



Blackburn with Darwen Borough Council

**Annual Governance Statement
For the year ended 31 March 2020 and up to the
date of the July 2020 Audit & Governance
Committee**

ANNUAL GOVERNANCE STATEMENT

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

Blackburn with Darwen Borough Council recognises that there always will be risks that it must manage effectively. Whilst it recognises that due diligence will not always ensure that it gets things right first time, it continues to put in place assurance frameworks and enhance existing arrangements that are intended to ensure that its system of governance is fit for purpose and has flexibility to meet the challenges that the change agenda brings.

The Resources Directorate has continued to promote the Council's strategic approach to governance and assurance. The key developments and on-going arrangements in governance 2019/20 included the following:

- Continuing review and refresh of the Council's Constitution.
- Implementation of a revised format for Management Board meetings to increase the focus in the right areas.
- Completion and review of director assurance statements, which closely reflect the seven principles of good governance in support of the Annual Governance Statement.
- The May 2019 External IT Health Check Review, which included penetration testing, found that the overall security posture of the Council's perimeter IT network was strong.
- An Internal IT Health Check to check for IT security misconfiguration and other weaknesses, which could lead to system compromise and access to sensitive or valuable information.
- The Council's evidence submitted for the 2020/21 NHS Data Security and Protection Toolkit DSPT exceeded the standards required to achieve compliance and has enabled the Council to continue to exchange data with the NHS.
- Assessed as achieving Cyber Essentials Plus certification requirements.
- The IT infrastructure was assessed as sufficiently secure to connect to the Public Services Network.
- Continuing embedding of information security awareness through the refresh of the e-learning toolkit, and monitoring staff completion of training.
- On-going participation in the National Fraud Initiative.
- Ongoing use and review of the risk register template to improve the monitoring arrangements.
- Revision of the Medium Term Financial Strategy and Capital Programme.
- Annual Audit & Governance Committee self-assessment arrangements to evaluate its effectiveness.
- Work was carried out to assess the risks associated with, and prepare for a 'no deal' EU exit in collaboration with external partners under the Lancashire Resilience Forum, the Local Government Association and regional Chief Executives reporting into the Ministry of Housing Communities & Local Government and other Government departments.
- The effective management of the European and UK election arrangements with the Borough.
- The on-going formalised, structured member training and development programme including mandatory and optional courses.
- The Audit & Governance Committee routinely inviting senior officers to attend meetings and holding them to account for actions to address any significant issues identified by Audit & Assurance as part of the annual Internal Audit programme.
- The review of significant partnerships and external bodies that 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.
- The 2018 Local Government Association (LGA) Corporate Peer Challenge concluded that the Council demonstrates a deep understanding of its local place and the challenges and opportunities these present for communities across Blackburn with Darwen.

SCOPE OF RESPONSIBILITY

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; 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 2020 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.

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

In March 2019, Council Forum agreed the refresh of a new corporate plan for 2019-2023. Following extensive consultation with residents, staff and members the plan was developed to acknowledge the continuing reductions in funding the Council has experienced since 2010. The new plan allows the Council to outline how it will meet these challenges whilst continuing to provide services to a standard that residents are accustomed to. The new corporate plan was launched after Annual Council in May 2019 and is published on the Council website.

Corporate Plan targets are monitored at departmental management team meetings prior to being taken to six monthly challenge meetings, at quarter 2 (half-year reporting) and quarter 4 (year-end reporting) with directors from Resources, People and Place, the Chief Executive, a policy, research and partnerships officer and officers from audit and assurance.

The challenge meetings provide a robust integrated performance challenge framework that focuses on identifying key issues and cross-cutting problems from the Corporate Plan performance metrics, Management Accountabilities Framework (MAF) dashboard reports and HR issues, such as sickness and Health & Safety, are also challenged for all portfolios. Highlighted issues are discussed fully and remedial actions agreed.

Priority issues are highlighted for progression to Management Board prior to being included in the Executive Board or Policy Council performance reports which are challenged at Policy Development Sessions (PDS) by the leader and executive members prior to final overall performance reporting and challenge at Executive Board or at Policy Council.

The LGA Corporate Peer Challenge in December 2018 noted that the Council benefits from widely respected political and managerial leadership. The confidence that partners have in the Council is in part inspired by its track record in stepping up to its responsibilities in partnerships across Lancashire and by its ability to deliver. Political and managerial leaders are experienced and, along with wider membership of the Council and staff, are passionate and committed to the area. This gives the Council a clear understanding of the place and its communities.

