



**BLACKBURN**  
*with*  
**DARWEN**  
BOROUGH COUNCIL

## **Blackburn with Darwen Borough Council**

**Annual Governance Statement  
for the year ended 31 March 2018 and up to the  
date of the July 2018 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 key developments and on-going arrangements in governance in 2017/18 included:

- Complete review and refresh of the Council's Constitution following the Boundary Commission's recommendations for the Blackburn with Darwen Unitary Authority, including:
  - o Revised political arrangements;
  - o Revised Overview and Scrutiny arrangements; and
  - o Rewrite and update of the Code of Corporate Governance.
- 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, including work to ensure compliance with the requirements of the General Data Protection Regulations.
- 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.
- Ongoing use of the 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.
- Annual Audit & Governance Committee self-assessment arrangements to evaluate its effectiveness.
- The on-going formalised, structured member training programme.
- The Audit & Governance Committee routinely inviting senior officers to attend meetings and holding them to account for actions to address significant issues identified by Audit & Assurance.
- 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**

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

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

The Audit & Governance Committee fulfils the core functions of an audit committee, as identified in 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**

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The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and it can therefore only provide reasonable, and not absolute, assurance of effectiveness. It is based on a continuous process that is designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of both those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blackburn with Darwen Borough Council for the year ended 31 March 2018 and up to the date of approval of the annual statement of accounts.

## THE GOVERNANCE FRAMEWORK

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

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

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

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 the people of Blackburn with Darwen including the challenges and opportunities it faced as an organisation and borough at that time, as well as responding to issues that residents identified, focusing on what is needed to achieve the identified 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 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 Deputy Chief Executive and a strategy & funding team officer.

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 executive team prior to being included in the Executive Board 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 Policy Council.

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 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 achieves 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 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 strategy & funding 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 strategy & funding 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 May 2017 to reflect the resolutions/decisions made at Full Council since December 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 to reflect the new composition of the Council following the Boundary Review.

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 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 but it also involves other significant partnership projects. The strategy & funding 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.

**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 is 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 2017 following a 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 refreshed to reflect the changes in national reporting arrangements and implementation of new local arrangements (such as electronic file management).

The Policy was endorsed by Audit & Governance 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 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 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 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 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 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. 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 introduced a new Financial Management System from 1<sup>st</sup> April 2017, this has produced working efficiencies, cost savings and facilitated 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. The corporate exercise in 2017 was Business Continuity testing ICT failure and the corporate exercise in 2018 tested the emergency response to a prolonged emergency testing business and personal resilience. All departmental plans are also tested during the exercises, with any actions required identified and reported to Management Board. The Civil Contingencies Service is currently working through a two year quality assurance audit programme, to review all business continuity plans to identify gaps in knowledge, training and update plans. This programme will end in 2019. The Civil Contingencies Service also successfully presented to Scrutiny Committee in September 2017.

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 reviewed in October 2017 and the system of safety procedural documents outline the arrangements in place to meet the Council’s statutory duties.

Face to face training courses for employees are available on an ad hoc basis and these are agreed with departmental managers, and are available on request. E-learning safety packages are freely available to all Council employees via the ‘Me Learning’ portal.

A rolling health and safety audit programme is in place for the Council. Service Level Agreements are offered to schools across the Borough for a health and safety service. Quarterly compliance checks are emailed to Directors to help support a culture of safety in their area of work.

The organisation has improved the reporting of accidents, incidents and near misses with an intranet based reporting system. This has improved reporting levels as well as tracking that steps are taken by managers to reduce risks and learn from incidents. Statistics are reported at the Health and Safety Consultative Committee.

The trend in RIDDOR reportable accidents is at a low level with 8 reported in 2017/18. None of the RIDDORS have highlighted any major cause for concern, investigations and subsequent actions have been implemented where required.

There was a significant increase in near misses reported and investigated in the second half of the year following targeted work from the health, safety and wellbeing team in the HR Service.

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 the fraud and corruption risks identified 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 2018/19 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.

During the year, the Council also commenced implementing its digital vision for the Borough. The work on this area is monitored by the Digital Programme Board. This vision sets out our approach to addressing the challenges of delivering technology across the organisation and ensuring that the maximum benefit is derived for the Council, its workforce, customers and partners.

**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 & 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.

**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 Governance.

**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.

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 (2013 Edition). The overall results reported to the Committee in January 2018 showed that there is a strong belief by its members that the Committee is operating effectively.

**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.

The General Data Protection Regulations (GDPR) Mandatory Information Asset Register is complete 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 Records of Processing Activity (ROPA) is operational in that all the data we have captured so far is uploaded.

The datashare website has been operational for just over 3 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 2018/2019. Discussions have taken place 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. The Corporate and departmental risk registers have been updated to include known GDPR risks. As the project progresses and the Gap analysis is updated, IG will update the risk register to reflect any amendments.

The IG team continue to provide advice, guidance and assistance in the relevant areas of legislation, have an appropriate Information Security Examinations Board qualification 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. A training needs assessment is carried out following Council elections. Following the 2018/19 elections the number of councillors will reduce from 64 to 51. 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 these officers have the required knowledge, skills and experience to deal with the public sector reform agendas. Training and development needs will be considered in annual appraisals.

**19. 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 called the Shuttle Extra is now 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.

A key commitment of the Corporate Plan is "Your Call", where the Council is committed to working together with residents; businesses and partners, to develop a 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. As part of this agenda the Council is the accountable body for the 'One Public Estate Programme' within Lancashire.

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 2017 following an audit review. The Significant Partnerships Register is in the process of being updated and will be taken to Audit & Governance Committee upon completion. The register is updated on an annual basis 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, including the Council's Growth Programme. These arrangements are due to end in June 2018.

