

# **BURY COUNCIL**

## **Annual Governance Statement 2016/17**

### **1. SCOPE OF RESPONSIBILITY**

Bury 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. The Council 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 the above.

In discharging this overall responsibility, the Council is also 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.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.bury.gov.uk](http://www.bury.gov.uk) or can be obtained from;

Interim Executive Director of Resources & Regulation,  
Town Hall,  
Knowsley Street,  
Bury Council,  
BL9 0SP.

This statement explains how Bury Council has complied with the code and also meets the requirements of regulation 6(1)(b) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

### **2. 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 authority 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 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 the Council's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bury Council throughout the year ended 31 March 2017, and up to the date of approval of the statement of accounts.

### **3. GOVERNANCE FRAMEWORK**

The Council has made a clear statement of its ambitions and vision and uses this as a basis for corporate and service planning and shaping the community strategy. The Council is responsible for approving the budget and developing policies and making constitutional decisions. The Council elects a Leader for a term of four years and the Leader appoints a Cabinet of Councillors, each holding a special portfolio of responsibility. The Council's Constitution sets out the roles and responsibilities of each Cabinet member; and the responsibilities delegated to the Chief Executive, members of the Senior Leadership Team and senior managers of the Council. It establishes the posts holding responsibility for statutory and proper Officers. The Constitution is reviewed and updated regularly by Members. Decisions are scrutinised by the Overview and Scrutiny and Health Scrutiny Committees.

Members and Officers are governed by Codes of Conduct and bound by the protocol on Member/Officer relations. The Council is committed to maintaining the highest standards of behaviour and documentation to eliminate corruption and fraud through the Contract Procedure Rules, and protocols from members and Officers for gifts and hospitality. The Constitution is supplemented by a number of codes and protocols, including a Whistleblowing Policy.

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

The Council has adopted the 2016 Delivering Good Governance in Local Government Framework and recognises that effective governance is achieved through the following seven core principles:

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

The table overleaf demonstrates how these core principles have been upheld during the year 2016/17.

Core Principle	Sub Principles	We Do This By:
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.	Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law	<p>Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p> <p>Ensuring Members take the lead in establishing specific operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the <i>Seven Principles of Public Life</i> (the Nolan Principles).</p> <p>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</p> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</p> <p>Seeking to establish, monitor and maintain the Council's ethical standards and performance.</p> <p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation.</p> <p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p> <p>Ensuring that external providers of service on behalf of the Council are required to act with integrity and in compliance with ethical standards expected by the Council.</p> <p>Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>Creating the conditions to ensure that the statutory officers, other key post holders, and Members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p> <p>Striving to optimise the use of the full powers available for the benefit of its citizens, communities and other stakeholders.</p> <p>Dealing with breaches of legal and regulatory provisions effectively.</p> <p>Ensuring corruption and misuse of power are dealt with effectively.</p>
Ensuring openness and comprehensive stakeholder engagement	Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of	<p>Ensuring an open culture through demonstrating, documenting and communicating the Council's commitment to openness.</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes.</p>

Core Principle	Sub Principles	We Do This By:
	<p>communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</p> <p>Establishing a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>Ensuring that communication methods are effective and that Members and officers are clear about their roles with regard to community engagement.</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future use.</p> <p>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</p> <p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>Taking account of the impact on future generations of tax payers and service users.</p> <p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p> <p>Ensuring that partnerships are based on: Trust; A Shared Commitment to Change; A Culture that Promotes and Accepts Challenge Among Partners; and that the added value of partnership working is explicit.</p>
<p>Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these</p>	<p>Having a clear vision, which is in an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the Council's overall strategy, planning and other decisions.</p>

Core Principle	Sub Principles	We Do This By:
	<p>should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer.</p> <p>Delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>Identifying and managing risks to the achievement of outcomes.</p> <p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p> <p>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</p> <p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints.</p> <p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p> <p>Ensuring fair access to services.</p>
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. The Council needs robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of</p>	<p>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.</p> <p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands with limited resources available including people, skills, land and assets and bearing in mind future impacts.</p> <p>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</p> <p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</p> <p>Considering and monitoring risks facing each partner when working collaboratively, including shared risks.</p> <p>Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</p>

Core Principle	Sub Principles	We Do This By:
	outcomes is optimised.	<p>Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured.</p> <p>Ensuring capacity exists to generate the information required to review service quality regularly.</p> <p>Preparing budgets in accordance with objectives, strategies and the medium term financial plan.</p> <p>Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding.</p> <p>Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.</p> <p>Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</p> <p>Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</p> <p>Ensuring the achievement of 'social value' through service planning and commissioning.</p>
Developing the entity's capacity, including the capability of its leadership and the individuals within it	Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will	<p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p> <p>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</p> <p>Recognising the benefits of partnerships and collaborative working where added value can be achieved.</p> <p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p> <p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</p> <p>Ensuring the Leader and the Head of Paid Service have clearly defined and distinctive leadership roles</p>

