



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

**Blackburn with Darwen Borough Council**

**Annual Governance Statement  
For the year ended 31 March 2023 and up to the date  
of the July 2023 Audit & Governance Committee**

# ANNUAL GOVERNANCE STATEMENT

## Foreword by the Chief Executive – Chair of the Statutory Governance Officers Group

Blackburn with Darwen Borough Council recognises that there always will be risks that it must manage effectively. Whilst it recognises that due diligence will not always ensure that it gets things right first time, it continues to put in place assurance frameworks and enhance existing arrangements that are intended to ensure that its system of governance is fit for purpose and has flexibility to meet the challenges that the change agenda brings. During the year, the Council has had to put in place processes to allow it to respond to the cost of living crisis and the impact that this has had on both the Council's budget, with rising costs and reduced income, and on service users and the demand for Council services.

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 2022/23 included the following:

- Continuing review and refresh of the Council's Constitution.
- Completion and review of Strategic and Assistant Director annual assurance statements, which reflect the seven principles of good governance in support of the Annual Governance Statement.
- Regular deep dive review and challenge of corporate risks by the Audit & Governance Committee.
- Corporate Assurance Board (CAB) and Statutory Governance Officers Group (SGOG) meetings continue on a regular basis.
- The Council's 2022/23 NHS Data Security and Protection Toolkit (DSPT) compliance audit has been submitted and accepted by the self-assessment tool as 'standards met' and certification has been awarded. This enables the Council to continue to exchange data with the NHS.
- The Council has demonstrated that its IT infrastructure is sufficiently secure to connect to the Public Services Network during the period.
- Continuing embedding of information security awareness through the annual refresh of the e-learning toolkit, and monitoring staff completion of mandatory training.
- On-going participation in the National Fraud Initiative.
- Publication of a Risk Management Policy Statement and implementation of a refreshed Risk Management Strategy and Framework and supporting toolkit.
- Risk management refresher awareness sessions for Members, Directors and senior managers.
- On-going use of the risk register template to record and monitor strategic and departmental risks, including a quarterly review of strategic risks by CAB.
- Revision of the Medium Term Financial Plan and Capital Programme.
- Annual Audit & Governance Committee self-assessment arrangements to evaluate its effectiveness against best practice guidance.
- The on-going formalised, structured member training and development programme including mandatory and optional courses.
- The Audit & Governance Committee routinely inviting senior officers to attend meetings and holding them to account for actions to address significant issues identified by Audit & Assurance in respect of key systems.
- The review of significant partnerships and external bodies the Council is represented on to confirm the Council representation is appropriate and the governance arrangements in place are adequate.
- The Children's Advice and Duty Service has continued to free up resources leading to a reduction in the volume of work in the service, resulting in a reduction in social workers caseloads and led to substantial savings across the service. It has also embedded strong partnership working.

## **SCOPE OF RESPONSIBILITY**

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As a local authority, the Council is required by law to review its governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

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

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

It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk, and to ensure that the responsibilities set out above are being met.

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

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the seven principles of the Framework. A copy of the Code is on our website at [www.blackburn.gov.uk](http://www.blackburn.gov.uk); it is contained within the Constitution. This statement explains how the Council has complied with the seven principles set out in the Framework during 2022/23 and the Code and how it meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015, which requires all relevant bodies to conduct a review of the effectiveness of its system of internal control at least once a year and prepare an Annual Governance Statement, reporting on the review.

## **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 2023 and up to the date of approval of the annual statement of accounts.

## **THE GOVERNANCE FRAMEWORK**

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

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

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

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

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

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

The Council is legally and constitutionally obliged to maintain and keep up to date its constitution. The Council Constitution was updated in July 2022 to reflect the resolutions/decisions made at Full Council since October 2021. This included changes in organisational structure previously noted and agreed, statutory changes and changes to the delegations.

The annual update also reviewed Executive Member portfolio responsibilities and the Council's strategic objectives. Amendments are made as necessary during the course of the year to reflect changes in the law and others changes which would require full Council approval. The Constitution is due to be further reviewed and updated this year to reflect the further changes to the organisational structure and the revised Member Allowances Scheme approved at Finance Council in January 2023, and a review of the officer delegated powers as well as changes to the Executive Member portfolio responsibilities. The reviewed Financial Procedure Rules and

Contracts & Procurement Procedure Rules, was approved by full Council and incorporated in the Constitution.

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

At the start of the pandemic, decision-making meetings were paused until national legislation was enacted and local technology was put in place to permit on-line meetings. Since then all council meetings, including scrutiny and other business had been conducted through remote means to ensure that the Council has continued to be governed in accordance with its constitution and decisions have been properly made. Since 6<sup>th</sup> May 2021 the legislation allowing remote council meetings expired and the Council reverted to face-to-face meetings. Full council meetings have continued to be webcasted to enable the public to listen and view from home.

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

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

The CAB has continued to meet during the year. This sits alongside the Corporate Leadership Team (CLT). CAB provides effective assurance and challenge in respect of the Council's overall performance in meeting its strategic objectives and statutory duties. This has increased the Team's focus in the right areas and improved its effectiveness as a senior management team. The Extended Leadership Team continues to meet on a regular basis alternating workshop sessions and bite sized update meetings. This has provided flexibility to discuss items such as borough events, elections, constitutional matters, urgent operational issues and planning for member meetings. Team activities have also been undertaken to develop CLT working together effectively as a group.

The Council continues to be proactive in developing partnerships with its public sector partners including the NHS and Lancashire Constabulary. These partnerships and their governance arrangements are captured through the annual and mid-year Significant Partnerships Register reviews. The reviews are undertaken by the Chief Executive's Support Team and a final report is submitted to Audit & Governance Committee along with a copy of the Register.

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

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

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

The Council adopted a new corporate plan at Policy Council in December 2022. It was developed following a programme of engagement with residents, staff, councillors and partners. It sets out a clear mission - we want every single resident, no matter who they are, to have a good quality of life.

To achieve this vision, we will make progress on four core missions.

- A more prosperous borough where no one is left behind;
- Every child and young person to have opportunities to fulfil their potential;
- Deliver our climate emergency action plan; and
- Build happier, healthier and safer communities.

