMI Board of Directors triggered the Scheme of Arrangement as a solvent run-off could no longer be foreseen. After completing discussions with their professional advisers, the Directors concluded that there was no other alternative to insolvent liquidation.
- 21.2 As a result, control of MMI passed to the Scheme Administrator, Gareth Hughes of Ernst & Young LLP, who, in accordance with the terms of the Scheme, undertook a financial review of the Company and, in consultation with the Scheme Creditors Committee, considered the extent to which any levy is to be imposed upon Scheme creditors.

- 21.3 Although MMI note that all claims will continue to be paid until a decision on the levy is made and communicated to the Scheme Creditors, all members who have had historic periods of cover with MMI, were urged to urgently consider their financing arrangements for these periods.
- 21.4 As one of the local authorities who are members of the scheme of arrangement, the Council will be liable to pay any remaining outstanding claims. There are a number of these long tail claims, where the cause is pre 1993, relating to child abuse/failure to remove, asbestos related illness, noise and vibration white finger, which have been subject to numerous legal challenges.
- 21.5 Predicting ultimate claims cost for occupational diseases arising from past exposure is extremely difficult and whilst the current claw back will be 25% it is possible that there could be further claw back over the next 10 to 20 years, as incurred but not reported claims are translated into reported claims.
- 21.6 The scheme of arrangement with MMI was always expected to have a clear run-off. However, the Council previously estimated the potential cost to the Council, if the scheme is invoked, could over £2.0 million at the current calculation, along with any new claims and this is taken into account when the minimum level of balances is reviewed during the annual budget process, and in assessing contingent liabilities when the Statement of Accounts is prepared.
- 21.7 As the scheme of arrangement has now been triggered, since 2014 the Council has paid levies totalling of 25% (amounting to £494,000) on known claims at the time. A provision of £320,000 has also been established against the possibility of the levy increasing to the maximum estimated amount of 28%, retaining £250,000 as an earmarked reserve towards future claims.
- 21.8 As a consequence of the levy, since 2014 the Council has been responsible for self-insuring initially 15% and currently 25% of any future claims. The Council is now required to pay all MMI related claims and associated legal costs as and when these are settled and submit invoices to the Scheme Administrator to reimburse the 75% portion they are responsible for.
- 21.9 The Council receives an annual statement from MMI to update on its liabilities in respect of the Scheme of Arrangement and the Finance department have been kept fully aware of this liability.

#### **4. RATIONALE**

Within the Corporate Risk Management Strategy there is a requirement to report annually to the Audit and Governance Committee on the progress of risk management within the Council.

The key issues detailed above provide the members of the Committee with a summary of the elements, key issues and work undertaken by various teams relating to risk management activity across the Council during the year ended 31 March 2017.

The details reported provide assurance to the Committee on the adequacy of the Risk Management Strategy and the associated control environment within the Council.

## **5. POLICY IMPLICATIONS**

As indicated above, this report is part of the requirements of the Corporate Risk Management Strategy. These requirements are constantly being reviewed and updated to reflect the changes that have taken place in respect of the risk management arrangements within the Council.

## **6. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

## **7. LEGAL IMPLICATIONS**

There are no direct legal implications from this report.

## **8. RESOURCE IMPLICATIONS**

There are no direct resource implications from this report.

## **9. EQUALITY AND HEALTH IMPLICATIONS**

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

## **10. CONSULTATIONS**

Members of the Corporate Risk & Resilience Forum.

CONTACT OFFICER: Colin Ferguson, Head of Audit & Assurance

DATE: 2 June 2017

BACKGROUND PAPERS: None

# ANNUAL RISK MANAGEMENT REPORT 2016/17

## Appendix 1



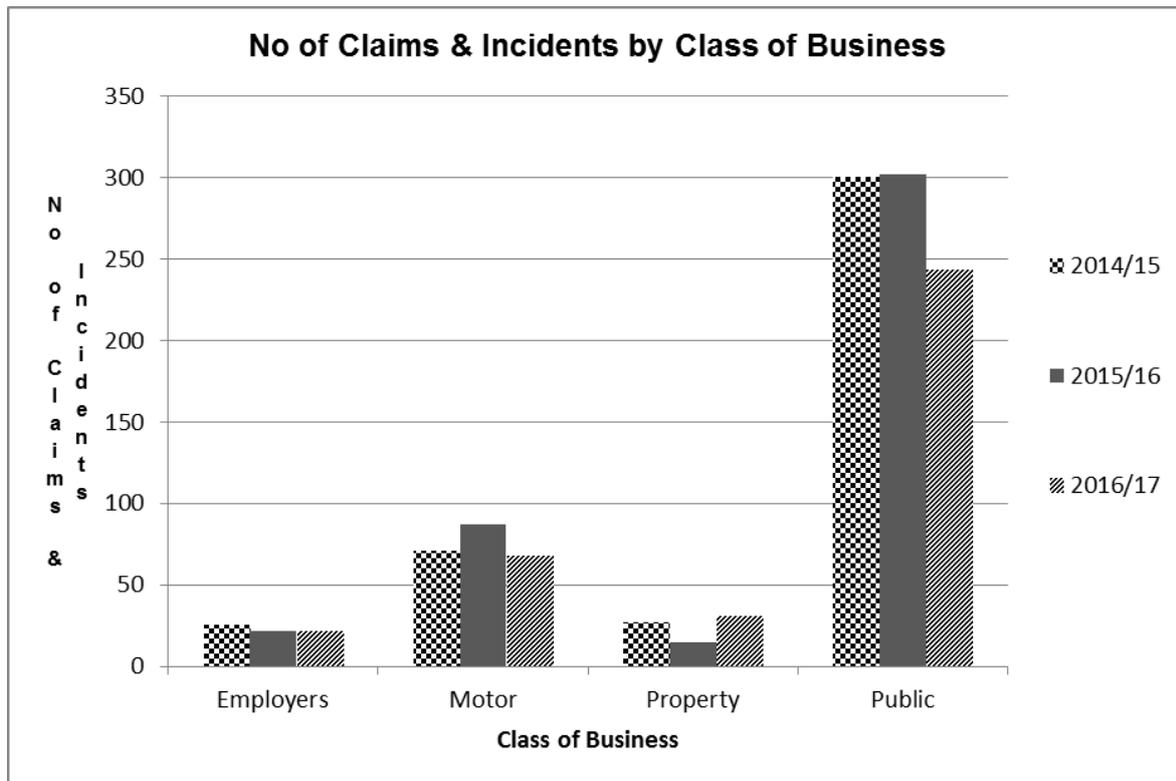
### Summary Risk Register

Directorate: \_\_\_\_\_  
 Department: Corporate Risk Register  
 Service: \_\_\_\_\_  
 Quarter and Year: Quarter 4 - 2016/17      Date of last review: 31-Dec-16  
 Date: 31-Mar-17      Date of next review: 30-Jun-17

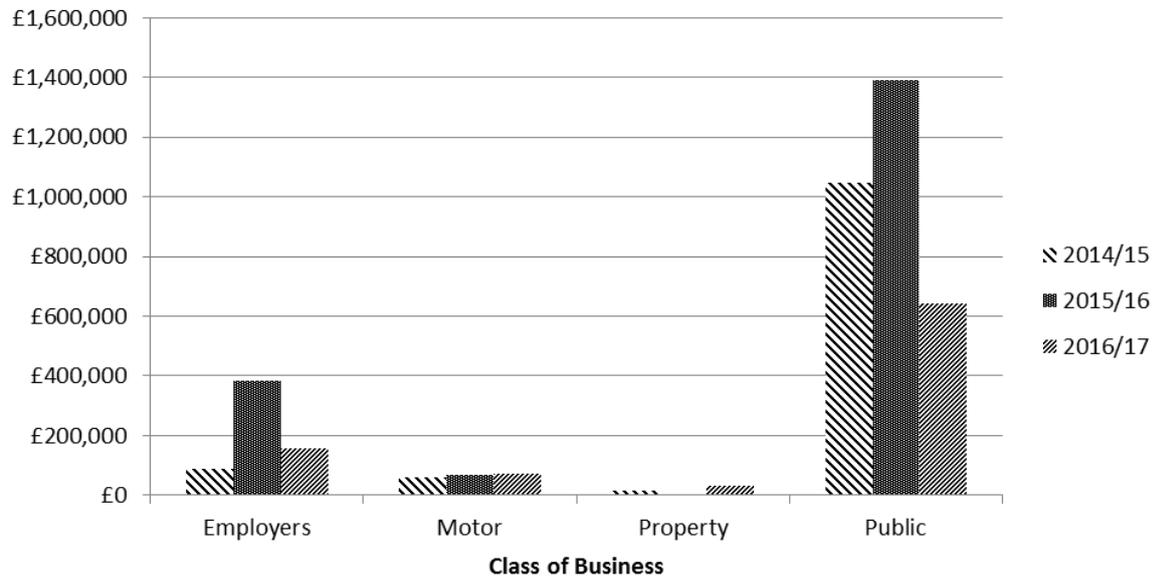
Risk N°	Risk Description	Date Raised	Strength of Existing Controls	Inherent			Residual			Target			Risk Owner(s)	Key Contact(s)	Risk Status	Last Risk Review Date	Previous Residual			Change in Score
				L	I	Risk Rating	L	I	Risk Rating	L	I	Risk Rating					L	I	Risk Rating	
1	Failure to deliver a balanced budget and Medium Term Financial Strategy may result in a Government Commission taking control of the authority's finances	26-Jan-15	Fair	5	5	HIGH	2	3	LOW	1	2	LOW	Louise Mattinson	Simon Ross, Zoe Evans	Open	12-Jan-17	2	3	LOW	-
2	Failure of the assets or failure to manage these in a proactive and co-ordinated way (Assets include Buildings, Infrastructure)	25-May-11	Fair	3	5	HIGH	2	4	MEDIUM	2	2	LOW	Denise Park	Brian Bailey, Andrew Bond, Martin Eden	Open	03-Feb-17	2	4	MEDIUM	-
3	IT Infrastructure (Resilience) - OTH	20-Aug-13	Good	4	3	MEDIUM	3	3	MEDIUM	3	1	LOW	Louise Mattinson	Shane Agnew	Closed	15-Nov-16	3	3	MEDIUM	-
4	The Council is not able effectively influence and shape new partnership structures to respond to changes occurring in the public sector. The arrangements in place may not be appropriate, properly initiated and controlled or may not respond effectively to deliver key priorities or corporate objectives.	07-Feb-12	Good	3	3	MEDIUM	2	3	LOW	2	2	LOW	Executive Team	Alison Schmid	Open	01-Mar-17	2	3	LOW	-
5	There is a risk that governance and decision making arrangements fail	25-May-11	Good	2	4	MEDIUM	2	2	LOW	1	1	LOW	Harry Catherall	Denise Park, David Fairclough	Open	19-Apr-17	2	2	LOW	-
6	Failure to deliver the management, workforce and organisational objectives for workforce reviews within the agreed budget.	17-Oct-16	Good	4	4	HIGH	1	3	LOW	1	2	LOW	Management Board	David Fairclough	Open	19-Apr-17	1	3	LOW	-
7	Ensure that the Council delivers its statutory function Civil Contingencies by Emergency Preparedness, Planning, Response, Recovery and Business Continuity Promotion in order to protect the Community and enhance the resilience of the Council, mitigate reputational and financial damage. Corporate Objectives at risk - 1,2,5,6.	25-May-11	Good	4	5	HIGH	1	5	LOW	1	5	LOW	Harry Catherall	Sayyed Osman, Rachel Hutchinson, Sarah Riley	Open	14-Sep-16	1	5	LOW	-
7b	Ensure that the council delivers its statutory function of Civil Contingencies by ensuring the Council has Business Continuity Management arrangements in place, planning, training testing and validating and also promoting business continuity to external small and medium sized businesses. This will protect the community, enhance the resilience of the Council and mitigate financial and reputational damage. Corporate Objectives 1,2,5,6 link	22.09.16	Good	3	4	MEDIUM	1	4	LOW	1	3	LOW	Harry Catherall	Sayyed Osman, Rachel Hutchinson, Sarah Riley	Open	30-Nov-16	1	4	LOW	-
8	Failure to contribute effectively to economic growth within Blackburn with Darwen	25-May-11	Good	3	5	HIGH	3	4	MEDIUM	2	2	LOW	Denise Park	Brian Bailey	Closed	29-Nov-16	3	4	MEDIUM	-
9	Failure to improve health outcomes within Blackburn with Darwen could result in the communities' health and wellbeing position or conditions deteriorating.	25-May-11	Good	3	4	MEDIUM	2	4	MEDIUM	1	3	LOW	Dominic Harrison	Gifford Kerr	Open	20-Mar-17	2	4	MEDIUM	-
10	Failure to maintain community cohesion, mitigate extremism and counter terrorism	07-Feb-12	Good	4	5	HIGH	2	3	LOW	1	3	LOW	Sayyed Osman	Imran Akuj/Mark Aspin	Open	26-Jan-17	2	3	LOW	-
11	Failure to improve the education and skills for our young people	20-Aug-13	Good	4	4	HIGH	3	3	MEDIUM	2	3	LOW	Linda Clegg	Jessica Byrne	Open	21-Mar-17	3	3	MEDIUM	-
12	The Council does not effectively capitalise on potential opportunities to improve housing quality or build more houses in the Borough to maximise the income available from the new homes bonus and increased council tax	20-Aug-13	Good	4	4	HIGH	3	3	MEDIUM	2	2	LOW	Brian Bailey	David Proctor	Closed	29-Nov-16	3	3	MEDIUM	-
13	Failure to prevent data loss and privacy incidents (Information Governance) leading to financial/Data loss, disruption or damage to the reputation of the Council	26-Sep-14	Good	5	4	HIGH	4	2	MEDIUM	3	2	LOW	Louise Mattinson	Shane Agnew, Sarah Slater	Open	29-Mar-17	4	2	MEDIUM	-
14	High profile serious/critical safeguarding incident/case that is known to Council services.	20-Aug-13	Good	5	5	HIGH	3	5	HIGH	3	5	HIGH	Steve Tingle (DAS) / Linda Clegg (DCS)	Paul Lee	Open	30-Mar-17	3	5	HIGH	-
15	Failure, at a corporate level, to comply with Health & Safety legislation and provide both a safe working environment for employees and the provision of a safe environment for service users.	19-Mar-15	Fair	4	4	HIGH	2	3	LOW	2	3	LOW	David Fairclough / Brian Bailey	Lorraine Nicholls	Open	19-Apr-17	2	3	LOW	-
16	Failure to deliver a robust Medium Term Financial Strategy (MTFS) with adequate reserves to meet unforeseen circumstances and with the resource capacity to deliver statutory services.	01-Dec-15	Good	5	5	HIGH	2	3	LOW	2	2	LOW	Denise Park	Louise Mattinson	Closed	12-Jan-16	2	3	LOW	-
17	Cyber Risk - Risk of financial/Data loss, disruption or damage to the reputation of an organisation from compromise of its IT systems.	15-Mar-16	Good	5	5	HIGH	3	4	MEDIUM	2	4	MEDIUM	Louise Mattinson	Shane Agnew	Open	27-Mar-17	3	4	MEDIUM	-
18	Insufficient budget for service delivery if MTFS income targets from the Growth Agenda are not met.	29-Nov-16	Good	4	4	HIGH	3	4	MEDIUM	1	1	LOW	Brian Bailey	David Proctor, Andrew Bond	Open	01-Feb-17	3	4	MEDIUM	-

Insurance Claims Statistics and Trends

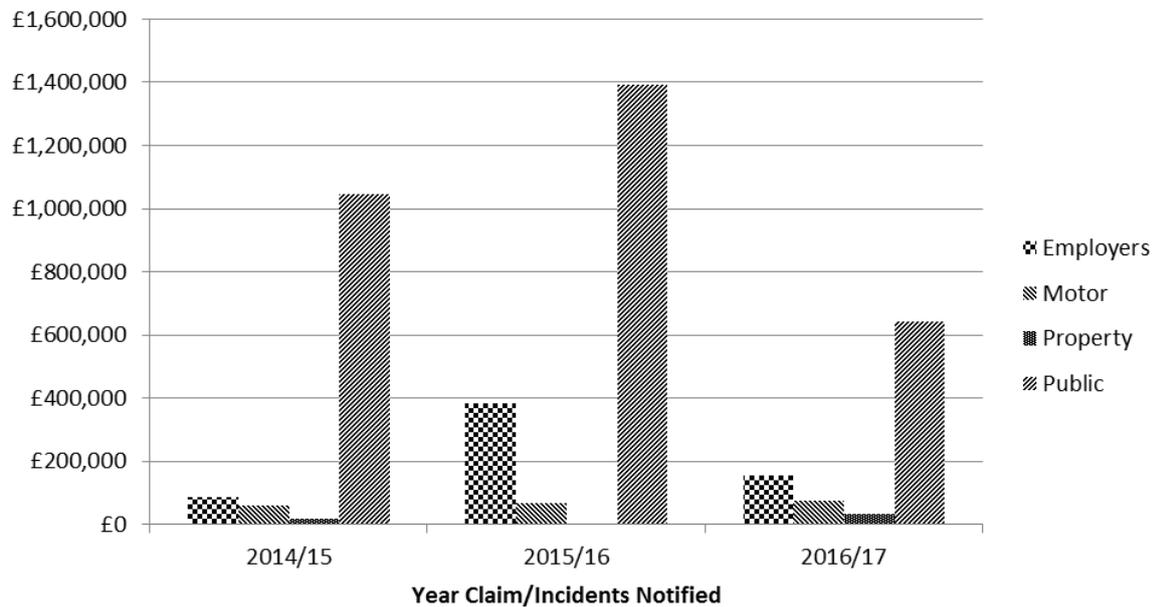
Policy	2014/15		2015/16		2016/17		Totals	
	No	Value	No	Value	No	Value	No	Value
<b>Employers</b>	26	£84,682	22	£381,459	22	£153,409	<b>70</b>	<b>£619,550</b>
<b>Motor</b>	71	£60,230	87	£66,187	68	£72,067	<b>226</b>	<b>£198,484</b>
<b>Property</b>	27	£15,723	15	£3,765	31	£31,452	<b>73</b>	<b>£50,941</b>
<b>Public</b>	301	£1,045,923	302	£1,389,725	244	£641,548	<b>847</b>	<b>£3,077,196</b>
<b>Totals</b>	<b>425</b>	<b>£1,206,559</b>	<b>426</b>	<b>£1,841,135</b>	<b>365</b>	<b>£898,477</b>	<b>1,216</b>	<b>£3,946,171</b>



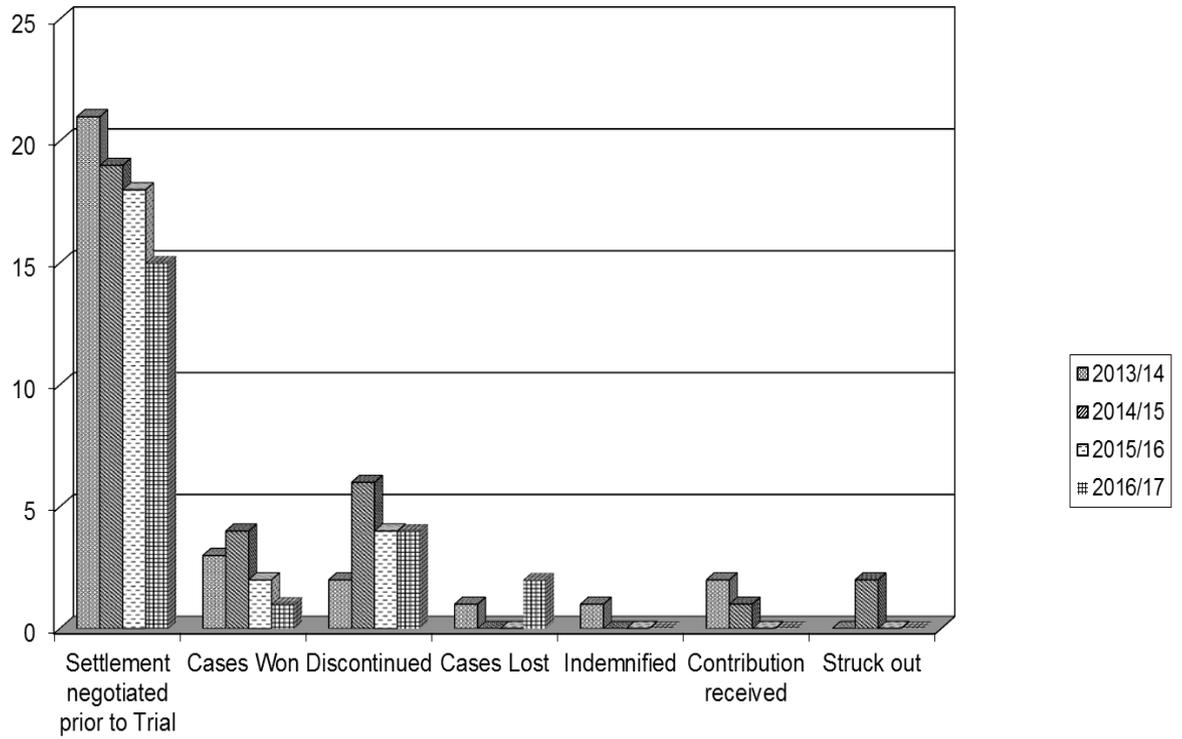
### Estimated Cost of Claims & Incidents by Class of Business



### Estimated Total Cost of Claims & Incidents (Payments & Reserves) Notified by Year



### Outcome of Cases Listed for Trial





**TO: Audit & Governance Committee**

**FROM: Head of Audit & Assurance**

**DATE: 13 June 2017**

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

---

**TITLE OF REPORT Counter Fraud Annual Report 2016/17**

---

## **1. PURPOSE**

- 1.1 To inform the Audit & Governance Committee of the results of the counter fraud activity that has been carried out during the year ended 31 March 2017 to minimise the risk of fraud, bribery and corruption occurring in the Council, and the outcome of investigations carried out into potential or suspected fraud or irregularities.

