

# REPORT FOR DECISION



<b>DECISION OF:</b>	<b>Audit Committee</b>
<b>DATE:</b>	<b>30 July 2020</b>
<b>SUBJECT:</b>	<b>Draft Annual Governance Statement</b>
<b>REPORT FROM:</b>	<b>Mike Woodhead</b>
<b>CONTACT OFFICER:</b>	<b>Lisa Kitto</b>
<b>TYPE OF DECISION:</b>	<b>NON KEY DECISION</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain
<b>SUMMARY:</b>	<p>The Council as part of its Statement of Annual Accounts produces an Annual Governance Statement (AGS). The draft Annual Governance Statement has been completed and sets out key information in the Council's assessment of its internal governance arrangements. The AGS also sets out key areas of governance concerns and actions that will be undertaken to address these.</p> <p>The draft AGS is presented for an initial review by the Audit Committee and a final document will be presented to Committee in September for recommendation for approval at Full Council later in the year.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>The Audit Committee is asked to</p> <ul style="list-style-type: none"><li>• Note the draft AGS and provide initial comments</li><li>• Note that the AGS will be available on the Council's website from the end of July and available for public inspection;</li><li>• Note that a final AGS will be presented to Committee in September for approval and for recommendation to Full Council.</li></ul>

<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?      Yes                      No
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	The AGS is s statutory requirement and provides an assessment of the effectiveness of the council's internal control framework. The AGS supports the governance responsibilities that are part of the role of the S151 officer.
<b>Equality/Diversity implications:</b>	No direct implications
<b>Considered by Monitoring Officer:</b>	Yes                      Comments
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	None

**TRACKING/PROCESS**

**DIRECTOR:**

Joint Executive Team/CCMT	Cabinet Member/Chair Briefed	Ward Members (if necessary)	Partners
Scrutiny Committee	Other Committee	Council	Comms

## **1.0 BACKGROUND**

- 1.1 The Accounts and Audit Regulations 2015 require the Authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to prepare and Annual Governance Statement (AGS). As a consequence of the COVID-19 pandemic, and April 2020 amendment to the Accounts and Audit Regulations has altered the statutory timetable to the production and publication of the AGS alongside the Financial Statements.
- 1.2 The AGS is produced in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016). The AGS should be an open and honest self-assessment of the organisation's performance across all of its activities and against these principles.
- 1.3 In producing the AGS, we have also followed CIPFA guidance issued in April 2020 to include relevant areas of governance impact arising from the COVID19 pandemic. These are captured throughout the document.
- 1.4 A new style document has also been produced by the Council as part of a commitment to refresh existing practices and processes.

## **2.0 ISSUES**

- 2.1 Some areas of weakness have been identified and the Council and these are set out in the document. A review of governance arrangements is currently underway and will be reported to Audit Committee throughout the year. Further information how the Council plans to address some of the governance concerns is also set out in an action plan appended to the AGS.

## **3.0 CONCLUSION**

- 3.1 The Council has produced a draft AGS in line with statutory requirements and is presented to the Audit Committee for initial consideration and for the draft to be shared for audit and inspection purposes at the end of July, with opportunities to update the draft. The final AGS will be presented to the Audit Committee in September for approval by Full Council later in the year once the external audit of the statutory accounts is completed.

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### **List of Background Papers:-**

### **Contact Details:-**

Lisa Kitto – Interim Deputy Chief Finance Officer

## Annual Governance Statement 2019/20

### Scope of Responsibility

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and provides value for money. 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 economy, efficiency and effectiveness.

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

Bury Council acknowledges its responsibility for ensuring there is a sound system of governance. The Council has adopted a Code of Corporate Governance, which is consistent with the seven principles of the CIPFA / SOLACE Framework "Delivering Good Governance in Local Government".

This statement reports on the Council's governance framework that has been in place during 2019/20 and explains how it has complied with its own code of corporate governance, including how the effectiveness of arrangements has been monitored. This meets the requirements of regulation 6 (1) of the Accounts and Audit (England and Wales) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

In addition to this, the annual governance statement sets out how the Council has complied with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations (England and Wales) 2015. The Coronavirus amendment revised the deadlines applicable for Local Authorities as follows:

- Approval of draft accounts 31 August (previously 31 May)
- Public inspection Period to start on or before first working day of September 2020 (previously included first 10 working days of June)
- Publish Final Audited Accounts 30 November (previously 31 July)

A copy of the Code of Corporate Governance, which will be refreshed as part of a programme of work to update the financial framework, is on the website at:

<https://www.bury.gov.uk/CHttpHandler.ashx?id=16454&p=0>

The Council's financial management arrangements are consistent with a number of the governance requirements of the CIPFA statement on the role of the Chief Finance Officer in Local Government (2016). The Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others. The Joint Chief Finance Officer (and designated Section 151 Officer) is a member of, and attends, the meetings of the Joint Executive Team which integrates the Executive Teams for the Council and the Clinical Commissioning Group. All statutory officers have access to the Chief Executive. The Council considers that its

management arrangements are appropriate in the context of compliance with the CIPFA Statement.

