

# Annual Governance Statement 2015/2016

Blackpool Council



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## Acknowledgement of Responsibility

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

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## The Principles of Good Governance

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Blackpool Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31<sup>st</sup> March 2016 and up to the date of the approval for the statement of accounts for that year.

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## The Governance Framework

The key elements of the structures and processes that comprise Blackpool Council's governance arrangements are summarised below.

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## Code of Conduct and Behaviours

Codes of Conduct are in place which define standards of behaviours for elected members and officers. Adherence to these is a key part of good governance. These are further supported by the Council's Whistleblowing Policy, Registers of Interests and Gifts and Hospitality Policies. Processes are in place to deal with non-compliance through the Council's Disciplinary Policy for Officers and the Monitoring Officer and/or Standards Committee for Elected Members.

The Council has developed a set of values which all elected members and officers should adhere to when carrying out their duties and these include being accountable, compassionate, delivering quality services, being trustworthy and fair. Work commenced in the year to develop a Leadership Charter which will set out the principles of behaviours for managers and this is being produced in consultation with the Senior Leadership Team.

In the year a set of Ethical Principles was developed which has further enhanced the arrangements in place to ensure that the Council behaves in an ethical manner.

The Council strives to deliver equal opportunities to all and equality impact assessments form a part of the decision making process. A dedicated Equalities and Diversity Team is in place at the Council to support managers in discharging their duties.

## Commitment to Openness, Communication and Consultation

The Council complies with the Transparency Agenda and provides a wide range of information in the public domain through its website. Key messages are also communicated to residents in the Your Blackpool publication which is delivered to all Blackpool households on a quarterly basis. Social media is used on a regular basis and is proving an effective way to provide the community with important information from the Council. The public are able to attend and speak at Committee meetings and Full Council is broadcast on the Council's website.

The Council consults and engages with a diverse cross-section of the community to help to ensure that their views are considered. Examples of consultation exercises include household surveys and the Council Couch where Council Officers go out into the community to listen to what residents have to say.

## Developing, Communicating and Translating the Vision

The Council Plan 2015-2020 sets out the vision for Blackpool to be *'The UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town'*. This is supported by the two priorities for the Council which are:

- The Economy: Maximising Growth and Opportunity across Blackpool.
- Communities: Creating Stronger Communities and Increasing Resilience.

The length of the Council Plan has been reduced and the style in which the plan is written reviewed to ensure that the document is accessible and understandable to employees and residents and the plan contents were agreed following a consultation exercise.

A staff conference was held in the year, hosted by the Chief Executive, which formally launched the plan and the Council's priorities to employees.

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Beneath each priority the plan details the key challenges faced by Blackpool and the key projects and schemes which will be implemented to address these issues.

The Council Plan seeks to address the big issues and policy drivers facing local government. The Council priorities feed into directorate business plans and are a key tool for managers to use when developing business plans.

## Performance Management

A Policy Framework is in place which sets out the corporate strategies and plans which are in place and the Corporate Development Team have a role in the production, monitoring and management of these key documents.

The Council has reviewed and refined its performance management system and strategic performance is reported to the Corporate Leadership Team and the relevant Scrutiny Committees with local performance indicators being managed through the Business Planning Process.

In order to improve performance the Council participates in peer reviews and benchmarking exercises to learn from others and to ensure that services delivered are value for money.

Staff performance is managed through team meetings, one to ones and the Individual Performance Appraisal process. A Capability Policy is in place to manage the performance of employees who are not delivering to the appropriate standard.

## Roles and Responsibilities

Responsibilities and functions are in place for each Council Committee including Licensing, Planning, Standards, Scrutiny and Audit Committee. These are reviewed annually with any changes made at the Council's Annual Meeting to ensure that they continue to be fit for purpose. The Executive has agreed a set of criteria relating to the levels of decision making which provide clarity relating to levels of decision making which provide clarity and consistency for decision makers. This has also been reviewed and refined in the last twelve months.