## **2. RECOMMENDATIONS**

- 2.1 The Committee is asked:
- to consider the Counter Fraud Annual Report (as set out in Appendix A) as part of its monitoring role.

## **3. BACKGROUND**

- 3.1 The Council is committed to the principles of good governance and recognises the importance of operating in an open and accountable manner, whilst demonstrating high standards of conduct. The Council expects all its stakeholders (including its councillors, employees, partners and contractors) to act honestly, with integrity and to safeguard the public purse. The Council does not accept any fraud or corruption and any identified case will be thoroughly investigated and appropriately dealt with.
- 3.2 The Audit & Governance Committee has a role in helping the Council to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. To achieve this the Committee's terms of reference include responsibility to ensure that the Council maintains a robust counter fraud culture via the implementation of the counter fraud strategy. The Strategy is backed up by effective controls and procedures, which define the respective roles of management and Audit & Assurance.
- 3.3 The Council's Counter Fraud Strategy was reviewed and updated in 2016 to ensure that it provided an effective structure and approach to ensure that the

counter fraud arrangements in place within the Council reflected latest guidance and best practise and are embedded into the everyday processes of financial management activity and decision making within the Council.

- 3.4 The Strategy includes a requirement that an annual fraud report is prepared that includes and evaluation of the success of the strategy in achieving its objectives.

#### **4. RATIONALE**

- 4.1 The Annual Counter Fraud Report provides the Committee with assurance on the effectiveness of the counter fraud arrangements in place within the Council in its roles of reviewing the assessment of fraud risks and potential harm to the Council from fraud and corruption and ensuring the Council maintains a robust counter fraud culture via the implementation of the Counter Fraud Strategy.

#### **5. KEY ISSUES**

- 5.1 It is one of the requirements of the Accounts and Audit (England) Regulations 2015 that the Council must have measures in place 'to enable the prevention and detection of inaccuracies and fraud'.
- 5.2 The attached report (see Appendix A) provides a summary of the work that supports the overall conclusion on the measures in place.

#### **6. POLICY IMPLICATIONS**

- 6.1 This report is part of the requirements of the Counter Fraud Strategy. These requirements are periodically reviewed and updated to reflect the changes that have taken place in respect of the counter fraud arrangements within the Council.
- 6.2 It is also contributor to the Annual Governance Statement, which assesses the effectiveness of the Council's own management of its policy objectives.

#### **7. FINANCIAL IMPLICATIONS**

- 7.1 There are no financial implications arising as a result of this report.

#### **8. LEGAL IMPLICATIONS**

- 8.1 There are no direct legal implications from this report.

#### **9. RESOURCE IMPLICATIONS**

- 9.1 There are no resource implications arising as a result of this report.

#### **10. EQUALITY IMPLICATIONS & HEALTH IMPLICATIONS**

- 10.1 There are no equality or health implications arising as a result of this report.

## **11. CONSULTATIONS**

11.1 This report has been discussed with the Council's Primary Assurance Group.

Contact Officer: Colin Ferguson, Head of Audit & Assurance – Ext: 5326  
Date: 2 June 2017  
Background Papers: Counter Fraud Strategy 2016/20

**Blackburn with Darwen Borough Council**



**Counter Fraud Annual Report  
2016/17**

**Audit & Assurance  
Finance & IT Department  
June 2017**

## **1. Background**

1.1. The Council is committed to ensuring that opportunities for fraud and corruption are reduced to the lowest possible level through a combination of the following:

- Acknowledging and understanding fraud risks, and the harm they cause to the organisation, its objectives and service users, and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response;
- Preventing and detecting fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture; and
- Responding by punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

1.2. The purpose of this report is to present the work carried out during the past financial year to minimise the risk of fraud, bribery and corruption across the Council. This supports the requirements of the Accounts and Audit Regulations (England) 2015 which states that the Council must have measures in place 'to enable the prevention and detection of inaccuracies and fraud'.

1.3. The report also sets out planned work for 2017/18 and highlights some of the current areas of fraud risk.

## **2. Key mechanisms – policies and procedures**

2.1. Effective policies and procedures are essential to ensure that all officers and members are aware of their roles and responsibilities in identifying and managing the risk of fraud. All policies and associated documents are available on the Council's intranet.

### **Whistleblowing Policy**

2.2. The Council has an up to date Whistleblowing Policy available to all staff and members.

### **Counter Fraud Strategy**

2.3. The Counter Fraud Policy Statement and Counter Fraud Strategy 2016/21 were updated and approved in 2016.

### **Fraud Risk Register**

2.4. To enable managers to identify and mitigate fraud risks a fraud risk register has been created. An exercise was carried out in 2016/17 to capture fraud risks on the fraud register. Work was undertaken with service managers to carry out initial fraud risk assessments of the potential fraud in their areas. Work is currently ongoing to ensure that all risk owners review and update their fraud risks for which they are responsible.

### **Reporting and awareness**

2.5. Audit & Assurance reports to the Audit & Governance Committee on a regular basis with corporate fraud updates.

- 2.6. The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams. These fraud alerts are then cascaded to ensure that key officers receive key messages and take appropriate action where appropriate.
- 2.7. A fraud awareness training course is available on the Council's e-learning portal. This course has been undertaken by 86 people since June 2016 and Audit & Assurance continue to promote the course during its engagements with departments and schools.

### **3. Risk based planning to minimise the risk of fraud**

- 3.1. The annual audit planning process includes consideration of the fraud risk. The Annual Audit Plan, approved by the Audit & Governance Committee, includes provision to support a programme of proactive work that minimises the risk of loss to the Council. The annual plan also includes an allocation of time for reactive investigations.

### **4. Work and investigations carried out in 2016/17**

#### **National Fraud Initiative (NFI)**

- 4.1. The Council is required by law to provide set data to the Cabinet Office who administers this national data matching exercise. The returned data matches identify anomalies for further review. Audit & Assurance co-ordinate the exercise and carry out further review of certain reports including Payroll anomalies and suspected fraudulent Council Tax Support claims. The previous exercise, completed in 2016, identified 201 cases of fraud or error with a total monetary value of £259,420. The Council took appropriate steps in respect of these cases with relevant sanctions being applied or recovery action being sought. This included cancellation of any discounts incorrectly claimed and arrangements made for the recovery of any overpayments identified. Data matches from the 2017 NFI exercise were received in January 2017 and work is ongoing in this area. To date, 127 fraud/error cases have been identified with a monetary value of £43,117.
- 4.2. Non-monetary outcomes are also important. Work has resulted in the cancellation of 107 Blue Badge parking permits, from a total of 7,579 current 'live' badges on issue, after it was established that the badge holders were deceased. This prevents the potential misuse of permits by others. The Cabinet Office considers the average value of fraud/error attached to Blue badge parking permits to be £536.66 per case, the monetary value for this area of fraud identified is therefore estimated at £57,422. Further work has led to the removal of 2 taxi licences by the Licensing Section after enquiries with the Home Office confirmed that the drivers had no right to work or remain in the UK.

#### **Direct Payments Fraud**

- 4.3. Direct Payments are made to Council service users which allow them to pay for their own assessed social care needs as an alternative to the Council directly providing or commissioning those services. Audit & Assurance undertook several investigations during 2016/17 into suspected Direct Payments fraud. In one case, a decision was made to recover £14,448 from a service user after they falsified evidence used to justify how their Direct

Payments had been spent. A separate case involves overpayments totalling of £42,000, established by Audit & Assurance who obtained evidence of undeclared property ownership by the service user. The Council is pursuing a prosecution in this case in liaison with the Police. The 2017/18 audit plan includes provision to carry out a review of the Direct Payments system to assess the adequacy and effectiveness of the controls in this area.

#### **PBX Fraud (Telephone hacking)**

- 4.4. Audit & Assurance supported management to investigate the circumstances of a telephone hacking fraud carried out in December 2016 and to examine the controls in place to prevent future losses from this type of criminal activity. These crimes have been reported to the Police. An audit review of this incident resulted in 19 recommendations designed to improve the control environment. The audit report and the recommendations made have been accepted by management.

#### **Other investigations**

- 4.5. Audit & Assurance has also conducted two further investigations which were carried out following complaints made under the Council's Whistleblowing Policy. Neither investigation identified any criminal activity or misconduct by Council officers however recommendations were made to improve internal controls in the areas concerned.
- 4.6. In addition, we have investigated a number of cash discrepancies at various Council locations as well as providing advice on procurement queries. This work highlighted poor administrative practices rather than fraudulent activity. In each case, Audit & Assurance recommended improvements to the control environment which were accepted by management.

### **5. Priorities for 2017/18**

- 5.1. The 2017/18 Internal Audit Plan makes provision for the following counter fraud activity during the year:
- National Fraud Initiative – co-ordination of the exercise and investigation into data matches;
  - A review of the Fraud Risk Register to ensure that risk owners are taking appropriate steps to mitigate risks;
  - Personalised Budgets/Direct Payments audit – this has been identified through a review of the fraud risk register as a high risk area. The audit will focus on the controls in place to deal with this fraud risk;
  - Reactive fraud investigations; and
  - Development of a pro-active plan of work.

### **6. Conclusion**

- 6.1. The range of activities and incidents covered in this report highlights the extent to which fraud and error exist as risks to the achievement of the Council's objectives. Our conclusion is that the Council had effective measures to enable the prevention and detection of fraud and irregularities. Work will continue in 2017/18 to ensure that the Council has all the necessary policies and procedures in place to create and promote an environment where fraud, bribery and corruption are not tolerated.



**TO: Audit & Governance Committee**

**FROM: Head of Audit & Assurance**

**DATE: 13 June 2017**

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

---

**TITLE OF REPORT Annual Internal Audit Opinion Report 2016/17**

---

**1. PURPOSE**

To allow the Audit & Governance Committee to fulfil its role and function of providing independent assurance to the Council.

**2. RECOMMENDATIONS**

The Committee is asked:

- to note the content of the Annual Internal Audit Opinion Report for 2016/17 (as set out in Appendix A);
- to consider the opinion of the Head of Audit & Assurance, which is that **adequate assurance**, can be placed upon the Council's framework of governance, risk management and internal control; and
- to note that the internal audit work that supports this opinion has been delivered in accordance with the PSIAS and that there are no significant areas of non-conformance.

**3. BACKGROUND**

The internal audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS require the Head of Internal Audit to present an Annual Opinion Report to the Audit & Governance Committee, which gives an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. The report should be timed to support the production of the Council's Annual Governance Statement (AGS).

**4. RATIONALE**

The Audit & Governance Committee, in its role of providing independent assurance to the Council on the adequacy of its risk management framework, overall governance and the associated control environment is required to consider the Annual Internal Audit Opinion Report.

## **5. KEY ISSUES**

The Council is required under the Accounts and Audit (England) Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards.

The attached report complies with the requirements of the PSIAS. It includes a summary of the work that supports the opinion, discloses any qualifications to the opinion together with reasons for qualifications, discloses any impairments or restrictions in scope and compares actual work with planned work. It also states whether the work has been undertaken in conformance with PSIAS, the results of any Quality Assurance Improvement Programme (QAIP), summary of actual performance against targets/measures and any issues that are considered relevant to the preparation of the AGS.

## **6. POLICY IMPLICATIONS**

This report is a key contributor to the Annual Governance Statement, which assesses the effectiveness of the Council's own management of its policy objectives.

## **7. FINANCIAL IMPLICATIONS**

There are no financial implications arising as a result of this report.

## **8. LEGAL IMPLICATIONS**

This report fulfils the statutory requirements placed upon by the Council by the Accounts & Audit (England) Regulations 2015.

## **9. RESOURCE IMPLICATIONS**

There are no resource implications arising as a result of this report.

## **10. EQUALITY IMPLICATIONS & HEALTH IMPLICATIONS**

There are no equality or health implications arising as a result of this report.

## **11. CONSULTATIONS**

The issues raised in this report have previously been reported to Directors following the completion of audit assignments. Summaries of the issues have previously been reported to the Audit & Governance Committee during 2016/17.

This report has been discussed with the Council's Primary Assurance Group.

Contact Officer:	Colin Ferguson, Head of Audit & Assurance – Ext: 5326
Date:	2 June 2017
Background Papers:	2016/17 Audit & Assurance Plan, Strategic Statement and Internal Audit Charter. Audit & Assurance - Progress & Outcomes Committee reports, Audit & Assurance reports and files,

# Blackburn with Darwen Borough Council



## **Annual Internal Audit Opinion Report 2016/17**

**Audit & Assurance  
Finance & IT Department  
June 2017**

## **CONTENTS:**

### **SECTION 1 – BACKGROUND**

- 1.1 Introduction
- 1.2 Role of Internal Audit
- 1.3 Objectives and Scope of Internal Audit

### **SECTION 2 – INTERNAL AUDIT OPINION**

- 2.1 Arriving at the Opinion
- 2.2 Work Supporting the Opinion
- 2.3 Our Opinion
- 2.4 Qualifications to the Opinion
- 2.5 Impairments/Restrictions in Scope

### **SECTION 3 – INTERNAL AUDIT PERFORMANCE/QUALITY ASSURANCE**

- 3.1 Comparison of Actual and Planned Work
- 3.2 Key Achievements 2016/17
- 3.3 Key Performance Information
- 3.4 Benchmarking
- 3.5 Quality Assurance
- 3.6 Statement of Conformance with PSIAS
- 3.7 Improvement Plans for 2017/18

### **SECTION 4 – ANNUAL GOVERNANCE STATEMENT**

- 4.1 Criteria for Identifying Issues Relevant to the Annual Governance Statement
- 4.2 Issues Relevant to the Preparation of the Council's Annual Governance Statement

### **APPENDICES**

- B Audit & Assurance Plan & Actual 2016/17
- C Summary Quality Assurance & Improvement Programme Activities

## **SECTION 1 – BACKGROUND**

### **1.1 Introduction**

- 1.1.1 This report details the cumulative activities undertaken by the Council's Audit & Assurance (Internal Audit) section of the Finance & IT Department during the period 1 April 2016 to 31 March 2017. It highlights key issues and themes in respect of the Council's risk management, governance and internal control frameworks. The activities undertaken by the section are primarily directed by a risk-based audit plan, which takes into account the Council's organisational objectives and priorities.
- 1.1.2 This report is intended to provide the Audit & Governance Committee with:
- an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
  - a summary of the work that supports the opinion;
  - any qualifications to the opinion together with reasons for the qualifications;
  - any impairments or restrictions in scope of the work undertaken;
  - a comparison of the audit work actually undertaken with the work planned, including a summary of its performance and quality assurance;
  - a declaration that work undertaken is in conformance with the Public Sector Internal Audit Standards (PSIAS); and
  - details any issues particularly relevant to the preparation of the Council's Annual Governance Statement (AGS).
- 1.1.3 This report meets the requirements for Internal Audit to provide an annual internal opinion on the overall adequacy of the Council's framework of governance, risk management and control, as detailed in the PSIAS and demonstrates that the Council is maintaining an adequate and effective system of internal audit as required by the Accounts and Audit (England) Regulations 2015.

### **1.2 Role of Internal Audit**

- 1.2.1 The statutory basis for Internal Audit in local government is the Accounts and Audit (England) Regulations 2015, which state that each authority must:

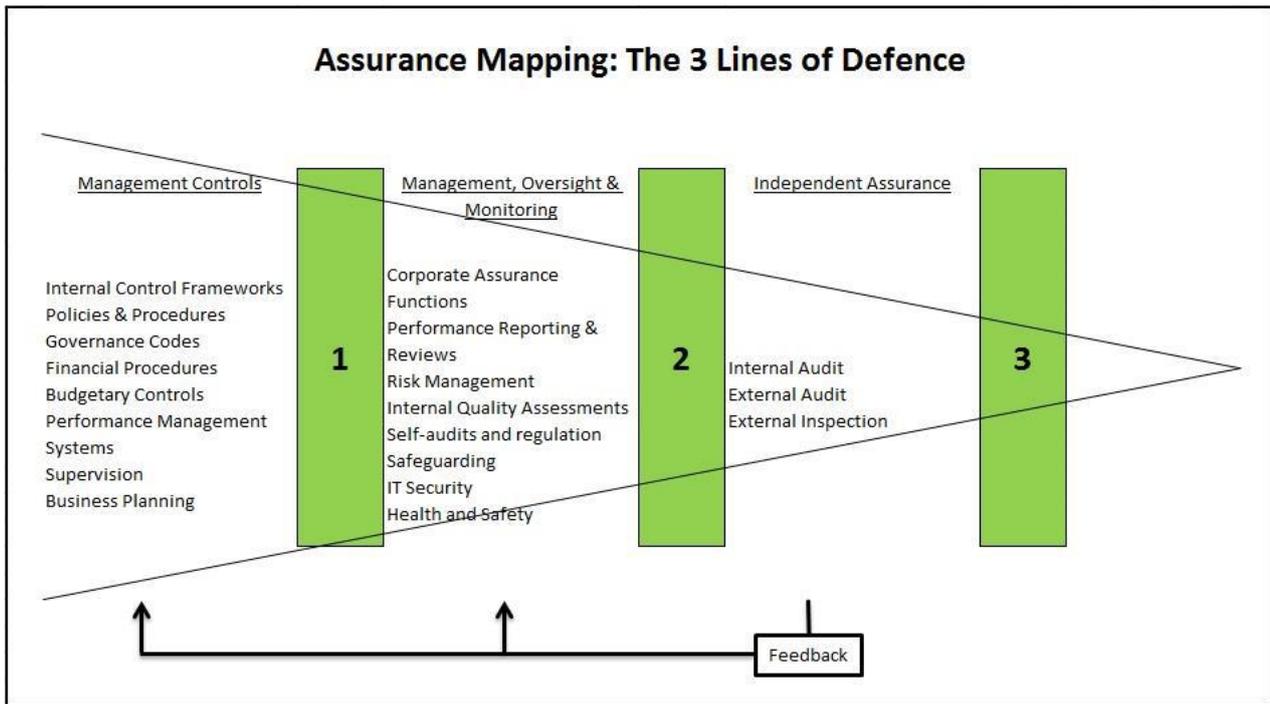
*'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards.'*

- 1.2.2 Internal audit work is governed by the PSIAS. The Internal Audit Team has adopted the PSIAS definition of internal audit, which is:

*"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*

- 1.2.3 It should be remembered that Internal audit is the Council's 'third line of defence' in a model where management and management controls represent the first line, with responsibility for directly assessing, controlling and mitigating risks in accordance with the Council's control frameworks and procedures. In-service compliance functions confirming the operation of these controls represents the second line of defence. Where such 'second line' compliance functions are

available, we focus our audit work on assessing the control exerted by them rather than on repeating their work. This model is illustrated in the table below:



### **Objectives and Scope of Internal Audit**

1.3.1 The objectives and scope of Internal Audit are set out in the Internal Audit Charter. The Charter is reviewed biennially by the Audit & Governance Committee and was re-approved on 11 April 2017. The Charter complies with the requirements of the PSIAS. The emphasis placed on Internal Audit's role in reviewing areas both financial and non-financial represents the profession's best practice and enables Internal Audit to give an opinion on the adequacy of all of the Council's systems of risk management, control, and governance.

## **SECTION 2 – INTERNAL AUDIT OPINION**

### **2.1 Arriving at the Opinion**

2.1.1 The overall opinion on the Council’s systems of risk management, control and governance is based on Internal Audit’s assessment of the Council’s key management arrangements. This is the framework required to provide management with confidence that the main processes to achieve these business objectives are:

- Adequate and effective for their purpose; and
- Free from material business risk, both financial and non-financial.

2.1.2 In providing our opinion, it should be noted that assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses within these systems.

2.1.3 Our opinion on the systems of risk management, control and governance within the Council has been formulated by giving careful consideration to following:

- Planned work undertaken during 2016/17;
- Unplanned work undertaken during 2016/17;
- Follow ups of audit work undertaken during 2015/16 and 2016/17; and
- Other sources of assurance relevant during 2016/17.

### **2.2 Work Supporting the Opinion**

#### Planned Work:

2.2.1 The Audit Committee approved the Audit & Assurance Plan for the year to 31 March 2017 at its meeting on 12 April 2016.