Core Principle	Sub Principles	We Do This By:
	<p>change over time, there will be a continuous need to develop its capacity as well as providing training to develop the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>within a structure whereby the Head of Paid Service leads in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.</p> <p>Developing the capabilities of Members and Senior Management to achieve effective leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>• Ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged;</li> <li>• Identifying training needs to ensure Members and Senior Officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis;</li> <li>• Ensuring personal, organisational and system-wide development through shared learning, including lessons learned from governance weaknesses both internal and external.</li> </ul> <p>Ensuring that there are structures in place to encourage public participation.</p> <p>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</p> <p>Holding staff to account through regular performance reviews which take account of training or development needs.</p> <p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>
Managing risks and performance through robust internal control and strong public financial management	<p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong</p>	<p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</p> <p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</p> <p>Ensuring that responsibilities for managing individual risks are clearly allocated.</p> <p>Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.</p> <p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</p> <p>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.</p>

Core Principle	Sub Principles	We Do This By:
	<p>system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>Making decision based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook.</p> <p>Ensuring an effective scrutiny or oversight function is in place which encourages effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.</p> <p>Providing Members and Senior Management with regular reports on service delivery plans and on progress towards outcome achievement.</p> <p>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p> <p>Aligning the risk management strategy and policies on internal control with achieving objectives.</p> <p>Evaluating and monitoring risk management and internal control on a regular basis.</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place.</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p> <p>Ensuring an audit committee which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> <li>• Provides a further source of assurance regarding the authority's arrangements for managing risk and maintaining an effective control environment</li> <li>• And its recommendations are listened to and acted upon.</li> </ul> <p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p> <p>Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p>
Implementing good practices in transparency, reporting, and audit to deliver effective	Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not	<p>Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands</p>



Core Principle	Sub Principles	We Do This By:
accountability	only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	<p>and enhance public scrutiny whilst not being too onerous to provide and for users to understand.</p> <p>Reporting at least annually on performance, value for money and stewardship of resources.</p> <p>Ensuring Members and Senior Management own the results.</p> <p>Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the Annual Governance Statement).</p> <p>Ensuring that this framework is applied to jointly managed or shared service organisations as appropriate.</p> <p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</p> <p>Ensuring that recommendations for corrective action made by internal and external audit are acted upon.</p> <p>Ensuring an effective internal audit service with direct access to Members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p> <p>Gaining assurance on risks associated with delivering services through third parties and this is evidenced in the annual governance statement.</p> <p>Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</p>

## **4. RISK MANAGEMENT**

The Council has adopted a corporate risk management policy, and operates a fully integrated risk management system covering the core functionality of the organisation. A web-based risk management toolkit is available to all levels of staff, enabling the production of risk registers at various levels throughout the organisation which are reviewed continually, and reported on a quarterly basis.

Significant business risks that may impact upon the Council and its key partnership priorities (Team Bury) have been identified and appropriate control measures are in place.

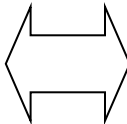
The most significant risks facing the Council continue to be in respect of reduced funding, increased demand and the resulting level of savings required.

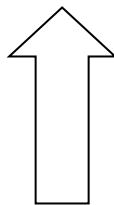
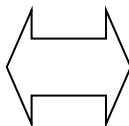
The Council approved cuts of £11.579m in 2016/17 and £31.876m for the three year period 2017/18 to 2019/20, of which £13.335m relates to 2017/18; this followed extensive consultation with residents, service users and other stakeholders.

A summary of the key risks the Council faced in 2016/17 is outlined on the table overleaf; these will continue to be monitored on an ongoing basis and reported to members quarterly.

**BURY COUNCIL**

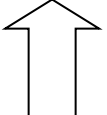
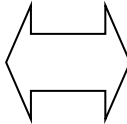
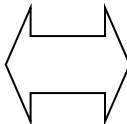
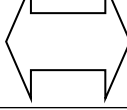
Corporate Risk Register 2016/17 – as at 31<sup>st</sup> March 2017