All Council Officers, including the Corporate Leadership Team, have a job description which sets out their roles and responsibilities. Individual objectives for each officer are then part of the Individual Performance Appraisal process and managers have an additional mandatory set of manager objectives which they must conform with.

The Council's Constitution, including the Scheme of Delegation, sets out the arrangements and protocols which are in place to enable effective communication within the authority and they also identify arrangements for working with partners.

The Council has in place effective arrangements to discharge the Head of Paid Service function and this role is undertaken by the Chief Executive.

The Council has designated a Monitoring Officer and Deputy with appropriate qualifications and experience. The Monitoring Officer has the specific duty to ensure that the Council, its officers and its Elected Members maintain the highest standards in all they do and is responsible to Blackpool Council for ensuring that governance procedures are followed and all applicable statutes and regulations are complied with.

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## **Decision Making**

The Constitution sets out the functions and responsibilities of the Council, the Executive and Committees. Included in this are the delegation arrangements adopted by the Council and the Executive and this is reviewed on a regular basis.

All Executive Decisions contain all relevant policy implications including financial, risk management, human resources, equality analysis, ethical considerations, legal considerations and links to Council priorities. All Executive Decisions are subject to finance and legal approval before they are taken forward for a decision to be made. The Monitoring Officer or a designated representative, receive all decisions before they are processed and therefore are able to check the robustness of data quality prior to a decision being submitted for formal approval.

Cabinet Member and relevant Officer Decisions are published to meet transparency requirements and inform the public.

A framework for undertaking compliance checks to ensure that decision making processes are appropriate has been developed and these reviews are jointly carried out by Internal Audit and Democratic Governance and the findings reported to Audit Committee.

## **Compliance with relevant Laws, Regulations, Internal Policies and Procedures**

A wide range of corporate policies and procedures are in place to ensure compliance with laws and regulations. These cover all key areas including financial management, human resources, procurement, contract management, risk management, business continuity, data protection, health and safety management arrangements and safeguarding arrangements.

Managers are responsible for ensuring that their service adheres to the relevant policies and procedures and Disciplinary and Capability Procedures are in place to deal with non-compliance.

Internal and external audit arrangements are in place to provide a reasonable level of assurance with compliance of the Council's system of internal control and the Health and Safety Team also undertake a programme of audits to ensure that managers maintain their manuals.

Mandatory training is delivered through the I-pool online system to advise staff of legislative requirements covering Induction, Child Sexual Exploitation, Customer Care, Data Protection Awareness, Equality and Diversity Awareness, Fire Safety Awareness, ICT Security, Infection Control, Safeguarding and Protection of Adults, Safeguarding Children and You and Your Workstation. Completion rates are reported to the Corporate Leadership Team so that action can be taken in services where non-completion is evident.

The Council's Monitoring Officer has a role in ensuring that the Council acts within the remit of relevant law and regulations and that a robust democratic process is maintained.

A number of arrangements are in place to deal with potential breaches to compliance and these include a Data Breach Panel, Corporate Complaints Panel, Serious Case Reviews and a Disclosure and Barring Service Panel. These are chaired independently of the service which has breached requirements to ensure that objective decisions can be taken.

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## Financial Management

The Council has an appropriately qualified and experienced designated Chief Financial Officer who holds Section 151 responsibilities and a deputy has also been appointed. The Chief Financial Officer has arrangements in place for financial management, financial reporting and value for money which is assessed annually by the Council's external auditors.

Financial Regulations are in place which are supported by a Scheme of Delegation to ensure that managers are aware of the level of expenditure they are able to authorise.

Monthly financial monitoring reports, starting from month 0, are reported to the Corporate Leadership Team, the Executive and Tourism, Economy and Resources Scrutiny Committee.

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).

The Council facilitates a Public Inspection of the Accounts and publishes details of all payment transactions in line with the requirements of the Transparency Code.

## Audit Arrangements

An Audit Committee is in place which is independent of the scrutiny function. As a full committee of the Council it is able to discharge all the core functions of an Audit Committee outlined in the CIPFA Audit Committee: Practical Guidance for Local Authorities (2013), from which the Committee has adopted the model terms of reference. Over the past twelve months that Chair of the Audit Committee has taken steps to raise the profile of the Audit Committee and has presented a report to Full Council on the work of the Committee and has proactively requested Chief Officers to attend Committee to be challenged and held to account where controls issues have been identified.