2.2.2 Each Internal Audit report provides two levels of assurance: (i) an opinion on the control environment; and (ii) an opinion on compliance with the control environment. The level of assurance given is derived from the findings and based on the following definitions:

#### Exhibit 1: Internal Audit Reporting Definitions

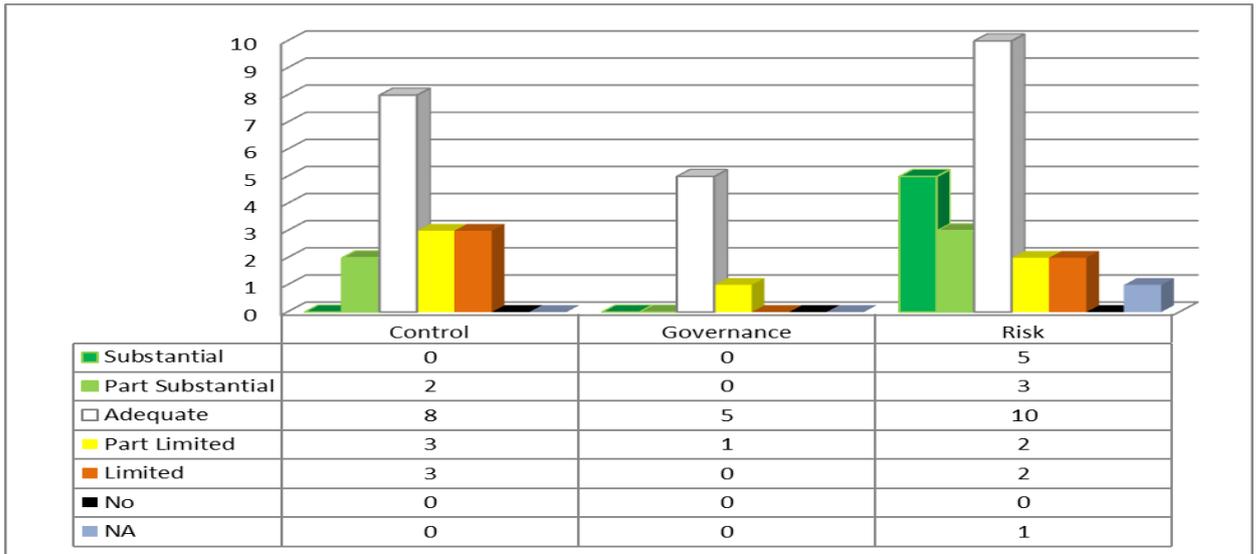
<b>Control Environment Assurance</b>		
	<b>Level</b>	<b>Definition</b>
1	SUBSTANTIAL ASSURANCE	There are minimal control weaknesses which present very low risk to the control environment.
2	ADEQUATE ASSURANCE	There are some control weaknesses which present a medium risk to the control environment.
3	LIMITED ASSURANCE	There are significant control weaknesses which present a high risk to the control environment
4	NO ASSURANCE	There are fundamental control weaknesses which present an unacceptable level of risk to the control environment.
<b>Compliance Assurance</b>		
	<b>Level</b>	<b>Definition</b>
1	SUBSTANTIAL ASSURANCE	The control environment has substantially operated as intended although some minor errors have been detected.
2	ADEQUATE ASSURANCE	The control environment has mainly operated as intended although errors have been detected.
3	LIMITED ASSURANCE	The control environment has not operated as intended. Significant errors have been detected.
4	NO ASSURANCE	The control environment has fundamentally broken down and is

	open to significant error or abuse.
--	-------------------------------------

2.2.3 The assurance levels taken from the audit reports issued and reported to the Audit Committee during 2016/17 across the categories of risk management, internal control and governance are detailed in Appendix B attached.

2.2.4 Internal Audit has completed and formally reported upon 45 assignments including 23 *risk management* assignments, 16 *internal control* assignments and 6 *governance* assignments to support its opinion on the Council’s systems of risk management, governance and internal control. A summary of the assurance levels that support our opinion are as follows:

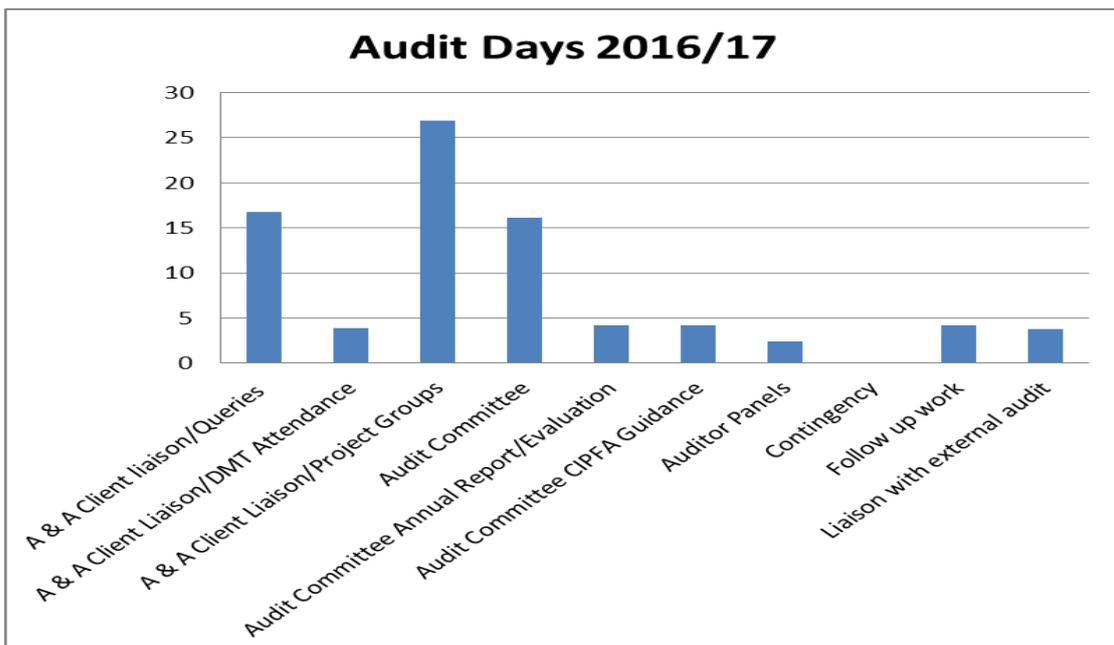
**Exhibit 2: Summary of Internal Audit Opinions 2015/16**



**Other/Unplanned Work:**

2.2.5 During the year we have carried out a number of other/unplanned audit work and provided advice and assistance to managers, departments and schools on a number of areas. A total of 83 audit days has been spent on these activities:

**Exhibit 3: Summary of Other/Unplanned Work 2015/16**



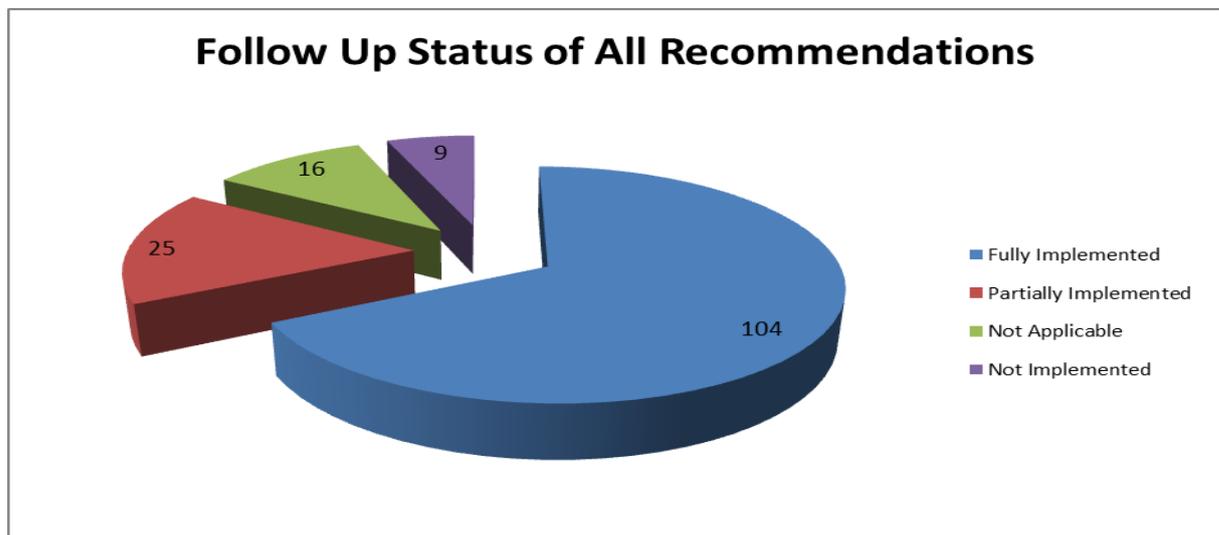
2.2.6 Our other/unplanned work can be categorised as follows:

- Supporting the Audit Committee (24 days);
- Liaison with departments/DMTs, external audit and responding to general requests for advice/guidance (25 days);
- Specific consultancy activity on new systems and programmes (27 days);
- Monitoring the implementation of reported recommendations (4 days); and
- Auditor Panels (3 days).

Follow Ups:

2.2.7 Where we issue a *limited* or *no* assurance report we undertake “standard” follow ups after 3 months. For all other assurance reports we undertake a “standard” follow up after 6 months. In 2016/17 we followed up a total of 154 recommendations, which comprised 27 “Must”, 115 “Should” and 12 “Consider” recommendations.

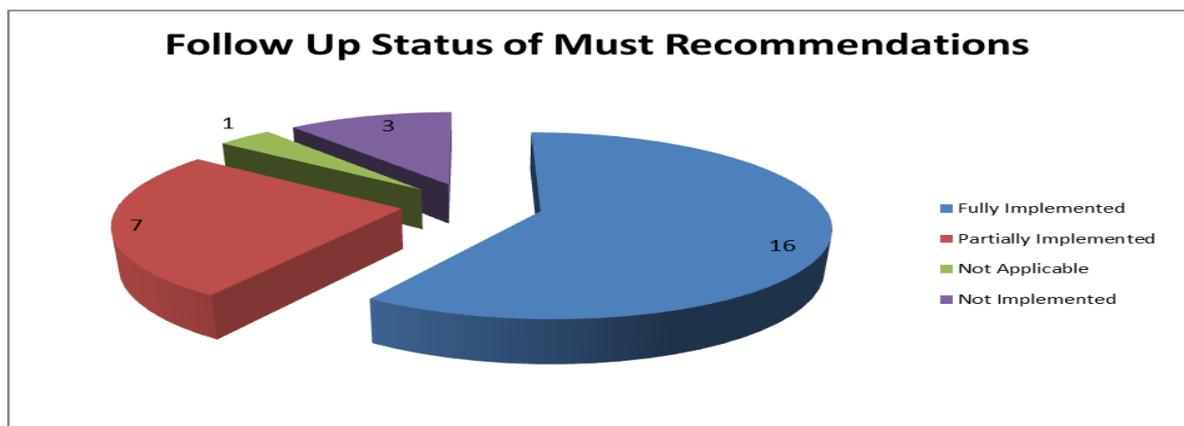
Exhibit 4: Follow Up Status of All Recommendations 2016/17



2.2.8 The non-implemented recommendations were reported to the Audit Committee during the year. We received appropriate explanations for these recommendations not being implemented within agreed timescales.

2.2.9 Further analysis of the highest priority “must” recommendations has identified that only 3 recommendations (5%) were not implemented. For these “must” recommendations detailed explanations were supplied to the Audit & Governance Committee during the year for their consideration.

Exhibit 5: Follow Up Status of Must Recommendations 2016/17



- 2.2.10 Where we have particular concerns about the implementation of recommendations we will undertake further “physical” follow up exercises where documentation will be reviewed and further testing undertaken. The 2015/16 Annual Opinion Report noted qualifications to the overall opinion in respect of a number of areas.
- 2.2.11 We have undertaken the following physical follow up work, which has confirmed that improvements have been made and our opinion on these review areas has been revised:
- **Capita Partnership Governance:** The final report, issued in September 2013 provided a **limited assurance** opinion on both the overall control environment and compliance with the controls in place. A follow up review of this area completed in August 2016 provided an **adequate assurance** opinion on the control environment. A compliance opinion was not provided as no testing could be undertaken at the time of the review as the new contract between the Council and Capita had not been signed and several contract schedules were in the process of being finalised and agreed. A further review of this area is planned for 2017/18.
  - **Health & Safety - Davyfield Road Depot:** Our final report, issued in November 2016, provided a **substantial assurance** opinion on the control environment and **adequate assurance** on compliance. This was an improvement on our previous report (issued in November 2015) when the assurance opinions provided were adequate in respect of the control environment and limited regarding compliance.

Other Sources of Assurance:

- 2.2.12 In addition to the internal audit work carried during the year, we have gained assurance on a number of the Council’s processes from other internal and external sources. The sources of assurance include:
- The Council’s Management Accountabilities Framework (MAF) reporting arrangements and challenge process;
  - The annual Directors’ assurance certificates;
  - The external auditor’s annual audit letter and certification report;
  - The reports from the inspections by Ofsted and the Care Quality Commission of the Council’s services. We also consider relevant school Ofsted inspection reports when carrying out our school visits; and
  - The results from the 2016/17 CIPFA risk management benchmarking exercise, which is designed to capture and assess an organisation’s risk management practices.
- 2.2.13 The “red” priority areas of concern from the MAF are reported to the Audit & Governance Committee. The reporting of the half year “red” areas did not identify any further challenges from the Audit & Governance Committee. The results of the year end exercise are reported to the June Committee meeting.
- 2.2.14 All Directors and the Deputy Chief Executive are required to complete a statement of assurance on governance arrangements, including risk management and internal control each year. Completed statements of assurance were received from all the Directors and Deputy Chief Executive and each confirmed that they were satisfied that “effective governance arrangements are in place, including a sound system of internal control throughout the year ended 31 March 2017 and is ongoing”.

- 2.2.15 The Council's external auditors (Grant Thornton) reported in October 2016: "We issued an unqualified opinion on the Council's 2015/16 financial statements on 23 September 2016". Following their interim work for 2016/17, Grant Thornton reported to the Audit & Governance Committee in April 2017 they were able to state that their work "has not identified any weaknesses which impact on our audit approach". They also noted that their work has not identified any material weaknesses which are likely to impact on the Council's financial statements, nor has it identified any errors impacting on their audit opinion or any issues that they needed to bring to the attention of Members at that time.
- 2.2.16 Ofsted judged 87% of local authority residential homes and children's centres as good or outstanding. There are 3 judgements relating to local authority inspections (full safeguarding, adoption and fostering services), 8 children's centres and 4 residential homes. Of these 13 have been judged good or better on their most recent inspections with 2 of those being outstanding (Appletrees and the Adolescent Support Unit).
- 2.2.17 With regards to schools, 88% of learners attend schools judged good or better by Ofsted. This figure shows continued improvement. All but one of these schools was judged to be good, with two schools moving from being previously judged to require improvement to be good. Only one school - a sponsored academy without a previous inspection judgement - was judged to require improvement. No school with a published inspection report in the financial year 2016/17 has been in receipt of a lower judgement when compared to their previous inspection.
- 2.2.18 During the year Zurich Municipal carried out an Information Governance Health Check to assess the Council's information risk management practices against seven enabling categories. The final assessment report highlighted the Council was 'an organisation with strong leadership and the building blocks of a fully effective information governance programme. In all areas the fundamental aspects of an effective information management programme have been established.' Whilst the Council scored at level 2 (In Development) in three of the categories the report noted that the actions required to improve are relatively easy to attain in the sections. The remaining areas were assessed at either level 3 (Managed) or level 4 (Integrated). Possible scores range from 1 (Aware), where the organisation recognises the importance of good information governance, some policy documentation exists but consistency of approach is generally poor and it is vulnerable to information breaches, to 5 (Transformational) where information governance is a strategic priority and the use of information is leveraged to drive maximum value. Information risks and trends are proactively monitored and mitigated to minimise the vulnerability to information breaches.
- 2.2.19 We participated in the 2016/17 CIPFA risk management benchmarking exercise to self-assess the Council's risk management arrangements. This assessed the arrangements in place for seven strands of risk management activity. The results showed that the Council was at the 'working' level (45 -70%) for four of the seven areas and 'embedded and integrated' for three remaining strands (70 – 85%). This compares favourably with the 2015/16 results using the AON Risk maturity tool. This showed that the Council's risk maturity score was 3.5, which equates to a 'defined to operational' level of maturity. This is an increase from the previous risk maturity score of 2.5.
- 2.2.20 Our planned work, other/unplanned work, follow ups and other sources of assurance has not identified any serious concerns in relation to the Council's systems of risk management, control and governance.

## 2.3 Our Opinion

On the basis of the evidence reviewed, explanations received and the processes reported upon during 2016/17 together with the other sources of assurance available to Internal Audit it is considered that the Council has **adequate** systems of risk management, control and governance, which are being applied to an **adequate** standard.

## 2.4 Qualifications to the Opinion

2.4.1 There are a small number of assurance opinions which should be considered in the context of the overall opinion provided above. These include audits identified as the priority 1 risk areas in the Audit & Assurance Plan or have been on function areas that have been identified as corporate risks.

2.4.2 The main qualifications to our overall opinion are:

### Risk Management:

2.4.3 **Highways:** This review considered the controls in place to ensure that the Council's highways network is maintained to a reasonable standard. The final report, issued in March 2017, provided a **limited assurance** opinion for both the control environment in place and compliance with the controls identified. In particular the following weaknesses were identified at the time of the audit:

- The Highways Inspection Procedure was out of date and had not been reviewed since January 2014.
- Cost estimates and actual expenditure for each defect repair could not be readily identified by the EXOR system resulting in ineffective cost management and budget monitoring of reactive maintenance work.
- Testing of a sample of 70 defects identified that 41% had not been repaired within the required timeframe.
- There was no evidence that the charging basis for repair works, including the hourly rate for staffing costs and the proportion of overheads included had been reviewed or agreed by management or Finance.
- Testing of Planned Works showed that the inaccurate estimation of contractor's fees for resurfacing works had led to an overspend in 8/10 cases reviewed (25% overspend against original cost estimates).
- Budget monitoring discussions between individual managers and a Finance Officer were not taking place as agreed.
- There was no evidence that the Portfolio Executive Member was receiving a monthly briefing paper on the budget monitoring position.
- An action plan to ensure that the Council maximises Department for Transport incentive funding had not been agreed or communicated to relevant staff.

2.4.4 **Section 17 (Children's Act 1989) Financial Assistance:** Under Section 17 of the Children's Act 1989 the Council has a duty to safeguard and promote the welfare of children in the area who are in need. This includes the provision of financial assistance where appropriate. The final report provided a **limited assurance** opinion for the control environment and compliance with the controls in place. The issues noted included the following:

- Relevant forms were either not being completed consistently with sufficient detail or not always retained on file;

- There was a lack of controls to prevent duplicate payments, and to ensure that, where monies had been identified as repayable to the Council, the debt was managed effectively;
- The use of incorrect budget codes, impacting on budget monitoring; and
- A lack of adequate monitoring arrangements or performance indicators to manage the additional Challenge to Care monies.

2.4.5. **Social Media:** The review considered the arrangements in place to maximise the use of social media, whilst maintaining a safe and professional environment for the Council and staff. The final report, issued in February 2017, provided a **limited assurance** opinion for the control environment. Procedures supporting the Social Media Policy were inconsistent, with an unclear approach to setting up and managing a social media account. Monitoring arrangements and incident management procedures also needed to be clearly defined.

## **2.5 Impairments/Restrictions in Scope**

2.5.1 No limitations have been placed on the scope of work carried out by Internal Audit during 2016/17. Audit recommendations have been made based on the findings from each review. These have been discussed and agreed with the managers responsible for each area reviewed. Action plans have been agreed for each audit report issued. Implementation of the recommendations, as per the agreed action plans, is followed up to confirm that the agreed recommendations have been implemented.

2.5.2 We are able to confirm that the Head of Audit & Assurance has line management responsibility for other operational areas. Internal auditors had no direct operational responsibility or authority over any of the activities audited in 2016/17. We can therefore confirm the organisational independence of the Internal Audit activity.