### The purpose of the governance framework

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

The governance framework is designed to manage risk to a reasonable level. The associated processes 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 policies, aims and 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 Council's governance framework

Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. As set out in its Code of Corporate Governance, the Council aims to achieve good standards of governance by:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining the Council's outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the Council's intended outcomes.
- Developing the Council's capacity, including the capability of 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 key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement it has been confirmed that the documents and arrangements referenced remain current. It is however recognised that a refresh of the documents and the Constitution would be beneficial going forward. Key elements of the governance framework are as follows:

### Organisational Priorities

The Council has undergone significant organisational change during the year as it brings together two separate organisations to deliver joined up and integrated delivery models that support joint commissioning and outcomes. Priorities for the Council have focused around agreed priority themes of inclusive growth, budget and reform as well as existing priorities from the Corporate Plan 2015- 2020.

Progress achieved during the year is set out in the following table:

<p>Drive forward, through effective marketing and information, proactive engagement with the people of Bury to take ownership of their own health and wellbeing.</p>	<ul style="list-style-type: none"> <li>• Refresh of Locality Plan was carried out in November 2019 re health and social care integration and wider population health</li> <li>• Local Commissioning Organisation delivered target interventions to those with most acute needs through an integrated model. Services were tailored to meet the needs of different areas of Bury which have different levels and types of demands, as well as encouraging people to have healthy lifestyles.</li> <li>• Last September Bury Council was shortlisted for a national award for its exceptional support of Community Sponsorship, a government-backed scheme enabling ordinary people to support refugees to integrate into their communities.</li> <li>• Formal establishment of the One Commissioning Organisation, a key milestone in bringing together the world of health and social care locally, a cornerstone of Greater Manchester's devolution.</li> <li>• In March 2020, to support the integration agenda, the Council and CCG approved the creation of a £490m Integrated Care Fund (ICF), including £312m pooled in a formal Section 75 agreement. The pooled fund encompasses most CCG expenditure, including community services, mental health and learning disability services, acute non-surgical services, continuing healthcare and intermediate care and primary care services (prescribing and local enhanced services); alongside Transformation and Better Care funded services, adult social care, care in the community budgets, public health, health and care related children's services, and commissioning staff budgets. The wider ICF includes all CCG spend and council revenue budgets (excluding HRA and DSG).</li> <li>• A new refuge for victims of domestic violence and abuse was opened in partnership with Irwell Valley Homes and Fortalice.</li> <li>• Biggest ever Bury 10k last September and refresh of Physical Activity Strategy : A steering group has been set up and a refreshed Physical Activity Strategy has been commissioned to support the GM Moving vision and MOU</li> <li>• Launch of Care Leaver Offer website is a dedicated space which clearly sets out the support that care leavers can expect from the council and its partners as they make their individual journeys to independence and adult life. The website is hosted by The Bury Directory and offers a whole range of information, support, advice,</li> </ul>
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	<p>contacts and events on a wide range of topics including finance, education, health and wellbeing, participation and support.</p>
<p>Continue to develop business friendly policies to attract inward investment and new jobs so that Bury retains its position as a premier destination for retail, leisure, tourism and culture.</p>	<ul style="list-style-type: none"> <li>• The Council is leading the developing of a ten year vision and delivery plan for the Borough, Bury 2030. The strategy is being co-designed across the team Bury network, including the business community, based around the principles of the Local Industrial Strategy i.e. people, place, ideas, infrastructure and business environment. Work to develop the strategy to date has included independent facilitation from the Centre of Local Economic Strategies and input from Cambridge Econometrics on economic resilience with respect to Brexit</li> <li>• Bury was announced as the inaugural Greater Manchester Town of Culture with a launch event taking place at a packed Met theatre in January. Greater Manchester Mayor, Andy Burnham said: “Whether you’re visiting the Fusilier Museum, watching a performance at The Met or listening to Elbow, Bury is already an important player on the Greater Manchester cultural scene – long may that continue now the town is officially our city-region’s Town of Culture.”</li> <li>• Bury was first in GM and now retained for five successive year. Purple Flag is a town and city centre award.</li> <li>• A record number of coaches have visited the famous Bury Market bringing shoppers keen to visit the award-winning attraction. In 2019 the market welcomed more than 1,800 coaches, with coach visits in November setting a new monthly record of 296.</li> <li>• A draft Strategic Regeneration Framework has been produced for Radcliffe and is currently out for consultation. This includes a vision for the development and economic growth of the town and how the Council can help support this.</li> <li>• A review of the future of Bury Market has also been carried out and the findings of this have recently been considered by Cabinet and also Overview and Scrutiny Committee. Next steps have been agreed.</li> </ul>
<p>Ensure new and affordable housing is developed to support growth in the Bury and Greater Manchester economy</p>	<ul style="list-style-type: none"> <li>• The ‘A Bed Every Night’ initiative, which provides temporary accommodation and outplacement support for rough sleepers, is resourced to continue until April 2021. In addition as part of emergency recovery Bury has made “an end to rough sleeping” one of the ten short term priorities, to provide permanent alternatives for rough sleepers to prevent them feeling they must return to the streets</li> <li>• Work is underway to refresh the Borough’s housing strategy, as part of the Bury 2030 framework and to be coherent with the GM Housing Strategy and have a particular focus on affordable provision</li> </ul>
<p>Build on the culture of efficiency and</p>	<ul style="list-style-type: none"> <li>• The Council leads the team Bury network of all public service and community sector partners across the</li> </ul>

effectiveness through new, progressive and integrated partnership working models to drive forward the Council's and Greater Manchester Public Service growth and reform agenda.

