



BLACKBURN
with
DARWEN
BOROUGH COUNCIL

Blackburn with Darwen Borough Council

**Annual Governance Statement
for the year ended 31 March 2019 and up to the
date of the June 2019 Audit & Governance
Committee**

ANNUAL GOVERNANCE STATEMENT

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

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

The Resources Directorate has continued to promote the Council's strategic approach to governance and assurance. The key developments and on-going arrangements in governance in 2018/19 included:

- Continuing review and refresh of the Council's Constitution.
- Completion and review of director assurance statements, which closely reflect the seven principles of good governance in support of the Annual Governance Statement.
- Ongoing work to implement the information governance strategy and related policies and procedures, including work to ensure compliance with the requirements of the General Data Protection Regulations.
- The May 2018 External IT Health Check Review, which included penetration testing, concluded the overall security posture of the Council's perimeter IT network was good.
- Evidence was submitted for the 2019/20 NHS Information Governance Toolkit to achieve compliance and enable the Council to continue to exchange data with the NHS.
- Completion of the Local Government Cyber Security Stocktake to provide an overall assessment of the Council's cyber security arrangements.
- Continuing embedding of information security awareness through the refresh of the e-learning toolkit, and monitoring staff completion of training.
- The implementation of a Counter Fraud Risk Register and on-going participation in the National Fraud Initiative.
- Ongoing use and review of the risk register template to improve the monitoring arrangements.
- Revision of the Medium Term Financial Plan and Capital Programme.
- Annual Audit & Governance Committee self-assessment arrangements to evaluate its effectiveness.
- 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.
- The review of significant partnerships and external bodies the Council is represented on to confirm the Council representation is appropriate and the governance arrangements in place are adequate.
- Detailed review and challenge of corporate risks by the Audit & Governance Committee.
- The Local Government Association (LGA) Corporate Peer Challenge concluded that the Council demonstrates a deep understanding of its local place and the challenges and opportunities these present for communities across Blackburn with Darwen.

SCOPE OF RESPONSIBILITY

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

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

The Audit & Governance Committee fulfils the core functions of an audit committee, as identified in CIPFA's *Audit Committees - Practical Guidance for Local Authorities and Police (2013 Edition)*. It monitors and responds to the work of internal and external audit and has overall responsibility for reviewing the framework of corporate governance.

The Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government 2016". A copy of the Code is on our website at www.blackburn.gov.uk; it is contained within the Constitution. This statement explains how Blackburn with Darwen Borough Council has complied with the code and it meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at Blackburn with Darwen Borough Council for the year ended 31 March 2019 and up to the date of approval of the annual statement of accounts.

THE GOVERNANCE FRAMEWORK

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

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

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

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

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

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

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

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

Council Forum in March 2019 agreed the refresh of a new corporate plan for 2019-2023. This has gone through extensive consultation with residents, staff and members. The new corporate plan will be launched after Annual Council in May 2019.

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

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

The Council's vision is guided and influenced by the longer term community vision, which is owned by the Local Strategic Partnership (LSP) and is currently encapsulated within the 2030 vision statement. In addition to this the LSP developed a medium term plan, "Plan for Prosperity 2014-20", which was endorsed by the Local Government Association Health and Wellbeing Board peer review team.

The Council reviews its vision, which is focused on short to medium term ambitions, as and when required, for example when new priorities emerge or if there is a change of leadership. Changes to the vision and ambitions are generally consulted upon with executive members, chief officers and overview and scrutiny chairs, prior to annual Policy Council, which discusses and ratifies the vision and priorities.

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

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

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

The priorities are:

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

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

During 2018 the LSP transformed its programme to an annual summit. The first ever LSP Annual Summit took place in October 2018 and was attended by over 100 delegates. The summit was designed to update partners and stakeholders on activity across four key themes over the last 12 months and consider key priorities to take forward.

The four themes were health and wellbeing; social integration; growth and business; employment and skills. Consideration was also given to emerging policy initiatives from Government and more locally, to agree key actions and also gather early thoughts for the next iteration of the LSP Strategic Partnership Plan 2020 to 2030. We were delighted that the Rt Hon Alan Milburn, Chancellor of Lancaster University attended as our guest speaker.

Current economic and social issues were also discussed, including planning for Brexit, the challenges faced by our residents, and the continued regeneration of the area to attract businesses and jobs to the borough.

As well as focusing on growth, employment and skills, opportunities up to 2020, from healthcare pressures and wellbeing, social integration, volunteering, Your Call, and community safety.

Business leaders discussed the next steps for promoting the borough and leading efforts to make the area more attractive to business, investors and visitors.