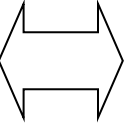
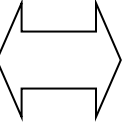
Risk	Risk Owner	Raw Risk Score				Target Risk Score	Mitigation Measures / Assurance Levels			Risk Conclusion	Residual Risk Score				Direction of Travel
		Likelihood	Impact	Proximity	Score		Level 1	Level 2	Level 3		Likelihood	Impact	Proximity	Score	
The Council doesn't agree a balanced budget	Cabinet / SLT	4	4	4	64	LOW	The Council has a 4 year financial forecast covering 2016/17 to 2019/20 in line with the Government's 4 year funding offer.  Budget options have now been approved (Feb 17) covering a 3 year period, recognising the lead in times for the development of options.	Budget options validated by the Councils Strategic Leadership Team, and through regular meetings with Portfolio Holders.  Budget proposals were considered by the Overview & Scrutiny Committee prior to approval.	External Audit Opinion on VFM / Financial Standing	Manage	1	4	4	16	No Change 
The Council cannot deliver cuts approved in the budget	Cabinet / SLT	4	4	4	64	LOW	Once approved, cuts need to be delivered.  Robust budget monitoring procedures are in place, given early warning of potential pressures.	Budget monitoring reports are considered every month by SLT, and reported quarterly to Cabinet.  SLT and the Cabinet meet regularly to discuss progress	External Audit Opinion on VFM / Financial Standing.	Manage	4	4	4	64	Previously 48  Increased to reflect challenge of delivering continuous budget cuts

							<p>2016/17 in year monitoring highlighted the challenges of delivering continuous budget cuts with reduced organisational capacity.</p> <p>Control measures in place to mitigate overspend pressures where possible.</p> <p>Forecast is improving, however pressures still remain; Month 9 position showing +£2.8m (was +£6.4m)</p>	<p>with the in year budget.</p> <p>Monitoring reports are also considered quarterly at;</p> <ul style="list-style-type: none"><li>• SLT / Cabinet</li><li>• Overview &amp; Scrutiny</li><li>• Audit Cttee</li></ul> <p>Increasingly considering “Invest to Save” options.</p> <p>Additional resources available for Adult Social Care – via precept &amp; Government</p>							
Resilience and capacity of services is jeopardised by ongoing funding reductions	SLT	4	4	4	64	LOW	<p>Budget options consider operational impact, and are subject to separate risk assessments.</p> <p>The Council undertakes workforce planning to ensure the right staff are in place, with the right skills at the time needed.</p> <p>Recruitment &amp; Retention of staff</p>	<p>Business continuity plans exist for all services</p> <p>The Council received minimal transition funding from the Government compared to other GM authorities.</p> <p>The Council has access to transformation funding under GM Health &amp; Social</p>	<p>External Audit Opinion on VFM / Financial Standing</p> <p>External reviews, e.g. OFSTED / CQC</p>	Manage	3	4	4	48	<p>No Change</p> 

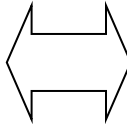
							presents a challenge in some service areas.	Care arrangements							
Changes to the Business Rates Retention scheme (100%) impact adversely on the Council – e.g. appeals	Cabinet Member for Finance & HR / Interim Executive Director of Resources & Regulation	3	4	4	48	LOW	<p>The Council makes “in year” provision for the impact of appeals when estimating yield (NNDR1), and also makes provision within the annual revenue budget.</p> <p>In addition, the Council holds a reserve to fund the backdating (i.e. one-off) effect of appeals.</p> <p>Risk of appeals is heightened under 100% retention (although protection for 2017/18 pilot); also likely to be increased incidence of appeals in light of 2017 revaluation</p> <p>Impact of business failure also increases, however mitigated through work of Business Engagement Team</p>	<p>The Council maintains an active dialogue with the Valuation Office Agency to ensure that appeals are dealt with in a timely manner.</p> <p>The Council participates in the GM Collection Fund Accounting Group</p>	The Council’s External Auditors review the Council’s Collection Fund, and Appeals Provisions as part of the annual audit process.	Manage	3	4	4	48	<p>Previously 36</p> <p>Risk increased to reflect 2017 revaluation</p> 

Ongoing Welfare Reforms place additional pressure on both residents and the Council	Cabinet Member for Strategic Housing & Support Services / Interim Executive Director of Resources & Regulation	4	4	4	64	LOW	<p>Regular monitoring of the impact of reforms is undertaken.</p> <p>Increased risk due to revised CTS scheme, and increased Council Tax (necessary to fund Adult Social Care)</p> <p>Increasing reliance on 3<sup>rd</sup> Sector, which itself faces funding reductions</p> <p>Concerns over security of employment and uncertain economic outlook</p>	The impact of reforms is reported through the Welfare Reform Board.	There is close liaison with Partner organisations, e.g. CAB, Six Town Housing to assess and mitigate the impact of reforms.	Manage	4	4	4	64	<p>Previously 36</p> <p>Risk increased to reflect range of reforms now underway.</p> 
Ongoing academisation of schools impacts upon income levels for traded services	Cabinet Member for Children & Families / Executive Director of Children, Young People & Culture	3	4	3	36	LOW	<p>Traded services are currently undergoing a comprehensive review to assess the impact of academy conversions.</p> <p>Requires more proactive management as risk of schools not buying-back increases</p>	<p>The Council has a good relationship with schools, and a high level of buy-back.</p> <p>Where possible, and viable, services will continue to be traded to schools that undergo academy conversion.</p>	The relationship with schools is managed proactively through the Schools Forum.	Manage	3	4	3	36	<p>Previously 18</p> <p>Increased to reflect buy-back risk</p> 
Unknown implications of the Brexit referendum	Cabinet / SLT	4	4	4	64	MEDIU M	The most significant risk is the uncertainty of the implications of	The Council makes use of external brokers (Capita) who offer advice on	Other professional networks are utilised, e.g. GM	Accept	4	4	4	64	<p>Previously 48</p>