borough. The network is a forum for public service co-design and response, for example the oversight of a partnership response to flooding caused by Storms Ciara and Dennis February 2020 and GM Hate Crime Awareness week (in which 25 different events took place throughout the Borough, from special assemblies in our schools to a multi-faith Shabbat meal)

- The Council has embedded integrated partnership working within its structure this year, through a major restructure to establish four 4 departments plus a One Commissioning Organisation (OCO), within which all council care commissioning functions are integrated with the Clinical Commissioning Group. A new Joint Chief Finance Officer post which works across the OCO was appointed amongst a series of joint posts.
- The Council is, through the Team Bury network, leading on the developing of a new ten year vision and delivery plan for the Borough: Bury 2030. A system-wide planning event was held in January 2020 which received very positive feedback. Public Service reform principles will be at the heart of the new approach, by putting a multi-agency "neighbourhood" approach at the heart of a new operating model. The Greater Manchester PSR Team are supporting the approach, which aims to draw on best practice from across other districts and apply this to the specify objectives and opportunities of the Bury system.
- The successful establishment of five Community hubs as a key part of the Covid response have demonstrated the validity of the neighbourhood model, including targeted early help support. The Council led the implementation of five hubs, through 150 staff redeployed; 800 volunteers via VCFA; and data-led targeting of early help assistance
- The Local Care Organisation, which went live in April 2019, operates a multi-disciplinary approach to Active case management of the most complex cases. At this stage the approach focusses on those with long term health conditions and the frail elderly, but the approach is being extended across other cohorts for all-age early help, including homeless people. The plan provides for the ultimate establishment of a system-wide data warehouse which will inform targeting and the evaluation of interventions.
- A new management agreement with Six town Housing was agreed in the year and key performance indicators are being developed which will enhance overall accountability and provide an opportunity for greater scrutiny.

Ensure staff have the right skills to embrace significant organisational change, through embedding a culture of ownership,

- First ever Bury Council & Bury CCG Leadership Summit - 26 September 2019 – covering visioning and golden rules of democratic process; HR; finance and information governance.

<p>empowerment and decision making at all levels of the organisation.</p>	<ul style="list-style-type: none"> <li>• Ethnographic training provided on asset based practices as part of People Powered Bury and integrated health and care in Bury through the LCO.</li> <li>• The local authority has become the first council in Greater Manchester to win Disability Confident Leader accreditation.</li> <li>• Education Improvement programme resulted in great improvement - careful monitoring of the performance and attainment of schools in the locality, given the importance a good education has to the life chances of local residents. In the last nine months of the financial year all school inspections via Ofsted had delivered improved outcomes. Whilst we are clear there remains a lot of work to be done it is important to recognise that we are heading in the right direction with signs that we are getting to groups with this crucial matter.</li> </ul>
<p>Work toward reducing reliance on government funding by developing new models of delivery that are affordable, add value and based on need.</p>	<ul style="list-style-type: none"> <li>• The new neighbourhood model, at the heart of Bury 2030, is being developed to enable targeted delivery based on greatest need and scope to intervene early in complex cases in order that ultimate demand is reduced</li> <li>• In support of new public policy development the Council is leading the development of more efficiency digital delivery solutions, for example a bespoke app which was developed locally to capture community requirements during the emergency and allocate and track delivery. The App was ultimately adopted and rolled out across Greater Manchester.</li> </ul> <p>This year Bury also became first area in the UK to pilot new digital technology that will help to give our children the best start in life through the Early Years App to complete forms online instead of having to fill in cumbersome paper forms.</p> <ul style="list-style-type: none"> <li>• Over the past 12 months significant improvements in Council ICT has enabled more agile working whilst reducing risks associated with licencing/software being out of scope of updates. A complete refresh of hardware has been completed; the Council has signed an Enterprise Agreement with Microsoft as the beginnings of cloud migration and work on a multi-year ICT strategy has begun. The number of users working remotely has shifted from c100 to over 1000 each day and all licensing agreements are secure.</li> </ul>
<p>Internal Transformation</p>	<ul style="list-style-type: none"> <li>• The Council has recognised the need to transform the organisation. In recognition of this, a transformation fund has been created and the focus will be on the Target Operating Model for the future, accountabilities and responsibilities and working in a more digital way. The need for this has been highlighted with the COVID-19 crisis and has seen significant numbers of staff working</li> </ul>

	<p>from home. Reliance on ICT and also digital systems for our customers has increased significantly.</p> <ul style="list-style-type: none"> <li>• A detailed transformation plan with agreed outcomes and deliverables is being developed and will start to be implemented in 2020/21.</li> </ul>
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## COVID-19

Towards the end of 2019/20 and leading into 2020/21, the Council had to respond quickly to the COVID-19 crisis and the impact it was having on residents and businesses within the borough and across Greater Manchester. As both a commissioner and deliverer of services to residents, the Council activated and implemented its business continuity arrangements/ Due to of the scale and nature of the crisis, delivery models were transformed and given a more community led approach, essential services were protected and non-essential services ceased and staff reallocated to priority services. To maintain effective governance arrangements, emergency decision making powers were enacted.

