

# Annual Governance Statement 2018/19

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## INTRODUCTION

## 1. SCOPE AND RESPONSIBILITY

- 1.1 Burnley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Burnley Borough Council has also 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.
- 1.2 In discharging this overall responsibility, Burnley Borough Council is responsible for putting in place proper arrangements for the governance of its affairs; facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Burnley Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA<sup>1</sup>/SOLACE<sup>2</sup> Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at:
- [http://www.burnley.gov.uk/sites/default/files/Changes\\_to\\_the\\_Constitution\\_Code\\_of\\_Corporate\\_Governance.pdf](http://www.burnley.gov.uk/sites/default/files/Changes_to_the_Constitution_Code_of_Corporate_Governance.pdf)
- Or can be obtained from:
- Legal & Democratic Services  
Burnley Borough Council  
Town Hall  
Manchester Road  
Burnley  
BB11 9SA.
- 1.4 This statement explains how Burnley Borough Council has complied with the Code and also meets the requirements of regulation 6(1)[a] of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

## 2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The Governance Framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. 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 services and value for money.

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<sup>1</sup> Chartered Institute of Public Finance and Accountancy

<sup>2</sup> Society of Local Authority Chief Executives

- 2.2 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 can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Burnley Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The Governance Framework has been in place at Burnley Borough Council for the year ended 31st March 2019 and up to the date of approval of the Annual Statement of Accounts.

### 3. THE GOVERNANCE FRAMEWORK

- 3.1 The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. Some of these features of the Governance Framework are explained in the following paragraphs.
- 3.2 The **Strategic Plan** sets out the contribution we will make to enabling communities in Burnley to thrive now and in the future. The Strategic Plan is linked to the revenue and capital budget, ensuring that the aspirations in the plan are realistic in the context of the funding constraints placed on the Council. The Strategic Plan is reviewed annually. The review takes account of **feedback** from surveys conducted with the public in Burnley.
- 3.3 Delivery of the Strategic Plan is supported by **Service Plans** and individual's **Performance Development Reviews**. These include competencies, targets and, where appropriate, service standards against which service quality and improvement can be measured. Officers attend staff conferences and participate in job chats amongst other means to keep informed of organisational and service development. This is also another opportunity for staff to voice opinion and advice on issues.
- 3.4 Burnley Borough Council's **Constitution** sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. It establishes the roles and responsibilities for members of the Executive, Regulatory and Standards Committees, together with officer functions. It includes the Scheme of Delegation, codes of conduct and protocols for member / officer relations. The Constitution is regularly reviewed to ensure that it continues to be fit for purpose.
- 3.5 The Constitution also contains **procedure rules** including, Standing Orders and Financial Procedure Rules that define how decisions are taken and where authority rests for decision making. The **statutory roles** of Head of Paid Service, Chief Finance Officer and Monitoring Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by the Head of Paid

Service (the Chief Executive) and the Chief Finance Officer (Head of Finance and Property) is backed by the post-holders' membership of the Management Team.