impact adversely upon the Council							Brexit – notably economic conditions.  Potential impact on the pound, inflation, and impact upon Bury businesses	economic conditions and the Council's Treasury Management.	Treasurers Group						Risk increased to reflect level of uncertainty 
The Council is unable to manage customer / resident demands and expectations in the light of funding reductions	Cabinet / SLT	4	4	3	48	LOW	The Council has previously written to all residents advising them of the impact of funding reductions.  Further communication required e.g. resident briefings	Public meetings are held each year as part of the budget consultation process.	The role of elected members is critical as they provide an interface between residents and the Council	Manage	3	4	3	36	No change 
The Council's growth strategy is impeded by external influences, e.g. economic conditions	Leader / Chief Executive	3	4	3	36	LOW	The Council has a clear Growth Strategy in place  GMSF will present opportunities for growth, however also create competition between Boroughs  Economic uncertainty may stifle growth.	This has been agreed at both Council and Partner level (Bury Wider Leadership Group).	The Council actively promotes development opportunities nationally, and engages with GM activity to promote the region.	Manage	2	3	3	18	No change 
Population growth and age profile lead to service demands exceeding Council capacity /	Cabinet / SLT	4	4	3	48	LOW	The Council has adopted the Social Care Precept (2016/17) to channel additional resources to	A number of initiatives are in place aimed at early intervention, and self care e.g. reablement,	Close working takes place with partners in the CCG and key providers to mitigate	Manage	4	4	4	64	No Change 

resources.							pressures in Adult Social Care.  Continuing pressures in the NHS will impact upon the Council's services  Further funding for Social Care now made available  Complexity and long term nature of conditions an increasing pressure  Fragile market of care providers	wellbeing service	demand pressures.  Development of LCO / OCO working model						
Ability to maintain core statutory functions e.g. safeguarding is impeded by funding reductions.	Cabinet / SLT	2	4	3	24	LOW	The budget setting process reflects the statutory nature of some services when allocating cuts targets  Additional resources now available for Adult Social Care	Directors prioritise spend to ensure statutory obligations are fulfilled – this is done through the Cash ceiling / virement scheme.	External Audit Opinion on VFM / Financial Standing  External reviews, e.g. OFSTED / CQC	Manage	2	4	3	24	No Change 
Health & Social Care integration does not reform services and deliver required efficiency savings	Cabinet Member for Health & Wellbeing / Executive Director of Communities & Wellbeing	3	4	4	48	LOW	The Council and CCG work closely together and operate pooled budgets in some areas (Better Care Fund).  The Council and	The Council is working towards development of a single commissioning organisation (OCO); this is expected to be in place by April 2017.	Partnership working takes place at a higher "North East Sector" level with Oldham and Rochdale Councils,	Manage	3	4	4	48	No Change 



							CCG management teams meet jointly on a regular basis.  Capacity to develop arrangements is a risk, however the Council will access transformation funding to mitigate this	Similarly, it is proposed to operate a Local Care Organisation (LCO) from April 2017.	recognising the broader footprint of key providers (Pennine Care & Acute).						
GM approach to devolution does not reform services and deliver required efficiency savings	Leader / Chief Executive	2	4	3	24	LOW	<p>The Council is an equal partner in AGMA, and engages actively through regular GM meetings at officer level.</p> <p>Risk that reform takes place at the pace of the slowest partner</p> <p>Risk that Bury's low cost base rises to average GM levels</p> <p>Need to ensure democratic / governance processes preserve local accountability</p> <p>Election of Mayor to take place in 1<sup>st</sup> quarter of 2017/18</p>	This is supplemented by a comprehensive schedule of meetings at member level.	The Leader and Chief Executive lead on the Crime and Justice workstream.	Manage	3	4	4	48	No change 

### **Risk Scoring Matrix**

Likelihood            1 (low) – 4 (high)

Impact                1 (low) – 4 (high)

Proximity            1 (low) – 4 (high)

Maximum Score      4 x 4 x 4 = 64

<b>Low Risk</b>	<b>0 - 20</b>
<b>Medium Risk</b>	<b>21 - 40</b>
<b>High Risk</b>	<b>41 - 64</b>

## **5. REVIEW OF EFFECTIVENESS**

The Council is required to conduct a continuous review of the effectiveness of its governance framework including the system of internal control. We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

This is achieved through the following;