## Key Elements of the Governance Framework

The key elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE framework – Delivering Good Governance in Local Government as follows:

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

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. In order to enable third party challenge to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner. The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. Emergency decision making powers were introduced in response to the COVID-19 crisis.

Members take the lead in establishing this culture by completing an annual register of their interests which is published on the Council's website. The Standards Committee consider allegations of inappropriate behaviour.

Staff behaviour is covered by the Officers' Code of Conduct, which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service.

The Council's has a clear set of values and behaviours which are shared and understood and these link to the council's staff performance scheme against which outcomes are agreed and this provides a framework for driving forward and improving services. These are:

- Communication
- People Management
- Customer Service

- Commercial Thinking and Analysis
- Teamwork
- Place Based Leadership
- Efficiency
- Wellbeing at Work

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage.

The Contract Procedure Rules within the Constitution set out the Authority requirements on social value and how this is reflected in procurement activity. Social value is becoming increasingly important, particularly with the COVID-19 pandemic and a further review of procurement arrangements is planned. A review of procurement practices is currently underway to further strengthen the support and advice provided to services.

Bury Council declared a climate Emergency - Proposals to make the declaration were waved through together with an “aspiration” for Bury to be carbon neutral by 2030, following a commitment earlier in the year to become single-use plastic free by 2022

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

The Council is working to the last year of the 2015 – 2020 corporate plan, with reference to the priority themes of inclusive growth, budget and reform as well as existing priorities from the original plan. The Authority recognises the need for a comprehensive refresh of the planning framework and as such is leading the development of a Bury 2030 strategy, which will be subject to comprehensive stakeholder consultation in autumn 2020 following which a new corporate plan will be developed

The Bury Business Leaders group meets on a regular basis to influence and shape the economic strategy and business engagement within the Borough. The network has met weekly during the COVID-19 crisis and has been invaluable in supporting the work to target and despatch business grants and local economic support. To further extend business engagement a series of new Town Centre Recovery Boards have also been established, to input to the recovery strategy and direct local economic support and interventions.

In addition to the above, the Council is a constituent District of the Greater Manchester Combined Authority (GMCA) which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA.

Cabinet and the Overview and Scrutiny committees are provided with regular updates on progress against the Council’s priorities. A thematic approach is adopted with progress reported on themed activities and those with a particular focus. The Overview and Scrutiny Committees receive reports on specific matters and policy initiatives to be considered by future Cabinets. Scrutiny of the use of resources and risk management is provided by the Audit Committee. The Council currently has 2 Overview and Scrutiny Committees – Health Scrutiny Committee and the Overview and Scrutiny Committee. In addition to this, there is a Joint Health Scrutiny Committee for Pennine Acute NHS Trust.

In order to demonstrate its openness, the Authority also publishes its:

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;

- Information on payments over £500

There is regular contact with the other nine constituent Districts through the meetings of the GMCA. Lead Members and Officers feedback issues to the constituent Districts on pertinent matters. Separately the Statutory Regulatory Officers for Finance and Legal Services of each of the districts meet regularly to consider matters of common interest and agree a common approach on shared issues including companies where the Authorities are key shareholders.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepare appropriate press releases to support activities undertaken by the Council and keep residents informed. The Council's website has been updated throughout the year and was further updated as the COVID-19 crisis impacted.

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

The Corporate Plan supported by individual Service Business Plans and the work of the GMCA set out the immediate and long-term vision of the Council. The 2019/20 budget delivered within the agreed resource allocation supported this strategy.

Full Council agreed the budget for 2019/20 on 20 February 2019. This included all budgets – Revenue, Capital, Dedicated Schools Grant and the Housing Revenue Account. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% increase to be implemented to finance expenditure in this area and a 1.99% Council Tax increase for other services.

2019/20 was the last year of the budget cycle and a new 5 year medium term financial strategy has been developed from 2020/21 onwards. In developing and balancing the budget, the Council identified options for efficiencies and also agreed for the use of one of reserves in order to achieve a balanced position. The Council also agreed investment through the capital programme and capital strategy.

The Council aligned a significant part of its budget into the pooled fund with the CCG. In recognition of the fact that additional funding could be accessed for the whole care system in Bury, the Council made an additional contribution of £10.5m to the pooled fund. This will be fully compensated for in 2020/21 when a lower contribution of the same value will be made. The pooling arrangement has provided a significant opportunity to align commissioning outcomes and intentions of the both the Council and the CCG and to utilise funding to provide and integrated and co-ordinated approach to commissioning and delivery of services.

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

The organisational structure has been updated this year including a new leadership team structure, which is integrated with the CCG. All key statutory posts were filled and continuity of service and leadership for all services was maintained.