Engagement activity included sessions with young people, engagement with foster carers, 200 vox pops in Blackburn and Darwen town centres, as well as activity facilitated by adult learning and Age UK. Staff have been engaged through the organisational development programme. The recent Life Survey undertaken by Lancaster University in Blackburn with Darwen (1,299 residents in total, made up of 543 online respondents and 756 face-to-face) has also been used to help form the evidence base for the new plan as well as engagement delivered as part of individual projects such as Blackburn's City Bid.

The residents' survey ran over a period of four weeks from May to June 2022. Two methodologies were used; the first was a self-completion survey promoted via social media, in council buildings, local media and our advertising assets. The second was a demographically weighted interviewer-led survey. The self-completion survey was open to everyone who lives or works in the borough over the age of 16 and 889 responses were received. The interviewer-led survey had quotas, which were designed to achieve a sample that was representative of the borough in terms of age, gender, ethnicity and area. It was undertaken primarily by phone with additional face-to-face interviews carried out to ensure the sample met its quotas. 1001 interviews were completed.

The first of a series of partnership conferences was held in March 2023. The intention is to continue to build on the format and continue to provide a dedicated space for partners to engage directly with the Council and developed shared plans together.

We are also working with Sport England, as the accountable body for Pennine Lancashire's Local Delivery Pilot 'Together an Active Future'. The £13m of available funding will enable the six Local Authority areas to work together with people and partners to test different approaches to understand better why people are less active in Blackburn with Darwen than nationally and to work with partners in systems and places to make being active easier for everyone.

When developing the Corporate Plan, the Council established what will be done to deliver the ambition and how progress against this delivery will be measured. The success of the Corporate Plan is measured through a performance management framework with Key Performance Indicators (KPIs) which are measurable and meaningful. These will come into force from April 2023.

The Corporate Data and Policy teams work with service departments to ensure that appropriate responsibilities for delivery are built into departmental business plans. At Policy Council in December 2021, members agreed to refresh the corporate plan to take into account the impact of COVID on both the organisation and the borough. While that refresh was taking place, the current corporate plan still stood.

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

During 2022, 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.

Customer/resident satisfaction with the services they receive, for the council tax that they pay, has always been a key priority for the Council. 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. 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. Manual updates, as part of wider communications campaigns are published on the Council's online Shuttle platform, available as news items via the website and are available via social media channels. The Council's website can be translated into different languages using a Google Translate function available on each page. 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 also owns and manages its own outdoor advertising assets, including 66 bus shelters across the borough, two digital screens, 58 roundabout signs, 21 billboards and digital totems in both Blackburn Bus Station and Blackburn Train Station.

The Council is continuing to deliver on its commitment to tackle inequality, oppression and enabling people to maximise their potential through its Integration and Community Engagement. As a result of this work, new and emerging communities such as those resettling from Ukraine are settling into life in the borough and are positively contributing and accessing everything the Borough has to offer. From local adult learning provision, supporting individual faith and spiritual needs through to determining employability options, this local asset based approach is unique to the Borough and draws upon skills gained from previous work being part of the Integrated Area Programme.

The Council continues to work together with residents, businesses and the voluntary sector to overcome local challenges. Through its Lancashire Volunteer Partnership, residents continue to be involved a structured approach to volunteering by gaining, developing and using vital skills and knowledge to make a difference in their borough.

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, Equality Impact Assessments are undertaken.

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

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

The Blackburn Place Based partnership is part of the new Lancashire and South Cumbria Integrated Care Partnership (ICP) structure and sees us working with the NHS, voluntary, community, faith and social enterprise (VCFSE) organisations and the wider community to take collective responsibility for providing better joined up care and support for residents and delivering the ambitions of the ICP. The PBP will develop a plan that will deliver changes and improvements in services to meet the distinctive needs and characteristics of our borough. ICPs were brought in as part of changes in the way health and care services are planned, paid for and delivered across England. The changes saw the creation of Integrated Care Systems across the country. They are made up of two parts – an Integrated Care Board and an ICP. The role of the ICB is to allocate the NHS budget and commission services for the population, taking over the functions previously held by clinical commissioning groups (CCGs) and some of the direct commissioning functions of NHS England. The ICP is a statutory joint committee of the ICB and local authorities in the area. It brings together a broad set of partners to support partnership working and develop an ‘integrated care strategy’, a plan to address the wider health care, public health and social care needs of the population. The ICB is required to have regard to this plan when making decisions. We are proud to play our part in all levels of the ICS.

The Council is working closely with other Lancashire councils to make the case for more devolution of resources, powers and flexibilities to the region. A strategic framework for Lancashire is being developed called Lancashire 2050, which will help support future devolution bids. The plan helps create a shared vision, shared ambition, shared goals, shared priorities, and gives Lancashire a strong, clear voice.

The Blackburn with Darwen Community Safety Partnership (CSP) has merged with the CSP’s of Burnley, Hyndburn and Rossendale following agreement by members and the Police and Crime Commissioner of Lancashire. Blackburn with Darwen administers the Pennine Lancashire Community Safety Board and retains its duty as a Local Authority alongside the Police, Fire Service, Health and National Probation Service who 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.

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

The Council has historically had sound governance arrangements and these continue to be robust. The annual and mid-year Significant Partnerships Register update continues to take



place and a report was taken to Audit and Governance Committee in March 2023. A mid-year review is planned for June 2023.

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

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

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

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

External formal monitoring of the Council's data quality arrangements are no longer required by external audit. However, the Council's previous monitoring arrangements have continued to be operated, including formal checks on performance indicator files and monitoring / recording processes. The Data Quality Policy (Performance Data) was revised in April 2019 to reflect the changes in reporting arrangements and staff within the Council. The Council has developed a Data Strategy in late 2022, which included a baselining exercise to assess the level of data maturity across the organisation. The Data Quality Policy will therefore be re-assessed during 2023/24 and revised in line with the planned introduction of corporate data standards. These will be introduced as the Council moves towards more automated collection of data.