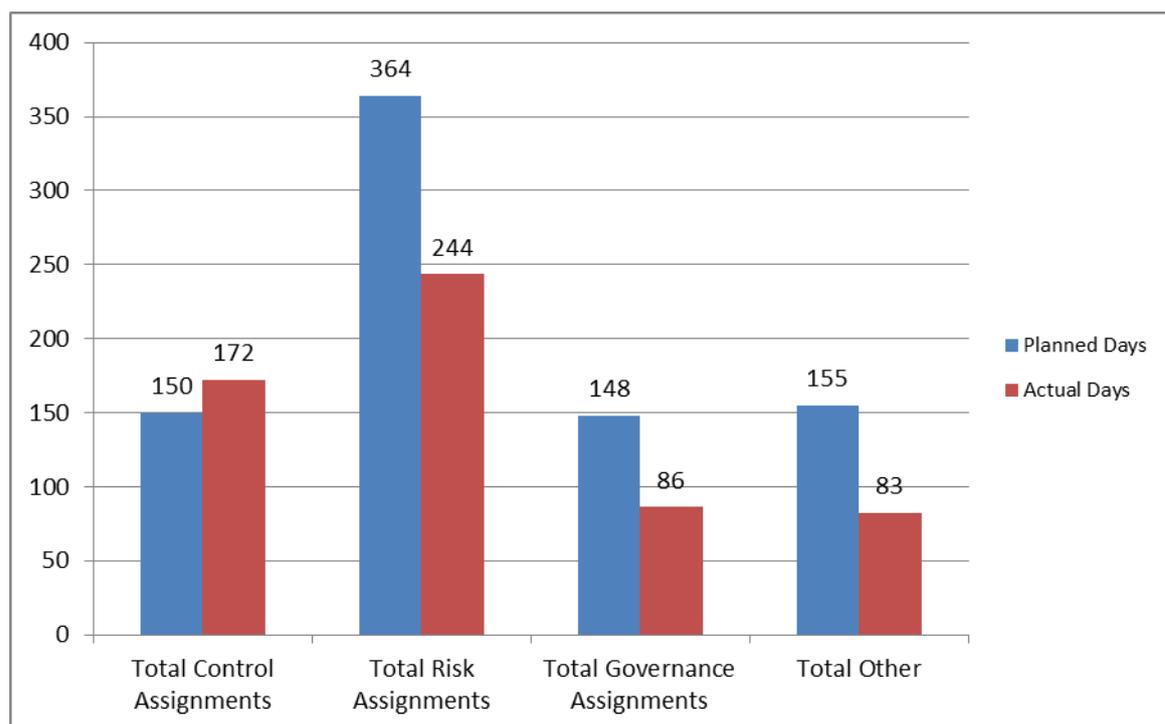
## **SECTION 3 – INTERNAL AUDIT PERFORMANCE/QUALITY ASSURANCE**

### **3.1 Comparison of Actual and Planned Work**

3.1.1 The Audit & Assurance Plan was approved by the Audit Committee on 12 April 2016 and it was then anticipated that Audit & Assurance would have staff resources amounting to 817 days for internal audit assignments.

3.1.2 Internal Audit was able to deliver a total of 584 days (71.5%) against the approved Audit & Assurance Plan of 817 days, which can be summarised as follows:

**Exhibit 6: Audit & Assurance Plan Against Actual 2016/17 (Days Achieved)**



3.1.3 A revised Audit & Assurance Plan (reduced to an estimated 682 days for internal audit activity) was approved by the Audit Committee on 10 January 2017. This reduction was due to the following resourcing issues:

- the deletion of a Principal Audit & Assurance Officer post, which effectively became vacant in April (190 days).
- the deletion of an Assistant Audit & Assurance Officer post, which became vacant in September (100 days).

3.1.4 The actual number of audit days delivered was 584 days, which is 98 days lower than the revised Plan. The main reasons for this variance were:

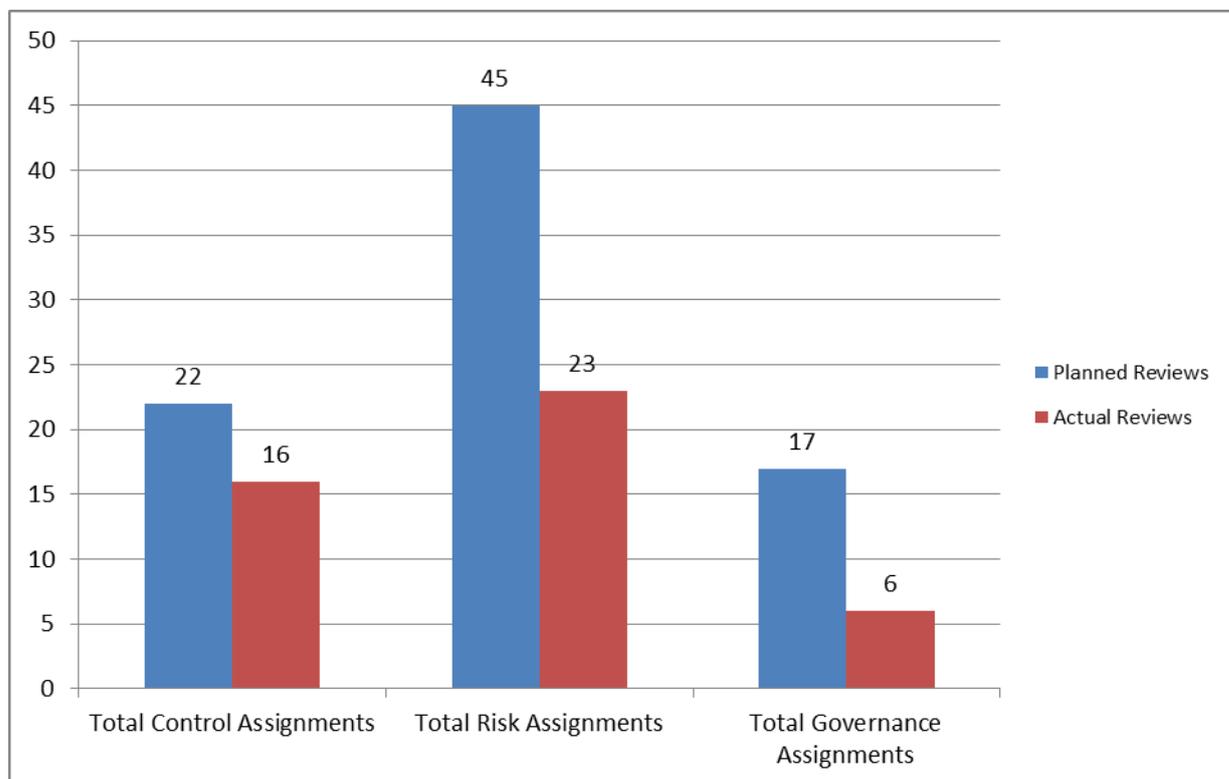
- the deletion of the Audit & Assurance Manager's post, which effectively became vacant in December (75 days); and
- additional time spent by the Head of Audit & Assurance, the Audit & Assurance Manager and other staff relating to HR and staffing matters including the Audit & Assurance restructuring and staff performance issues (22 days).

3.1.5 The days achieved against the original and revised Audit & Assurance Plan is considered sufficient to provide an opinion on the effectiveness of risk management, control, and governance processes within the constraints that are being placed upon the Council and Audit & Assurance.

### 3.2 **Key Achievements 2015/16**

3.2.1 Despite the 235 days (28.5%) reduction in available assignment audit days Internal Audit was able to deliver sufficient audit assignments to provide its opinion. The following exhibit shows Internal Audit was able to deliver 45 assignments, which is 54% less than those originally planned (84), but in line with the revised plan (44).

Exhibit 7: Internal Audit Plan Against Actual 2015/16 (Assignments Delivered)



3.2.2 We consider that the volume of audit assignments completed in relation to risk management, control and governance is sufficient to allow us to provide an opinion on each of those Council processes.

3.2.3 The Audit & Assurance Plan is prioritised according to the level of risk associated with each audit assignment. A Priority 1 (highest level) assignment is “a strategic risk or fundamental review required to provide a statutory opinion for the Annual Governance Statement”. The 2016/17 Audit & Assurance Plan included six Priority 1 audit assignments, of which five (83%) have been delivered in 2016/17 or were in progress at the year end. The findings to date of the priority 1 reviews in progress at the year end have not identified any significant areas of concern which would impact on the annual overall opinion provided.

3.2.4 The only Priority 1 audit assignment not completed relates to the IT Infrastructure (Resilience). The time allocated to this area was used to provide support to the Zurich Municipal Information Governance Health Check. That review included consideration of IT technology and Infrastructure. The results of this review are noted in paragraph 2.2.18 above.

### 3.3 **Key Performance Information**

3.3.1 The Finance & IT Department’s Business Plan and Audit & Assurance Plan included a number of measures to assess the performance of Internal Audit in terms

of its achievement and quality. The actual performance against these targets for 2016/17 (together with the 2015/16 performance) can be shown as follows:

Exhibit 8: Internal Audit Performance 2016/17

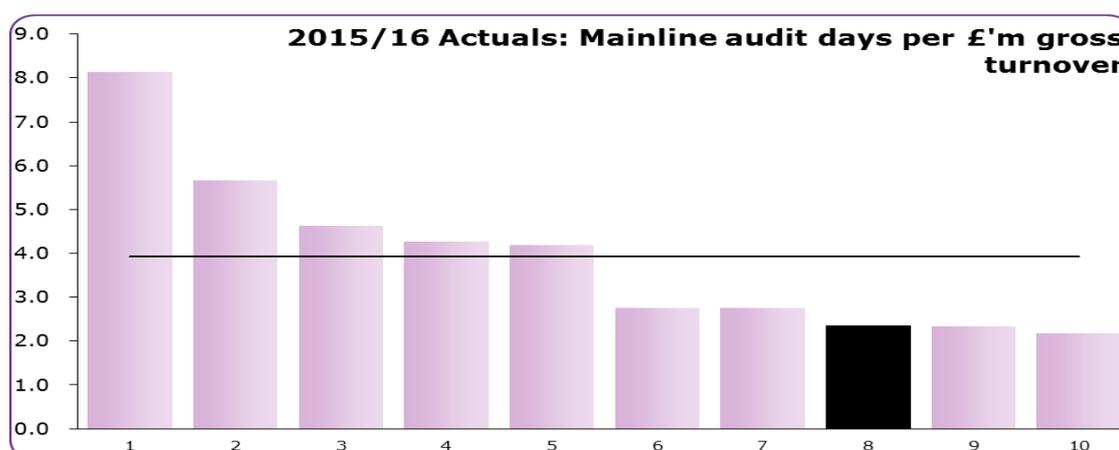
<b>Performance Measure</b>	<b>Target</b>	<b>Actual 2016/17</b>	<b>Actual 2015/16</b>
<b>Delivery of Priority 1 Audits</b>	100%	<b>83%</b>	88%
<b>Planned Audits Completed Within Budget.</b>	90%	<b>61%</b>	68%
<b>Final Reports Issued Within Deadline</b>	90%	95%	91%
<b>Follow Ups Undertaken Within Deadline</b>	90%	<b>82%</b>	90%
<b>Recommendations Implemented</b>	90%	<b>84%</b>	82%
<b>Client Satisfaction</b>	75%	100%	96%
<b>Compliance with PSIAS</b>	95%	99%	99%

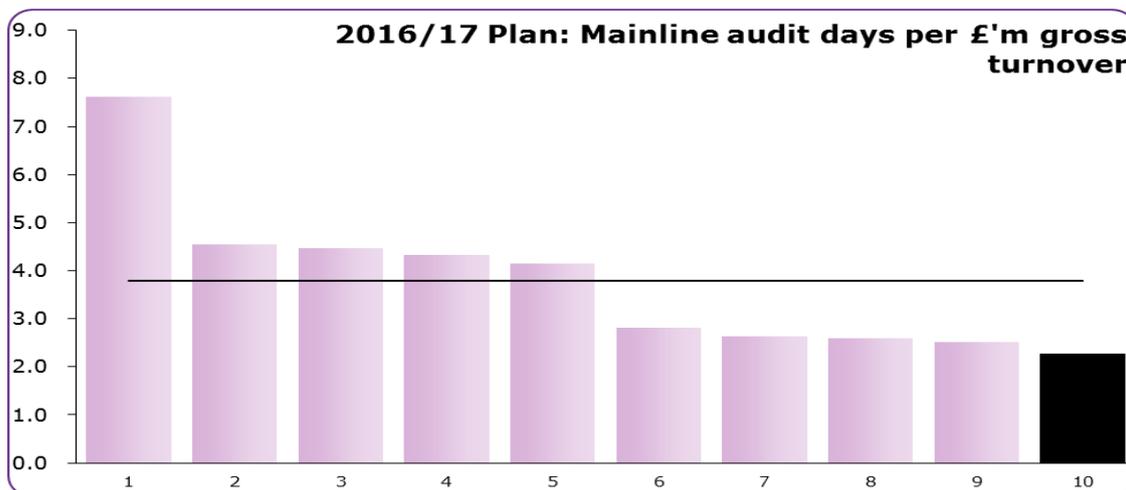
3.3.2 The actual performance against these targets was reported to each Audit Committee meeting during 2016/17. Explanations were also provided where our performance did not meet the expected target.

### **3.4 Benchmarking**

3.4.1 Internal Audit participated in the CIPFA Audit Benchmarking Club for 2016/17. This will allowed us to undertake headline comparisons with other participants in the Club and a more detailed analysis of our activity against that of a small number of near comparators.

3.4.2 The Council’s internal audit service (shown on the bar charts as the “black bar”) has been compared with 9 other near-comparators (based upon Council gross revenue turnover (GRT), service structure and internal audit delivery arrangements). The key benchmark of “mainline audit days per £million of gross turnover” has identified the following for 2015/16 (2.4 days compared to an average of 3.9 days) and 2016/17 (2.3 days compared to an average of 3.8 days):





It should be noted that the figures for 2016/17 were prepared on the basis of the planned audit days deliverable per the Audit & Assurance Plan approved on 12 April 2016.

### 3.5 **Quality Assurance**

3.5.1 The Quality Assurance & Improvement Programme (QAIP) was presented to the September 2016 Audit Committee. The QAIP covers all aspects of internal audit activity and enables conformance with the PSIAS to be evaluated. A key objective of the QAIP is to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. This is achieved through both internal and external assessments. A summary of the QAIP is attached at Appendix C.

3.5.2 During 2016/17 the Head of Audit & Assurance has had no operational involvement – except where limited/no assurance opinions are provided – in the ongoing monitoring process. This allows the Head of Audit & Assurance to independently and objectively review the process to identify opportunities for improvement.

### 3.6 **Statement of Conformance with the Public Sector Internal Audit Standards (PSIAS)**

3.6.1 From 1 April 2013 Audit & Assurance has been required to comply with the requirements of the PSIAS. Our assessment is that we comply fully or partially with 330 of the 334 elements (99%) of the Standards. The areas of non-conformance are as follows:

Exhibit 10: PSIAS Non-Conformance 2015/16

Conformance with the Standard	No
<b>1100 Independence and Objectivity</b>	
<i>1110 Organisational Independence</i>	
Does the CAE report to an organisational level equal or higher to the corporate management team?	1
<b>1300 Quality Assurance and Improvement Programme</b>	
If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in (accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	1#

<b>2450 Overall Opinion</b>	
Does the annual report incorporate the following:	
h) The results of the QAIP?	1*
i) Progress against any improvement plans resulting from the QAIP?	1*

# The Accounts & Audit Regulations 2015 states that organisations are no longer required to undertake an annual review of effectiveness of internal audit as there is an overriding requirement to undertake an external assessment.

\* Section 3.5 and Appendix C of this report demonstrates the implementation of these actions.

3.6.2 This analysis shows that the Council's Internal Audit function is generally in conformance with the PSIAS. Furthermore the results of the PSIAS Peer Review assessment (reported to the April Audit Committee) confirmed that the Council's internal audit team conforms to the PSIAS across all areas of focus:

Exhibit 11: PSIAS Summary Peer Review Assessment 2015/16

<b>Area of Focus</b>	<b>Judgement</b>
Purpose & Positioning	Conforms
Structure & Resources	Conforms
Audit Execution	Conforms
<b>Overall Judgement</b>	<b>Conforms</b>

**Improvement Plans for 2017/18**

3.7.1 No significant areas for improvement have been identified for 2017/18 from the results of the quality assurance process in place within Audit & Assurance. Following the completion of the service review the Audit & Assurance team will focus on ensuring that it continues to deliver an effective and improving service. Audit management will continue to work with senior management to ensure that systems in operation to promote effective governance are adequate in the current evolving transformational climate. The team will also continue to maintain and improve its corporate visibility to take every opportunity to market itself to the organisation, particularly at lower levels of management and operational areas of management, emphasising the added value that it offers.

## **SECTION 4 – ANNUAL GOVERNANCE STATEMENT**

### **4.1 Criteria for Identifying Issues Relevant to the Annual Governance Statement**

4.1.1 The CIPFA (Chartered Institute of Public Finance & Accountancy) and APB (Auditing Practices Board) guidance suggests the following criteria should be applied when judging what may constitute a significant control issue for the purposes of disclosure in the Annual Governance Statement:

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant a diversion of resources from another aspect of the business;
- the matter has led to a material impact on the accounts;
- the issue or its impact has attracted significant public interest or has seriously damaged the reputation of the organisation, or;
- the issue has resulted in formal action being taken by the Chief Financial Officer or Monitoring Officer.

### **4.2 Issues Relevant to the Preparation of the Council's Annual Governance Statement**

In our opinion none of the qualifications that form our internal audit opinion constitute a material weakness in the Council's governance framework that requires disclosure in the Annual Governance Statement.

**Audit & Assurance Plan & Actual 2016/17**

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Budgetary Control - WIP 2016/17	Risk	1	10	8.6		
Commercial Services Group	Risk	3	10	0		
Compliance with health & safety legislation	Risk	3	10	13.6	Substantial	Adequate
Cyber Risk Review - WIP 2016/17	Risk	2	0	4.4		
Disaster Recovery - Single Points of Failure	Risk	2	10	1.7		
Failure to prevent data loss (Information Governance)	Risk	1	15	15.7	Adequate	Adequate
Flare/Asidua System	Risk	3	10	1.9		
Insufficient Revenue Budget for Crown Court cases	Risk	2	10	0.3		
IT Infrastructure (Resilience)	Risk	1	10	4.9		
Mosaic Implementation Testing	Risk	2	10	1.5		
Performance Indicators/Data Quality	Risk	3	10	6.6	Adequate	Adequate
Planning Performance Improvement Plan	Risk	3	10	11.3	Adequate	Adequate
Service Desk Performance	Risk	3	5	5.7	Adequate	Adequate
Social Media	Risk	3	10	11.8	Limited	Adequate
Technical Services Delivery Post 2016	Risk	3	15	0		
Equality, Diversity and Cohesion	Risk	3	10	14.8	Adequate	Substantial
Client case management systems - Mosaic	Risk	3	0	2.2		
Efficiency Partner	Risk	2	10	15.4	Adequate	Adequate
Health & Safety Duke Street	Risk	2	10	0		
Section 17 Payments	Risk	3	10	11.1	Limited	Limited
SEND Inspection Regime	Risk	2	10	3.7		
Asset Transfer - Play Areas/ MUGAs	Risk	2	10	0		
CCTV Pennine Lancs Provision - WIP 2016/17	Risk	2	10	11.8	Adequate	Adequate
Freckleton Street Link Road	Risk	3	10	0		
Highways	Risk	3	15	18.6	Limited	Limited
Localities Data Sharing	Risk	2	10	0.1		
LSP Prosperity Strategy	Risk	3	10	0.3		
Organised Crime Project - Community Safety	Risk	2	10	10.9	Adequate	Adequate
Troubled Families IA Certification	Risk	3	10	0.1		
Assessment Processes	Risk	2	10	0		
Care Act 2014	Risk	2	15	11.5	Adequate	Adequate
Volunteering/Demand Management	Risk	2	10	0.4		
Prosecution Process/Instructions - WIP 2016/17	Risk	2	10	3.2		
HR & Payroll VFM - WIP 2016/17	Risk	2	10	6.1		
Client Case Management Systems - Mosaic - WIP	Risk	2	3	3.3		
TeleHealthCare - WIP 2015/16	Risk	2	1	1.7	Substantial	Substantial
Safeguarding - WIP 2015/16	Risk	2	4	3.6	Substantial	Substantial
Internal Operating Procedures - WIP 2015/16	Risk	2	7	11.9	Adequate	Adequate
Troubled Families IA Certification - WIP 2015/16	Risk	2	2	0.5	Substantial	Substantial
HMO Licencing - WIP 2015/16	Risk	2	5	11.2	Adequate	Adequate
Licencing Process - WIP 2015/16	Risk	2	3	3.3	NA	NA
Asset Transfer to Community Groups - WIP 2015/16	Risk	2	3	8.4	Substantial	Adequate
Health & Safety - WIP	Risk	2	0	0.3	Adequate	Limited
Corporate Appointee/Guardianship - WIP 2015/16	Risk	2	0	0.6	Substantial	Substantial
Data Centre - WIP 2015/16	Risk	2	1	0.5	Substantial	Substantial
<b>Total Control Assignments</b>			<b>364</b>	<b>243.5</b>	<b>22 (45)</b>	