- Quarterly meeting of "Governance Panel" comprising; interim Executive Director of Resources & Regulation (s151 Officer), Monitoring Officer and Head of Financial Management.
- Continuous review of governance arrangements, and a quarterly update of the Governance Statement – reported to and approved by the Audit Committee.
- The Council has adopted a Planning and Performance Framework and carries out a programme of monitoring which runs throughout its annual cycle. This includes: monthly scrutiny of all budgets; quarterly monitoring and reporting of Performance Indicators.
- The Cabinet carries out functions which are not the responsibility of any other part of the Authority. Several members of the Cabinet are assigned portfolio areas, and are assisted by non Cabinet Members as necessary. This allows the Cabinet to monitor the activities of the authority. Cabinet Members each have a specific Role Description setting out the responsibilities of their portfolio.
- There is a well established Overview and Scrutiny function which has been revised and updated in the light of experience. Scrutiny reviews the work of the Council throughout the year and also report annually to Council.
- The Council has introduced a corporate system to receive and reference incoming complaints, allowing the response to be tracked, and progress to be reported to senior management.
- The Council has a database to record and track Freedom of Information requests, and reviews ensuring compliance with statutory deadlines.
- Similarly, a database operates to hold service business continuity plans, and map links / dependencies between services.
- The Executive Directors and Chief Executives of Six Town Housing and Persona have each reviewed the operation of key controls throughout the Council, from the perspective of their own departments, using a detailed checklist. They have provided a signed assurance statement and identified any weaknesses or reservations for inclusion in an improvement programme.
- The Monitoring Officer carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, commenting when necessary, or taking appropriate action, should it be required. The Monitoring Officer is also responsible for monitoring the Local Code of Corporate Governance.

- The Interim Executive Director of Resources & Regulation (s151 officer) prepares quarterly Risk Management reports reviewing activities and progress, and has reviewed the Local Code of Corporate Governance and anti-fraud and corruption strategy.
- The Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.
- The Audit Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Council's external auditors (KPMG). They approve the annual plans for each, and receive regular progress reports throughout the year. The Head of Financial Management (in the role of Head of Internal Audit) submits to them an Annual Report and Opinion, and the external auditor submits an Audit and Inspection Annual Letter.
- The Internal Audit service is a directly employed in-house service, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972 and the Accounts and Audit Regulations 2015. It operates under the Audit and Assurance Council, as part of the Financial Reporting Council, and the CIPFA (Chartered Institute of Public Finance and Accountancy) UK Public Sector Internal Audit Standards, as approved by Audit Committee in December 2013.
- The Internal Audit Section is assessed every year against the UK Public Sector Internal Audit Standards (PSIAS) and previously against the 2006 CIPFA Code of Practice for Internal Audit in Local Government. The service was externally assessed by a peer review in October 2016 that found the service to be partially compliant against the PSIAS. An action plan has been put in place to address the gaps found.
- The Council's external auditors (KPMG) review the activities of the Council and approve the annual accounts. Conclusions and significant issues arising are reported in their Report to those charged with governance.
- The Audit Committee has been advised on the outcome of the review of the effectiveness of the system of internal control, and an action plan to address weaknesses and ensure continuous improvement of the system is in place.
- Despite the suspensions in 2016/17 of the Chief Executive, the Executive Director of Children's Services and the Monitoring officer, interim arrangements were quickly put in place to ensure maintenance and continuity of the governance arrangements already in place and to ensure these remained effective. These arrangements will continue until further notice and until the conclusion of the suspensions.

## ***6. EFFICIENCY / VALUE FOR MONEY***

The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.








### **VFM Profiles:**

Public Sector Audit Appointments (previously the Audit Commission) has published profiles comparing the cost per head of population of services in Bury with those of other Metropolitan Councils; these assist us in determining that the Council is offering Value for Money.

Any benchmarking data should be used with caution given differences in interpretation between organisations. It should also be noted that some of the data used refers back to 2015/16 and most services have undergone significant transformation since then.

## Overview

This is an overview of the authority's spend on its services expressed per head of total population (or subsections of the population for adult social care and children's services). Most of the expenditure data come from the latest Revenue Outturn return however spending on children's services and the planned net current expenditure come from different sources and are for different time periods. Each indicator links to another set of related indicators. You can view an indicator in detail by clicking on the icon next to the indicator name.