The Council has continued to carry out and record equality analysis and impact assessments (EIA) as a key stage in the decision making process using the EIA Toolkit. However, this has now been strengthened with the refresh of elected member training for Equality, Diversity and Inclusion and EIAs in February 2023. The training offer for staff has also been reviewed and refreshed with the introduction of new training modules on the Me Learning platform. A corporate exercise has taken place to identify additional departmental leads to undertake and support the EIA process. An in-person training session has been organised for this group and this will be supplemented with a network for the relevant staff to support each other across the organisation.

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

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

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

The Council has developed a workforce strategy for 2023 to 2026 with the following ambitions:

- A more diverse and inclusive workforce, where no-one is left behind;
- An engaging culture where everyone has a voice;
- Strong and visible leadership where autonomy and innovation are advocated; and
- Supporting continuous development where everyone is encouraged to reach their potential.

A leadership & management steering group has been established to ensure the leadership and priorities are met and support the Council’s ambitions in relation to its workforce. Elected members development continues to be supported in conjunction with North West Employers organisation.

There has been significant investment in leadership and management development over the last three years with more than 120 managers completing a formal programme of development.

The Council currently employs three graduates, under the LGA’s National Graduate programme.

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

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

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

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

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

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

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

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

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

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

The Statutory Governance Officers Group (SGOG) draws together the sources of assurance, including those provided through MAF, and, having challenged them, produces the Annual Governance Statement for consideration by the Audit & Governance Committee. The SGOG is chaired by the Chief Executive and has the Monitoring Officer, Senior Information Risk Owner and Section 151 Officer as members.

The Council produces integrated financial monitoring reports covering revenue and capital expenditure, which are reported to Executive Board on a quarterly basis each year. Ongoing financial implications are incorporated into the following year's budget strategy. In addition, the budget setting process starts in September each year and includes leadership meetings with Directors to ascertain any pressures and or savings within their portfolios, Inflation and legislative changes are reviewed by the Corporate Finance team. These processes are underpinned by the Council's Financial Management System, which has facilitated the production of more timely and detailed information to Members and Officers at all levels. The system continues to be developed and produce cost and working efficiencies within both the Finance Department and the Council as a whole.

The Departmental Business Continuity Plans and the Functional Emergency Plans are constantly being reviewed and we are still working on streamlining them. Business Continuity Plans have been reviewed in early 2023 and the team are currently undertaking an audit of each plan. The structure of the organisation has continued to change, resulting in plans being further amended. The Corporate Business Continuity Plan contains all critical/priority functions and essential prioritised services at the White Dove Centre in times of IT outage etc. and this will be updated again in late 2023.

The Corporate Emergency and Business Continuity plans are tested annually in alternate years. The corporate exercise for March 2023 was based on a cyber-attack scenario (Business Continuity Planning). This exercise not only provides training to attendees but it is also an opportunity for plans to be tested and any amendments made where required.

The Civil Contingencies Service delivers an annual corporate training programme internally to employees and volunteers to ensure that they are all trained in the roles they are either expected to perform or volunteer to perform for the Council. The team has continued to respond to a number of concurrent emergencies in the community over the last 12 months.

The team will continue to deliver a programme of training/exercising, emergency preparedness and response to an emergency or disruption. This is now a mandatory service provision to all schools in the borough, including Independent, Free, Academy and Community schools to ensure consistency. To further support, the team developed an SLA, which was launched in 2022, which a number of schools purchased to access the support required for emergency preparedness. This SLA has also been rolled out for 2023.

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 2022, along with the various guidance documents, outline the arrangements in place to meet the Council's statutory duties. The health and safety guidance documents have also undergone full a review, ahead of migration to the new intranet site.

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, for example, the Health & Safety Action group for services at Davyfield Road Depot continues to meet and more recently, we have established an internal Violence & Aggression focus group.

Employees receive health and safety training upon induction and in line with role requirements thereafter. A range of classroom courses and e-learning training are available to all members of staff. Chief Officers agreed to some mandatory health and safety e-learning for all employees, to be refreshed on a three yearly basis. Currently these are Health and Safety in the Workplace, Manual Handling and Fire Safety Awareness and Display Screen Equipment (DSE) for designated users.

Corporate Compliance checks have been developed in recent months and will be rolled out shortly. These will be completed by Service Managers and those with responsibility for a building in order to check compliance against health and safety legislation. Following submission and review of these, a rolling health and safety audit programme will be developed 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, and we have maintained business throughout 2022-23 and into the New Year, with over 50 schools purchasing this service from the team.

The Council has an online portal for staff to report all accidents, incidents and near misses. All reports are investigated and steps are taken to reduce the chances of a recurrence. Five (5) incidents were reported to the HSE via RIDDOR in the 2022-23 period, which is the same number of incidents reported during 2021/22.

#### **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.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. In May 2023 the Annual Council approved the Chief Executive assuming the statutory Section 151 Chief Finance Officer responsibilities when the previous Strategic Director, Finance & Resources left the Council on 21 May 2023, on an interim basis pending the appointment of a new post holder incorporating the statutory function.

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

The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The Statement identifies that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

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

To perform this role the Head of Internal Audit must:

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

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

CIPFA launched the FM Code of Practice in November 2019. It was developed on behalf of MHCLG in the context of increasing concerns about the financial resilience and sustainability of local authorities. Full compliance was expected for the 2021/22 financial year.

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

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

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

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

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

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

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

An assessment has been made of the Council's compliance with the 19 Standards in the Code. The assessment has identified that the Council is well placed to evidence compliance with the Code. This was supported by a review of the evidence by Internal Audit.

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

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

The Council's current Counter Fraud Policy Statement and Counter Fraud Strategy 2022/25 were approved in June 2022. These take account of the latest guidance set out in the Fighting Fraud and Corruption Locally Strategy (2020) and provide an effective structure and approach to ensure that the counter fraud arrangements in place are embedded into the everyday processes of financial management activity and decision making within the Council. They demonstrate to the local community and other stakeholders the Council's commitment to the

prevention, deterrence and detection of fraud and corruption. The documents set out the Council's approach to the management of fraud risks and defines responsibilities for action.