The Constitution defines and documents the roles and responsibilities of Officers and Members and delegation arrangements, protocols for decision making and codes of conduct for Members and staff. This is in recognition of the fact that whilst the Constitution has been updated to reflect changes that have occurred on an ongoing basis, a full review to ensure it remains a good practice document has not been carried out. Therefore a full refresh of the

Constitution is planned for 2020/21 to update and, where possible, streamline the Constitution.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny which has been enhanced by the virtual meetings now taking place. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System.

The Standards Committee reviews Members' conduct following the receipt of complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council.

Cabinet portfolios are assigned on a functional basis rather than by directorate and subject to appropriate officer support. Officers meet with portfolio holders on a regular basis to discuss new and emerging issues. Officers also meet with opposition leaders and both main opposition parties submitted alternative budget proposals for the 2020/21 budget. Opposition leaders were supported by officers in developing their options and confidentiality was maintained throughout the process.

The Joint Chief Finance officer for the Council and Bury NHS CCG is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. The Joint Chief Finance Officer was appointed on 1 June 2019 and replaced the former Executive Director of Resources and Regulation as the Council's S151 Officer.

The Head of Legal Services was the Council's Monitoring Officer during 2019/20 and was responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility.

The medium term financial strategy that has been developed from 2020/21 onwards reflects the long-term view of the resources available to the Authority in the context of the best estimate of Government grants supported by the revenue it can generate itself.

Funding however remains a considerable risk for the future with no confirmed funding for future years. The Council has worked with the resources available and has adopted a set of planning assumptions to inform resource forecasting for future years. There however remains great uncertainty and the planned 3 year CSR that was expected in early 2020/21 has been pushed back to the Autumn. This means that the Council is likely to be planning for the longer term but with short term funding announcements. Scenario planning and updates to the medium term financial strategy will be presented at key points throughout the year to ensure the Council has a robust plan for delivering a budget for future years and is aware of the risks and uncertainties that exist.

For 2019/20 all Directors prepared a service plan and this was presented to Full Council with the budget for the year. The plans set out the position of each Directorate and the key activities to be undertaken during the year, key outcomes to be achieved and the budgets were aligned to support these in being delivered. The plans were agreed by Full Council in February 2019.

### **Principle E – Developing the entity's capacity including the capability of its leadership and the individuals with in it**

The Council does not operate a corporate leadership development model. Following the organisational restructure, a process of leadership development has begun, however. Initial external facilitation of the top team is underway to establish a new leadership proposition

which will be cascaded, through equivalent engagement of other colleagues. Staff training plans at all levels will be developed and linked to performance and development plans, as part of the implementation of the new Corporate Plan when agreed.

The Council has many policies and procedures relating to HR and these are available on the Council's intranet site and are easily accessible. Services are also supported by independent HR advisers. It is intended that the policy framework will be reviewed during the next financial year, to ensure it reflects best practice and an efficient way of working across the Council.

Services are required to have regular team meetings, and one to ones with line managers and these are in addition to the annual performance setting discussions that inform key priorities and outcomes for the year.

The Council has active engagement with the Trade Unions and there are regularly convened Corporate and departmental Joint Consultative Committees to discuss restructures and specific service matters. The Trade Unions also play an active role in consultations with staff and feedback comments to the Council.

To keep staff aware of changes as a result of COVID19, including the requirement for all remote workers to remain "planned, Present and Productive", a bespoke workforce guidance document was produced and regular updates to staff were issued by the corporate communications team. This provides essential advice and support for people working at home including practical advice, risk assessment frameworks, as well as specialist advice through an Employee Assistance Programme. The welfare and wellbeing of staff has been recognised as a key priority for the Council particularly through COVID.

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

Risk management arrangements are in place and risk registers are available at a Corporate and Directorate level. During the course of the year, work has been undertaken to consolidate risks across the whole of the organisation between the Council and the CCG to ensure that consistency of approach and model. There is however a need to embed risk management in services and to ensure that risk is considered at all times. Further work is planned and will focus on a new risk framework to be introduced in 2020/21. This is part of a wider improvement plan to enhance and support risk management.

The risk register is presented to, and discussed by, the Executive Team throughout the year. The Council has a risk manager who has been further supported by a lead officer within the CCG with responsibility for governance and risk management.

In addition to this, internal audit report findings on audit reports to the Audit Committee throughout the year. Other senior officers throughout the organisation report to both the Council's Cabinet and the Strategic Commissioning Board as well as various Overview and Scrutiny Boards.

Reports to Committees also include a section that sets out the risks to any proposals and recommendations. Equality Impact Assessments are undertaken, particularly when options for meeting the budget gap are considered by Cabinet and Council. An independent Equalities Review has recently been commissioned to verify the quality and compliance of this work, to ensure the Council is assured of fulfilling the Public Sector Equality Duty standards.

All reports presented to Cabinet are signed off by both the Monitoring Officer and the S151 officer (or nominated individual) to ensure appropriate financial and legal oversight is provided on all recommendations. Legal and financial implications are set out in all reports to ensure that the implications of recommendations are fully understood prior to a decision being made.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision making structure and the financial value of the transactions controlled by the Authority.