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Holy Trinity	Control	2	5	9.1	Limited	Limited
Meadowhead Infants	Control	1	5	6.5	Adequate	Adequate
Newfield	Control	2	7	9.5	Adequate	Adequate
Sacred Heart	Control	3	5	7.6	Limited	Limited
School Audit Reviews	Control	3	3	4.2		
Shadsworth Infants	Control	3	5	9.7	Adequate	Adequate
St Annes	Control	1	5	8.4	Limited	Limited
The Redeemer	Control	2	5	8.1	Adequate	Adequate
Quality of Agency/Matrix Staff	Control	2	10	0		
Payroll - Core system - WIP 2016/17	Control	1	25	11.9		
MI Accuracy	Control	2	10	10.9	Adequate	Adequate
Debtors - WIP 2016/17	Control	3	10	2.8		
Creditors/E-Procurement	Control	3	10	10.6	NA	Adequate
Access Control Management	Control	3	10	10.2	Adequate	Substantial
LTP Grant Requirement	Control	1	6	2.7	Adequate	Adequate
Private Care Home Contract Payments - WIP 2016/17	Control	2	10	8.3		
PCP Grant - WIP 2016/17	Control	2	0	3.5		
Longshaw Nursery - WIP 2015/16	Control	2	5	16.6	Adequate	Adequate
Markets - WIP 2015/16	Control	2	3	5.8	Adequate	Substantial
Civic Catering, Events Hall (KGH) - WIP 2015/16	Control	2	6	19.6	Limited	Adequate
Payroll - Core Centre - WIP	Control	2	5	4.6	Adequate	Limited
Debtors - WIP	Control	2	0	1.4	Adequate	Limited
<b>Total Control Assignments</b>			<b>150</b>	<b>172</b>	<b>15 (22)</b>	

## Appendix B (Continued)

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
Heritage England Grant Certificate - WIP 2016/17	Governance	2	0	1		
LSTF Grant Requirement	Governance	1	4	0.3		
Old Town Hall Stonework	Governance	3	10	9.7	Adequate	Adequate
Project Management - Capital Schemes	Governance	2	20	2		
Review of Financial Regulations, SFIs, etc	Governance	2	5	1.7		
Youth Zone Commissioning Arrangements	Governance	3	10	0.5		
Social Determinants of Health Fund	Governance	3	10	0.7		
Health Integration Arrangements	Governance	2	10	0		
Health and Wellbeing Board	Governance	3	10	10	Adequate	Adequate
Housing Growth Plan WIP 2015/16	Governance	2	10	3.8		
Partnership Arrangements	Governance	2	10	14.4	NA	Adequate
Rogue Landlords Grant Certificate	Governance	1	2	4.7	Adequate	Adequate
Strategic Funding & Bidding Proposal WIP 2016/17	Governance	3	10	12.8		
Procurement / Commissioning Review Corporate	Governance	2	15	0		
Leisure Services Review/Transfer	Governance	3	10	0.4		
PP Partnership - WIP	Governance	2	12	14.2	Adequate	NA
Register of Gifts and Hospitality	Governance	2	0	10	NA	Limited
<b>Total Control Assignments</b>			<b>148</b>	<b>86.2</b>	<b>6 (17)</b>	

Audit Assignment	CLASSIFICATION	Priority	16/17 Days	Actual Days	Assurance Opinion	
					Control	Compliance
<b>Other Audit Work</b>						
A & A Client liaison/Queries	Other	2	35	16.8		
A & A Client Liaison/DMT Attendance	Other	2	10	3.9		
A & A Client Liaison/Project Groups	Other	2	30	26.9		
Audit Committee	Governance	1	20	16.1		
Audit Committee Annual Report/Evaluation	Governance	1	5	4.2		
Audit Committee CIPFA Guidance	Governance	2	5	4.2		
Auditor Panels	Governance	2	5	2.4		
Contingency	Other	2	30	0.00		
Follow up work	Governance	1	10	4.2		
Liaison with external audit	Other	1	5	3.8		
<b>Total Other</b>			<b>155</b>	<b>82.50</b>		
<b>Grand Total</b>			<b>817.00</b>	<b>516.60</b>		

### Summary Quality Assurance & Improvement Programme Activities

<b>Activity</b>	<b>Frequency</b>	<b>Responsibility</b>	<b>Reporting</b>
<b>Internal Assessments – Ongoing Monitoring</b>			
Review of internal audit charter, audit policies and procedures	Annual	Head of Audit & Assurance	Annual Plan to Audit Committee
Agree performance metrics for internal audit	Annual	Head of Audit & Assurance/Director of Finance & IT	Annual Plan to Audit Committee
Allocation of audit assignments to appropriate internal auditors	Each Assignment	Audit & Assurance Manager/Principal Audit & Assurance Officers	Annual Report to Audit Committee
Review of audit assignments	Each Assignment	Audit & Assurance Manager/Principal Audit & Assurance Officers	Annual Report to Audit Committee
Moderation and approval of internal audit reports	Each assignment	Head of Audit & Assurance/ Audit & Assurance Manager	Annual Report to Audit Committee
Customer survey/questionnaire	Each Assignment	Head of Audit & Assurance/ Audit & Assurance Manager/Principal Audit & Assurance Officers	Quarterly Progress Report to Audit Committee
Analyse performance metrics of internal audit activity	Quarterly	Head of Audit & Assurance	Quarterly Progress Report to Audit Committee
Discuss performance of internal audit activity	Monthly	Head of Audit & Assurance	Team Meeting Minutes
Discuss performance with individual internal auditors	Monthly	Audit & Assurance Manager/Principal Audit & Assurance Officers	Finance & IT DMT
<b>Internal Assessments – Periodic Self-Assessments</b>			
Self-Assessment against PSIAS	Annual	Head of Audit & Assurance	Annual Report to Audit Committee
Review of QAIP	Annual	Head of Audit & Assurance	Annual Report to Audit Committee
Progress against the audit & assurance plan/completion of priority 1 audits	Annual	Head of Audit & Assurance	Review of Audit Plan to Audit Committee
Appraisal of Head of Audit & Assurance	Annual	Director of Finance & IT/Chief Executive/Chair of Audit Committee	Finance & IT DMT
Appraisal of auditors including objective/target setting against agreed skills & competencies.	Annual	Head of Audit & Assurance/ Audit & Assurance Manager/Principal Audit & Assurance Officers	Finance & IT DMT
Client Satisfaction Survey	Annual	Head of Audit & Assurance	Annual Report to Audit Committee
Benchmarking review of internal audit services	Every 3 Years	Head of Audit & Assurance	Annual Report to Audit Committee
<b>External Assessments</b>			
Assessment against	Every 5 Years	Head of Audit & Assurance	PSIA Report to

PSIAs		Assurance	Audit Committee
-------	--	-----------	-----------------



## **Blackburn with Darwen Borough Council**

### **Annual Governance Statement**

**for the year ended 31 March 2017 and up to the  
date of the June 2017 Audit & Governance  
Committee**

# ANNUAL GOVERNANCE STATEMENT

## Foreword by the Deputy 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.

The Resources Directorate has continued to promote the Council's strategic approach to governance and assurance. The developments in governance in 2016/17 included:

- Continuing review and amendments to the Council's Constitution, including the revision of the Council's Local Code of Corporate Governance to take account of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 framework.
- Completion of director assurance statements, which closely reflect the seven principles of good governance in support of the Annual Governance Statement.
- Ongoing work to implement the information governance strategy and related policies and procedures.
- Continuing embedding of information security awareness through the e-learning toolkit, and monitoring staff completion of training.
- The development and implementation of a Counter Fraud Risk Register.
- Strengthening of risk management arrangements through the implementation of a revised risk register template to improve the monitoring arrangements.
- Revision of the Medium Term Financial Plan and Capital Programme, which included a senior management structure review and amendments to the roles and responsibilities of chief officers.
- Ongoing scrutiny of the Workforce Review programme by the Workforce Programme Board.
- Completion of the Audit & Governance Committee self-assessment to evaluate its effectiveness.
- The introduction of a formalised, structured member training programme.
- The Audit & Governance Committee more routinely inviting senior officers to attend meetings and holding them to account for actions to address significant issues identified by Audit & Assurance.
- 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.
- Detailed review and challenge of corporate risks by the Audit & Governance Committee.

## **SCOPE OF RESPONSIBILITY**

---

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 CIPFA's *Audit Committees - Practical Guidance for Local Authorities and Police (2013 Edition)*. 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**

---

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 2017 and up to the date of approval of the annual statement of accounts.

## THE GOVERNANCE FRAMEWORK

---

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.**

The Council has a Corporate Plan in place which is reviewed annually and approved at Policy Council. This was developed using the latest information about the needs of people of Blackburn with Darwen, the challenges and opportunities it faces as an organisation and borough and also responds to what residents have identified, focusing on what is needed to achieve and the priorities over the period of the plan. The plan is published on the Council website.

Corporate Plan targets are monitored at departmental management team meetings, and dedicated performance challenge meetings between the Deputy Chief Executive and Directors, with briefings being held for Executive Members reporting to Executive Board six monthly (quarter 2) and year end (quarter 4). During the performance challenge meetings a robust integrated performance challenge framework continues to be implemented and in addition to Corporate Plan performance metrics, key issues that have been highlighted in Director Management Accountabilities Framework (MAF) Dashboard Reports are also challenged for all portfolios. This allows for any cross cutting issues to be identified, with the implications being fully discussed and remedial actions being agreed.

The Medium Term Financial Strategy is reviewed at Finance Council, and builds upon the priorities agreed at Policy Council and identified within the Corporate Plan. The Corporate Plan update for 2016/2019 was approved by Policy Council in December 2016. Whilst the corporate priorities have remained the same, a new list of pledges has been developed for each Portfolio. A Corporate Plan Technical Appendix 2016/19 has also been developed to include measures and targets for the next 3 years; this was approved at Policy Council in December 2016.

### **2. Review the vision and its implications for the authority's governance arrangements.**

The Council's vision is guided and influenced by the longer term community vision, which is owned by the Local Strategic Partnership (LSP) and is currently encapsulated within the 2030 vision statement.

In addition the LSP has developed and launched a medium term plan: "Plan for Prosperity 2014-20" which was endorsed by the Local Government Association Health and Wellbeing Board peer review team.

The Council reviews its vision, which is focused on short to medium term ambitions, as and when required, for example when new priorities emerge or if there is a change of leadership. Changes to the vision and ambitions are generally consulted upon with

executive members, chief officers and overview and scrutiny chairs, prior to annual Policy Council, which discusses and ratifies the vision and priorities.

The Council will achieve good governance by working with the LSP to provide the vision for its communities and leading by example in its decision-making processes and its service delivery.

### **3. Translate the vision into objectives for the authority and its partnerships.**

The Council plays a key role within the Blackburn with Darwen LSP, which is an overarching body made up of representatives from the public sector, local business and the voluntary, community and faith sectors. The aim of the partnership is to help make the borough the best it can possibly be, and all members of the LSP Board are committed to delivering improvements for the borough, which are outlined in the Plan for Prosperity.

The priorities are:

- Infrastructure and housing
- Business investment and innovation
- Employability
- Quality of life
- Image and marketing

The Council continues to place these at the heart of everything that it does, and all of our delivery priorities outlined within the Corporate Plan help us contribute to delivering on the vision.

At the same time as consulting on the vision and ambition, the Council's Corporate Funding and Strategy team work with officers to identify what will be done to deliver the ambition and how progress against this delivery will be measured. This is currently encapsulated within the Technical Appendix that accompanies the Corporate Plan.

The Funding and Strategy team also work with service departments to ensure that appropriate responsibilities for delivery are built into departmental business plans. The agreed performance measures and activities are then monitored through the Performance Management Framework.

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

The Council last undertook a Residents Survey in 2014. The results from this survey for the question "Overall, how satisfied or dissatisfied are you with the delivery of council services". Reported that more than seven out of ten (70%) of respondents were either very or fairly satisfied overall with the delivery of council services.

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.

**5. 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 December 2016 and May 2017 to reflect the resolutions/decisions made at Full Council since July 2016. 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.

The Council has adopted the 'strong leader model'. The Council's Constitution sets out the relative roles and responsibilities of Executive and Non Members, Officers and Committees. It defines, through the procedure rules, how day-to-day activities must be undertaken and it allocates statutory responsibilities to named individuals. The decision-making processes are also defined by the Constitution and Executive Member or key decisions may only be taken after both the Finance and Legal departments have been consulted.

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

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. This is principally through the development of the LSP and its range of sub groups but it also involves other significant partnership projects. Governance arrangements are 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. Staff training and workshops have been held to introduce these new arrangements.

**6. 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 staff. 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 reflected in the Constitution.

**7. 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. These were updated and approved at Annual Council in May following the latest review of the Constitution. The Monitoring Officer also holds and maintains a recorded of sub-delegations by each Chief Officer, and is also 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 refreshed to reflect the changed national reporting arrangements and implementation of new local arrangements (such as electronic file management). The Policy was endorsed by Audit Committee. 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 our existing data quality arrangements.

Over the course of the year the Council has continued to carry out equality analysis and impact assessments prior to key decisions taken at the annual Finance Council. The Council has, again, revised its Equality Impact Assessment (EIA) Toolkit and reviewed its decision-making processes to embed a robust and mandatory process which 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. In line with legislative requirements, Senior Management Teams and Elected Members within respective service areas were 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 sets out the internal audit resources and skills required to deliver an effective internal audit service. 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 in the annual Audit and Assurance Plan, which is approved by the Audit & Governance Committee. Reviews of these areas are required to provide an annual internal audit opinion which contributes to the Annual Governance Statement.

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

Overarching responsibility for risk management lies with the Management Board, with the corporate risks being owned by members of the Executive Team or Management Board. These are monitored on a regular basis by the Corporate Risk and Resilience Forum (CRRF) which is led by the Director of Finance and IT. The Corporate Risk Management Strategy and Framework 2015/20 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 ensure a consistent approach to risk management across the Council. Each department has its own risk registers and risk champion and is required to consider risk at each departmental management meeting. The Decision Making templates have been revised to include reference to risks. The Management Accountability Framework (MAF) Director's Exception/Dashboard Report also contains a risk section. The corporate risk register is considered by Management Board on a quarterly basis. Risk management reports, including corporate risks, are also presented at each Audit & Governance Committee meeting and the Committee carries out a detailed review and challenge of a selection of risks at each meeting.

Biannually Directors are required to undertake a self-assessment of the effectiveness of controls within their own areas of responsibility and to identify any areas of concern and what they are doing to tackle them. This is reported to the Chief Executive through the MAF.

The reports cover the effectiveness of the governance arrangements in Departments (performance, budget management, the management of priorities, information security, risk management, health and safety and significant partnerships), identifying weaknesses and remedies. 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's and the Chief Executive. The PAG is chaired by the Deputy Chief Executive and has the Monitoring Officer and SIRO 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 has introduced a new Financial Management System from 1<sup>st</sup> April 2017, this will produce working efficiencies, cost savings and facilitate the production of more timely and detailed information to Members and Officers at all levels.

The Departmental Business Continuity Plans and the Functional Emergency Plans are constantly being reviewed and streamlined. The Emergency Plans now have Standard Operating Procedures (SOPs), whereby a "plan on a page" was requested by the Executive Team to assist them in assimilating information when/if they have to attend the Strategic Co-ordinating Centre at Police Headquarters. This will be replicated for

the Departmental Business Continuity Plans and then a strategic plan on a page showing critical functions and risks will be created for Chief Officer use.

The corporate Emergency and Business Continuity plans are tested annually in alternate years. All departmental plans are also tested during the exercises, with any actions required identified and reported to Management Board.

All employees have responsibility for their own and other people's health and safety. The overall responsibility for health and safety management lies with the Chief Executive. The Corporate Health and Safety policy, which was revised in November 2015, (due to be reviewed November 2017), and system of safety procedural documents outline the arrangements in place to meet the Council's statutory duties.

Corporate face to face training courses for employees are available in a bite sized format and are available on request. E-learning safety packages are freely available to all Council employees via the 'Me Learning' portal.

A rolling programme of announced and unannounced audits are in place for the Council and Schools, quarterly compliance checks are emailed to Directors to help support a culture of safety in their area of work.

The trend in employee accidents through 2016/17 has remained at a similar level to 2015/16. However the accidents reported to the Health and Safety Executive under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) has decreased, and although there is no set target for RIDDOR reportable accidents this would have been lower than previous targets set (8 for the year).

None of the RIDDORS have highlighted any major cause for concern, investigations and subsequent actions have been implemented where required.

Near miss reporting is still low across the organisation, however the new Health and Safety system supports ease of reporting and poster information relating to Near Misses has been advertised across all Council buildings and via the intranet site.

There is a corporate Health, Safety and Wellbeing delivery model now available on the intranet. This identifies the core service that will be delivered to all services within the Council to assist them in achieving compliance with health and safety legislation. In addition to the core service delivery, there is an opportunity for departments to purchase extra support to provide additional dedicated operational assistance, training, and onsite guidance should it be needed to achieve continuous improvement in health, safety and wellbeing standards and culture.

#### **9. 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 received by the Council and carries out investigations into potential or suspected non-compliance with financial policies and procedures or financial irregularities.

The Council's Counter Fraud Policy Statement and Strategy 2016/2021 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 its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

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

The Council is continuing with a series of transformational projects which will generate efficiencies during 2017/18 and in future years. A Workforce Review Programme continued during the year. The aim of this was to determine the best and most efficient shape and range of roles required to deliver effective services taking account of available technologies and new ways of working. The delivery of the Programme has been overseen by the Workforce Review Programme Board, chaired by the Deputy Chief Executive. The Board will drive and monitor the individual reviews that are being undertaken to closely manage the achievement of savings required, as set out in the Medium Term Financial Strategy, and ensure that the organisation has the flexibility and agility within its workforce to continue to respond to the emerging priorities during 2016/17 and future years.

**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 (2016).

**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 (2010).

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

To perform this role the Head of Internal Audit:

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

**13. 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, Legal and Corporate Services.

**14. 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 to apply them in practice.

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

The Audit & Governance Committee provides independent assurance on the adequacy of the risk management framework, overall governance and the associated control environment. It oversees the integrity of financial reporting and 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.

In 2014/15 the Audit & Governance Committee undertook a self-assessment exercise to assess its effectiveness against the criteria outlined in the CIPFA's Audit Committees - Practical Guidance for Local Authorities and Police (2013 Edition). This resulted in a number of improvements being implemented in 2015/16 and 2016/17, including a revision to the Committee's membership and terms of reference. In January 2017 the Committee also completed the CIPFA assessment tool to evaluate its effectiveness and identify any areas to improve, and members also completed individual self-assessments to identify any personal training needs and future development of the Committee. This will establish a baseline to monitor the effectiveness of the Committee going forward.

**16. 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 Inspectorates and working with partner organisations.

A key element of assurance available to the Council and the Audit & Governance Committee is 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, which include compliance with applicable laws and regulations. The director's assurance statements closely reflect the seven CIPFA/SOLACE principles of good governance and the Council's Local Code of Corporate Governance.

The NHS Information Governance (IG) Toolkit–V14 was submitted by the Council's Information Governance Team and has been confirmed by Health and Social Care Information Centre (HSCIC) assessors and published on the NHS IG Toolkit website. It has been assessed as satisfactory. This enables the Council to exchange data with NHS bodies.

Information Asset Registers are in the process of being updated, initially solely by IG in order to reflect the new requirements in the General Data Protection Regulations (GDPR) to have detailed records of all information assets including how we share those assets and who we share them with. The Register will need to include new items such as legal gateways used in the sharing of data and whether a privacy assessment has been carried out. This is a substantial piece of work which will require intensive resource during quarters 1-3 of 2017/18.

The datashare website has been operational for just over 2 years. Datasets have been uploaded where required. In addition to the recommended datasets for Local Government transparency, we have assisted the Parish Councils by including their required publication datasets to our datashare, as well as allocating each Parish a page on our corporate internet site to publish their minutes, accounts and agendas. Frequently requested Freedom of Information (FOI) requests continue to be monitored and IG are actively encouraging departments to consider routine upload to the Transparency pages in order to reduce the burden of repeat FOI requests.

Successful transition to a new e-learning platform has resulted in better management information allowing the Council to demonstrate compliance with the requirement to have mandatory training in Data Protection and Information Security. Progress will continue to be monitored as we enter the appraisal window for 2017/2018 as this year will show a full 12 month data capture for the first time. Discussions are already underway in relation to new content for 2018/2019 in order to refresh the courses, enabling a better user experience more relevant to the daily functions of employees within the Council.

The GDPR will replace the EU Data Protection Directive on 25<sup>th</sup> May 2018 without the need for any national legislation to be enacted. It will supersede the Data Protection Act 1998 unless the Government takes specific measures prior to the GDPR taking effect. The IG team have created an initial Gap Analysis showing the Council's current compliance with new GDPR requirements. This has been issued to the SIRO and the Audit & Governance Committee. Compliance with GDPR is going to take a considerable amount of resource. Corporate Risk 13 was updated in March 2017 to reflect this. IG will continue to work through the requirements, updating processes and policies for the next 11 months until the date of GDPR implementation.

The IG team continue to provide advice, guidance and assistance in the relevant areas of legislation, are qualified to ISEB level in Data Protection and Freedom of Information and will engage with professional training providers over the course of the next 12 months to stay up to date with upcoming legislative changes and the introduction of the new GDPR.

Audit & Assurance produces an internal audit charter and annual plan which 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. It also regularly reports to the Audit & Governance Committee on progress and outcomes of its planned work. At the year end, it produces a statutory 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.

**17. 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 from staff or members of the public.

**18. 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. 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 needs to consider the development needs and resilience of senior officers and ensure that senior officers have the required knowledge, skills and experience to deal with the public sector reform agendas.