The Policy Statement and Strategy provide a clear statement of the Council's commitment and approach to this area from the Leadership team down. They provide a framework that should ensure a consistent approach is in place to embed robust and effective counter fraud arrangements into the Council's culture so that it is an integral part of the systems and procedures followed by Members, Chief Officers and staff at all levels.

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

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

The Council is now approaching the end of year 2 of the 3 year Digital Strategy, which covers four work, streams:

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

The Strategy sets out what we will do to make Blackburn with Darwen a truly digital council and borough over the next three years and beyond. The aim is to enable positive impacts to the way people live, connect and work. It is our challenge to effectively engage with, understand, collaborate and better serve our customers and communities in digital environments over the next three years and beyond. The scope of the Digital Strategy is a significant portfolio of work, which carries a number of risks to the Council if not managed correctly. During the majority of the year, the Council operated a suite of governance boards, which helped manage the four work streams; these were chaired by the Strategic Director of Resources and covered; key projects, Data and Technical Assurance.

Since December 2022, the Council has moved away from the separate governance boards and has developed a single work stream of activity, which will be prioritised and governed via a Programme Board. Due to capacity pressures and the need to prioritise resource around the highest risk areas, this approach will ensure that resource is channelled to the highest priority areas.

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

As the Head of 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.

## **17. Ensure effective arrangements are in place for the discharge of the head of paid service 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 Deputy Director, Legal & Governance.

## **18. Undertake the core functions of an audit committee.**

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

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 monitored its own effectiveness against the criteria outlined in the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022. The overall results reported to the Committee in June 2022 and March 2023 showed that the Committee arrangements are largely compliant with the CIPFA Statement and that there is a strong belief by its members that the Committee is operating effectively.

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

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

A key element of assurance available to the Council and the Audit & Governance Committee are the annual assurance statements made by each of the Strategic Directors and the Assistant Director, which support the Annual Governance Statement. These require each Strategic Director and the Assistant 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. This assurance includes their line reports areas of responsibility. The directors' assurance statements closely reflect the seven CIPFA/SOLACE principles of good governance and the Council's Local Code of Corporate Governance.

The Council has submitted evidence to the NHS Information Governance Toolkit (Data Security and Protection Toolkit). The submission is subject to NHS audit and this will enable the Council to continue to exchange data with NHS bodies should our compliance evidence be accepted.

During 2022-23 there have been 1054 Freedom of information (FOI) requests submitted with 1053 FOIs due for disclosure during this period. The compliance rate at the end of 2022/23 was 95.73%.

During 2022-23 there have been 447 Subject Access Requests (SARs) submitted with 421 SARs being due for disclosure during this period. The compliance rate at the end of 2022/23 was 93.35%. Whilst we have managed to clear the backlog of historical Children's SARs during 2022/23, there has been a significant increase in the number of requests submitted in comparison to 2021/22 that the team have limited capacity to manage. The newly introduced



Care Leavers support process encourages the data subject to request a copy of their files. This has put pressure on the limited resource to carry out this function and the capacity to manage other important disclosures in a timely manner has been impacted. The Corporate Information Governance (IG) SARs team has now introduced a prioritisation system to ensure that the professional SARs (Local Authority Safeguarding Requests/Disclosure & Barring Service/Adoption/Foster Carer Statutory Checks/Police Requests/Legal Requests) are carried out as a priority. SARS from Care Leavers and other members of the public are taking a lower priority. A temporary solution to the new backlog is in place, with staff from other areas of IG assisting with meeting deadlines. Additional resources are being recruited to increase capacity. However it will take 6-12 months to see the full benefit from this.

During 2022/23 there were two complaints made to the Information Commissioner's Office (ICO). This is a 33% decrease on the number of complaints registered with the ICO in 2020/2021 (three).

During 2022/23, there were 81 recorded information security incidents. This is a 1.25% increase on the number of information security incidents registered with the Information Governance Team in 2021/22 (80). Incidents where the cause has been identified as process failure as opposed to human error will continue to be reviewed to ensure the suggested remediation actions have been completed within the timescale required. All human error breaches have been followed up with line management instructions and retraining where appropriate. All third party data breaches have been assessed in accordance with their significance and reported to the ICO. No action has been taken by the ICO to date as a result of any third party reported incidents.

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

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

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

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

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

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

The Council's current Corporate Plan runs until the end of March 2023. During 2022, the Council has been developing the next iteration of the Corporate Plan, which will come into effect from

April 2023. During 2022, it was also agreed that a new performance framework would be developed to outline key performance indicators (KPIs) and reporting mechanisms to ensure the Council's performance against the new priorities can be measured.

Performance management arrangements have continued in 2022/23 to monitor the 70 performance measures and ensure the delivery of the Corporate Plan. Following the Covid pandemic, the reporting frequency has increased back to a quarterly basis.

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

Quarterly reporting and challenge of corporate plan performance has taken place during the year, prior to reporting to Members at either Policy Council or Executive Board.

Priority issues are highlighted and discussed with all directors and the Chief Executive at Corporate Assurance Board. A challenge summary is produced and is used to brief the Chief Executive. The summary includes data for discussion on the Corporate plan, Management Accountabilities Framework (MAF) and any other key items pertinent for discussion; for example, HR data (sickness and Health & Safety), Business Plans, good news stories, key dates etc.

The Executive Board / Policy Council receives a report on the performance of all the Council's Corporate Plan performance measures. The report also includes areas of underperformance, which are explained in more detail by an exception report. As part of the transparency agenda, any performance indicators that are collected and reported are likely to be listed on the internet and may be subject to public scrutiny. Therefore, key performance indicators must be relevant and robust.