Quarterly financial reports submitted to Cabinet detailing estimated out-turn against the approved budget. The 2019/20 the month 9 budget monitoring report highlighted that the Council was underspent and that this was likely to increase. The anticipated change in the Council's MRP policy that would increase the underspend in 2019/20 above and beyond that reported at month 9 was approved by Full Council in February 2020 after being considered and recommended for approval by Cabinet and also by the Overview and Scrutiny Committee.

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

The Council has a key role in the Greater Manchester Strategy including that under devolution by:

- taking part in the monthly meetings of the Combined Authority with the Leader representing the Council;
- agreeing to both innovation and risk by piloting new initiatives at a regional level such as 100% business rates retention;
- locality working with health at both a Greater Manchester wide level and Bury area.

In addition to this, the Council is a member of the Greater Manchester Health and Care Partnership Board and Joint Commissioning Board. As part of the Transparency Agenda the Authority publishes Senior Officer Salaries over £50,000 and payments over £500 on its web site.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement for 2019/20.

The Council is in regular liaison with key Government bodies and is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal Treasurers and specialist region wide initiatives such as the greater Manchester Growth Hub.

The Audit Committee has had specific training on fraud as this was identified as any area of interest. The Committee has seen a number of new members and a refresh of the training plan will be undertaken and implemented during 2020/21 to ensure members of the Committee understand their role and are able to discharge their statutory duties effectively.

The Group Companies of Six town Housing and Persona have produced accounts for the period ended 31 March 2020.

All External audit work is conducted with regard to the Code of Practice produced by the National Audit Office.

## Partnership Arrangements

The Council currently delivers a range of services, which often involve working in partnership with others. The Council established a pooled budget arrangements with Bury NHS CCG that commenced during 2019/20. In addition to his the Council has group relationships with:

### ***Bury MBC Townside Fields Limited***

This is a wholly owned subsidiary and was set up to develop Townside Fields including: Q Park, 3KP, Townside Fields, Premiere Inn and the NHS Building.

### ***Townside Fields Management Company***

This is a company in which Bury MBC owns a third of the shareholding.

### ***Six Town Housing***

An Arm's Length Management Organisation to provide housing provision across the borough. The Council signed a ten year management agreement with Six Town Housing this year; a set of Key Performance Indicators to performance manage the partnership will be agreed by August 2020.

### ***Persona***

A Local Authority Trading Company established to provide a number of adult social care services

It is a requirement of the Code of Practice on Local Authority Accounting that 'Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities'.

Arrangements are in place for the Council and the group companies to work together in setting priorities and overseeing and reporting on performance. The internal audit service also carry out audits of these organisations as part of the requirement to fulfil statutory S151 duties.

There is an opportunity to raise any concerns during the year through Executive meetings between the Chief Executives of the Council and the ALMO (Six town Housing) and through the CCG Audit Committee of which the Joint Chief Finance Officer is a member. This has been taken into account and incorporated in the Statement of Accounts and the 'issues for consideration' in the Annual Governance Statement.

## Review of Effectiveness

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; and comments made by the External Auditors and other review agencies and inspectorates.

### ***Internal Audit***

An internal audit programme is undertaken, which in 2019/20 has focused on key items in the Audit Plan such as financial systems, systems assurance, grant audit and providing data for the National Fraud Initiative. Where specific matters were brought to the attention of Internal Audit these have been investigated in accordance with the Policies of the Council.

At the end of 2019/20 the Council commissioned a high level review of internal audit to look at its effectiveness and to assess the audit approach. A high level report was produced and

some key recommendations were made. Work has already been undertaken to address and work towards meeting some of the recommendations and an improvement plan has been developed. The report, recommendations and improvement plan will be discussed with the Audit Committee in July and updates on progress will be reported on a quarterly basis.

The 2019/20 annual internal report was presented to the Audit Committee in June 2020 and whilst, the audit opinion was satisfactory, the report did highlight that 40% of audits completed during the year had failed to reach an adequate level of assurance. Follow up audits had been undertaken and the majority of recommendations had been audited and actioned. Additionally the audits were of lower level service risks. Nevertheless the findings need to be taken into account and there is a need to ensure that controls and governance frameworks are properly embedded in all services.

### ***Financial Position and Outlook***

In restructuring the organisation, the Council's budget has been considered. Financial resilience is critical, particularly when facing the COVID-19 pandemic and the opportunity to consolidate all resources has been taken with the creation of a new reserves policy that will be considered by Cabinet in 2020/21. During the year, the opportunity to release further funding across the whole of the integrated care systems was identified and to enable this to happen, a higher than planned contribution to the pooled fund of £10.5m was made. This will be offset in 2020/21 by an equivalent reduction in the contribution. The opportunity to be flexible with contributions to the pooled fund has enabled the Council and the CCG access more than £4m in funding that is available to the residents of Bury had the arrangement not been in place.

The delivery of savings has been challenging in 2019/20 due to a number of these being deemed historic and no longer achievable. As a result of this, c50% of the savings were not delivered in 2019/20 and had to be offset by underspends on budgets held corporately. This approach does not instil financial discipline in an organisation and has been addressed in the 2020/21 budget. To strengthen financial governance, work to ensure budgets are realistic, remain challenging but deliverable was a key focus of the 2020/21 budget setting process. External advisers were used to sense check all savings plans and involved significant engagement with Directors. Additionally demand and other factors that impact on the budgets including pay awards, the living wage and contractual inflation were factored in.