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

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

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

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

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

In working with MHCLG the four priorities in Blackburn with Darwen's Our Community, Our Future strategy are:

1. To increase economic prosperity for all the borough's communities as an essential prerequisite for social integration
2. To strengthen relationships between the borough's diverse communities (focussed predominantly on adults)
3. To build connections and strengthen relationships between young people who live in the borough's diverse communities
4. To connect the borough's disadvantaged communities to shared spaces – linking people and neighbourhoods to zones of employment, physical assets, community shared spaces and social action.

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

The LGA Corporate Peer Challenge team found that partners have confidence in the Council, both locally and across the region. The Council is seen as an effective partner across the region, able to step up when partners have had to address other issues.

At the same time as developing the Corporate Plan and ambition, the Council's policy, research and partnerships team worked with officers to identify what will be done to

deliver the ambition and how progress against this delivery will be measured. The success of the Corporate Plan will be measured through a new performance management framework with Key Performance Indicators (KPIs) which are measurable and meaningful.

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

3. Measure the quality of services for users.

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

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

Customer / resident satisfaction with the services they receive, for the council tax that they pay, has always been a key priority for the Council, and as such a key measure (95.5% collection of Council Tax) is included in the current Corporate Plan. Customer service is an embedded principal in all council work and specific arrangements exist within statutory services around adults and children social care.

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

The Council is legally and constitutionally obliged to maintain and keep up to date its constitution. The Council Constitution is reviewed and updated annually. This includes 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 Council has adopted the Executive and Leader model. The Council's Constitution sets out the relative roles and responsibilities of Executive and, Officers and Committees of the Council. It defines, through the procedure rules, how day-to-day activities must be undertaken and it allocates statutory responsibilities to named individuals. The decision-making processes are also defined by the Constitution and Executive Member decisions and "key decisions" may only be taken after both the Finance and Legal departments have been consulted.

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.

A more efficient internal management structure was implemented during the year through the reduction of the executive level posts from two to one. This took effect from 1 May 2019. The retirement of the previous Chief Executive enabled the Council to benefit from the opportunity this presented through the appointment of the previous Deputy Chief Executive to the Chief Executive post. This enabled the Council to retain the experience, knowledge, skills and abilities within the Council, enabling a smooth transition to take place.

A revised format has been implemented for Management Board meetings. This has increased the Board's focus in the right areas and improved its effectiveness as a senior team. Themed meetings take place each week over a four-week cycle and cover Strategy, Improvement, Effectiveness and Extended Leadership. This has provided flexibility to discuss items such as borough events, elections, Brexit, constitutional matters, urgent operational issues and planning for member meetings. Team activities have also been undertaken to develop Management Board working together effectively as a group.

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

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

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

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

The Council Constitution contains codes of conduct for Members and 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 Standing Financial Instruction 12 – Register of Personal Interests. The Employee Code of Conduct is reflected in the Constitution.

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

The Constitution provides the framework for decisions making. It includes delegations to various committees, Executive Members and officers, and also scrutiny arrangements for holding decision makers to be held to account. The decision making process is set out in Article 13 of the Constitution and responsibilities are identified in Part 3. These are reviewed and updated where necessary, to reflect any changes required, and approved at Annual Council each year as part of the review of the Constitution. The Monitoring Officer also holds and maintains a record 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 revised in April 2019 to reflect the changes in reporting arrangements and staff within the Council. The policy will be refreshed again in 2020/21.

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

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

The Council revised its Equality Impact Assessment (EIA) Toolkit and reviewed its decision-making processes in 2016/2017 to embed a robust and mandatory process 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 and in line with legislative requirements.

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

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

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

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

The Corporate Risk Management Strategy and Framework 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 provide a consistent approach to risk management across the Council. Each department has its own risk register and is required to consider risk at each departmental management meeting.

The Executive Member and Executive Board Decision templates include a section to record and consider key risks as part of the decision making process. The Management Accountability Framework (MAF) Director's Exception/Dashboard Report also contains links to the departmental and corporate risk registers, which Directors are required to review. The Directors MAF Assurance Statement declaration includes an acknowledgement of Directors' responsibility to maintain and operate sound corporate governance, control and risk management arrangements within their Departments.

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

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

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

The Council produces integrated financial monitoring reports covering revenue and capital expenditure. The Council introduced a new Financial Management System from 1st April 2017, this produced immediate working efficiencies, cost savings and facilitated the production of more timely and detailed information to Members and Officers at all levels. The system has continued to be developed during 2018-19 and 2019-20 and continues to produce cost and working efficiencies both within the Finance Department and the Council as a whole.