- 3.6 The **Chief Financial Officer** (CFO) has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Procedure Rules to ensure they remain fit for purpose and submitting amendments to Full Council for approval. The Chief Financial Officer is also responsible for reporting, where appropriate, breaches of the Rules to the Executive and/or the Council. The Chief Financial Officer reports directly to the Chief Operating Officer.
- 3.7 The role of the CFO has been defined by CIPFA in its document titled, 'The role of the chief financial officer, in Local Government'. The Council's financial management arrangements conform to these governance requirements and this is explained in the constitution.
- 3.8 The Head of Finance and Property fulfils the role of **Head of Internal Audit**. This includes championing best practice and assessing adequacy in governance, management and risk, providing an opinion on these aspects, and leading an effective Internal Audit service.
- 3.9 The **Full Council** and the **Executive** are the decision-making bodies of the Council. **Regulatory Committees** including Development Control and Licensing Committees undertake decisions delegated to it under the Constitution. The Council's **Scrutiny Committee** works to improve service delivery and to review the Executive decisions. The **Audit and Standards Committee** oversees the review of the Council's audit and governance arrangements and the production of this statement.
- 3.10 In recognition of the exposure to fraud, the Council has adopted an **Anti-Fraud Bribery and Corruption Policy** which is part of the Constitution. This is relevant to all members, officers and its partners. Fraud risks are considered as part of strategic and service risk management. Fraud awareness training is made available to further raise awareness of the matter.
- 3.11 To complement the anti-fraud policy, Council has a **complaints procedure** and a **whistle-blowing policy** that is maintained and regularly reviewed, which provide the opportunity for members of the public and staff to raise concerns when they believe that appropriate standards have not been met. The **Audit and Standards Committee** is responsible for overseeing the investigation of complaints against members and promotion and maintenance of high standards of conduct in the authority.
- 3.12 The Council has an embedded **risk management** function. The Risk Management Policy and Strategy are reviewed regularly. The Risk Management Group draws together risk issues from across the authority to ensure that issues and concerns are shared and that a consistent approach is adopted throughout the organisation.
- 3.13 **General Data Protection Regulation** (GDPR) came into force in May 2018. The key legislative changes included strengthened conditions of consent, breach notification

timeframe, significant penalties if in breach of GDPR, etc. It is recognised that the regulation does present a significant risk to the Council, however controls and measures are in place and further interventions are planned in 2019/20. While significant, the risk is considered acceptable at this time.

- 3.14 **Training** needs of members and officers are identified through appraisal and review processes. Appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs. All newly elected members undertake an induction programme so that they can make an effective contribution to the work of the authority. Specific committee training is given to members so that they may discharge their responsibilities more effectively along with general member development training such as on finance and conduct. The Council retained the Investors in People (IIP) Gold Standard and continues to undertake reviews to maintain this excellence.
- 3.15 The Council is committed to **partnership** working. The Burnley Action Partnership brings together representatives from across the community and sectors. This provides a community plan on which the strategy of the Council is based. The Strategic Partnerships with Urbaser, Liberata and Burnley Leisure will ensure that vital services will continue to be delivered in these financially challenging times. The **Burnley Bondholders** work to promote Burnley in the region and wider area.
- 3.16 The main areas of the Council's Governance Framework, and key evidence of delivery, are set out next, under the headings of the seven **CIPFA/SOLACE Core Principles of Good Governance**.

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#### BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF THE LAW.

- Codes of Conduct exist for both officers and members
- Statutory Officers are in post:
  - the Chief Executive as Head of Paid Service,
  - Chief Operating Officer as the Monitoring Officer
  - the Head of Finance and Property as the Section 151 Officer.
- The Constitution and Scheme of Delegation define the roles and responsibilities of officers and members, and sets out the rules on how the Council conducts its business
- TEAM values are in place.

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#### ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT.

- Council meetings are conducted in public; decisions have been properly recorded and are in the public domain.
- The Council complies with the Local Government Transparency Code. Information is held on the Council's website.
- Public consultations have been carried out:
  - Town Centre & Canalside Master Plan
  - Selective Licensing Consultations
  - Shop Front Planning Policy

- Partnership boards for the strategic partners:
  - Liberata
  - Urbaser

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#### DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS.

- The Strategic Plan is in place and is underpinned by Service Plans.
- Balanced Scorecards are used to monitor the achievement of stated outcomes.
- The Council makes best use of resources by always considering options for the way services are delivered.

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#### DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF INTENDED OUTCOMES.

- Balanced Scorecards exist to monitor progress on intended outcomes.
- Decision makers receive analysis of options to achieve intended outcomes. This includes risk analysis associated with making key decisions.
- The Council is continually reviewing how services are provided.

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#### DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT.