Balance sheet management was an area of focus, in particular provisions and reserves and how these are allocated to reflect corporate risks. Independent advisers were commissioned by the Council to review the insurance provision on the Council's balance sheet. The findings of the review have provided an opportunity for the Council to target its resources to risks and in doing so provide as much resilience as possible, particularly in light of the uncertainty regarding COVID-19 and the impact on local authority funding.

### ***Final Accounts***

The final accounts, of which this Statement is an integral part, outline the out-turn of the Authority and are prepared in accordance with professional standards and are subject to external audit review. The external auditors raised a number of concerns when carrying out the external audit for the 2018/19 financial year in particular relating to Property, Plant and Equipment and the overall valuation process. In addition to this, concerns were raised about the overall quality of some of the working papers and notes to the accounts.

To address this, staffing resources have been targeted to the Statement of Accounts and have produced an updated set of accounts in a new format, revamped and updated notes to the accounts and a standardised approach to working papers. A dedicated group of finance

staff have been brought together to produce the accounts and, in doing so, have addressed some longer term issues around capital accounting.

A procurement process was also undertaken to appoint some external valuers to support the in house team and ensure that valuations were carried out in accordance with the agreed requirements. A considerable amount of effort has been put into updating records in the Council's property system and reconciling to the financial system. Specialist system advisers have been used to update and advise on current accounting processes and practices. A planned knowledge transfer from the advisers to staff within finance has happened and is critical for the future.

### **Governance**

Other concerns have been raised over the year including those on the governance of the Radcliffe Regeneration Scheme and also audits on Homes England grant claims. Report on the Radcliffe Regeneration identified weaknesses in processes.

In light of these issues, a full governance review has been commissioned to further support the work that is already happening across the Council. A specialist legal adviser has been appointed for a period of 6 months and will progress work around the Constitution and a terms of reference has already been presented to and discussed with members and an officer/member working group established.

Further external support has also been commissioned to undertake a 3 phased review over the course over 2020/21 that includes a 'root and branch' review of governance throughout the Council with specific focus on procurement, internal audit and risk management. The findings of each phase will be reported to the Audit Committee throughout the year.

**To the best of our knowledge, the governance arrangements, as outlined above remain fit for purpose and have been effectively operating during the year in accordance with the governance framework. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.**

**Signed on behalf of Bury Council:**

**Leader of the Council**  
**Date**

**Chief Executive**  
**Date**

## Significant Governance Issues

Issues	Action Plan for 2020/21	Lead Officer
<p><b>Constitution</b></p> <p>The Constitution has not been refreshed for some time although has been subject to incremental updates. A full refresh will provide clarity on procedures, decisions and delegations.</p> <p>Officers are not always aware of the correct processes and procedures and there is a risk that decisions could be made outside of the Constitution.</p>	<p>The Council has appointed a specialist legal adviser to support the council in developing a new constitution. An officer/member group has been established, terms of reference agreed and a timescale for delivery.</p> <p>As at the process, a governance survey will be issued and the feedback used to inform the outcome of the review. A new constitution and associated schemes of delegation will be fully signed off for implementation in 2021/22.</p>	<p><b>Marie Rosenthal</b></p>
<p><b>Financial Strategy</b></p> <p>The 2020/21 budget includes efficiency savings of c£4.2m. Whilst the deliverability of these have been externally tested there is a risk that they will not be delivered. There was also an ongoing requirement (when the budget was set in February 202) to identify c£22m in savings over the next 4 years.</p>	<p>The Medium Term Financial Strategy (MTFS) will be updated and refreshed throughout the year to take account of changes in funding and cost/income pressures.</p> <p>Regular monthly monitoring to be provided to Exec Team and quarterly</p>	<p><b>Lisa Kitto</b></p>

<p>The emergence of COVID-19 has placed even greater financial pressure on local authorities and the real funding gap going forward will be much greater. The volatility and significant financial, fiscal and economic risk makes forecasting and planning difficult.</p> <p>The lack of funding announcements for future years and the delay in the CSR provides an additional layer of risk and longer term planning more uncertain.</p> <p>Financial resilience and sustainability is a significant risk for the future.</p>	<p>monitoring to Cabinet. Report on slippage on savings will be reported.</p> <p>Principles for managing the in year impact of COVID and also for the future MTFS to be agreed and implemented.</p> <p>Framework for developing the budget for 2021/22 to be agreed and actioned over Summer for consideration by cabinet in September.</p> <p>Reserves strategy to be developed and implemented in 2020/21 to consolidate and bring greater financial control over the use of reserves.</p>	
<p><b>Homes England Grant Claims</b></p> <p>Homes England audit reviews identified key weaknesses in the grant claims and gave the council the lowest possible rating. This is the second year this has happened. The reputational risk to the Council and the potential to not be considered for future grant funding rounds is a risk.</p>	<p>Full audit review of Homes England grant claims to be undertaken. Discussions have already highlighted opportunities to improve processes. Higher level signoff of all grant claims to be introduced.</p>	<p>Lynne Ridsdale/Lisa Kitto</p>
<p><b>Risk Management Framework</b></p> <p>The risk management approach across the council is inconsistent and the approach to risk assessment and scoring does not align to</p>	<p>Governance Review has been commissioned and will be delivered in 3 phases over the year with findings reported to the audit committee. A key area of focus is on the risk management</p>	<p>Lynne Ridsdale/Lisa Kitto</p>