The Departmental Business Continuity Plans and the Functional Emergency Plans are constantly being reviewed and streamlined. Over the last two years, all of the departmental business continuity plans have been reviewed and updated through a Quality Assurance audit process. This process challenges each service area in departments requiring evidence or actions in response to questions asked, then providing a score as a result of the information input. The Emergency Plans now have Standard Operating Procedures (SOPs), essentially a “plan on a page” to assist Strategic Officers quickly assessing 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. The Corporate Business Continuity plan is being refreshed in order to reduce the cross referencing between it and departmental plans with the aim of a single plan with departmental annexes. The Corporate BC Plan will contain all Critical Functions, priority tiers of staff, essential fuel users and essential prioritised services at the White Dove Centre in times of IT outage etc.

The corporate Emergency and Business Continuity plans are tested annually in alternate years. The corporate exercise for 2019/20 was Emergency Planning with a view to testing the Multi-agency Flood plan with partners; however, this was changed to test the Corporate BC plan with the LRF Pandemic Influenza Plan as Covid-19 has just been declared a national and global emergency. This was then subsequently cancelled due to the wholesale response to the emergency. The Corporate BC plan was activated which in turn activates all departmental plans. We are still in the response phase of this global emergency and all departmental plans are flexing to meet the needs of each department. A group conversation has confirmed this with revisions to plans underway.

The Resilience & Emergency Planning Service delivers an annual corporate training programme to staff and volunteers to ensure that they are all trained in their roles they are either expected to perform or volunteer to perform for the Council. The Resilience & Emergency Planning Service is currently working through a resilience promotion to schools in the borough and particularly Year 5 pupils who are being encouraged to promote community resilience. This was launched nationally in Autumn 2018 and revised and sent out to local schools again in 2019; we are also working with schools on their resilience in their emergency preparedness and response to an emergency or disruption. This is now a mandatory service provision to all Community Schools in the borough. The Resilience & Emergency Planning Service has also worked on the Council’s preparedness for the potential implications of a “no deal” EU Exit with partners.

The Corporate Health and Safety policy clearly states that health and safety is the responsibility of **all** employees and managers within the Council, with clear leadership from Chief Officers. The Chief Executive retains overall responsibility for the management of health and safety in the Council. The Policy, which was updated and

reissued in May 2019, along with the system of safety procedural and guidance documents, outline the arrangements in place to meet the Council's statutory duties.

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

Employees receive health and safety training upon induction and in line with role requirements thereafter. A range of classroom courses and e-learning training is available to all members of staff. Further to re-issuing the Health and Safety Policy in 2019, the Chief Officers agreed to some mandatory health and safety e-learning for all employees, to be refreshed on a 3 yearly basis. Currently these are Health and Safety in the Workplace, Manual Handling and Fire Safety Awareness.

A rolling health and safety audit programme is in place for the Council, with higher risk departments and services prioritised. Service Level Agreements are offered to schools across the Borough for a health and safety service, with over 40 schools purchasing this service from the team. During recent months in lockdown due to COVID-19, we have continued to work closely with both schools and council teams, reviewing risks and supporting their plans for a safe return to the workplace. Our service provision will continue and we will look for new and innovative ways to deliver this.

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

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

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

9. Ensure effective management of change and transformation.

The Council is continuing the implementation of its digital vision for the Borough. The work on this area is monitored by the Modern Working Design Authority. The Modern Working Plan supports the Council's vision of leading a skilled and modern workforce with a positive workplace culture equipped with the right technology and new ways of working to deliver better service.

The Modern Working Design Authority now monitors the Council transformation agenda. This provides a single view of the work being done on this agenda across the Council, and for the benefit of its residents, and is in accordance with the recommendation of the LGA Peer Review regarding this process. The Design Authority maintains a consistent, coherent and complete perspective of the Modern Working programme design. The aim is that business operations can be changed and benefits secured in a coordinated manner across the organisation to remove barriers, maximise the use of new technology and explore new ways of working to enable us to work smarter, more efficiently and achieve better outcomes.

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

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

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

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

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

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

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

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

14. Undertake the core functions of an audit committee.

The Audit & Governance Committee provides independent assurance and high level focus on the audit, assurance and reporting arrangements, which underpin good

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

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

The Audit & Governance Committee has continued to monitor its own effectiveness against the criteria outlined in the CIPFA Audit Committees Practical Guidance for Local Authorities and Police (2018 Edition). The overall results reported to the Committee in January 2020 showed that there is a strong belief by its members that the Committee is operating effectively.