The Officer Management Board has agreed to review the impact of the significant downsizing, reduction in senior management positions and de-layering during 2017/18 to ensure the organisation is able to carry out its responsibilities.

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

As well as the monthly edition of the online version of The Shuttle a new hard copy called the Shuttle Extra will be published twice yearly and delivered to homes throughout the borough. Both the hard copy and online versions contain latest news and updates about Regeneration projects, events, achievements and honours, advertising opportunities 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. Financial and performance information is also available on the Council's website.

The Council undertook an extensive programme of consultation and engagement when developing its Local Council Tax Support Scheme. The Scheme is reviewed at the first full Council in January each year.

A key commitment of the Corporate Plan is "Your Call", where the Council are committed to working together with residents; businesses and partners, to develop local solution to local problems. This approach is predominantly delivered through the Your Call campaign, which encourages local residents to come forward with ideas to

improve their streets, neighbourhoods and towns, and they are supported by the Council to implement their ideas.

The Council website provides access to Council papers, including Committee agendas, minutes, relevant reports and decisions.

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 EIAs are undertaken.

## **20. 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 LSP Board is the overarching and strategic management body that has responsibility for the direction and overall corporate governance of the LSP. The Board is responsible for monitoring the Plan for Prosperity.

Blackburn with Darwen was one of the first areas in the country to set up the new Health and Wellbeing Boards 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 is working in partnership with Councils across Lancashire on the Combined Authority agenda to develop joint functions to support regional investment and transport. This will support and enhance the Council's efforts to boost the local economy, create jobs and improve transport and planning, which will benefit the residents of the borough.

Work is also ongoing with colleagues from the NHS to work in partnership to transform the health and social care system across Pennine Lancashire, as part of the Lancashire and South Cumbria Sustainability and Transformation Plan.

**21. 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 2014 following an audit review. The Significant Partnerships Register was updated in October 2015 and was signed off at Audit & Governance Committee in January 2016. The register is updated on an annual basis and compliance is monitored by the Corporate Risk and Resilience Forum with targeted sampling through the internal audit plan. The wider partnership structure and constitution have now been assimilated into corporate processes following the acquisition of new partnerships via community safety and health and wellbeing.

During 2016/17 the Council introduced new shared management arrangements, and associated governance controls, following approval of the new five year partnership agreement with Capita for the development, delivery and modernisation of a range of place-based services.

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.

**Progress during 2016/17 on significant governance issues identified in the 2015/16 Annual Governance Statement**

Title	CIPFA Criteria	2015/16 Issue	2016/17 Action taken
<p><b>1. Procurement</b> (Brought forward from 2013-14)</p>	<p>1.</p>	<p>The Work Force Review of Commissioning, Procurement and Contracts is underway. Upon its completion procurement processes will be strengthened and also address the absence of a low value construction framework.</p>	<p>The workforce review has been completed and a centralised Commissioning and Procurement Service (CAPS) has now been established, effective from 1<sup>st</sup> October 2016. A full review of processes, current contracts and systems will be conducted in the coming months, driven also by the need to implement the new Civica Financials P2P (purchase to pay) system which has been rolled out across the organisation from 1<sup>st</sup> April 2017.</p> <p>Work is also being undertaken in conjunction with Capita to develop a joint business case around future procurement and contracting with the objective of delivering multi-million pound savings over the next 3 to 5 years.</p>
<p><b>2. Payroll</b> (Brought forward from 2013-14)</p>	<p>1, 8.</p>	<p>Following the implementation of the new HR &amp; Payroll system to further strengthen processes to ensure that it delivers the efficiency savings and associated control improvements in 2016/17.</p>	<p>The core HR &amp; Payroll system is now fully operational and we are in the process of completing the final stages of implementing full manager and employee self-service. This will realise further efficiencies both within the HR service but also for managers and employees due to the automation of leave &amp; time management. There is a</p>

			robust action plan in place responding to annual audit reviews and service improvements continue to be introduced to enhance the required controls for the Council and external customers.
<b>3. Partnership Arrangements</b> (Brought forward from 2014-15)	1, 3.	Further development of alternative partnership arrangements (as required by central government) including the implementation and delivery of the new five-year contact with the Council's technical services partner in 2016/17.	Procurement of a new technical services partner concluded successfully in the spring and the new place based partnership with Capita commenced on 1 <sup>st</sup> July 2016 for an initial 5 years. New governance arrangements have been established, including new shared management arrangements, and a number of partnership boards are now meeting regularly to review performance, oversee the partnership and jointly develop business cases for change where appropriate. A number of services provided by Capita under the previous partnership were also successfully transferred back to the Council during the first half of 2016. A conflict of interests protocol is in the process of being finalised to ensure sufficient safeguards are put in place to ensure no conflict of interest in future project governance.
<b>4. Adult Services Financial Position</b> (Brought forward	1, 3, 4.	The implementation of provisions within the Care Act 2014 has placed greater demands for services (which have been recognised nationally) together with the growing complexity of service user needs and delays in the delivery of efficiency programmes has resulted in a budget	Financial and resource pressures continue during 2016/17 due to ongoing increases in demand and demographic pressures. Pressures on the budget are considered

from 2014-15)		overspend of over £2m. The challenge of managing the budget within these pressures, whilst developing effective partnerships with the NHS will continue in 2016/17.	<p>routinely within the Senior Leadership Team and with Members through the Senior Policy Team and decisions taken accordingly.</p> <p>Demand Management strategies are being applied and commissioning spend is scrutinised via a Virtual Panel.</p> <p>The department is implementing efficiency programmes across the service and managers are tightly managing budget lines.</p>
<b>5. Growth Programme</b>	1, 3, 5.	The delivery of the Pennine Reach programme (bus station element) did not progress in accordance with expectations. Careful management of the Growth Programme will be required to ensure that expectations, particularly in relation to the Council's medium term financial strategy are met.	<p>A restructure has taken place which provides new leadership in the former Planning and Prosperity Department. The new department places a much stronger emphasis on development and growth and provides specialist support for growth and investment in the Borough.</p> <p>A growth and development board has been established which will monitor the programme. The membership includes the Chief Executive, Deputy Chief Executive, Council Leader and Deputy Leaders.</p>

## **REVIEW OF EFFECTIVENESS**

---

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review of effectiveness is informed by the work of the members of the Council's Management Board 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 also 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 apposite, 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 by Members and revised in order to remain fit for purpose at Annual Council and the arrangements continue to be well received.

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 from the Corporate Risk & Resilience Forum. The 2016/17 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 following approvals were included as part of the Constitutional update in December 2016.

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).

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

The Council's external auditor noted, in the Annual Audit Letter for 2015/16, that:

- They issued an unqualified opinion on the Council's 2015/16 financial statements.
- Their opinion confirmed that there were no significant amendments required to the accounts as a result of their audit.
- They issued an unqualified Value for Money conclusion for 2015/16.
- 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 2016.
- The work carried out on the Council's consolidation schedule to support the Whole of Government Accounts, in line with instructions provided by the National Audit Office, did not identify any issues for the group auditor to consider.

The external auditors also noted the additional powers and duties available under the Local Audit and Accountability Act (2014). They noted that they did not identify any issues that required them to apply their statutory powers under the Act, including powers to issue a public interest report in respect of their 2015/16 audit.

In their progress report to the Audit & Governance Committee in April 2017 the external auditors were able to state, for the year ended 31 March 2017 that: the findings of their interim work to date: "has identified no material weaknesses which are likely to adversely impact on the Council's financial statements or on their audit approach. They also noted their work had 'not identified any errors impacting on their audit opinion.

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 seriously prejudiced or prevented achievement of a principal objective;
2. The issue has resulted in a need to seek additional funding to allow it to be resolved;
3. The issue has resulted in significant diversion of resources from another aspect of the business;
4. The issue has led to a material impact on the accounts;
5. The issue, or its impact, has attracted significant interest or seriously damaged the reputation of the Council;
6. The issue has resulted 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 2016/17 are outlined in the following table:

<b>Title</b>	<b>CIPFA Criteria</b>	<b>Issue / Actions being taken</b>	<b>Responsible officer(s)</b>
<b>1. Partnership Arrangements</b> (Brought forward from 2014-15)	3.	Implementing robust governance arrangements relating to the management and delivery of the new five-year contract with the Council's technical services partner in 2016/17.	Deputy Chief Executive
<b>2. Adult Services Financial Position</b> (Brought forward from 2014-15)	1, 3, 4.	The implementation of provisions within the Care Act 2014 has placed greater demands for services (which have been recognised nationally) together with the growing complexity of service user needs and delays in the delivery of efficiency programmes has resulted in a budget overspend of over £2m. The challenge of managing the budget within these pressures, whilst developing effective partnerships with the NHS will continue in 2017/18.	Director of Adult Services
<b>3. Children's Services Financial Position</b>	1,2,3	Maintain awareness and effective management at all levels within the service to monitor and manage demand and budget pressures relating to intervention, prevention and permanence planning to ensure that services and resources are not diverted from elsewhere within the Council.	Director of Children's Services
<b>4. Information Governance</b>	1, 7.	Review and strengthen Information Governance policies, systems and processes to ensure compliance with the requirements of the General Data Protection Regulations.	Director of Finance & IT

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:** .....  
**Leader**
**Chief Executive**

**Date:** .....



**TO:** Audit & Governance Committee

**FROM:** Director HR, Legal & Corporate Services  
Director of Finance & IT

**DATE:** 13 June 2017

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

---

**TITLE OF BRIEFING PAPER    Audit & Governance Committee Annual Report**

---

**1.        PURPOSE**

The draft Audit & Governance Committee Annual Report 2016/17 is attached for consideration and approval (see Appendix A). This summarises the work that the Committee has undertaken during the year to demonstrate that it has fulfilled its agreed terms of reference.

**2.        RECOMMENDATIONS**

The Committee is asked to:

- Consider and approve the Committee’s Annual Report, including the statement on its effectiveness during 2016/17 and the draft effectiveness self-assessment evaluation; and
- Refer the report to Full Council for endorsement.

**3.        BACKGROUND**

The CIPFA ‘Audit Committees: Practical Guidance for Local Authorities and Police’ 2013 edition incorporates CIPFA’s Position Statement on the role and function of view of an audit committee in local authorities. This notes that although no single model of committee is prescribed, all should report regularly on their work and at least annually report an assessment of their performance.

**4. RATIONALE**

The Audit & Governance Committee is a key component of the maintenance of an adequate and effective governance framework. Through its annual report the Committee can demonstrate its effectiveness in fulfilling its role to provide independent assurance regarding the adequacy of risk management, the overall governance and associated control environment, and also 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.

## **5. KEY ISSUES**

Having an effective Committee brings many benefits to the Council, such as:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- providing additional assurance through a process of independent and objective scrutiny;
- raising awareness of the need for internal control and the implementation of audit recommendations; and,
- reinforcing the importance and independence of internal audit.

The Committee's activities during 2016/17 were designed to make a positive contribution to the continual improvement of control and governance arrangements across the Council, as well as performing the roles set out for the Committee in the Council's Constitution.

The Committee has had the opportunity to examine and challenge the arrangements for effective governance. The Annual Report also indicates the breadth of the Committee's work in ensuring that every aspect of the Council's work should be compliant with standards and transparent to its stakeholders. The reports received by the Committee during 2016/17 indicate that there has been thorough coverage of the Committee's Terms of Reference. In this way, the Annual Report demonstrates the value of the Committee to the Council and public, ensuring that governance is on a sound footing.

Good practice guidance exists for the effective operation of audit committees across the public sector, including the most recent publication by CIPFA noted above. That guidance includes a Good Practice Self-Assessment which was considered by the Committee at its meeting on 10 January 2017, along with an action plan to make the Committee more effective. Appendix 2 of the attached report sets out the progress of the actions identified. The guidance also included a self-assessment tool for audit committees to evaluate their effectiveness. The results of the assessment are set out in Appendix 3 to the attached report for consideration.

## **6. POLICY IMPLICATIONS**

There are no direct policy implications arising from this report.

## **7. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

## **8. LEGAL IMPLICATIONS**

There are no direct legal implications from this report.

## **9. RESOURCE IMPLICATIONS**

The resource implications are set out in the report.

## **10. EQUALITY AND HEALTH IMPLICATIONS**

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

## **11. CONSULTATIONS**

Chair of the Audit & Governance Committee, Deputy Chief Executive,  
Director of HR, Legal & Corporate Services, Director of Finance & IT.

Contact Officer: Colin Ferguson, Head of Audit & Assurance - Ext 5326  
Date: 2 June 2017  
Background Papers: CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition).  
Audit Committee – Making it Most Effective (CIPFA Practical Guidance on Audit Committees – Action Plan), approved by Committee on 13 January 2015 and reviewed 10 January 2017.

# Blackburn with Darwen Borough Council



**Draft  
Audit & Governance  
Committee  
Annual Report  
2016/17**

## 1. Background to the Governance Framework

### 1.1. What drives governance policy?

- 1.1.1. 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, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of control which facilitates the effective exercise of the Council's functions and which includes adequate arrangements for the management of risk.
- 1.1.2. Effective corporate governance is a fundamental feature of any successful public sector organisation. Corporate governance initially became a major issue after several high profile failures in the private sector. As a result there were several reviews (for example the Cadbury and Hempel Committees) directed at improving governance in the private sector.
- 1.1.3. The trend for strengthening governance arrangements spread to the public sector and resulted in the joint Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) document Delivering Good Governance in Local Government – a Framework. The Framework, revised in 2016, was originally structured around the six core principles found in the Good Governance Standard for Public Services drawn up by an independent commission established by CIPFA, the Office for Public Management (OPM), and the Joseph Rowntree Foundation.
- 1.1.4. In 2016 CIPFA/SOLACE published a revised Framework to ensure that local government continues to develop and shape its own approach to governance, taking account of the environment in which it now operates. The new Framework applies to annual governance statements prepared for the financial year 2016/17 onwards. It is based on the International Framework: Good Governance in the Public Sector published by CIFA and the International Federation of Accountants in 2014 and contains seven key principles.
- 1.1.5. The International framework defines governance as follows:

“Governance comprises the arrangements put in place to ensure the intended outcomes for stakeholders are defined and achieved.”
- 1.1.6. It also states that:

“To deliver good governance in the public sector both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and stakeholders.”
- 1.1.7. Blackburn with Darwen Borough Council operates through a governance framework that brings together an underlying set of legislative requirements, governance principles and corporate policies and management processes.
- 1.1.8. The Council recognises the seven core principles of good governance as:
  - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
  - B. Ensuring openness and comprehensive stakeholder engagement;

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
  - D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
  - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
  - F. Managing risks and performance through robust internal control and strong public financial management; and
  - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.1.9. The Council's local Code of Corporate Governance was revised during 2016 to ensure that it complies with the latest requirements. The updated Code was approved by full Council in December 2016.
2. **Blackburn with Darwen Borough Council Audit & Governance Committee**
- 2.1. **Why do we need an Audit Committee?**
- 2.1.1. Whilst there is no statutory requirement to have an Audit Committee they are widely recognised as a core component of an effective governance framework and therefore reflect good practise. Regardless of a specific legislative or regulatory framework, Section 151 of the Local Government Act requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those affairs. To be truly effective, the Chief Financial Officer requires an effective Audit Committee to provide support and challenge, as well as an adequate and effective Internal Audit. Both these elements are now enshrined in the 'Public Sector Internal Audit Standards' and the supporting 'Local Government Application Note'. The Audit & Governance Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements in place and advising the Council on the adequacy and effectiveness of these arrangements. This role is formalised in the Committee's terms of reference.
- 2.1.2. The Council's Audit & Governance Committee is properly constituted and is given sufficient authority and resources by the Council. The Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice from both the public and private sectors, the Audit & Governance Committee can report its observations and concerns directly to the Executive Board.
- 2.1.3. Good corporate governance requires independent and effective assurance about the adequacy of financial management and of management arrangements for achieving the organisation's objectives. These responsibilities require an independent and challenging approach. Through these mechanisms, Committee Members are able to use their skills and experiences to influence the Council's governance, internal control processes and risk management arrangements.
- 2.1.4. An effective Committee can bring many benefits to the Council including:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- providing additional assurance through a process of independent and objective scrutiny;
- raising awareness of the need for internal control and the implementation of audit recommendations; and,
- Reinforcing the importance and independence of internal audit.

## **2.2. What does it do?**

- 2.2.1. Audit Committees are a key component of corporate governance. They provide a high-level focus on assurance and the organisation's arrangements for governance, managing risk, maintaining an effective control environment and reporting on financial and non-financial performance.
- 2.2.2. Good practice is contained within CIPFA's document 'Audit Committees – Practical Guidance for Local Authorities and the Police' (2013 Edition). The latest edition of the document updates the core functions of an Audit Committee in relation to governance, risk management, internal control and audit. The introduction of the Public Sector Internal Audit Standards, along with annual governance statements and associated guidance has also been considered in relation to their impact on an Audit Committee.
- 2.2.3. During the year the Audit & Governance Committee consisted of six cross party elected Members. The Committee's purpose, as proscribed in its terms of reference, are to:
- provide independent assurance of the adequacy of the risk management framework, overall governance and the associated control environment and the extent to which these meet the objectives of the Local Code of Corporate Governance;
  - provide independent review of the Council's governance, risk management and control frameworks;
  - oversee the financial reporting and annual governance processes; and
  - oversee internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 2.2.4. The Audit & Governance Committee provides assurance, on behalf of the Council, about the extent to which the objectives of the Local Code of Corporate Governance, as set out in its Constitution, are being met. This purpose is reflected in the Committee's Terms of Reference which are included at Appendix 1 of this report. These were updated during 2015/16 to bring them in line with the core functions set out in the latest guidance for Audit Committees issued by CIPFA. The revised terms of reference were approved by full Council in July 2016.
- 2.2.5. The CIPFA guidance also includes a greater focus on the factors which support improvement. These include the knowledge and skills that Audit Committee members require and a focus on where the Audit Committee adds value. The Publication provides practical support to the Committee in evaluating the existing Committee arrangements and any planned improvements.
- 2.2.6. The new guidance includes a self-assessment checklist of good practice to assist both Members and Officers who are involved in the operation of the Committee. This was completed by Audit & Assurance on behalf of the Committee and presented for consideration at its meeting on 13 January

2015. The Committee noted the key requirements of the CIPFA guidance and approved the action plan for making the Audit & Governance Committee most effective. The actions identified have continued to be progressed during the year and the Committee received an update on progress in January 2017. Details are set out in Appendix 2.

- 2.2.7. The guidance also includes a checklist to evaluate the effectiveness of an Audit Committee. This was completed by Audit & Assurance on behalf of the Committee, in consultation with the Chair of the Committee, and reported to the Committee in January 2017. The results are included at Appendix 3 of this report for consideration.
- 2.2.8. The Audit & Governance Committee met four times during the 2016/17 Municipal Year. Timings of the meeting throughout the year are designed to coincide with the governance timetable, with meetings in June to receive annual opinion and assurance reports, approve the Council's Annual Governance Statement and to receive the draft Statement of Accounts, and in September to receive the draft Treasury Management Annual Report, approve the accounts and receive the external auditor's annual report. Attendance details are set out in Appendix 4. The Committee's work programme (see Appendix 4) is designed to enable its Members to make a positive contribution to the continual improvement of control and governance processes and arrangements across the Council, as well as performing the roles as identified by the Constitution.
- 2.2.9. The details of the Committee's work programme for 2016/17 set out in Appendix 4 of this report demonstrate how the Committee has fulfilled its terms of reference during the year and its commitment to helping improve the Council's risk, control and governance environments' in the year ahead.
- 2.2.10. In addition to these meetings members of the Committee have also attended training workshops that were delivered by Audit & Assurance during the year. These covered the role of internal audit, the internal audit process and a risk management refresher session.

### **2.3. How do officers support the Committee?**

- 2.3.1. The Audit & Governance Committee is supported by:
- The Chief Executive, as Head of the Paid Service with overall responsibility for the Council's management and executive arrangements;
  - The Director of HR, Legal & Corporate Services, as the Monitoring Officer, who is required by law to ensure that the Council acts within its legal powers at all times; and,
  - The Director of Finance and IT, as Section 151 Officer, who is responsible under the law for ensuring the proper administration of the Council's financial affairs.
- 2.3.2. The Director of HR, Legal & Corporate Services leads on constitutional, legal, and human resource issues. The Director of Finance and IT takes the lead on financial, audit, risk management and internal control matters. The Head of Audit & Assurance also has a key role to play in supporting the Committee because of the importance of the Internal Audit Service to governance. These Officers are responsible for making the Committee aware of any relevant changes in regulations, guidance, and codes of practice.