LSP partners also began to look at developments long term to take the partnership and the borough forward to 2030.

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

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

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

4. Measure the quality of services for users.

In the Council's 2014 Residents Survey, more than seven out of ten (70%) of respondents to the question "Overall, how satisfied or dissatisfied are you with the delivery of council services" reported that they were either very or fairly satisfied overall with the delivery of council services.

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

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

Customer / resident satisfaction with the services they receive, for the council tax that they pay, has always been a key priority for the Council, and as such key measures are included in the current Corporate Plan and customer service is an embedded principal

in all council work and specific arrangements exist within statutory services around adults and children social care.

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

The Council is legally and constitutionally obliged to maintain and keep up to date its constitution. The Council Constitution was updated in May 2018 to reflect the resolutions/decisions made at Full Council since December 2017. 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 portfolios made by the leader at Annual Council in May 2019.

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

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

During the year the senior management and departmental structures were reviewed to keep these best aligned with the corporate priorities. A more efficient internal management structure was approved during the year through the reduction of the executive level posts from two to one, to take effect from 1 May 2019. The retirement of the previous Chief Executive has enabled the Council to benefit from the opportunity presented by the experience, knowledge, skills and abilities of the current Deputy Chief Executive to take on the Chief Executive role from May 2019, enabling a smooth transition to take place. During the year new Directors have been appointed to Growth and Development, and Digital and Business Change to strengthen and lead on these vital areas going forward, along with the appointment of a new Director of Children Services. This has ensured that the Chief Officer Management Board will have the right skills and capacity going forward. Team activities have also been undertaken to develop Management Board working together effectively as a group.

The Council is proactive in supporting the development of partnership bodies both with other public sector agencies, like health and the police, and with representation from the business and community sectors. This is principally through the development of the LSP but it also involves other significant partnership projects. The policy, research and partnerships team produce an Annual Significant Partnerships Governance checklist

which is reviewed and audited by internal audit prior to the final report being taken to Audit & Governance Committee. Governance arrangements are also set out in the Constitution.

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

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

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

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

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

The Constitution provides the framework for decisions making. It includes delegations to various committees, Executive Members and officers, and also scrutiny arrangements for holding decision makers to be held to account. The decision making process is set out in Article 13 of the Constitution and responsibilities are identified in Part 3. These were updated and approved at Annual Council in May 2018 following a review of the Constitution. The Monitoring Officer also holds and maintains a record of sub-delegations by each Chief Officer, and is also responsible for ensuring lawfulness and fairness of decision making.

External formal monitoring of the Council's data quality arrangements are no longer required by external audit, however the Council's previous monitoring arrangements have continued to be operated. Council processes have been reassessed in light of the requirements of the Single Data List published by the Department for Communities and Local Government. Training and awareness raising sessions continue to be delivered as and when required, alongside formal checks on performance indicator files and monitoring / recording processes. The Data Quality Policy (Performance Data) will be refreshed in 2019 to reflect the changes in reporting arrangements and staff within the Council.

The Policy will be endorsed by the Executive Member for Resources and the Chief Executive. Work is continually underway to assess the Council's compliance with the Government's Code of Practice on Transparency, and any areas recommended for

improvement will be addressed and monitored through existing data quality arrangements.

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

The Council revised its Equality Impact Assessment (EIA) Toolkit and reviewed its decision-making processes in 2016 to embed a robust and mandatory process which helps demonstrate due regard of the impact of service reviews on protected groups, staff and local residents, whilst ensuring a level of bureaucratic balance with the introduction of a new 'screening' element to the EIA process and in line with legislative requirements.

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

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

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

Overarching responsibility for risk management lies with the Management Board, with the corporate risks being owned by members of the Executive Team or Management Board. The Corporate Risk Management Strategy and Framework 2015/20 sets out the structure of the risk management groups and risk management roles and responsibilities. It also includes the terms of reference for the groups responsible for monitoring risk management arrangements and activity, and includes risk management guidance for decision makers and self-challenge questions for report writers. The Risk Management Toolkit and risk register ensure a consistent approach to risk management across the Council. Each department has its own risk register and is required to consider risk at each departmental management meeting. The Executive Member and Executive Board Decision templates have been revised to include consideration of key risks. The Management Accountability Framework (MAF) Director's Exception/Dashboard Report also contains a risk section. The corporate risk register is considered by Management Board on a six monthly basis. Risk management reports, including a summary of the corporate risk register, are also presented at each Audit & Governance Committee meeting. The Committee also carries out a detailed review and challenge of a selection of corporate risks on a regular basis during the year.