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

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

**Progress during 2022/23 on significant governance issues identified in the 2021/22 Annual Governance Statement**

Title	CIPFA Criteria	2021/22 Issue	2022/23 Action taken
<p><b>1. Children’s Services Financial Position</b></p>	<p>1,2,3,4</p>	<p>We are currently working through the year end closure of accounts and as such the final outturn is not yet known, however the portfolio is expected to return an overspend in the region of £2,000,000. This would be an increase on the position reported at quarter 2.</p> <p>The demand pressures that existed in 2020/21 continued into 2021/22 with the largest overspends being seen within Placement Services, specifically Special Guardianship Orders, Commissioned Placements and Foster Care. Additional pressures have been seen against our Home to School and SEN Transport budgets.</p> <p>There is an issue with placement sufficiency and cost pressures on external placements. These placements are closely monitored. There is a national crisis in the availability of placements for cared for children who have social, emotional and mental health issues who have sexually harmful and other risk taking behaviours and the impact of the added requirement for post-16 regulation of suitable accommodation. The implications of the Integrated Care System the pan Lancashire and South Cumbria approach to joint funding of children with complex needs and the implementation of the Individual Patient Allowance needs to be assessed.</p> <p>Consideration is being given to sub regional commissioning, along with a review of the internal provision. The</p>	<p><b>Year-end Update 31 March 2023</b></p> <p>The Children’s Services budget has continued to experience significant pressures throughout 2022/23 and these are expected to continue into 2023/24. Those pressures are predominantly centred on Commissioned Placements, Foster Care payments and Adoption payments, as well as on SEN Transport. We are currently working through the year end closure of accounts and as such the final outturn is not yet known. However the portfolio is expected to return an overspend in line with the position previously reported in August.</p> <p>There remains an issue with placement sufficiency for our looked after children resulting in increasing cost pressures on externally commissioned placements. These placements are closely monitored with regular panel meetings to review them on a case by case basis. There is a national crisis in the availability of placements for cared for children who have social, emotional and mental health needs and who have sexually harmful and other risk taking behaviours, as well as the impact of the added requirement for post-16 regulation of suitable accommodation. Those placements that are available command very large weekly fees and competition for those placements is high.</p>

	<p>independent review into children’s social care will a view on this.</p> <p>The budget pressures associated with Special Guardianship Orders have been addressed as part of the Medium Term Financial Plan, with additional funding of £1,000,000 allocated against this budget in 2022/23.</p>	<p>Recruitment and retention of in-house foster carers remains a priority. We are currently reviewing both the financial and wider support package offered to our foster carers to ensure that we remain competitive within the market whilst remaining within our available budget. Any increase in the number of in-house carers recruited as a result of this review would result in a reduction in the reliance on costly external placements. To assist with the financial review, an additional £500,000 has been added to the foster care payments budget in 2023/24 as part of the Council’s Medium Term Financial Plan. Various payment models have been costed out and we are now finalising our proposals. It remains to be seen if the revised package will result in the recruitment of additional in-house carers and, once finalised, a strong focus will be placed on our recruitment activity and how we publicise our new offer.</p> <p>The new Integrated Care System and the pan Lancashire and South Cumbria approach to joint funding of children with complex needs has now been in place for 12 months yet due to difficulties experienced by Health in recruiting staff, we are still waiting for our previously approved cases to be reassessed under the new model. As such there remains a great deal of uncertainty surrounding the level of contributions we can expect from Health. In view of this position, the budget for 2023/24 has been realigned to remove the previous income target associated with contributions from Health.</p>
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**2. Adult Social Care Commissioning**

1,2,3

The Department is beginning to see escalating costs in the commissioning budget as a result of increased numbers of domiciliary care packages and increased acuity of need. However the commissioning budget is forecasting an underspend due to one off income in year. Our ongoing engagement with care providers continues to highlight the significant challenges they face following the pandemic (including low occupancy, insurance cost, Infection control, staffing and now escalating fuel and energy costs). These issues are highlighted across the sector at a national level. We have now consulted with providers and finalised our agreed provider fee increases for 2022/23, which allow for the increase in National Living Wage, Employer NI contributions and other inflation. However, the increases are unlikely to fully address the issues faced by providers as our agreed increases are obviously balanced against affordability within the Council’s Medium Term Financial Plan.

The Government have announced a Market Sustainability and Fair Price for Care Grant for 2022/23, which requires local authorities to undertake a cost of care exercise and publish market sustainability plans. This exercise will be undertaken early in the new financial year and it is anticipated there may be further budget pressures in commissioning which arise from the review in terms of managing the market and the risks associated with provider failure and our ability to deliver statutory care services.

The Government have announced Social Care reforms, which will have a very significant impact on numerous aspects of our service including how we assess and commission care, client contributions and our existing systems and processes. At this stage it is difficult to quantify the impact on the commissioning budget. However, it is essential to highlight that the scale of reform changes and pace at which these have to be introduced will have a

**Year-end Update 31 March 2023**

The accounts closure process is still underway however the final outturn position for the portfolio’s budget is expected to report an overall underspend of circa £1.9m.

The majority of this underspend is within the area of Commissioning. The current underspend on external commissioning budgets of £1.3m includes remaining balance for winter demand pressures provision of around £500k. The original value of the provision has been reduced over the course of the year and this has been made possible due to the maximisation of the Discharge Funding of £637k that was announced in December enabling some winter pressures to be funded via the grant rather than using our provision. As part of the final closure process it is requested that this contingency is carried forward and retained to support future costs however this is subject to agreement at outturn.

Increased demand pressures in Extra Care and Domiciliary Care as well as the cost of individual care packages due to acuity of needs should be noted during the course of 22/23. This has been contained in year from additional grants and increased Discharge funds have been confirmed for 23/24 (£1.17m) subject to specific conditions and spending and activity returns. This resource must be pooled within the Better Care Fund and is anticipated to be sufficient to meet the continuing demand seen in 22/23 as a result of hospital pressures,