## **2.4. Effectiveness of the Audit & Governance Committee**

- 2.4.1. The purpose of the Committee, as defined in its terms of reference, is set out in 2.2.3 above. Its terms of reference set out a range of activities that would provide appropriate assurance to the Council in terms of how it manages risk, and ensures adequate and effective control and governance arrangements exist and operate effectively to secure the efficiency and effective use of its resources.
- 2.4.2. Training opportunities have been made available during the year to members who wish to update their skills and knowledge to ensure that they are able to fulfil their role as members of the Committee.
- 2.4.3. The Committee has been active during the year in carrying out its duties in monitoring internal and external reports and challenges appropriate officers to ensure that it is satisfied with the effectiveness of controls and the governance and risk management arrangements in place, in accordance with its role and functions set out in its terms of reference in Appendix 1, providing the Council with assurance that effective internal control arrangements were in place during the year. This is evidenced by the details provided in Appendix 4 regarding the various reports received and considered by the Committee at its meetings during the year to support its work programme and how each of these enable the Committee to fulfil its terms of reference.
- 2.4.4. The External Auditor's 2016 Report on Value for Money for Blackburn with Darwen Borough Council confirmed that they were satisfied that the Council has put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended March 2016. The report concluded that the Council has proper arrangements to plan finances effectively and provide reliable financial reporting to support the delivery of its strategic priorities. Overall, the Council has responded appropriately to the challenging financial environment during the year and has set out in the Medium Term Financial Strategy a clear view of what needs to be done in 2016/17 and beyond.

**AUDIT & GOVERNANCE COMMITTEE TERMS OF REFERENCE**Statement of Purpose:

Our Audit and Governance Committee is a key component of Blackburn with Darwen Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Governance Committee is to:

- provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment and the extent to which these meet the objectives of the Local Code of Corporate Governance;
- provide independent review of the Council's governance, risk management and control frameworks;
- oversee the financial reporting and annual governance processes; and
- oversee internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control:

The Audit and Governance Committee will:

1. Assess how fully the Council complies with the statutory responsibilities placed on it by the Accounts and Audit Regulations 2015 or by amendments to the Regulations or by similar formal demands;
2. Review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances;
3. Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control;
4. Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements;
5. Consider the framework of assurance (including the Management Accountabilities Framework) and ensure that it adequately addresses the risks and priorities of the Council;
6. Monitor the effective development and operation of risk management in the Council, including information governance arrangements;
7. Monitor progress in addressing risk-related issues reported to the Committee;
8. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions;
9. Review the assessment of fraud risks and potential harm to the Council from fraud and corruption;
10. Ensure that the Council maintains a robust counter fraud culture via the implementation of a counter-fraud strategy backed up by effective controls and procedures, which define the respective roles of management and Internal Audit and monitor the strategy, actions and counter fraud resources; and
11. Receive, from other Committees and other inspection agencies, details of actions and decisions taken which affect, or contribute to, the Council's framework of governance, risk management and control.

## Internal Audit

The Audit and Governance Committee will:

1. Approve the internal audit charter;
2. Approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources;
3. Approve significant interim changes to the risk-based internal audit plan and resource requirements;
4. Make appropriate enquiries of both management and the Head of Audit & Assurance to determine if there are any inappropriate scope or resource limitations;
5. Consider reports from the Head of Audit & Assurance on internal audit's performance during the year. These will include:
  - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
  - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
6. Consider the Head of Audit & Assurance's annual report, including:
  - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion and the implications of any significant matters identified – these will assist the Committee in reviewing the Annual Governance Statement.
  - c) An annual risk management report
7. Consider summaries of specific internal audit reports as requested.
8. Receive reports outlining the action taken where the Head of Audit & Assurance has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
9. Contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
10. Consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations; and
11. Support the development of effective communication with the Head of Audit & Assurance.

### External Audit

The Audit and Governance Committee will:

1. Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance prior to publication of the annual accounts;
2. Consider specific reports as agreed with the external auditor;
3. Comment on the scope and depth of external audit work and to ensure it is effective and gives value for money;
4. Commission work from internal and external audit, or other consultants, where applicable; and
5. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### Financial Reporting

The Audit and Governance Committee will:

1. Review the draft annual statement of accounts prior to approval. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council; and
2. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### Treasury Management

The Audit and Governance Committee will:

1. Ensure effective scrutiny of the treasury management strategy and policies;
2. Agree proposed changes to the treasury management strategy prior to approval;
3. Receive assurance on treasury management activity;
4. Consider reports on treasury management activity during the year; and
5. Consider the treasury management annual report;

### Accountability Arrangements

The Audit and Governance Committee will:

1. Report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
2. Report to full council on an annual basis outlining the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

### Authority

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, including those of partner organisations, and all employees are directed to co-operate with any request made by the Committee.

### Frequency of Meetings

The Committee will normally meet four times each year to fulfil its requirements.

### Membership

The Committee will consist of 6 members appointed by Full Council. In addition the Executive Member for Resources will also attend each Committee meeting.

The Leader of the Council and all Executive Members are precluded from being voting members of the Committee.

A quorum shall be 3 Members.

New Committee members will be required to undertake appropriate induction training to enable them to adequately perform their duties as and when necessary.6

### Attendance

Committee members are expected to make every effort to attend all meetings, where this is not possible a substitute should be nominated.

To achieve these objectives the Committee will depend principally on the attendance of the Chief Executive or Deputy Chief Executive, Director of Finance & IT, the Director of HR, Legal & Corporate Services and the Head of Audit & Assurance or their nominated representatives. The Council's external auditors, external advisors and Directors may be requested to attend as and when appropriate.

### Reporting

Minutes of Audit and Governance Committee will be formally noted by Full Council.

Further reports will be made in those cases where the Committee considers matters must be formally brought to the attention of Full Council.

**CIPFA Practical Guidance on Audit Committees – Action Plan**

<u>No.</u>	<u>Action</u>	<u>Implementation Date</u>	<u>By Whom</u>	<u>Current Position (March 2017)</u>
1	The reporting arrangements contained within the Audit Committee’s Terms of Reference should be updated to provide for a direct reporting line to full council.	March 2016	Audit Section/Audit Committee	Revised terms of reference were agreed by the Committee which provide for a direct reporting line to full Council. The terms of reference were included in the revised Constitution approved in by full Council in July 2016. <b>Completed</b>
2	The terms of reference for the Audit Committee should explicitly address all of the core areas identified in CIPFA’s Position Statement.	March 2016	Audit Section/Audit Committee	The revised terms of reference approved by full Council address all the core areas identified in CIPFA’s Position Statement. <b>Completed</b>
3	The agenda for Audit Committee meetings should include for consideration, assurance reports issued to the Council by external inspection agencies.	March 2016	Audit Section/Audit Committee	The revised terms of reference provide for the Audit & Governance Committee to receive other reports as required. <b>Completed</b>
4	The Audit Committee must undertake an annual review of its performance and report the findings to full council. This review should include an assessment of the committee’s strengths and weaknesses and an assessment of its effectiveness with an action plan for improvements were identified. Full council should review and comment upon this report.	June 2015	Audit Section/Audit Committee	The Committee carries out an annual self-assessment of its effectiveness and performance, which is considered at its meeting in January and included in its annual report. The revised terms of reference provide for a direct reporting line to full Council. <b>Completed</b>
5	The Audit Committee should ensure that an annual evaluation is undertaken to assess whether it is fulfilling its terms of reference and	June 2015	Audit Section/Audit Committee	An Audit & Governance Committee annual report is presented to the June meeting This includes an assessment of the Committee

<u>No.</u>	<u>Action</u>	<u>Implementation Date</u>	<u>By Whom</u>	<u>Current Position (March 2017)</u>
	that adequate consideration has been given to all core areas identified in CIPFA's Position Statement.			performance against its terms of reference. The report was then submitted to the Council's Executive Board. <b>Implemented</b>
6	The Audit Committee should consider including within its terms of reference the wider areas identified in CIPFA's Position Statement.	March 2016	Audit Section/Audit Committee	The revised terms of reference include some of the wider areas identified in CIPFA's Position Statement i.e. treasury management. Whilst not included in its terms of reference the Committee also receives and annual report on significant partnership arrangements. <b>Completed</b>
7	The composition of the Audit Committee must be reviewed in line with HM Treasury and CIPFA guidance on the inclusion of executive members on the committee.	March 2016	Democratic Services	The revised terms of reference restrict the Leader or any Executive Members being a member of the Committee. <b>Implemented</b>
8	Members of the Audit Committee should review the knowledge and skills framework contained within the CIPFA guidance as part of a self-assessment process designed to identify any training needs.	March 2015	Audit Section/Audit Committee/ Democratic Services	The member self-assessments have been analysed to identify areas for Committee development. The exercise will be repeated for any new members appointed to the Committee following the May elections. <b>Implemented</b>
9	The expected knowledge and skills of Audit Committee members should be outlined in a model job description and person specification.	June 2015	Audit Section/Audit Committee/ Democratic Services	The political groups appoint members to this and other Committees and there is little opportunity to influence this. This area would need to be considered as part of a wider review of member training and development covering all key roles, including Executive Members and Chairs of Committees. It would require wider consultation and agreement.

<u>No.</u>	<u>Action</u>	<u>Implementation Date</u>	<u>By Whom</u>	<u>Current Position (March 2017)</u>
10	A programme of support for Audit Committee members to include specific induction training for their role on the Committee and a formal training programme should be considered.	June 2015	Audit Section/Audit Committee/ Democratic Services	A training programme for members of the Audit & Governance Committee commenced during 2016/17. Training needs will continue to be assessed and identified as part of the self-assessment process. <b>Complete</b>
11	The audit committee should engage with a wider range of officers such as the chief executive, monitoring officer and service directors.	March 2016	Audit Committee Members	During 2016/17 the Committee has invited relevant officers to attend Committee to discuss pertinent agenda items and will continue to do so where appropriate. <b>Implemented</b>
12	An annual work programme for the Audit Committee should be developed and scheduled into a timetable of meetings setting out details of the assurances it requires. The annual programme should be updated throughout the year to include details of reports which are instructed for submission to the Committee along with the due date and responsible officer.	March 2016	Audit Section/Audit Committee	The revised terms of reference includes an annual work programme/timetable for the committee. <b>Complete</b>
13	Committee members should complete the assessment tool at appendix E of the CIPFA guidance in order to evaluate the effectiveness of the Audit Committee and should develop an action plan to improve any areas of weakness identified.	March 2016	Audit Committee	The CIPFA self-assessment tool has been completed by Audit & Assurance on behalf of the Committee. The results have been considered at the January 2017 Committee meeting and will be reviewed on an ongoing basis. <b>Complete</b>

**CIPFA'S AUDIT COMMITTEES PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES (2013 EDITION)****Evaluating the Effectiveness of the Audit Committee****Assessment key**

5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this

**Blackburn with Darwen Borough Council Audit Committee Effectiveness Assessment 2016/17**

<b>Areas where the audit committee can add value by supporting improvement</b>	<b>Examples of how the audit committee can add value and provide evidence of effectiveness</b>	<b>Self-evaluation, examples, areas of strength and weakness</b>	<b>Overall assessment: 5 – 1 See key above</b>
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it.</p> <p>Working with key members to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner audit committees to review</p>	<p>The Committee reviews the draft AGS prior to approval. Also reviews the Risk Management Annual Report and annual opinions from Internal Audit (IA) and External Audit which support the AGS.</p> <p>Committee approves the IA annual audit plan, which classifies audit reviews by assurance area to ensure adequate coverage of risk, governance and control frameworks. Committee receives key findings and opinions from individual reviews supporting the overall opinion.</p> <p>Partnership arrangements are not covered by the current terms of reference. However the Committee does</p>	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
	governance arrangements in partnerships.	receive a report on the Council's Significant Partnerships Register.  The Chair the Committee is a member of the Primary	
		Assurance Group, which reviews the AGS and related assurance reports.  <b>Actions:</b> Committee training to be arranged on the new CIPFA/SOLACE Good Governance Framework 2016, Annual Governance Statement and the Council Code of Corporate Governance.	
Contributing to the development of an effective control environment.	Monitoring the implementation of recommendations from auditors.  Encouraging ownership of the internal control framework by appropriate managers.  Raising significant concerns over controls with appropriate senior managers.	Regular Internal Audit Progress Report presented to Committee includes percentage of recommendations implemented and commentary re outstanding 'must' level recommendations.  The Committee reviews the summary of MAF red priority areas of concern.  The Committee requests Directors or senior managers to attend meetings, as and when appropriate, to provide explanations and updates on significant audit concerns.  The Committee is also authorised by the Council to investigate any activity within its terms of reference and to seek any information it requires from any employee, including those of partner organisations, and all employees are directed to co-operate with any request made by the Committee.	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.  Monitoring improvements.	The Committee receives the annual risk management report which includes key events and achievements for the previous year and key developments for the next 12 months.	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
manage risks.	Holding risk owners to account for major/strategic risks.	The corporate risk register summary identifies risk owners at Director/senior officer level and tracks changes to risk scores. Regular reports are presented to Committee on the corporate risk register and risk management support activity. Audit & Governance Committee members attended a January 2016 risk management refresher workshop presented by Zurich Municipal and a further session delivered by Audit & Assurance in April 2017.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.	Regular reporting of planned and actual coverage by Internal and External Audit. Committee challenge opportunities for reliance on IA work by External Auditors and receives Internal and External Audit and Risk Management progress reports. The IA report includes audits in progress and in-year review of resources and achievement of plan.  IA reviewed and provided assurance on risk management arrangements in 2016/17. In addition, from April 2017 the Committee will review and challenge a selection of corporate risk at each meeting.	4
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements and supporting improvements.	The Head of Audit & Assurance has right of access to and regular briefings for the Chair of Audit & Governance Committee. The Committee receives and approves the IA Charter and annual strategic statement, including reporting and monitoring arrangements, supporting the IA annual plan. Annual External Auditors Audit Findings Report includes commentary re IA as part of assessment of financial control arrangements.  The Committee reviewed the Internal Audit Quality Assurance Improvement Plan. The annual Head of Audit Opinion Report includes an assessment of IA	5

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
		performance and quality assurance. Committee approved Peer review approach for external assessment of IA compliance with Public Service Internal Audit Standards and received the overall opinion and a summary of the findings and themes from the Peer review action plan at its April meeting.	
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	<p>Work on this area is included in Internal and External Audit plans on a risk assessment basis. IA reviews are classified under one of the three headings in the plan and the annual report. Plans include reviews of key capital and revenue projects. Additional ad hoc work is carried out during the year on request by Directors.</p> <p>Internal audit progress report includes a summary of MAF red priority areas of concern.</p> <p>Performance management is not specifically identified in the Committee Terms of Reference. There are other processes in place within the Council's governance structure which provide scrutiny and challenge for this area, as part of the Corporate Plan Scorecard monitoring arrangements, to hold Chief Officers and managers to account on a regular basis, such as Management Board and the PAM reporting process as well as Members through PDS, SPT and Executive Board reporting.</p> <p>Internal audit consider performance arrangements as part of any relevant audit and would report on them as part of our progress reporting arrangements.</p> <p>The IA plan also includes specific KPI audits.</p>	4

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. Considering how performance in value for money is evaluated as part of the AGS.	Standing Financial Instruction 3, Procurement and the Payment of Creditors, and Corporate Contract & Procurement Procedure Rules are in place as part of the control framework to ensure that value for money is considered in procurement activity. Regular Creditors audits consider on compliance with these requirements. The Committee receives the External Audit Combined External Audit Value for Money and Audit Findings Report.	4
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against the standards set out in CIPFA's <i>Managing the Risk of Fraud</i> (Red Book 2). Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. Assessing the effectiveness of ethical governance arrangements for both staff and members.	A Counter Fraud Policy and Strategy is in place (which was reviewed and updated in 2015/16 in accordance with latest CIPFA guidance) supported by Counter Fraud Policy Framework which includes Fraud Response Plan, Whistleblowing Policy, Anti Money Laundering Policy and Members and Employees' Codes of Conduct. Internal Audit progress report includes oversight of counter fraud activity and results.  The Audit & Governance Committee consider and approve the annual fraud risk assessment as part of the External Auditor's enquiries of those charged with governance and have approved the Counter Fraud Plan as part of Internal Audit annual plan 2017/18.  <b>Actions:</b> <ul style="list-style-type: none"> <li>• An Annual Fraud Report to be prepared and presented to the Audit &amp; Governance Committee for consideration and approval.</li> <li>• Provide the Committee members with training on the Counter Fraud arrangements and key fraud risks.</li> </ul>	4

<b>Areas where the audit committee can add value by supporting improvement</b>	<b>Examples of how the audit committee can add value and provide evidence of effectiveness</b>	<b>Self-evaluation, examples, areas of strength and weakness</b>	<b>Overall assessment: 5 – 1 See key above</b>
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.</p>	<p>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p>	<p>Audit &amp; Governance Committee meetings are held in public with minimal Part 2 items. Agendas and reports are published on Council internet website.</p> <p>Council Committee agendas, reports and minutes are also available on the internet via the Council website along with Executive Members' and Officer decisions. Consideration of Partnership arrangements is not currently included in the Committee's terms of reference. However a corporate Partnership Governance Framework is in place, which includes a Governance Checklist and the Committee receives a report on the Council's Significant Partnerships Register.</p>	<p>4</p>

### 2016/17 Member Attendance and Committee Work Programme

During the year four meetings were held. The following Member attendance was recorded.

Councillor/Date	14 June 2016	20 September 2016	10 January 2017	11 April 2017
Salim Sidat MBE (Chair)	✓	✓	✓	✓
Andy Kay	✓	A	✓	✓
Ron Whittle	✓	✓	✓	A
Vicky McGurk	✓	A	A	A
David Foster	✓	A	✓	✓
Jim Casey	N/A	✓	✓	✓
Keith Murray	N/A	N/A	✓	✓
Colin Rigby	A	A	N/A	N/A

A=apologies

N/A = During the year Councillor Rigby vacated his seat on the Committee due to other Council responsibilities and was replaced by Councillor Murray.

<b>Blackburn with Darwen Borough Council</b>					
<b>Audit &amp; Governance Committee Work Programme 2016/17</b>					
PROGRAMME ACTIVITY:	TERMS OF REF. NUMBER	JUNE	SEPTEMBER	JANUARY	APRIL
<b>Governance, Risk and Control</b>					
Annual Statement (AGS)	1,2,3	✓			
AGS Progress Report	1,2			✓	
Risk Management Annual Report	3,5,6,7	✓			
Internal Audit Opinion Report	3,5	✓			
External Audit VFM Report	4		✓		
MAF Update	5	✓		✓	
Risk Management Update	5,6,7		✓	✓	✓
Corporate Health, Safety & Wellbeing Annual Report	3,5,6,7	✓			

<b>PROGRAMME ACTIVITY:</b>	<b>TERMS OF REF. NUMBER</b>	<b>JUNE</b>	<b>SEPTEMBER</b>	<b>JANUARY</b>	<b>APRIL</b>
IA Progress & Outcomes Report	8,10	√	√	√	√
Arrangements for the Appointment of the External Auditor	1		√	√	
Management Assurance Report	9	√			
Reports from Other Committees or agencies	11	As Required	As Required	As Required	As Required
<b>Internal Audit</b>					
Annual Plan	1,2,4				√
IA Progress & Outcomes Report	3,4,5,7,8	√	√	√	√
Annual Internal Audit Opinion Report	6,9,10,11	√			
<b>External Audit</b>					
Annual Audit Letter	1,5			√	
Management Assurance Report	1	√			
Annual Plan	2,5				√
Progress Report	2	√	√	√	√
Findings Report	2,5		√		
Grant Certification Report	2				√
Value For Money Conclusion	3,5		√	√	
Fees Letter	4,5			√	
Arrangements for the Appointment of the External Auditor			√	√	
<b>Financial Reporting</b>					
Statement of Accounts	1		√		
Management Assurance Report	1	√			
External Audit Findings Report	2		√		
<b>Treasury Management</b>					
Strategy Report	1,2		√		
Progress Report	1,4	√	√	√	√
Annual Outturn Report	1,3,5		√		

<b>PROGRAMME ACTIVITY:</b>	<b>TERMS OF REF. NUMBER</b>	<b>JUNE</b>	<b>SEPTEMBER</b>	<b>JANUARY</b>	<b>APRIL</b>
<b>Accountability Arrangements</b>					
Committee Annual Report	1,2	√			
Committee Self-Assessment	2			√	



**TO: Audit and Governance Committee**

**FROM: Deputy Chief Executive**

**DATE: 13<sup>th</sup> June 2017**

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

---

**TITLE OF REPORT: Significant Partnerships Register as at 31<sup>st</sup> May 2017**

---

**1. PURPOSE**

To provide Members with an update on the Significant Partnerships Register as at May 2017. The Register identifies all the significant partnerships the local authority is involved in as per the Audit and Governance Committee's Terms of Reference.

**2. RECOMMENDATIONS**

The Audit and Governance Committee is asked to:

- Review and approve the significant partnerships included in the May 2017 register.

**3. BACKGROUND**

The Significant Partnerships Register is completed by officers to comply with a governance framework which has been adopted based on the principles of the Council's Code of Corporate Governance. The Register is an opportunity to ensure that partnerships across the local authority are well-governed and that appropriate oversight is in place.

For the purposes of this exercise a significant partnership is: 'an agreement between two or more independent bodies to work collectively to achieve a shared objective.'

It is defined as a joint working arrangement where the partners:

- are otherwise independent bodies;
- agree to co-operate to achieve common goals and outcomes for the community;
- share accountability, risks, and resources;
- share relevant information; and
- agree processes and programmes to achieve the common goal.