Modular training is delivered prior to each Audit Committee meeting to ensure that members have the appropriate skills and knowledge to effectively discharge their duties. The Audit Committee undertake periodic self-assessments of their performance to identify strengths and areas for development.

The Council has an internal audit team who prepare an Annual Internal Audit Plan which is approved by the Corporate Leadership Team and Audit Committee. This includes a balance of risk and compliance work. The assurance statement for each audit is reported quarterly to the Audit Committee.

In 2015/16 the Chief Internal Auditor's Annual Audit Opinion was that sufficient assurance work was undertaken to provide a reasonable conclusion on the adequacy and effectiveness of the control environment and that the overall control environment at the Council is adequate.

The Council's internal audit arrangements broadly conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the Public Sector Internal Audit Standards. An external review of the Council's compliance with the Public Sector Internal Audit Standards is planned for 2016/17.

External audit arrangements are in place and they are invited to attend Audit Committee on a regular basis to present the findings of their work and raise any concerns which they may have. Effective working relationships

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are in place with external audit which help ensure that the Council provides timely support, information and responses to the external auditors and considers audit findings and recommendations.

## **Risk Management**

A Corporate Risk Management Group is in place to coordinate and promote risk management activity in line with the Council's Risk Management Framework 2014-2017. It is supported by directorate and thematic risk management groups. An example of the work completed by these groups would be the review and relaunch of the Driving at Work Arrangements by the Driving at Work Risk Management Group due to the risks associated with driving at work and the number of insurance claims which the Council receives in this area.

All directorates have nominated risk champions to promote best practice in their areas and ensure that service level risk registers are in place and that risk registers are developed for major projects and partnerships where appropriate.

The Strategic Risk Register is reviewed by the Corporate Leadership Team every six-months and considered by the Audit Committee annually. Chief Officers identified in the Strategic Risk Register are required to attend Audit Committee to explain how the risks are being managed and what further mitigating controls may be required.

Risk management should be considered for all decisions made by the Council and these are evidenced in the dedicated section on the decision making template.

A Corporate Business Continuity Plan and Critical Activities List are in place and this is supported by service level business continuity plans. Significant work has been undertaken in 2015/16 to improve the quality of the business continuity plans in place.

## **Counter Fraud and Anti-Corruption Arrangements**

The Council has developed counter fraud and anti-corruption arrangements in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). An Anti-Fraud and Corruption Statement is in place and this is approved by the Corporate Leadership Team and Audit Committee on an annual basis. Any suspected instance of fraud or corruption is reported to the Chief Internal Auditor so that an appropriate investigation into the matter can be undertaken.

A dedicated Counter Fraud Team is in place which will deal with a range of corporate fraud issues and work has commenced on areas of perceived high risk such as insurance fraud. A fraud risk register is in place and this will be further enhanced to continue to inform the Proactive Anti-Fraud Plan.

The Council has appropriate procedures in place to deal with the risk of money laundering and also to raise awareness of the Bribery Act and ensure that appropriate controls are in place to reduce the risk.

The Council participates in the National Fraud Initiative and progress against this, and outcomes, are reported to Audit Committee on quarterly basis.

A corporate group is in place to review the Council's use of covert surveillance and to ensure compliance with the Regulatory of Powers Act (2000). Where covert surveillance is used by the Council this is reported to Audit Committee each quarter to aid with transparency.

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## Scrutiny Arrangements

Two Scrutiny Committees are in place which aligns to the Council's priorities including a Resilient Communities Scrutiny Committee and a Tourism, Economy and Resources Scrutiny Committee. These committees help empower elected members and provide them with the opportunity to challenge and hold decision makers to account. Both Committees meet on a regular basis and the minutes of the meetings and supporting documentation are published.