Indicator	Period	Value	% change	DoT	Rank (Percentile)	Average
Total net spend per head	2015/16	£1,859.81 per head	-2%	↓	 Average	£1,909.44 per head
Spend on adult social care per adult	2015/16	£416.59 per head 18+	-15%	↓	 In the highest third	£398.53 per head 18+
Spend on council tax benefits and housing benefits administration per head	2015/16	£9.29 per head	-7%	↓	 In the lowest 25%	£13.63 per head
Spend on all children and young people services per head 0-17 yrs	2015/16	£4,270.97 per head 0-17	1%	↑	 In the highest 25%	£3,836.94 per head 0-17
Spend on culture and sport per head	2015/16	£57.83 per head	-9%	↓	 In the lowest third	£70.15 per head
Spend on environmental services per head	2015/16	£36.87 per head	1%	↑	 In the lowest 20%	£64.60 per head
Spend on housing services per head	2015/16	£37.59 per head	-10%	↓	 In the highest 10%	£22.84 per head
Spend on sustainable economy per head	2015/16	£76.65 per head	-3%	↓	 In the lowest 20%	£100.01 per head
Spend on public health services per head	2015/16	£58.68 per head	43%	↑	 In the lowest 20%	£77.19 per head
Planned net current expenditure per head of population	2016/17	£1,873.29 per head	-2%	↓	 Average	£1,929.37 per head

In their ISA260 statement (July 2016), the Council's External Auditors (KPMG) stated;

***"Our VFM conclusion considers how the Authority secures financial resilience and challenges how it secures economy, efficiency and effectiveness. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March, 2016."***

## **7. GROUP ACTIVITIES**

The Council has "Group" relationships with four organisations as follows;

- AskBury joint venture company
- Bury MBC Townside Fields Limited
- Six Town Housing
- Persona

From an internal control / governance perspective;

- All transactions relating to these organisations utilise the Council's corporate systems and are safeguarded by the controls therein.
- All transactions are open to examination by the Council's own Internal Audit team.
- A "Joint Venture Board" is in place to oversee activity in this area.
- Guidance is sought from External Auditors on significant issues, e.g. Knowsley Place development.
- All decisions are subject to the Council's reporting / approval requirements.
- There are regular performance / financial monitoring meetings between senior officers of Six Town Housing, Persona and the Council.

## **8. SIGNIFICANT GOVERNANCE ISSUES**

The Effectiveness statement set out in section 5 above demonstrates that the Control Environment described in section 3 is operating effectively. Further evidence to support this conclusion comes from:

### **1 Work of Internal Audit**

The Internal Audit Section is managed by the Chief Internal Auditor. The Head of Financial Management, in the role of Chief Internal Auditor, seeks to comply with the five principles of CIPFA's guidance on the Role of the Head of Internal Audit, as follows:

The Chief Internal Auditor in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:	Championing best practice in governance and management, objectively and independently assessing the adequacy of governance and management of existing risks, commenting on
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	responses to emerging risks and proposed developments.
	Giving an objective, independent and evidence based opinion on all aspects of governance, risk management and internal control.
To perform this role the Chief Internal Auditor:	Must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.
	Must lead and direct an internal audit service that is resourced to be fit for purpose.
	Must be professionally qualified and suitably experienced.

The Internal Audit section reviews the core functional activities of the Council in accordance with professional standards and in line with a risk based plan. During 2016/17, 63 Internal Audit reports were produced resulting in 328 recommendations (99% accepted).

Internal Audit recommendations are ranked according to risk – there were no recommendations made during 2016/17 that were viewed as high risk.

The Schools Financial Value Standard (SFVS), which began operating in 2012/13, is a self assessment that should be undertaken by maintained schools to ensure the effective financial management of their resources. It is a mandatory requirement that all LA maintained schools complete and submit a signed SFVS template to their Local Authority on an annual basis. All Bury's schools that are required to undertake the assessment did so successfully. Locally, this will be viewed as a minimum standard, and the Internal Audit section will undertake whatever work it deems necessary based upon its own risk assessments.

The Annual Report and Opinion by the Head of Financial Management states:

***"The effectiveness and security of local authority systems and controls are underpinned by the overall governance and control framework. At Bury this is considered to be sound".***

## 2 View of External Audit

The Auditors' ISA 260 report (July 2016) concluded that;

***"The Annual Governance Statement complies with the guidance issued by CIPFA / SOLACE in June 2007".***



On Boxing Day 2015, widespread floods were experienced across the Borough; this involved considerable damage, loss of structures and flooding of numerous properties. In addition to the significant human impact upon residents and local businesses, the Council faces a financial burden in respect of reinstatement, and recovery / clean up.

The Council has continued to seek to recover costs in 2016/17 under the "Bellwin Scheme" and through wider Government support. The Bellwin scheme operates like an insurance policy, whereby the Council would be required to pay an "excess" amounting to approximately £250,000 before support is available.

Discussions are ongoing with the Government in respect of wider infrastructure losses; damage to bridges, parks, and the Council's Housing Stock.