	<p>significant impact on the department at the same time as our preparations for full CQC inspection.</p> <p>The Government have stated that Social Care Reforms should result in additional funding for Social Care but the details are yet to be confirmed.</p>	<p>workforce pressures in the care market and impact of cost of living crisis.</p> <p>During the year the implementation of Social Care reforms was expected, including Care Cap, new Means Testing, new Commissioning responsibilities and Fair Cost of Care.</p> <p>The department have completed the Fair Cost of Care (FCoC) exercise and returned the Cost of Care outcome, together with Market Sustainability Plans and grant spending plans, to the DHSC in line with the grant conditions. The Final Market Sustainability Plan was submitted to DHSC on 1st February 23 and is published on the Council's website. The department have also developed an updated Market Position Statement.</p> <p>FCoC returns varied across providers in scope. Domiciliary returns were representative of the market but Residential/Nursing returns were very low. For both, the FCoC indicated that the cost within our market is substantially more than our existing rates for 2022/23. It is important to note that the FCoC left significant areas of our market provision out of scope. However the exercise has further informed our local intelligence and identified specific challenges for our providers. This work has informed the care sector provider uplifts modelled for 23/24 and assumptions have been included within the MTFP. Final provider fees for 2023/24 have been submitted to the Executive Board for implementation in April 2023.</p> <p>The provider uplifts for 23/24 are in line with our Market Sustainability plans to move</p>
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			<p>towards the Fair Cost of Care and include contracting providers to pay carers at the Real Living Wage. The cost of providers uplifts are within the additional resources and grants included within the MTFP. This includes the additional ASC Precept, additional social care grant and Market Sustainability funding. The allocation of 23/24 grants is subject to specific conditions and significant reporting requirements on both spend and activity data. This will place additional pressures on limited resources within the Adults Commissioning and Finance team. Work is underway to fundamentally review the resourcing of the Commissioning team to ensure the service is fit for purpose in the future.</p> <p>The Government's Autumn Statement confirmed a delay to the implementation of Charging reforms (including the care cap, more generous means test and implementation of Section 18 Commissioning responsibilities) until 2025. However additional work to implement systems and our readiness for these reforms is continuing.</p> <p>Finally the department have updated departmental business plans and have established a new governance structures which will track our progress against key areas, including Strategic Commissioning, Adults Finance and Performance/CQC. Work groups are established to drive forward and implement our plans to deliver against the target operating model, plans for the department and delivery of CQC Assurance and Improvement framework.</p>
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**3. Long term financial sustainability of the Council**

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Underpinning the development of the 2022/23 budget (and the Financial Strategy and 2022/25 Medium Term Financial Plan) is the continuing impact of austerity. Although the Council's Core Spending Power for 2022/23 has increased, that increase is neither sufficient to make up for the funding reductions the Council has experienced since 2010 nor reflective of the significant changes in demand for services. Consequently, the Council's Medium Term Financial Plan still shows a forecast funding deficit for which action will need to be taken to ensure the Council remains financially sustainable.

The generally accepted view is that the increase in Core Spending Power set out in CSR21 is unlikely to be enough to keep pace with rising demand for Adult Social Care, meaning further pressure on other services that have already borne the brunt of a decade of austerity.

In addition there are ongoing income losses from the COVID pandemic as footfall and demand have not risen back to pre-pandemic levels. Further uncertainty has been created by rising inflation and the cost of living crisis and the projected increases in the national living wage will put further pressure in the Council's salary budgets.

The February Finance Council meeting approved a Finance Strategy the aim of which is to provide a 'route map' for a balanced sustainable budget over the medium term planning period whilst ensuring that resources are applied in the most effective, efficient and economical way ensuring that the Council's Strategic Plan is achieved.

There are four key themes to the Strategy; Grow (the Council's tax bases), Charge (for services where possible), Save (costs through transformation) and Stop (providing services where others are capable of providing them in place of the Council).

**Year-end Update 31 March 2023**

At the meeting of Council on 27<sup>th</sup> February 2023, the Council's General Fund Revenue Budget and Capital Programme were both agreed. At the same, the Council agreed the Council Tax for 2023/24. In considering these budgets, the Council was provided with an update to the Financial Strategy and Medium Term Financial Plan.

The Financial Strategy is, as previously set out, based around the themes of 'Grow, Charge, Save, Stop'. Further work has been undertaken to develop the 'save and stop' themes through the development of a series of workstreams. The approach to achieving a balanced budget for 2023/24 uses the Financial Strategy as a foundation. That said, the Council's Medium Term Financial Plan to 2026 still shows a gap of c£12m and so there is further work to do to identify ways to bridge this gap.

For 2023/24, the focus will be to deliver the agreed budget without any further need for remedial action or calling on the Council's reserves. This will need to coincide with work to address the gap in the medium term through the various strategic workstreams.

These will be complemented by the continuing efforts to grow the Council's tax bases (Council Tax and Business Rates) to create sustainable income streams. This is being supported by an ambitious capital programme which has recently been supplemented by additional levelling up funds of c£40m; this could be supplemented by additional funding through the Council's Levelling Up Partnership with the



			Government and the possibility of bidding to Round 3 of the Levelling Up Fund. A further review of the Financial Strategy and the Medium Term Financial Plan will be undertaken in May 2023 to inform the development of the budget for 2024/25. In the meantime, normal budget monitoring procedures are in place to ensure that the delivery of the budget for 2023/24 remains on track.
<b>4. Children's Services Ofsted Inspection Findings</b>	1,2,3,5	<p>The Ofsted ILACS inspection in February/March 2022 acknowledged that there were areas of good practice in place but found that improvement was required to be good across the four categories inspected. The inspectors identified that that further work was needed to embed the full Quality Assurance Framework to drive forward practice.</p> <p>The outcome of the inspection, and key priorities, were reported to Executive Board in April. The report noted that additional investment would be required to cover improvement activity.</p> <p>A costed improvement plan has been developed and is due to be submitted to Ofsted by 1st July 2022. The plan will be driven by a multi-agency 'Achieving Excellence' Partnership Board which is being chaired independently to oversee the delivery of the response and actions identified. The Board has now met and had sight of the plan, which will now be approved by Executive Board prior to submission to Ofsted.</p> <p>It will continue to build on the Council's commitment to supporting the most vulnerable. The plan will address the key concerns around multi-agency strategy discussions, data and assurance, and our services and support for care leavers up to the age of 25.</p>	<p><b>Year-end Update 31 March 2023</b></p> <p>Following consideration of the impact and effectiveness of the Achieving Excellence Board, the decision was made in October to replace it with a new Improvement Board chaired by the regional LGA Children's Improvement Advisor. The Board meets on a monthly basis.</p> <p>In addition to representation from across the department, the following officers are members of the Board to help further support and strengthen the development of a strong corporate and whole council approach to delivering effective services for children:</p> <ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Assistant Director, Chief Executive's</li> <li>• Strategic Director, Adults &amp; Health</li> <li>• Strategic Director, Finance &amp; Resources</li> <li>• Head of Organisational Development &amp; Workforce Strategy</li> </ul> <p>The Board considers a wider range of issues than the previous Achieving Excellence Board</p>