## Learning and Development

The Council has obtained Silver Investors in People status demonstrating its commitment to the provision of training to help develop the workforce. A wide range of training is available corporately which is informed from development needs identified in the Individual Performance Appraisal. The Council is an accredited centre for the Institute of Leadership and Management and there has been a commitment to leadership development throughout the year for senior officer and elected members. The attainment of professional qualifications in relevant disciplines is encouraged and the Council is committed to funding studies where appropriate.

A People Strategy is in place and steps are being taken to better align workforce planning with the business plan process however it is recognised that this is in its infancy. An aspiring leadership programme has been delivered to aid with succession planning and provide a development opportunity for managers wishing to progress in the organisation.

The Council runs an apprentice programme to encourage young people and those who may have struggled to access work previously to engage in employment with the Council. Project Search, the job scheme for young people with learning disabilities also ran for a second year where each of the students learn personal and job skills for a two month period before embarking on work placements to find a suitable job for them.

An induction programme is in place for all elected members. A three year development plan is in place for elected members which helps deliver training to elected members to help them fulfil their role. All elected members have a personal development plan which helps to identify training needs.

## Partnerships and Joint Working

The Council is involved in a number of key projects with partner organisations in order to transform the way in which services are delivered. Examples include the Better Start Project and Head Start Project which focus on early intervention in order to build resilience in the community. Boards with representation from partner organisations are also in place for key risks faced by the Council to introduce an element of independence and challenge. Examples including the "Getting to Good Board" which aims to address the way in which children's social care is delivered and the Challenge Board to improve educational attainment.

Arrangements are in place for the provision of Shared Services with Fylde Borough Council in a number of areas, the most significant being the Revenues and Benefits Service. The Council is also working jointly with other Fylde Coast authorities on the development of an enterprise zone to improve the local economy.

The Council has a number of wholly-owned companies and a Good Governance Framework has been developed has been rolled-out across each company in order to strengthen the governance arrangements in place and



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ensure that the Council's vision for the town, as the shareholder, is able to form part of the direction of travel of each company. The Framework also gives assurance that each company is operating in an effective and accountable way.

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## Annual Review of Effectiveness

Blackpool Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The stages included in the review process and the key findings from each are summarised below.

### Annual Governance Statement Review Group

An Annual Governance Statement Review Group was established in February 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement, including reviewing the 2014/15 statement to ensure that governance issues identified have subsequently been addressed. This group comprised of the Chief Internal Auditor, Director of Governance and Partnerships, Head of Democratic Governance and Head of Corporate Development, Engagement and Communications.

### Elected Member Workshop

A workshop was held on the 15<sup>th</sup> March 2016 with representation from the Audit Committee, Scrutiny Committee, Standards Committee and Cabinet and facilitated by the Chief Internal Auditor, Head of Democratic Governance and Head of Corporate Development, Engagement and Communications.

The workshop was based around the principles of good governance and elected members were asked to establish what arrangements are already in place and these have been reflected in the overview of the governance framework included in this report. Elected members were also asked to identify areas for further development and these have been incorporated into the significant governance issues action plan.

### Key Officer Workshop

A workshop was held on the 25<sup>th</sup> April 2016 with key officers involved in governance. This included the Chief Internal Auditor, Director of Governance and Partnerships, Head of Democratic Governance, Head of Organisation and Workforce Development, Head of ICT, Chief Accountant and Corporate Development Manager.

The workshop was based around the principles of good governance and an assessment was made as to what controls already form part of the Council's governance framework and also areas which needed further development. This process identified a number of areas of good practice and these have been summarised in the governance framework outlined earlier in this report and areas for improvement have been captured in the significant governance issues action plan.

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## Control Self-Assessment Questionnaire

The Corporate Leadership Team was required to complete a control self-assessment questionnaire providing assurance that their directorates were compliant with a number of key controls. Each Director was asked to highlight the three most significant control issues faced over the next twelve months and the risks have been incorporated into the significant governance issues action plan.

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## Assurance Statement

The results of the effectiveness of the governance framework have been considered by the Corporate Leadership Team and Audit Committee who have determined that the arrangements are fit for purpose in accordance with the governance framework.