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 2017/18 on significant governance issues identified in the 2016/17 Annual Governance Statement**

| Title   | CIPFA Criteria  | 2016/17 Issue  | 2017/18 Action taken   |
|---|-----------------|--|--|
| <p><b>1. Partnership Arrangements</b><br/>(Brought forward from 2014-15)</p>          | <p>3.</p>       | <p>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.</p>   | <p>Now in the second year of the new partnership which started on 1 July 2016 and we are ensuring completion of all the agreed contract management arrangements to enable a review of the governance processes to ensure they are fit for purpose. Arrangements in the first year generally worked well although some late submissions have been followed up to ensure full completion.</p> <p>The Operational Board and Strategic Partnership Board are meeting monthly plus the full Partnership Board with elected Members meets regularly and governance issues are discussed with agreed actions monitored.</p> |
| <p><b>2. Adult Services Financial Position</b><br/>(Brought forward from 2014-15)</p> | <p>1, 3, 4.</p> | <p>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.</p> | <p>Through the course of 2017/18 the portfolio continued to face significant pressures in the area of commissioned placements budgets due to increased activity and cost of individual care packages. As reported, the majority of these pressures were mitigated by agreed allocation of iBCF funding, transfers from the social care demand reserve, and a transfer from contingency held for Adults Commissioning inflationary cost pressures.</p>  |



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|  |          |   | <p>The net outturn position for the portfolio is an underspend compared to final monitoring. This is subject to final approval.</p> <p>The demand pressures in the commissioning placement budgets are expected to continue into 2018/2019.</p> <p>There are good processes in place for monitoring and managing budgets. Monthly strategic budget meetings are continuing. A dashboard is being developed as an early warning system to pull together trends, activity, budget, cost and impact. Commissioning spend is scrutinised via the Mosaic approval process and demand management strategies are being applied.</p> |
| <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. | Throughout 2017/18 the portfolio reported a number of demand led pressures, particularly surrounding the commissioned placements and special guardianship order budgets. These budgets were uplifted during the financial year in order to meet the rising demand and as a result the portfolio will be reporting a small total overspend. These pressures are expected to continue into 2018/2019.  |

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| <p><b>4. Information Governance</b></p> | <p>1, 7.</p> | <p>Review and strengthen Information Governance policies, systems and processes to ensure compliance with the requirements of the General Data Protection Regulations (GDPR).</p> | <p>Significant work has been undertaken during 2017/18 to ensure the Council is prepared for the introduction of GDPR in May 2018. This includes:</p> <ul style="list-style-type: none"> <li>• The GDPR Mandatory Information Asset Register is complete and the Records of Processing Activity (ROPA) is operational in that all the data we have captured so far is uploaded.</li> <li>• The Primary Privacy Notice (PPN) will be uploaded in May. It has been determined that the PPN is of sufficient enough quality to demonstrate that the most basic of processing for standard activities across the Council will comply with the transparency requirements under the GDPR.</li> <li>• Service Specific Privacy Notices (SSPN's) will be uploaded alongside the PPN. These notices will explain in further detail, the arrangements for the processing of special category and other significant data sets that warrant more assurance from our service users.</li> <li>• New Data Protection Training content will be rolled out by the beginning of May.</li> <li>• The procurement team have issued notifications to all personal data processors. Some have been issued with contract addendums to replace</li> </ul> |
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|  |  |  | <p>DPA1998 with GDPR and DPA 2018 and requested to flag any processing concerns to IG in the event of supplier non-compliance.</p> <ul style="list-style-type: none"><li>• Mandatory Policies, procedures and guidance documents are in the process of being created/refreshed. The main areas of focus, where there will be a significant refresh or creation of new policy are in the following areas:<ul style="list-style-type: none"><li>○ Data Protection Policy (Refresh).</li><li>○ Data Protection Impact Assessment Policy/Procedure (New).</li><li>○ Information Security Policy (Refresh).</li><li>○ Data Protection Training Policy (New).</li><li>○ Data Breach Reporting Procedure (Refresh.)</li><li>○ Subject Access Request Procedure (New).</li><li>○ Privacy Notice (Refresh).</li></ul></li></ul> |
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## **REVIEW OF EFFECTIVENESS**

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The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review of effectiveness is informed by the work of the members of the Council's 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 as part of the new Governance Arrangements post May 2018 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 2017/18 report concluded that "the Council continues to maintain robust and effective risk management processes".

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

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

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

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

The Council's external auditor noted, in the Annual Audit Letter for 2016/17, that:

- They issued an unqualified opinion on the Council's 2016/17 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 2016/17.
- 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 2017.
- 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 2016/17 audit.

In their progress report to the Audit & Governance Committee in April 2018 the external auditors were able to state, for the year ended 31 March 2018 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 weaknesses 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**

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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 2017/18 are outlined in the following table:

| Title   | CIPFA Criteria | Issue / Actions being taken   | Responsible officer(s)           |
|---|----------------|---|----------------------------------|
| <b>Children's Services Financial Position</b> | 1,2,3          | <p>The Children's Services budget position continues to face demand pressures in 2018/19 due to the volumes of social work being managed, the nature of cases being received (including higher dependency needs) and increasing costs of placements associated with these. This has led to a need for an increase in social workers to manage demand.</p> <p>Arrangements will continue to maintain awareness and ensure effective budget and case management continues 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.</p> | Director of Children's Services. |
| <b>Highways Inspection Arrangements</b>       | 1,3,5          | Ensure an effective inspection regime is in place in respect of the Highway Network (including in relation to bridges and structures) in accordance with the frequency and standards set out in the Well-maintained Highways Code of Practice (since updated and replaced by the "Well-managed Highway Infrastructure: A code of practice").  | Director of Growth & Development |

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:** .....