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

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

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

The Council's evidence submission for the 2020/21 NHS Information Governance Toolkit (now known as DSPT) was submitted and uploaded by the Council's Data Protection Officer on 20th March 2020. This has been accepted by NHS assessors and published on the DSPT website. The Council can confirm that it has uploaded the relevant evidence against the 56 modules required to achieve compliance. This will enable the Council to continue to exchange data with NHS bodies.

Risks identified during 2019/20 relating to the failure to comply with the Subject Access Provisions in the GDPR2016, have been slightly reduced owing to an additional 1FTE resource provision within Children's Services. The Council still has a number of outstanding subject access requests that carry risk of noncompliance with legislation as they are significantly overdue. The consequences of this risk include enforcement action and potential civil monetary penalties issued to the Council by the Information Commissioner. The statistics on compliance will continue to be escalated to management board via the Quarterly SIRO report.

The IG team continue to provide advice, guidance and assistance in the relevant areas of legislation and have appropriate Information Security Examinations Board qualifications in Data Protection and Freedom of Information. The IG Manager has successfully completed the General Data Protection Regulation Practitioner Certificate and has formally absorbed the Data Protection Officer (DPO) role on behalf of the Council into her Job Description. The DPO is a mandatory appointment under the GDPR2016.

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 the progress and outcomes of its planned work. At the year end, it produces a mandatory Head of Internal Audit opinion report, which is part of the Annual Governance Statement process. Routinely during the year Audit and Assurance reports to the Chief Executive and Audit & Governance Committee on governance matters of particular importance through its independent reviews of MAF Exception reports.

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

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

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

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

The Council needs to consider the development needs and resilience of senior officers and ensure that these officers have the required knowledge, skills and experience to deal with the public sector reform agendas. The Council has invested in a Senior Leadership programme for Management Board and will be further investing in the development of Heads of Service.

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

As well as a constantly updated online version of The Shuttle a hard copy magazine called the Shuttle Extra is now published annually and delivered to homes throughout the borough. Both the hard copy and online versions contain latest news, decisions and service updates and information about the Council budget and Council Tax. Automatic updates whenever a new article is published on the Councils website are also available via social media channels. Media enquiries are dealt with promptly following agreed protocols. Commercial services across the council also operate their own marketing.

Stakeholder communication is part of normal service delivery both at a corporate level and within services and projects.

The Council is committed to working together with residents; businesses and partners, to develop a local solution to local problems. By making volunteering easier and working with these groups, the Council is supporting and helping to implement their ideas to improve their streets, neighbourhoods and towns.

A redesigned Council website has been implemented to improve accessibility and functionality for users. The 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 Equality Impact Assessments are undertaken.

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

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

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

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

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

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

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

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

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

Significant partnerships have continued to be identified and assessed since 2012 via the refreshed toolkit which was updated in 2016/2017 following an audit review. The Significant Partnerships Register was taken to Audit & Governance Committee in January 2020.

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 2019/20 on significant governance issues identified in the 2018/19 Annual Governance Statement

Title	CIPFA Criteria	2018/19 Issue	2019/20 Action taken
<p>1. Children's Services Financial Position</p>	<p>1,2,3</p>	<p>Whilst the financial pressures are on-going actions were put in place in 2018/19 to mitigate these. The Children's Services budget position continues to face demand pressures in 2019/20 due to an increase in the volume of work being referred to the Social Work Service and sustained pressure on the out of borough budget due to the number of placements and complexity of needs. The number of social workers with higher than the recommended caseload is also a concern. These issues have led to a need for an increase in social workers to manage demand.</p> <p>The new Director of Children's Services is reviewing caseloads and demand management strategies and an action plan has been developed and reviews of services provided are ongoing to mitigate against demand and financial cost pressures, as far as possible.</p>	<p>In the 2019/2020 financial year Children's Services implemented an approach to ensure that children receive the right help at the right time. We have managed to reduce the volume of work in the service alongside the implementation of our Children's Advice and Duty Service by 27%.</p> <p>During 2019/2020 financial pressures have continued and the current projected position has increased from the 2018/19 outturn, with budget pressures noted in all internal fostering and commissioned placements budgets, and in costs associated with formerly looked after children. A stronger grip on care planning has led to fewer children being placed in an emergency in external placements. However this is a dynamic situation that needs to be kept under constant review.</p> <p>Work is continuing for those cared for children who have complex needs in order that the Clinical Commissioning Group contributes to costs associated with their health.</p> <p>Early indications are encouraging and show that the steps taken to date are having a positive effect. However, they will take time to impact on the whole of the service in order to affect real change.</p>