Directors are required to confirm that there are sound corporate governance, control and risk management arrangements operating within their Departments, in accordance

with the Council's procedures and practices that uphold the Code of Corporate Governance on a six monthly basis to identify any areas of concern and action that they are taking to address these, via their MAF Dashboard Report. This is report reviewed along with progress against the Corporate Plan priorities, as part of the Programme Area Meetings and reported to the Chief Executive and the Audit & Governance Committee through the MAF thematic summary.

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

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

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

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

The corporate Emergency and Business Continuity plans are tested annually in alternate years. The corporate exercise for 2018/19 was Business Continuity testing a national and regional risk of region wide loss of power very high impact and low likelihood. Power would be lost for anything from 24 hours to 7 days across the region this impacted upon services provided, and resilience of staff impacted by the disruption also and queries basic methods of communications as we rely heavily upon IT. All

departmental plans were also tested during the exercise, with any actions required identified and reported to Management Board. The civil Contingencies Service delivers an annual corporate training programme to staff and volunteers to ensure that they are all trained in their roles they are either expected to perform or volunteer to perform for the Council. The Civil Contingencies Service is currently working through a resilience promotion to year 5 pupils in the borough to encourage community resilience, which will be launched nationally in the spring/summer; and also working with schools on their resilience in their emergency preparedness and response to an emergency or disruption. The Civil Contingencies Service has also worked on the Council's preparedness for the potential implications of a "no deal" EU Exit with partners.

All employees have responsibility for their own health and safety and for the health and safety of others who may be affected by their actions. The overall responsibility for health and safety management lies with the Chief Executive. The Corporate Health and Safety policy, which has been reviewed in May 2019, in line with changes to Chief Executive and the system of safety procedural and guidance documents, outline the arrangements in place to meet the Council's statutory duties.

Face to face training courses for employees are available where appropriate and these are agreed with departmental managers, and are available on request. E-learning safety packages are freely available to all Council employees via the 'Me Learning' portal. There are number of the health and safety courses that are in the process of becoming mandatory for all employees.

A rolling health and safety audit programme is in place for the Council. Service Level Agreements are offered to schools across the Borough for a health and safety service, with over 40 schools purchasing this service from the team.

The organisation has improved the reporting of accidents, incidents and near misses with an intranet based reporting system. This has improved reporting levels as well as tracking that steps are taken by managers to reduce risks and learn from incidents. Statistics are reported at the Health and Safety Consultative Committee every quarter and monthly to Chief Officers The statistics are reviewed by the team and any trends, reoccurring incidents or common issues are addressed where necessary.

The trend in RIDDOR reportable accidents remains similar to previous years with 11 reported in 2018/19. All RIDDOR reportable incidents are fully investigated and any necessary subsequent actions are implemented.

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

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

The Council's Counter Fraud Policy Statement and Strategy 2016/2021 was approved in March 2016. The Statement and Strategy have been prepared in accordance with the CIPFA Code of Practice on managing the risk of fraud and corruption for public

service organisations (2014). The document sets out the Council's approach to the management of fraud risks and defines responsibilities for action.

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

10. Ensure effective management of change and transformation.

The Council is continuing the implementation of its digital vision for the Borough. The work on this area is monitored by the Digital Programme Board. This vision sets out our approach to addressing the challenges of delivering technology across the organisation to take advantage of the technology that is available and new ways of working to ensure that the maximum benefit is derived for the Council, its workforce, customers and partners.

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

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

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

The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Statement identifies that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

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

To perform this role the Head of Internal Audit:

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

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

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

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

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

15. Undertake the core functions of an audit committee.

The Audit & Governance Committee provides independent assurance on the adequacy of the risk management framework, overall governance and the associated control environment. It oversees the internal and external audit arrangements, helping to ensure efficient and effective assurance arrangements are in place. This includes the integrity of financial reporting and annual governance processes. It also provides independent scrutiny of the Council's financial and non-financial performance to the extent that it affects its exposure to risk and weakens the control environment.

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

The Audit & Governance Committee has continued to monitor its own effectiveness against the criteria outlined in the CIPFA Audit Committees Practical Guidance for Local Authorities and Police (2013 Edition). The overall results reported to the Committee in January 2019 showed that there is a strong belief by its members that the Committee is operating effectively.

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

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

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

The Council's evidence submission for the 2019/20 NHS Information Governance Toolkit (now known as DSPT) was approved by the SIRO and uploaded by the Council's Data Protection Officer in March 2019. This has been accepted by NHS assessors and published on the DSPT website. To date there has not been an assessment score awarded as this is a new BETA version release of the NHS IG Toolkit. The Council can confirm however, that it has uploaded the relevant evidence against the 40 modules required to achieve compliance. This will enable the Council to continue to exchange data with NHS bodies.