#### **4. RATIONALE**

The Significant Partnerships Register is updated on an annual basis to review and assess partnerships to ensure that they continue to be relevant, offer value for money and that the intended outcomes are being achieved. Partnership arrangements are kept under review to make sure that they are well managed and governed.

As budget pressures continue across the sectors, partnership working will increase and this means that appropriate oversight and governance will need to be continued to the current high standards. In 2016/17, the Internal Audit team undertook a review of the annual register process and changes were implemented to strengthen the process following receipt of the Audit report.

#### **5. KEY ISSUES**

A copy of the Significant Partnerships Register as at May 2017 is included with this report. It contains the current significant partnerships and information of any significant partnerships where elected Members represent the Council. The register has been completed as at 31<sup>st</sup> May 2017.

All the responses received for 2016/17 will now be required to confirm that appropriate governance and control mechanisms and arrangements are in place by end of September 2017.

#### **6. POLICY IMPLICATIONS**

There are no policy implications arising from this report.

#### **7. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

#### **8. LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

#### **9. RESOURCE IMPLICATIONS**

There are no resource implications arising from this report.

#### **10. EQUALITY AND HEALTH IMPLICATION**

There are no equality implications arising from this report.

#### **11. CONSULTATIONS**

Each entry for the Significant Partnerships Register is approved by the relevant Director prior to submission.

Contact Officer: Mohsin Mulla (ext. 5525)

Date: 25<sup>th</sup> May 2017

Background Papers: Significant Partnerships Register (appendix 1)

Department	Service area	Name of partnership
<b>Adult Services</b>	Commissioning	Integrated Joint Commissioning Network
	Safeguarding	Local Safeguarding Adult's Board
<b>Children's Services</b>	Safeguarding	Local Safeguarding Children's Board
		Youth Justice Service Strategic Board
		MAPPA Strategic Management Board
	Schools	Blackburn, Blackpool, Cumbria & Lancashire (BBCL) School Improvement Board
<b>Localities and Prevention</b>	Civil Contingencies	Lancashire Resilience Forum
	Community Safety	Pennine Lancashire Community Safety Partnership Board
	Neighbourhoods	Transforming Lives
<b>Strategy and Funding</b>	Strategy and Partnerships	Local Strategic Partnership Board
		Hive Ambassadors Network
		Shadow Lancashire Combined Authority
		Strategic Alliance meeting
		Lancashire Public Service Board
		Lancashire Enterprise Partnership

		Growth Lancashire
		Evergreen Board
		PLACE Leaders and Chief Executive
<b>Public Health</b>	Public Health	Health and Wellbeing Board
<b>Growth and Development</b>	Planning & Transport	Pennine Lancashire Building Control
	Capita Partnership	Capita Partnership Board
	Property	Lancashire Property Board
<b>all</b>	Health	Healthier Lancashire and South Cumbria
		Pennine Lancashire Transformation programme – Together a Healthier Future

Purpose of partnership
To provide the planning, implementation and governance framework for integrated commissioning between the Council and Clinical Commissioning Group (CCG), as set out by the Health and Wellbeing Board, CCG Governing Body and the Council Executive Board.
Lead strategic group for safeguarding vulnerable adults
Lead strategic group for safeguarding children and young people
Provides strategic direction to the YJS
From the beginning of the year 2004 there has been a legal “duty” for social services “to co-operate” with the local police and probation departments with MAPPA (Multi-agency Public Protection Arrangements - section 325 of the Criminal Justice Act 2003). The duty to co-operate relates to operational casework involving assessing and managing the risk posed by high-risk offenders.
The BBCL School Improvement Board (BBCL SIB) was established in 2014 in order to bring together the significant stakeholders, including the RSCs, LAs, Dioceses, Teaching Schools, MATs, Teaching School Council, NCTEM, NLEs and NLGs - who will become the custodians of a self-sustaining, self-improving education system as outlined in the government’s white papers in 2010 and 2015.
One of the key requirements of the Civil Contingencies Act (2004) was for Category 1 and 2 responders to form a 'Local Resilience Forum' based on Police areas. In Lancashire this is known as the Lancashire Resilience Forum (LRF).
The LRF is chaired by the Assistant Chief Constable of Lancashire Constabulary. The LRF Executive level meets twice a year and senior representatives of all Category 1 and 2 responders are invited to attend. The main work of the LRF is carried out by various thematic sub-groups who report to the LRF General Purposes Group.
To comply with the requirements of the crime and disorder act; providing strategic governance in relation to the prevention and detection of crime and anti-social behaviour.
To prevent admissions, and more immediately, repeat admissions, in the Health; Social Care and Criminal Justice System within Blackburn with Darwen and, East Lancashire – collectively known as Pennine Lancashire – through a change in working culture and approach working within geographical footprints, underpinned by evidence base.
The Local Strategic Partnership is a multi-agency group that represents the diverse public, private and third sectors in Blackburn with Darwen. The partnership promotes a joint approach and expertise to identifying and meeting local priorities.
Hive is a business network made up of over 330 local businesses with the aim to drive business growth in Blackburn and Darwen as well as promoting the borough as an excellent place to live, work and visit. The board consists of key senior staff from a variety of local businesses and organisations
To provide an effective working partnership for Local Government in Lancashire to attract devolved powers and funding and to play an influential role in the North West and Northern Powerhouse influencing government departments and key decision makers. .
Partnership between the Council, Blackburn College and Lancaster University to achieve shared economic, social and education outcomes for the borough and wider and aim to become a national exemplar for joint working between anchor institutions.
To provide an effective working partnership for Local Government and the public sector in Lancashire to deliver a cohesive work programme including identifying opportunities for efficiency savings, supporting vulnerable people, future workforce planning and co-location/shared services.
Collaboration of Leaders from business, universities and local councils, who direct economic growth and drive job creation.

<p>Collaborative working arrangements across public sector organisations in Blackburn with Darwen to improve the lives of local residents.</p>
<p>property loan fund supported by EU funding to provide development funding in Greater Manchester, Lancashire and Cheshire</p>
<p>Collaboration of Local Authorities, health and the Chamber of Commerce across Pennine Lancashire to direct economic growth and drive job creation across borough boundaries to the benefit of local residents.</p>
<p>Integrated partnership between the NHS, Social Care, Public Health and other local services to improve Health and Wellbeing in the borough.</p>
<p>To provide a sustainable Building Control service, initially between BwD and Burnley</p>
<p>This is a new flexible partnership between Capita and the Council, with Capita providing a blend of services and business cases that will deliver savings, income and growth for the borough. The deal will build the North of England's first 'place-based partnership', creating new opportunities around the development of land, local assets and skills that generate income and transform Blackburn with Darwen.</p>
<p>To support the Lancashire councils' policy ambition of Public Services Working Together – where Lancashire delivers integrated public services at the heart of local communities, giving everyone the opportunity for a healthier and safer life.</p>
<p>Sustainability and Transformation programme as outlined by NHS England. To implement the 5 year forward view : to integrate health and care. We support and attend a number of groups: joint committee, programme board, finance and system board, care system design , digital health.</p>
<p>Local delivery area to integrate health and care. Made up of East Lancashire CCG, BwD CCG,ELHT, LCFT, BwD Council, district councils in Pennine Lancashire, and LCC. We support and attend a number of groups: System Leaders Forum, Transformation Steering Group, Finance and Investment Group, communications and engagement, workforce and leadership.</p>

Lead officer	Date established
Claire Jackson	01 May 2013
Paul Lee	01 April 2010
Paul Lee	2006
Linda Clegg / David Fleming	Steering Group 2000 Board 2008
David Fleming	2001
Jessica Byrne	2014
Rachel Hutchinson	2006
Sayyed Osman / Mark Aspin	Oct-16
Sayyed Osman / Heather Taylor	01-Jun-14
Mohsin Mulla	1995
Brian Bailey / Mark Nelson	2012
Alison Schmid	11th July 2016
Brian Bailey	10-May-17
Alison Schmid	6th February 2017
Brian Bailey	Sep-11

Steven Cochrane	Regenerate 2005 and Growth Lancashire 2016
Brian Bailey	2013
Alison Schmid	PLACE Partnership 2005
Dominic Harrison	February 2011 Statutory Board 2013
Nick Bargh	03 September 2009
Denise Park	February 2016
Andrew Bond	January 2017
Harry Catherall	2016
Harry Catherall	2016

**Below are the significant partnerships on which Elected Members represent the**

Appointing committee	Name of partnership
BwD HL Board of trustees	Blackburn with Darwen Healthy Living Board
Annual Council or Executive	Lancashire Waste Partnership Strategy Steering Group
Annual Council or Executive	North West Housing Executive
Annual Council or Executive	Local Enterprise Partnership
Annual Council or Executive	Police & Crime Panel for Lancashire
Annual Council or Executive	Lancashire Combined Fire Authority
Annual Council or Executive	Lancashire County Pension Fund Committee
Annual Council or Executive	West Pennine Moors Area Management Committee
Annual Council or Executive	NW Regional Leaders Board
Annual Council or Executive	Transport for Lancashire
Annual Council or Executive	Shadow Lancashire Combined Authority
Annual Council or Executive	Marketing Lancashire

» Council

Purpose of partnership
To provide joint governance and accountability, and to ensure that BwDHL is delivering according to its vision and values.
To co-ordinate the waste management strategy of local authorities in Lancashire.
To bring together local authorities to work together collectively to influence and lobby Government for strategic allocation of resources or development of policy to support priorities in the North West.
Collaboration of Leaders from business, universities and local councils, who direct economic growth and drive job creation.
<p>The Panel is a joint committee of the 15 local authorities for the Lancashire Police Force area:</p> <ul style="list-style-type: none"> <li>· Lancashire County Council</li> <li>· Blackburn with Darwen Borough Council</li> <li>· Blackpool Council</li> <li>· District Councils x 12</li> </ul> <p>The Police and Crime Panel (PCP) has the power to scrutinise Police and Crime Commissioner (PCC) activities, including the ability to review the Police and Crime Plan and annual report, request PCC papers and call PCCs and Chief Constable to public hearings. The PCP can also veto decisions on the local precept and the appointment of a new Chief Constable.</p>
Joint Control of the Fire Service for LCC, Blackburn with Darwen and Blackpool
To represent the Council on the managing body for the Pension Scheme
To oversee the implementation of the policies and proposals in the West Pennine Moors Conservation and Recreation Subjects Plan.
Leaders of NW upper tier councils meeting
To approve Transport for Lancashire's local major transport scheme investment programme and other transport commitments within the Lancashire's Growth Deal
To provide an effective working partnership for Local Government in Lancashire to attract devolved powers and funding and to play an influential role in the North West and Northern Powerhouse influencing government departments and key decision makers. .
To represent the Council working with partners to promote tourism in the sub-region of Lancashire, Blackpool and Blackburn with Darwen.

<b>Current reps</b>	<b>Meetings</b>
Cllr S Hussain	Bi-monthly meetings
Cllr Jim Smith	Quarterly
Cllr Jan Virmani	6 times a year
Cllr Phil Riley	Quarterly
Cllr Andy Kay	6 meetings per year
Cllr Z Khan; Cllr D Smith and Cllr M Khan	5 Ordinary meetings per year Plus other sub committees and working group
Cllr Whittle	4 times per year
Cllr Talbot and Cllr J Rigby	3 times a year
Cllr M Khan	5 times a year
Cllr Phil Riley	4 times per year
Cllr M Khan	4 times per year
Cllr Phil Riley	AGM and General Meetings

Department	Service area	Name of partnership
<b>Adult Services</b>	Commissioning	Integrated Joint Commissioning Network
	Safeguarding	Local Safeguarding Adult's Board
<b>Children's Services</b>	Safeguarding	Local Safeguarding Children's Board
		Youth Justice Service Strategic Board
		MAPPA Strategic Management Board
	Schools	Blackburn, Blackpool, Cumbria & Lancashire (BBCL) School Improvement Board
<b>Localities and Prevention</b>	Civil Contingencies	Lancashire Resilience Forum
	Community Safety	Pennine Lancashire Community Safety Partnership Board
	Neighbourhoods	Transforming Lives
<b>Strategy and Funding</b>	Strategy and Partnerships	Local Strategic Partnership Board
		Hive Ambassadors Network
		Shadow Lancashire Combined Authority
		Strategic Alliance meeting
		Lancashire Public Service Board
		Lancashire Enterprise Partnership

		Growth Lancashire
		Evergreen Board
		PLACE Leaders and Chief Executive
<b>Public Health</b>	Public Health	Health and Wellbeing Board
<b>Growth and Development</b>	Planning & Transport	Pennine Lancashire Building Control
	Capita Partnership	Capita Partnership Board
	Property	Lancashire Property Board
<b>all</b>	Health	Healthier Lancashire and South Cumbria
		Pennine Lancashire Transformation programme – Together a Healthier Future

Purpose of partnership
To provide the planning, implementation and governance framework for integrated commissioning between the Council and Clinical Commissioning Group (CCG), as set out by the Health and Wellbeing Board, CCG Governing Body and the Council Executive Board.
Lead strategic group for safeguarding vulnerable adults
Lead strategic group for safeguarding children and young people
Provides strategic direction to the YJS
From the beginning of the year 2004 there has been a legal “duty” for social services “to co-operate” with the local police and probation departments with MAPPA (Multi-agency Public Protection Arrangements - section 325 of the Criminal Justice Act 2003). The duty to co-operate relates to operational casework involving assessing and managing the risk posed by high-risk offenders.
The BBCL School Improvement Board (BBCL SIB) was established in 2014 in order to bring together the significant stakeholders, including the RSCs, LAs, Dioceses, Teaching Schools, MATs, Teaching School Council, NCTEM, NLEs and NLGs - who will become the custodians of a self-sustaining, self-improving education system as outlined in the government’s white papers in 2010 and 2015.
One of the key requirements of the Civil Contingencies Act (2004) was for Category 1 and 2 responders to form a 'Local Resilience Forum' based on Police areas. In Lancashire this is known as the Lancashire Resilience Forum (LRF).
The LRF is chaired by the Assistant Chief Constable of Lancashire Constabulary. The LRF Executive level meets twice a year and senior representatives of all Category 1 and 2 responders are invited to attend. The main work of the LRF is carried out by various thematic sub-groups who report to the LRF General Purposes Group.
To comply with the requirements of the crime and disorder act; providing strategic governance in relation to the prevention and detection of crime and anti-social behaviour.
To prevent admissions, and more immediately, repeat admissions, in the Health; Social Care and Criminal Justice System within Blackburn with Darwen and, East Lancashire – collectively known as Pennine Lancashire – through a change in working culture and approach working within geographical footprints, underpinned by evidence base.
The Local Strategic Partnership is a multi-agency group that represents the diverse public, private and third sectors in Blackburn with Darwen. The partnership promotes a joint approach and expertise to identifying and meeting local priorities.
Hive is a business network made up of over 330 local businesses with the aim to drive business growth in Blackburn and Darwen as well as promoting the borough as an excellent place to live, work and visit. The board consists of key senior staff from a variety of local businesses and organisations
To provide an effective working partnership for Local Government in Lancashire to attract devolved powers and funding and to play an influential role in the North West and Northern Powerhouse influencing government departments and key decision makers. .
Partnership between the Council, Blackburn College and Lancaster University to achieve shared economic, social and education outcomes for the borough and wider and aim to become a national exemplar for joint working between anchor institutions.
To provide an effective working partnership for Local Government and the public sector in Lancashire to deliver a cohesive work programme including identifying opportunities for efficiency savings, supporting vulnerable people, future workforce planning and co-location/shared services.
Collaboration of Leaders from business, universities and local councils, who direct economic growth and drive job creation.

Collaborative working arrangements across public sector organisations in Blackburn with Darwen to improve the lives of local residents.
property loan fund supported by EU funding to provide development funding in Greater Manchester, Lancashire and Cheshire
Collaboration of Local Authorities, health and the Chamber of Commerce across Pennine Lancashire to direct economic growth and drive job creation across borough boundaries to the benefit of local residents.
Integrated partnership between the NHS, Social Care, Public Health and other local services to improve Health and Wellbeing in the borough.
To provide a sustainable Building Control service, initially between BwD and Burnley
This is a new flexible partnership between Capita and the Council, with Capita providing a blend of services and business cases that will deliver savings, income and growth for the borough. The deal will build the North of England's first 'place-based partnership', creating new opportunities around the development of land, local assets and skills that generate income and transform Blackburn with Darwen.
To support the Lancashire councils' policy ambition of Public Services Working Together – where Lancashire delivers integrated public services at the heart of local communities, giving everyone the opportunity for a healthier and safer life.
Sustainability and Transformation programme as outlined by NHS England. To implement the 5 year forward view : to integrate health and care. We support and attend a number of groups: joint committee, programme board, finance and system board, care system design , digital health.
Local delivery area to integrate health and care. Made up of East Lancashire CCG, BwD CCG,ELHT, LCFT, BwD Council, district councils in Pennine Lancashire, and LCC. We support and attend a number of groups: System Leaders Forum, Transformation Steering Group, Finance and Investment Group, communications and engagement, workforce and leadership.

Lead officer	Date established
Claire Jackson	01 May 2013
Paul Lee	01 April 2010
Paul Lee	2006
Linda Clegg / David Fleming	Steering Group 2000 Board 2008
David Fleming	2001
Jessica Byrne	2014
Rachel Hutchinson	2006
Sayyed Osman / Mark Aspin	Oct-16
Sayyed Osman / Heather Taylor	01-Jun-14
Mohsin Mulla	1995
Brian Bailey / Mark Nelson	2012
Alison Schmid	11th July 2016
Brian Bailey	10-May-17
Alison Schmid	6th February 2017
Brian Bailey	Sep-11

Steven Cochrane	Regenerate 2005 and Growth Lancashire 2016
Brian Bailey	2013
Alison Schmid	PLACE Partnership 2005
Dominic Harrison	February 2011 Statutory Board 2013
Nick Bargh	03 September 2009
Denise Park	February 2016
Andrew Bond	January 2017
Harry Catherall	2016
Harry Catherall	2016

**Below are the significant partnerships on which Elected Members represent the**

Appointing committee	Name of partnership
BwD HL Board of trustees	Blackburn with Darwen Healthy Living Board
Annual Council or Executive	Lancashire Waste Partnership Strategy Steering Group
Annual Council or Executive	North West Housing Executive
Annual Council or Executive	Local Enterprise Partnership
Annual Council or Executive	Police & Crime Panel for Lancashire
Annual Council or Executive	Lancashire Combined Fire Authority
Annual Council or Executive	Lancashire County Pension Fund Committee
Annual Council or Executive	West Pennine Moors Area Management Committee
Annual Council or Executive	NW Regional Leaders Board
Annual Council or Executive	Transport for Lancashire
Annual Council or Executive	Shadow Lancashire Combined Authority
Annual Council or Executive	Marketing Lancashire

» Council

Purpose of partnership
To provide joint governance and accountability, and to ensure that BwDHL is delivering according to its vision and values.
To co-ordinate the waste management strategy of local authorities in Lancashire.
To bring together local authorities to work together collectively to influence and lobby Government for strategic allocation of resources or development of policy to support priorities in the North West.
Collaboration of Leaders from business, universities and local councils, who direct economic growth and drive job creation.
<p>The Panel is a joint committee of the 15 local authorities for the Lancashire Police Force area:</p> <ul style="list-style-type: none"> <li>· Lancashire County Council</li> <li>· Blackburn with Darwen Borough Council</li> <li>· Blackpool Council</li> <li>· District Councils x 12</li> </ul> <p>The Police and Crime Panel (PCP) has the power to scrutinise Police and Crime Commissioner (PCC) activities, including the ability to review the Police and Crime Plan and annual report, request PCC papers and call PCCs and Chief Constable to public hearings. The PCP can also veto decisions on the local precept and the appointment of a new Chief Constable.</p>
Joint Control of the Fire Service for LCC, Blackburn with Darwen and Blackpool
To represent the Council on the managing body for the Pension Scheme
To oversee the implementation of the policies and proposals in the West Pennine Moors Conservation and Recreation Subjects Plan.
Leaders of NW upper tier councils meeting
To approve Transport for Lancashire's local major transport scheme investment programme and other transport commitments within the Lancashire's Growth Deal
To provide an effective working partnership for Local Government in Lancashire to attract devolved powers and funding and to play an influential role in the North West and Northern Powerhouse influencing government departments and key decision makers. .
To represent the Council working with partners to promote tourism in the sub-region of Lancashire, Blackpool and Blackburn with Darwen.

<b>Current reps</b>	<b>Meetings</b>
Cllr S Hussain	Bi-monthly meetings
Cllr Jim Smith	Quarterly
Cllr Jan Virmani	6 times a year
Cllr Phil Riley	Quarterly
Cllr Andy Kay	6 meetings per year
Cllr Z Khan; Cllr D Smith and Cllr M Khan	5 Ordinary meetings per year Plus other sub committees and working group
Cllr Whittle	4 times per year
Cllr Talbot and Cllr J Rigby	3 times a year
Cllr M Khan	5 times a year
Cllr Phil Riley	4 times per year
Cllr M Khan	4 times per year
Cllr Phil Riley	AGM and General Meetings