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## Significant Governance Issues

Actions have been identified as part of the 2015/16 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed as significant but have been included to aid openness and transparency.

Issue	Actions	Responsible Officer
Further embed arrangements in place relating to conduct and behaviours to raise awareness and ensure compliance.	Raise awareness of the whistleblowing policy to employees, elected members and the public.	Chief Executive
	Further promote the Council's values and embed the Leadership Charter.	
	Review the Ethical Principles to ensure that they remain fit for purpose.	
The Council needs to review the way in which it consults with residents and ensures that data collected through the consultation process is adequately considered.	When implementing different approaches to engage with the community, such as the Council Couch, there is a need to ensure that elected members are appropriately consulted with and that senior managers engage in the process.	Chief Executive
	The data which the Council collates in relation to the thoughts of the community should be more effectively used to inform decisions relating to service delivery.	
	New ways to consult with residents who do not ordinarily engage in consultation exercises should be	

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Issue	Actions	Responsible Officer
	<p>considered and there is a need to ensure that consultation exercises are appropriately timed.</p> <p>Improved coordination with partner organisations in relation to data collection could better inform service delivery decisions and avoid potential duplication in consultation processes.</p> <p>Assess the data which the Council makes available to the community to ensure that it contains an appropriate level of detail and is presented in an accessible way.</p>	
<p>Performance management should be more robust and the data more accessible.</p>	<p>There is a need to review the performance data available to the community to ensure that it is relevant, understandable and empowers residents.</p> <p>The process for setting performance targets should be improved and there is a need to strengthen appropriate intervention in cases of low performance where outcomes may not be achieved.</p> <p>The Delivery Unit should be implemented to ensure services deliver appropriate outcomes and improve the quality of performance management data.</p> <p>The Policy Framework should be reviewed to ensure that all appropriate policies and strategies are in place and any gaps are addressed.</p>	<p>Chief Executive</p>
<p>Corporate Policies and Procedures need to be consistently applied.</p>	<p>There is a need to raise awareness of the Corporate Policies and Procedures in place and ensure that all members of the Senior Leadership Team are compliant.</p> <p>As the Council continue to transform there is a need to ensure that adequate internal controls are maintained, particularly as there is an increasing move to self-service and reduced resources results in less capacity to maintain controls.</p> <p>Workforce planning needs to more closely aligned to the business planning process to ensure that workforce pressures are effectively managed and the Council can</p>	<p>Chief Executive</p>

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Issue	Actions	Responsible Officer
	continue to deliver its statutory duties.	
It is increasingly challenging to set a legal budget due to the austerity measures faced by the Council.	The Corporate Leadership Team need to ensure effective monitoring of the achievement of saving and income targets and balance this with demand pressure for services.	Director of Resources
	Effective financial administration needs to be consistently applied across all services including the accurate and timely raising of sundry debt and the prompt payment of creditor invoices.	
Continue to develop and strengthen the challenge to governance arrangements by the Audit Committee.	Consider the benefits of introducing the role of an independent member, with relevant skills and experience, to be represented on the Audit Committee.	Director of Governance and Partnerships
Effectively manage risk with reduced resources and ensure that risk management is built into all decisions as the climate for taking riskier decisions grows.	The Senior Leadership Team need to consider risk management in the context of opportunity in order to transform the way in which the Council delivers its services.	Chief Executive
	The Senior Leadership Team need to ensure that risk management is embedded into in all decisions taken.	
Ensure that all elected members feel empowered when carrying out these duties.	Enhance the development programme for elected members to ensure that they have the appropriate skills and knowledge to empower them to carry out their duties.	Director of Governance and Partnerships
	Raise Elected Members awareness of the policies and procedures in place which enable all members the opportunity to scrutinise, challenge and contribute to the Council's activities.	

### Conclusion

We propose over the coming year to take steps to address the significant governance issues identified to further enhance 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.

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Signed: \_\_\_\_\_ (Leader of the Council)

Signed: \_\_\_\_\_ (Chief Executive)

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