<p>best practice. The potential of not identifying all major risks is possible.</p>	<p>framework and a 'best practice' approach will be implemented. First report to be presented to audit committee in July 2020.</p>	
<p><b>Audit Assurances</b></p> <p>c40% of audit carried out in 2019/20 were assessed as below adequate/unsatisfactory. There is a risk that the council will not be able to obtain assurance from the audit manager in the future regarding the effectiveness of internal control.</p>	<p>A review of audit reports, formats and assurance levels has been carried out and updates introduced.</p> <p>Executive Directors will be more actively engaged in the audit progress</p> <p>Improved monitoring arrangements will be introduced and communicated to the executive team and more follow up audits will be carried out.</p> <p>Performance monitoring of audit plans will be introduced to ensure audits are conducted on a timely basis and that responses from managers are timely too.</p>	<p><b>Lisa Kitto</b></p>
<p><b>Internal Audit Provision</b></p> <p>A review of the internal audit service has identified some weaknesses in service provision, and the approach adopted for internal audit across the council. An independent review identified a number of recommendations to improve the overall approach and quality of the service.</p>	<p>An audit improvement plan has been developed and will be implemented. The internal consultant is currently providing additional advice and support as part of the wider governance review including an assessment of the service against national standards.</p>	<p><b>Lisa Kitto</b></p>

<p>If action is not taken to address these, there is a risk that the Council does not have an effective internal audit provision and overall governance and measures of assurance are ineffective. This will weaken the internal governance arrangements for the Council.</p>	<p>Capacity and skills update for the team will be considered and factored into the wider finance restructure.</p>	
<p><b>Procurement</b></p> <p>Processes in relation to procurement need updating and training provided to managers. The reputational risk caused by failure to follow processes and procedures is significant.</p> <p>The consolidated contracts register is not up to date which also means that opportunities for consolidating contracts is lost and that lost value is not achieved.</p>	<p>Procurement survey to be undertaken to identify issues with managers involved in procuring of goods and service, Action plan to be developed and new guidance produced.</p> <p>Contracts register to be brought together – contract management arrangements, accountabilities and responsibilities to be defined and embedded.</p>	<p><b>Lynne Ridsdale</b></p>
<p><b>Capital</b></p> <p>The capital financial framework and accounting process requires a refresh in order to ensure that capital accounting records and standards are maintained and are effective. A review of capital processes is also needed to avoid slippage and to ensure that schemes are delivered on time.</p>	<p>Refresh and update the capital strategy.</p> <p>Review, update and reset the capital programme in light of COVID-19 and the funding available.</p> <p>Train and upskill staff to ensure specialist capital knowledge of a high standard is available within the Council.</p>	<p><b>Lisa Kitto</b></p>
<p><b>DSG</b></p> <p>The deficit on the DSG reserve has increased by c£5m in 2019/20 and is over £20m in total. There is a danger that the deficit could</p>	<p>Full root and branch review of the DSG recovery plan to consider options for the future.</p>	<p><b>Karen Dolton/Lisa Kitto</b></p>

<p>be greater than the annual High Needs allocation which will make recovery of the position extremely challenging.</p> <p>The DSG Recovery Plan. Agreed with the DfE does deliver a break-even position and therefore sustainability of services may be an issue.</p>	<p>Establishment of a task and finish recovery group with corporate representation to enable a wider corporate position to be taken.</p> <p>Reports to Cabinet throughout the year.</p>	
<p><b>Health and Social Care Integration</b></p> <p>The ability to deliver savings attributed to health and social care integration may be a reality and will impact on the financial plans of both the Council and the CCG.</p>	<p>Full assessment of savings delivery plan and delivery through the health and social care recovery board. Monthly updates and reporting on variances that may lead to non-delivery of plans.</p>	
<p><b>Fraud</b></p> <p>The opportunity for fraud during the COVID-19 crisis has increased. Fraudulent claims of business grants and potentially other benefits is likely to have occurred.</p>	<p>Engagement in wider national fraud initiatives focused on these issues.</p> <p>Review of cases that have been identified as unusual and require investigation. Fraud team to report on approach, findings and outcomes to the Audit Committee.</p>	<p><b>Lisa Kitto</b></p>
<p><b>Leadership and workforce development</b></p> <p>The absence of a corporate leadership development does not allow assurance that leaders have the skills and mind-set to drive forward corporate priorities.</p>	<p>A leadership development strategy will be developed over the next financial year as part of an internal transformation programme.</p>	<p><b>Lynne Ridsdale</b></p>

<p>The workforce skills/ "behaviour" framework will require review as part of the new Corporate Plan, when developed, to ensure alignment with key skills base and delivery outcomes.</p>	<p>The staff skills and training offer will be updated to underpin the new Corporate Plan once developed this year.</p>	
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