			<p>The Portfolio continues to mitigate demand pressures as far as possible and is utilising underspends on other areas of activity to offset placement pressures where possible. These areas of underspend are included in the forecasts detailed above. The review of the budget and more accurate forecasting will be a priority for the portfolio and Council in the 1st quarter of 2020/21.</p>
<p>2. Compliance with GDPR</p>	<p>1,4,5</p>	<p>The Council has not achieved compliance with the minimum requirements of the General Data Protection Regulations 2016 for subject access requests due to the nature of the requests and limited resources available for this area. This has led to a significant backlog of requests. The number of complaints received by the Council relating to this area has increased and cases have been referred to the Information Commissioner's Office.</p> <p>The risks of further referrals may cause the ICO to undertake a mandatory inspection of our processes which in turn could lead to enforcement action.</p> <p>There are plans in place to ensure the necessary resource is provided to deal with the backlog and the demand moving forward. These plans include a request for additional resource.</p>	<p>Risks identified during 2019/20 relating to the failure to comply with the Subject Access Provisions in the GDPR 2016, have started to be reduced owing to the addition of 1 FTE resource within Children's Services along with continued support from the Information Governance team (workload allowing).</p> <p>The Council still has a number of outstanding subject access requests that carry risk of noncompliance with legislation. The consequences of this risk include enforcement action and potential civil monetary penalties issued to the Council by the Information Commissioner. The statistics on compliance continue to be escalated to Management Board via the Quarterly SIRO report.</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 appropriate, Members will utilise Task and Finish Groups outside of Committee to scrutinise and work with Officers on a wide range of issues. Overview and Scrutiny arrangements have been reviewed and revised and their effectiveness will be monitored.

The Audit & Governance Committee, in addition to having responsibility for reviewing the Corporate Governance Framework, also has responsibility for reviewing the effectiveness of risk management arrangements. The Committee receives an annual risk management report. The 2019/20 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. The Council has adopted a Code of Conduct for Members in accordance its obligations under the Localism Act 2011. This included arrangements for dealing with member complaints. The Committee also examines the training needs of Members relating to the Code of Conduct and if necessary make appropriate recommendations.

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

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

External inspection and assurance by External Audit during the year:

The 2018/19 Annual Audit Letter issued by the Council's external auditor noted that:

- They issued an unqualified opinion on the Council's 2018/19 financial statements on 30 September 2019 and did not identify any key audit matters relating to irregularities, including fraud.
- Their opinion noted that they had reported the key audit issues to the Audit & Governance Committee, as those charged with governance, on 6 August and in an addendum on 11 September. .
- They made a small number of recommendations to support the Council in strengthening its internal controls. These were agreed with management and will be followed up during the 2019/20 external audit.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and supporting guidance. They noted that both documents were consistent with the financial statements prepared by the Council and with their knowledge of the Council.
- They made one recommendation relating to the value for money conclusion in respect of financial sustainability, which was for the Council to focus on efficiencies and transformation to achieve significant savings.
- 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 2019.
- They issued their assurance statement to confirm the Council's income, expenditure and balances did not exceed the National Audit Office's threshold and no detailed work was required.

The external auditors also noted the additional powers and duties available under the Local Audit and Accountability Act (2014). Under the Code of Audit Practice they are required to report relevant matters under this Act. They noted that they did not need to exercise any of their additional statutory powers or duties in the course of their audit.

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

SIGNIFICANT GOVERNANCE ISSUES

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

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

Significant governance issues identified during 2019/20 are outlined in the following table:

Title	CIPFA Criteria	Issue / Actions being taken	Responsible officer(s)
<p>Children's Services Financial Position (brought forward from 2017/18)</p>	<p>1,2,3,4</p>	<p>The Children's Services budget position continues to face demand pressures in 2019/20 in line with those experienced in 2018/19, due to an increase in the volume of work being referred to the Social Work Service and sustained pressure on the out of borough budget due to the number of placements and complexity of needs. The number of social workers with higher than the recommended caseload is also a concern. These issues have led to a need for an increase in social workers to manage demand.</p> <p>The Portfolio continues to mitigate demand pressures as far as possible and is utilising underspends on other areas of activity to offset placement pressures to reduce the portfolio's forecast overspend.</p> <p>Measures have been implemented to manage the "front door" and assessment activity more effectively, and the Department continues to explore options to re-focus, and build capacity, in more cost-effective 'in-house' services. However, these strategies will take at least twelve months to impact on the whole of the service in order to affect real change and before there are fewer numbers of 'looked</p>	<p>Director of Children's Services.</p>