The General Data Protection Regulations (GDPR) mandatory Information Asset Register continues to be updated to ensure that all information assets are appropriately captured in the Records of Processing Activity (ROPA) register. This register is operational in that all the data we have captured so far is uploaded however, action scheduled to review the data held has been slow to progress in the last year owing to resource pressure.

An application to the LGA for additional funding for information security awareness training was submitted in December 2018 and consequently successful. The Council was awarded £5k and the funding has been allocated to the procurement of specific information and cyber security awareness training (DOJO) which will be rolled out during Q1 2019/2020. Evidence that mandatory awareness training has been completed is a formal requirement in both the NHS DSPT and PSN Connection toolkits.

The GDPR2016 and the DPA2018 were successfully implemented into Council policies and procedures in May 2018. There remains 1 Special Category Data Policy that requires formal ratification. This is currently being reviewed by the Unions and Policy Working Group and is awaiting approval.

Risks have been identified relating to the failure to comply with the Subject Access Provisions in the GDPR2016. The Council has a number of outstanding subject access requests that carry risk of noncompliance with legislation as they are significantly overdue. The consequences of this risk include enforcement action and potential civil monetary penalties issued to the Council by the Information Commissioner. The predominant reason for the risk is a lack of specialist resource in People's Services area to complete the requests. This has been highlighted at departmental and corporate risk level. A task group has been challenged to identify potential solutions to mitigate the risk. Updates are scheduled to be reported back to the Management Board.

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

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

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

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

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

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

The Council needs to consider the development needs and resilience of senior officers and ensure that these officers have the required knowledge, skills and experience to deal with the public sector reform agendas. Training and development needs will be considered in annual appraisals.

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

As well as a constantly updated online version of The Shuttle a hard copy called the Shuttle Extra is now published twice yearly and delivered to homes throughout the borough. Both the hard copy and online versions contain latest news and updates about Regeneration projects, events, achievements and honours, advertising opportunities and information about the Council budget and Council Tax. Automatic updates whenever a new article is published on the Council's website are also available via social media channels. Financial and performance information is also available on the Council's website.

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

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

The Council takes the views of all the groups into account when preparing its budgets. In advance of final decisions on the budgets the potential impact on individuals, services and the voluntary and community sector is considered. As each service is reviewed and final recommendations are made EIAs are undertaken.

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

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

The LSP is responsible for monitoring the Plan for Prosperity and there is a governance framework in place for the significant partnerships register.

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

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

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

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

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

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

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

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

January 2019. The register is updated on an annual basis with targeted sampling through the internal audit plan. A further update to the toolkit will be issued in May 2019.

During 2016/17 the Council introduced new shared management arrangements, and associated governance controls, following approval of the new five year partnership agreement with Capita for the development, delivery and modernisation of a range of place-based services, including the Council's Growth Programme. The shared management arrangements ended in March 2018. Staff delivering the core services under the partnership agreement transferred to the Council on 1 January 2019. The call off of specialist services under the partnership agreement still continues, as and when required.

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

Progress during 2018/19 on significant governance issues identified in the 2017/18 Annual Governance Statement

Title	CIPFA Criteria	2017/18 Issue	2018/19 Action taken
<p>1. Children's Services Financial Position</p>	<p>1,2,3</p>	<p>The Children's Services budget position continues to face demand pressures in 2018/19 due to the volumes of social work being managed, the nature of cases being received (including higher dependency needs) and increasing costs of placements associated with these. This has led to a need for an increase in social workers to manage demand.</p> <p>Arrangements will continue to maintain awareness and ensure effective budget and case management continues at all levels within the service to monitor and manage demand and budget pressures relating to intervention, prevention and permanence planning to ensure that services and resources are not diverted from elsewhere within the Council.</p>	<p>The budget for 2019/20 has been agreed at Finance Council and to address the ongoing pressures, the portfolio will invest in an alternative placement strategy to re-focus on, and build capacity in, our more cost-effective 'in-house' services. They will continue workforce transformation to strengthen our 'front door' to respond to, and manage, demand for services more effectively.</p> <p>In addition in recognition of extra Government funding for social care the Medium Term Financial Strategy provides for some additional demand in future years within earmarked reserves, should demand increase beyond the level assumed within the portfolio's budget.</p> <p>The two main pressures are in the volume of work being referred into the Social Work Service and secondly sustained pressure on our out of borough budget as a result of the number and complexity of children placed.</p> <p>Effective budget and case management has continued at all levels within the service to monitor and manage demand and budget pressures relating to intervention, prevention and permanence</p>