		<p>The Action Plan will be subject to further refinement as the financial year progresses. This acknowledges that the Council's response needs to be both immediate to deal with some of the issues raised in the Inspection and developed to ensure that the improvements in the service are sustained to deliver the best outcomes for Children in a way that remains affordable for the Council.</p>	<p>including standard items such as leadership and management, quality assurance, workforce, finance and performance, along with relevant reports.</p> <p>The scope of the improvement plan has been widened to capture all areas for improvement across the service, and not just those highlighted within the ILACS report. In light of the feedback from the LGA Peer Review of our leaving care services in March 2023, the improvement plan will be subject to further prioritisation and review to increase its focus on impact, outcomes and performance measures.</p>
<p><b>5. Teachers' Pension Agency Year End Certification and audit</b></p>	3,5	<p>There are a number of issues in iTrent when running the Monthly Contributions Reconciliation (MCR) return for teachers' pension contributions which the Council is required to provide the Teachers' Pension Agency (TPA). This is causing additional manual activity for Payroll staff of around 10 days per month that should not be required, is not sustainable and creates the risk of human error.</p> <p>The software provider has been working on identify the cause of the errors and resolving these. This work is currently on-going. The software provider has been put on notice that the Council reserves the right to recovering the additional costs arising from the extra work required as a result of these issues occurring.</p> <p>If the issues are not able to be resolved there is significant reputational risk to the Council. Any under payment of teachers' pensions contributions identified will also attract compound interest. At this stage it is not clear when the issues will be resolved.</p>	<p><b>Year-end Update 31 March 2023</b></p> <p>Work is still ongoing with the supplier to resolve outstanding issues. Assurance have been given at Project Board that this activity will continue until a resolution as concluded.</p>

		A year end certificate was manually produced by 31 May, as required. This is now required to be audited. The auditor must provide the audited return direct to the TPA by 30th November 2022.	
<b>6. Performance Management System</b>	1,2,3,5	<p>Corporate performance monitoring arrangements were stepped back during the last two years to allow for the Council to provide an effective response to the pandemic. In light of the new Corporate Plan being developed and implemented, alongside the Organisational Development Framework and new Council Values and Behaviours, the Performance Management Framework and reporting arrangements needs to be reviewed, refreshed and strengthened, linked into business plans, to ensure that the right information is being monitored and reported accurately, in a timely manner.</p> <p>This will ensure that there is a better corporate understanding of service performance.</p> <p>This will enable a better corporate focus on service performance along with co-ordination of cross-cutting matters, better engagement with staff and their development and the development of a culture of improvement.</p>	<p><b>Year-end Update 31 March 2023</b></p> <p>The current Corporate Plan Performance KPI report was taken to Policy Council in December 2022, and this provided an overview and progress on previous corporate plan priorities.</p> <p>During the year, we have refreshed the Council's corporate missions, which were formally adopted at Council Forum in October 2022. Further details were provided at Policy Council in December 2022. The new Corporate Plan 2023/27 has been developed via extensive consultation and engagement which has included a residents' survey, sessions with young people, officer and member engagement and other bespoke sessions with the public and partners. A new suite of Corporate KPIs is being developed and will be measured from Q1 2023/24</p> <p>Business Planning guidance has been refreshed and issued for 2023/24 and all departments will finalise their plans by end of April. A new Performance Management Framework has been developed and rolled out as part of the Corporate Plan launch and aligns with a refreshed approach to managing individual performance via the new Personal Plans.</p> <p>Corporate Plan Performance reporting alongside the Departmental MAF report will become a twice-yearly update to Corporate</p>

			<p>Assurance Board in 2023/24. We will be building and developing departmental Performance reporting in 2023/24. This will see regular updates on service performance being reported at Corporate Assurance Board in 2023/24.</p> <p>We are planning to publish an annual Delivering for You report. This will showcase some of the work we have delivered/what we achieved and will complement the formal performance reports.</p>
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## **REVIEW OF EFFECTIVENESS**

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

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

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

The Audit & Governance Committee, in addition to having responsibility for reviewing the Corporate Governance Framework, also has responsibility for reviewing the effectiveness of risk management arrangements. The Committee receives an annual risk management report. The 2021/22 report concluded that "the Council continues to maintain robust and effective risk management processes".

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

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

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

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

The final Auditors Annual Report for the year ended 31 March 2021 presented by the Council's external auditor to the Audit & Governance Committee in June 2022 noted that their work for that year on both business as usual and adapted structures had not identified any identified any significant weaknesses in arrangements. It also noted that the Council is operating in an increasingly uncertain financial environment and will need to continue to plan with little certainty over funding in the medium term. Despite this the Council has maintained a good financial position. Overall there was no evidence of significant weaknesses in the Council arrangements for ensuring it makes informed decisions and properly manages its risks.

The Report also noted the following:

- The information published in the financial statements, including the Narrative report and Annual Governance Statement, was consistent with their knowledge of the Council and the financial statements they had audited.
- The Council had suitable arrangements in place for planning and managing its finances.
- With regards to financial sustainability the Council was well managed and there was a high level of understanding of its budgetary position, budgetary pressure and any savings required. The budget was reviewed regularly and issues reported on a timely basis to those charged with governance.
- Overall the external auditor was satisfied the Council had appropriate arrangements in place to ensure it managed risks to its oversight in ensuring economy, efficiency and effectiveness in its use of resources.

The external auditors did not make any statutory recommendations or exercise any of their additional statutory powers or duties under the Local Audit & Accountabilities Act 2014 in the course of their work for the 2020/21 audit year. No significant weaknesses or key recommendations for the Council were identified as part of their work on arrangements to secure value for money.