- Member training programmes are in place. Training during 2018/19 included several IT training events.
- Officer training is identified during Performance Development Reviews which is linked to the Service Plan.
- New officers receive corporate and service unit induction. Training is also provided to new members.
- Arrangements are in place to maintain the health and wellbeing of the workforce.
- There are regular meetings between the Chief Executive and the Leader of the Council. Similar meetings take place between Heads of Service and Executive Members.

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#### MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG FINANCIAL MANAGEMENT.

- There is a risk management framework in place that identifies and reports risk and how it is managed.
- The system on Internal Control is reviewed on an on-going basis by Internal Audit.
- The Head of Finance and Property Services is responsible for the financial management of the council and is the Section 151 Officer.
- Robust budget monitoring arrangements for both capital and revenue with budget reporting to management team and members.
- The council has an appropriate anti-fraud and corruption culture.

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#### IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY.

- Information on the decision-making process is readily available to all stakeholders.
- As per the Local Government Transparency Code, information is held on the Council's website.
- Internal Audit will review the internal control framework on an on-going basis, particularly the key financial systems.
- Internal Audit will provide an objective opinion on the internal control framework that was in place for 2018/19.
- External Audit (Grant Thornton) will review the arrangements that the Council has in place to secure value for money. This will also provide an opinion on the accuracy and completeness of the Statement of Accounts.

## THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

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### 4. REVIEW OF EFFECTIVENESS

- 4.1 Burnley Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework, including the system of internal control. The review of effectiveness is informed by the work of the Management Team, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by the findings and reports issued by the external auditors.
- 4.2 Burnley Borough Council's Internal Audit section, via specific responsibility assigned to the Head of Internal Audit, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Head of Internal Audit's report for 2017/18 concluded that the Council's internal controls continue to operate effectively.
- 4.3 The review of compliance with the Governance Framework has involved:
- Heads of Service and key officers (Chief Finance Officer, Monitoring Officer and Health & Safety Officer) providing signed Assurance Statements to Management Team. These have been supported by a control and risk self-assessment questionnaire and were collated by Internal Auditors. Management Team considered these statements and also signed Assurance Statement from the Chief Operating Officer.
  - Liberata providing a signed Assurance Statement to the Chief Operating Officer.
  - Executive Members and Chair of Scrutiny completing a self-assessment questionnaire and providing a signed Assurance Statement to the Leader of the Council and Chief Executive.
  - Internal Audit completing a review of the corporate documents and evidence for the key elements of Governance and Internal Control. The Internal Audit Opinion (draft) is included as part of the consideration, as are external audit reports etc.
  - A draft of the Annual Governance Statement is prepared and provided to Management Team.
  - An Annual Governance Statement is then provided to the Chief Executive and Leader to sign.
- 4.4 Governance arrangements continue to be regarded as fit for purpose in accordance with the Governance Framework. The review process has highlighted no significant issues.

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### 5. FUTURE CHALLENGES

- 5.1 Burnley Council has recognised current and future financial challenges in its strategic risk register and medium-term financial strategy. The authority will continue to meet



these challenges as it has done in the past; taking steps to manage this by considering modernisation and rationalisation.

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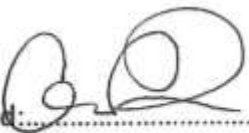
## 6. ACTION TAKEN TO ADDRESS PREVIOUS ISSUES

- 6.1 No significant issues had been identified on the previous (2017/18) governance statement.

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## 7. CERTIFICATION

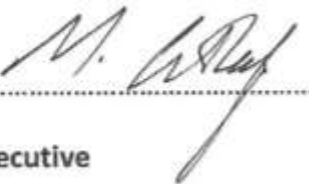
- 7.1 The Council has governance procedures that contain comprehensive systems, cultures and values by which it is controlled, and through which it engages with the community in a timely, inclusive, open, honest and accountable manner.

Signed: 

Leader of the Council

**Cllr C Briggs**

**Date: 7<sup>th</sup> June 2019**

Signed: 

Chief Executive

**M Cartledge**

**Date: 7<sup>th</sup> June 2019**