			<p>planning, to ensure that statutory services to children in need of help and protection and cared for children are prioritised.</p>
<p>2. Highways Inspection Arrangements</p>	<p>1,3,5</p>	<p>Ensure an effective inspection regime is in place in respect of the Highway Network (including in relation to bridges and structures) in accordance with the frequency and standards set out in the Well-maintained Highways Code of Practice (since updated and replaced by the "Well-managed Highway Infrastructure: A code of practice").</p>	<p>The DfT identify the following five major asset groups in their Incentive Fund questionnaire: carriageways, footways & cycle ways, structures, lighting and traffic signals.</p> <p>The Council's Safety Inspection Procedure for Highways has been revised and updated in accordance with Well Managed Highway Infrastructure: A Code of Practice. It was approved by the Executive member for regeneration on November 2018 and has been published on the Council's website. Adherence to our procedure ensures that the highways are safe for the public and provides a robust defence against third party claims. In addition to this the Council conducts a survey of the structural condition of all carriageways and a skid resistance survey of the classified carriageways.</p> <p>The Council's entire bridge stock has been inspected in accordance with Well Managed Highway Infrastructure and a forward inspection plan has been developed to ensure these remain safe for use, a programme of remedial work has been identified and discussed with the Executive Member for Regeneration. Inspections of the retaining wall and</p>

			<p>earthworks stock continues and should be complete by 31/03/2020, some remedial works have been identified.</p> <p>Due to limited budgets and prioritisation, limited electrical testing is carried out on the Council's street lighting stock. Limited structural testing of steel and concrete columns also takes place. There are no regular inspections of traffic signals equipment in place.</p>
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REVIEW OF EFFECTIVENESS

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

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

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

The Audit & Governance Committee, in addition to having responsibility for reviewing the Corporate Governance Framework, also has responsibility for reviewing the effectiveness of risk management arrangements. The Committee receives an annual risk management report. The 2018/19 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 2017/18 Annual Audit Letter issued by the Council's external auditor noted that:

- They issued an unqualified opinion on the Council's 2017/18 financial statements.
- Their opinion confirmed that there were no adjustments to the financial statements impacting on the Statement of Comprehensive Income and Expenditure and the Balance Sheet.
- They made a small number of recommendations to support the Council in strengthening its internal controls. These were agreed with management and will be followed up during the 2018/19 external audit.
- The Council's Annual Governance Statement and Narrative Report were consistent with the financial statements they audited and in line with their knowledge of the Council obtained during the course of their audit.
- They issued an unqualified Value for Money conclusion for 2017/18.
- They were satisfied that in all significant aspects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.
- The work carried out on the Council's Data Collection Tool, in line with group instructions provided by the National Audit Office confirmed that the Council was below the audit threshold. It noted that there were no other matters to report in connection with group audit instructions.

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

In their progress report to the Audit & Governance Committee in April 2019 the external auditors were able to state, for the year ended 31 March 2019 that there were no issues that they needed to bring to the Committee's attention from the findings of their interim work to date on the financial statement audit. They noted that they had identified one significant Value for Money Risk in relation to financial sustainability and that work on the risk was progressing.

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

SIGNIFICANT GOVERNANCE ISSUES

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

1. The issue has/may seriously prejudice or prevent achievement of a principal objective;

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

Significant governance issues identified during 2018/19 are outlined in the following table:

Title	CIPFA Criteria	Issue / Actions being taken	Responsible officer(s)
Children's Services Financial Position (brought forward from 2017/18)	1,2,3	<p>Whilst the financial pressures are on-going actions were put in place in 2018/19 to mitigate these. The Children's Services budget position continues to face demand pressures in 2019/20 due to an increase in the volume of work being referred to the Social Work Service and sustained pressure on the out of borough budget due to the number of placements and complexity of needs. The number of social workers with higher than the recommended caseload is also a concern. These issues have led to a need for an increase in social workers to manage demand.</p> <p>The new Director of Children's Services is reviewing caseloads and demand management strategies and an action plan has been developed and reviews of services provided are ongoing to mitigate against demand and financial cost pressures, as far as possible.</p>	Director of Children's Services.
Compliance with GDPR	1,4,5	<p>The Council has not achieved compliance with the minimum requirements of the General Data Protection Regulations 2016 for subject access requests due to the nature of the requests and limited resources available for this area. This has led to a significant backlog of requests. The number of complaints received by the Council relating to this area has increased and cases have been</p>	Director of Digital and Business Change/ Director of Children's Services.