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

## **SIGNIFICANT GOVERNANCE ISSUES**

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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 2022/23 are outlined in the following table:

Title	CIPFA Criteria	Issue / Actions being taken	Responsible officer(s)
<p><b>Long term financial sustainability of the Council</b></p>	<p>1,2,3,4,5,6</p>	<p>The development of the 2023/24 budget (and the Financial Strategy 2022/25 and update to the Medium term Financial Plan 2023/26) is set against a continuing challenging national economic backdrop and on-going pressures on public finances and spending. Although the Council's Core Spending Power will increase this is predicated on a number of assumptions and is not sufficient to make up for the funding reductions the Council has experienced since 2010 nor is it reflective of the significant changes in demand for services and increased costs that the Council is experiencing.</p> <p>These include the significant pressures the Children's Services budget experienced throughout 2022/23 which are expected to continue into 2023/24. Those pressures are predominantly centred on Commissioned Placements, Foster Care and Adoption payments, as well as SEN Transport.</p> <p>There is also the potential for an increase in contract costs in respect of the extra care and sheltered housing contract and the LD supported living framework for Adults Social Care as rates are likely to rise significantly in order to reflect the current market process and ability to attract suitable workforce to support increasingly complex packages of care in the community.</p> <p>Following Covid-19 it is likely that the Council will see the risk of increased contract costs across the wider sector including Residential, Nursing and Domiciliary care.</p> <p>In addition there a range of other cost pressures that the Council is subject to</p>	<p>Chief Executive and Directors</p>

		<p>which need to be managed. Some of these are generic (pay award, National Living Wage and non-pay inflation) and some specific to services.</p> <p>The Council remains heavily dependent on government funding to both provide services and to invest in economic growth and regeneration. To the extent that this remains constrained and there continues to be limits on the Council's ability to raise income locally, either imposed by Government or because of the nature of the local economy, the Council will continue to experience difficulties in achieving a balanced budget.</p> <p>Whilst the 2023/24 budget is balanced there remains a budget gap of c£12.2m to 2025/26. The Financial Strategy, amongst other matters, provides a broad framework by which the Council can implement measures to deal with this gap. The Strategy is based around the following themes:</p> <ul style="list-style-type: none"> <li>• Growing the council tax bases;</li> <li>• Charging for services, reviewing fees and charges, reducing subsidies, and considering new fees and charges etc;</li> <li>• Saving costs through transformation; and</li> <li>• Stopping spending on low priority areas or working with other partners to deliver services that would otherwise be delivered by the Council.</li> </ul> <p>For 2023/24, the focus will be to deliver the agreed budget without any further need for remedial action or calling on the Council's reserves.</p> <p>The Council is taking a strategic approach to the delivery of savings over the medium term through a series of workstreams. Amongst other matters, these are considering the structure of the organisation, how the Council delivers services, the operating models in both Adult and Children's social care and how we exploit technology through the transformation of frontline and back office services.</p>	
<p><b>Children's &amp; Education and Adults Inspection Readiness</b></p>	<p>1,2,3,5</p>	<p>Children's Services &amp; Education are subject to inspection from OFSTED, the Care Quality Commission (CQC) and Youth Justice Board, along with the Joint Targeted Area Inspection (JTAI) of the</p>	<p>Strategic Directors Children's &amp; Education and</p>



		<p>Council, Police and Health partners in relation to the wider safeguarding partnership.</p> <p>Over the coming year the directorate may be subject to a focused inspection following our ILACS full inspection in March 2022, and a local area SEND inspection, which includes Children's Services and Health.</p> <p>Preparation for the focused visit is part of our monthly Improvement Board agenda. The Improvement Board is to be expanded and include partners from Health and Police. The areas of improvement identified in the recent JTAI will be included in the Board monitoring arrangements.</p> <p>Preparation for the Local SEND inspection is managed through the SEND Operational Improvement Board and SEND Strategic Board. This board has partners from Education, Health, Adult and Children's social care.</p> <p>Under the Health and Care Act 2022, from 1st April 2023 Local Authority Adult Social Care departments are also being inspected by CQC and assessed for their compliance with Care Act 2014 and other legislative requirements. The Act gives inspectors new powers to allow them to provide a meaningful and independent assessment of care at a local authority and integrated care system level.</p> <p>There is a reputational risk to the Council if we fail to prepare appropriately and subsequently receive a poor outcome. A self-assessment has been carried out against identified key themes and quality statements. Gaps in provision and areas for development have been identified, with plans to address these gaps being developed. Subject matter experts have been identified and working groups established to gather, validate and log pieces of evidence. Governance arrangements are in place to report activity into Senior Leadership Team.</p>	Adults and Health
<b>Completion and Sign-off of Financial</b>	1,4	The Council's Statement of Accounts for the years 2020-21 and 2021-22 have not been signed off by the external auditors, Grant Thornton. This creates a significant	

<b>Statements by External Audit</b>		resource issue for the corporate finance team in terms of delays and the workload arising from having three separate years of accounts open. As a result of earlier years not being signed off the closure of the 2022-23 accounts and therefore production of the 2022-23 Statement of Accounts and subsequent audit will be delayed. The issues compound year on year. In addition the Council has new auditors, Mazars for financial year 2023-24 and there is potential that they will not start their audits until Grant Thornton have completed the prior years.	
<b>Corporate and Departmental Performance Management System</b>	1,2,3,5	<p>The Corporate Plan 2023/27 was launched following Policy Council in December 2023. Alongside this a new suite of Corporate KPIs is being developed and will be measured from Q1 2023/24.</p> <p>Business Planning guidance has been refreshed and issued for 2023/24 and all departments will finalise their plans by end of April. A new Performance Management Framework has been developed and rolled out as part of the Corporate Plan launch.</p> <p>Corporate Plan Performance reporting alongside the Departmental MAF report will become a twice-yearly update to Corporate Assurance Board in 2023/24. We will be building and developing departmental performance reporting in 2023/24. This will see regular updates on service performance being reported at Corporate Assurance Board in 2023/24.</p>	Assistant Director, Chief Executives Department

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:** ..... .....