## **9. LOOKING AHEAD - 2017/18**

- Looking forward to 2017/18, the Council is proactively responding to a number of challenges;
- The Council incurred an overspend of £1.670m in 2016/17.
- In February 2017, the Council agreed a three year budget for 2017/18 to 2019/20 in compliance with its "Golden Rules". It is now essential that the budget is monitored closely during the year to ensure that departmental savings plans are being achieved, and also that appropriate preparations are made for future years.
- Economic conditions continue to have an adverse impact on income levels in Departments, notably Resources & Regulation (Property and parking fees). The risk is recognised in the assessment of the minimum level of balances and will continue to be closely monitored throughout 2017/18.
- Budgets in respect of Children's Social Care remain under pressure in the light of the increased emphasis on child protection nationally. Likewise, pressures remain in Adult Care Services in respect of an increasing elderly population and Learning Disability care packages. Controls are in place to ensure appropriate care packages are provided, and improved procurement activity ensures these are obtained at competitive rates. This situation will continue to be closely monitored during 2017/18.
- The Council faced two significant changes to the structure of Local Government Finance that took effect from April 2013 - the localisation of Council Tax Benefit and changes to the system for Business Rates. These challenges were once again addressed in setting the 2017/18 budget and monitoring / reporting arrangements were put in place to track progress through the year.
- Significant numbers of staff continue to leave the Council under the Voluntary Early Retirement (VER) and Mutual Settlement scheme where a business case can be proven. It is essential that standards of governance and internal control are maintained going forward. This will be a key focus for the work of Internal Audit in 2017/18.
- The Council continues to work closely with Six Town Housing, and a joint Housing Strategic Priorities Board now oversees priorities, and ensures that effective governance arrangements are in place. In addition, regular finance meetings continue to take place between finance staff from Six Town Housing and the Council's s151 Officer.

- The Council set up a Local Authority Trading Company (LATCo) in October 2015 (Persona) to provide a number of adult social care services to the community of Bury. The services include Short Stay (Elmhurst and Spurr House), Shared Lives, Supported Accommodation (Community based), Day Services for Older People (Grundy, Pinfold), Day Services for Physical Disability (ReStart at Castle Leisure), and Day Services for Learning Disabilities (various community bases). Shareholder governance is essential in order to ensure that the Council, who is the 100% shareholder, is strategically in control of the LATCo and thereby meets the requirements of the TECKAL exemption (i.e. the need for the Council to exert control and influence over the company). However, this needs to be balanced with the need to enable the LATCo to develop as an organisation and a business. The governance arrangements include:
  - Shareholder Panel;
  - LaTCo Board;
  - Executive Management Team;
  - Stakeholder Forum;
  - Committees

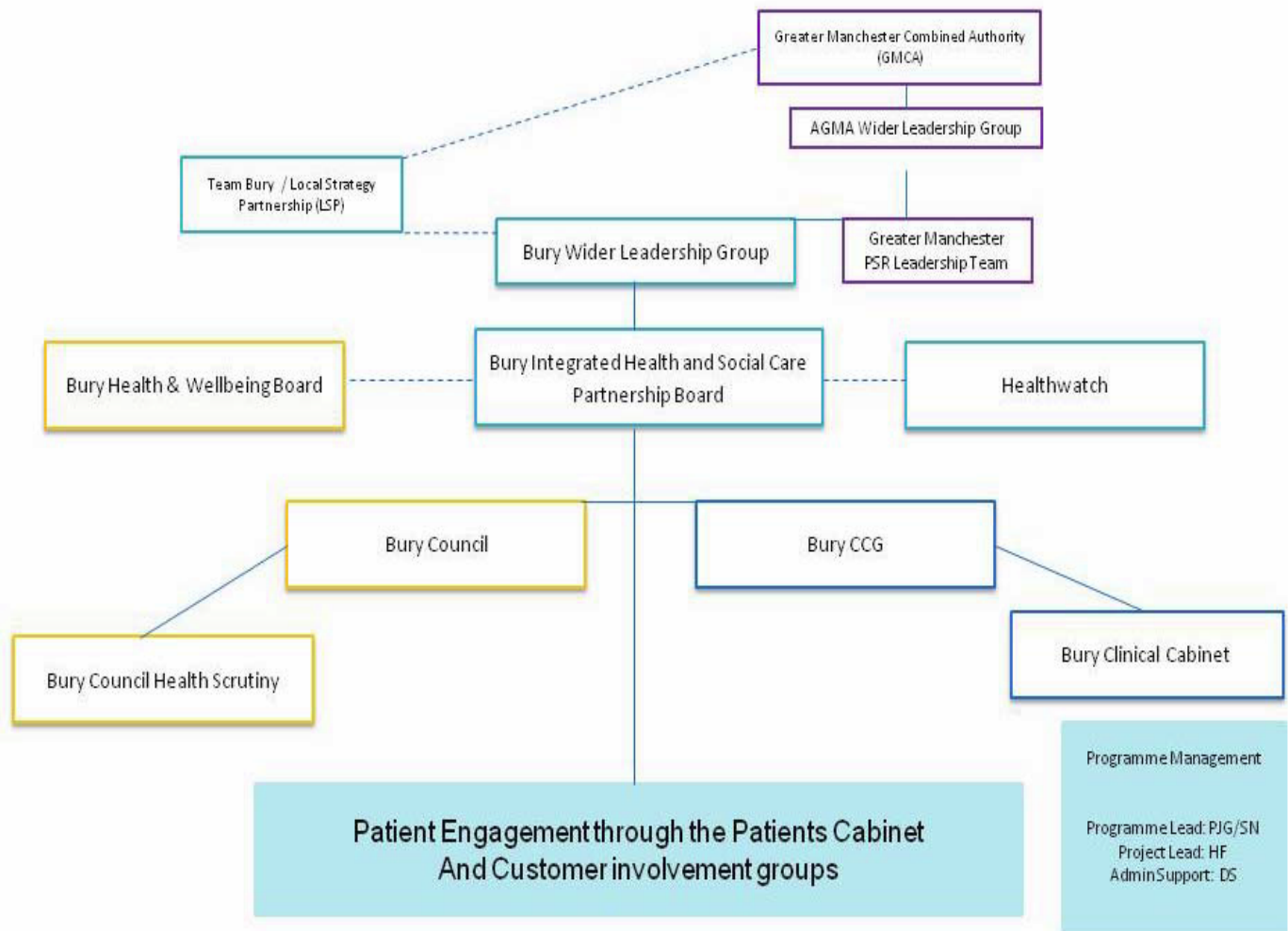
They have been designed with the intention of making a clear distinction between the role of the Shareholder and that of the LATCo who is entrusted to deliver services on their behalf.

The Shareholder will hold the LATCo accountable through the Council Shareholder Panel. This Panel is made up of the Cabinet Member for Health and Wellbeing, three Elected Members, the Director for Adult Social Services (DASS) (currently the Executive Director Communities and Wellbeing), and the S151 officer (currently the Assistant Director Resources and Regulation, Finance). The role of the panel is to act on behalf of the shareholder to scrutinise the LATCo in respect of performance against the business plan and financial plan. The Shareholder Panel has certain retained decisions, for example appointments to the LATCo Board. The LATCo Board is responsible for the strategic direction of the LATCo and reports back to the Shareholder Panel in respect of performance. This Board comprises Executive Directors of the company; Managing Director, Finance Director and Operations Director. There are also two Non-Executive Directors. The Non-Executive Directors have been appointed based on their commercial expertise and ability to complement the skills, experience and knowledge of other Board members and fill any expertise gaps. One of the Non-Executive Directors is an Elected Member of the Council. The final Board position is that of staff representative. This position ensures that the workforce have a key role in the operation of the organisation, recognising that this is a people business. The Board is co-ordinated by an Independent Chairperson. The LATCo Board has put in place committees, management teams and stakeholder forums that it has deemed necessary to effectively manage its business. These include those necessary to establishing and maintaining effective relationships with trade unions. A Shareholder Agreement has been put in place between the Shareholder and the LATCo. This contains details of retained and delegated decision making powers.

The LATCo also has relationships with the Council beyond the Shareholder as detailed below:

- Commissioners – The LATCo is commissioned by the Council for the services it provides to it. This relationship is governed by contracts for services and under pinned by service specifications. The initial contract is for 5 years with a review at the 3 year point (3 years plus 2 years).

- Support Services – The LATCo buys back certain support services such as IT. This buy back relationship where the LATCo is the recipient of a service provided by the Council, is governed by service level agreements.
- Traded Services – The LATCo buys back certain traded services such as transport, security, and grounds maintenance. This buy back relationship where the LATCo is the recipient of a service provided by the Council, is governed by service level agreements.
- Tenant – The LATCo is the tenant on 9 Council owned properties. This relationship is governed by separate leases.
- The Council is updating its financial strategy for 2017/18 and beyond; the government announced a four year settlement as part of the 2017/18 funding announcement. This will help the Council to plan ahead before the 100% devolution of business rates by 2020.
- From 2015/16 the Council has been an active participant in the GM Devolution arrangements; these present both an opportunity and a challenge, and the Council must make sure effective governance arrangements are in place.
- Health and Social Care Integration – Whilst 2020 is the Government's target date for health and social care to be integrated across England, local areas are required to produce a plan by April 2017 for how they would achieve this including the governance arrangements. The chart below provides details of how Bury Council, in partnership with Bury Clinical Commissioning Group, Pennine Care NHS Foundation Trust, Pennine Acute Hospital NHS Trust, GP Federation, GP Out of Hours and the Third Sector Development Agency is supporting the integration of health and social care by ensuring the effective governance of integrated teams and commissioning of services.



This statement, and progress on the actions set out above is reviewed and monitored by the Strategic Leadership Team and the Audit Committee on a regular basis.

Signed:

*Pat Jones Greenhalgh*

*[Signature]*

Interim Chief Executive  
June 2017

Leader of the Council  
June 2017