

# **BURY COUNCIL**

## **Annual Governance Statement 2014/15**

### **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 4(2) of the Accounts and Audit (England) Regulations 2011 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 2015, 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' (2010).

The Council has adopted a revised "Local Code of Corporate Governance" and recognises that effective governance is achieved through the following core principles:

- (i) Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area;
- (ii) Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
- (iii) Promoting the values of the authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of Members to be effective and ensuring that Officers – including the statutory officers – also have the capability and capacity to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

The table overleaf demonstrates how these core principles have been upheld during the year 2014/15, and also highlights the critical role of the Council's Statutory Officers.

Core Principle	Supporting Principles	Specific Actions	Role of Statutory Officer
<p>Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.</p>	<p>Exercising leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users.</p> <p>Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning.</p> <p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</p>	<p>The Council reviews on a regular basis the Authority's vision for the local area and its impact on the Authority's governance arrangements.</p> <p>The Council (and Team Bury) publishes an annual report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance.</p> <p>The Council has decided how the quality of service for users is to be measured and makes sure that the information needed to review service quality effectively and regularly is available. The Authority ensures that this information is reflected in the Bury Plan, the Financial Strategy and other resourcing plans in order to ensure improvement.</p> <p>The Council has determined how value for money is to be measured and makes sure that the information needed to review value for money and performance effectively is available. The Authority also ensures that the results are reflected in the Bury Plan, in service plans and in reviewing the work of the Authority.</p> <p>There are effective arrangements to deal with failure in service delivery.</p> <p>When working in partnership there is a common vision underpinning the work of the partnership that is understood and agreed by all partners. The vision is:</p> <ul style="list-style-type: none"> <li>• supported by clear and measurable objectives with targets and indicators;</li> <li>• the driver for deciding what services will be provided by or commissioned by the partnership, the quality and the cost.</li> </ul>	<p>The Chief Financial Officer (CFO) ensures that timely, accurate and impartial financial advice and information is provided to assist in decision making and ensures that the Authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use. The Monitoring Officer ensures that all decisions made are legal and within the Council's policy framework.</p> <p>The CFO ensures that the Authority maintains a prudential financial framework, keeping commitments in balance with available resources, and monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action where necessary.</p> <p>The CFO ensures compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.</p>
<p>Members and Officers working together to achieve a common purpose with clearly defined functions and roles.</p>	<p>Ensuring effective leadership throughout the authority by being clear about Cabinet and non Cabinet functions and of the roles and responsibilities of the scrutiny function.</p> <p>Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.</p> <p>Ensuring relationships between the authority, its Partners and the public are clear so that each know what</p>	<p>The Council has set out a clear statement of the respective roles and responsibilities of the Cabinet and of the Cabinet's members individually and the Authority's approach towards putting this into practice.</p> <p>There is a clear statement of the respective roles and responsibilities of other Members, Members generally and of senior officers.</p> <p>The Council has developed protocols to ensure effective communication between Members and officers in their respective roles.</p> <p>Established protocols ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>There are clear terms and conditions for remuneration of Members and Officers and an effective structure for managing the process including an effective remuneration panel.</p> <p>The Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.</p>	<p>It is important that Members and Officers work together to promote the corporate health of the Council. The CFO and the Monitoring Officer play key roles in this.</p> <p>The CFO attends all meetings of SLT where financial matters are discussed.</p> <p>The Authority's governance arrangements allow the CFO and Monitoring Officer direct access to the Chief Executive and to other members of the Senior Leadership Team as required.</p> <p>Both the CFO and Monitoring Officer are professionally qualified, and the CFO complies with the CIPFA Statement on the Role of the CFO in</p>

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	to expect of the other.	<p>When working in partnership the Council has adopted a Partnership Code of Practice ensuring:</p> <ul style="list-style-type: none"> <li>• that there is clarity about the legal status of the partnership;</li> <li>• that the roles and responsibilities of the partners are agreed so that there is effective leadership and accountability;</li> <li>• that representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</li> </ul> <p>Effective mechanisms exist to monitor service delivery, e.g. Star Chambers.</p> <p>A scheme of delegated and reserved powers exists within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Authority taking account of relevant legislation; this is monitored and updated when required.</p> <p>Effective management arrangements are in place at the top of the organisation.</p> <p>The Chief Executive is responsible and accountable to the Authority for all aspects of operational management.</p> <p>The Chief Financial Officer/Interim Executive Director of Resources &amp; Regulation is responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p> <p>The Monitoring Officer operates in accordance with a Council approved protocol to discharge statutory requirements to ensure that no proposal or decision of the Council has or will give rise to any illegality, maladministration, or breach of any code.</p>	<p>Local Government. The roles of the CFO and Monitoring Officer are outlined in the Council Constitution and are understood throughout the organisation.</p> <p>The CFO leads the promotion and delivery of good financial management throughout the organisation, and ensures that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p> <p>The CFO (through the Medium Term Financial Strategy) ensures that budget calculations are robust and reserves adequate (risk assessed) in line with CIPFA guidance.</p> <p>The CFO ensures that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls apply consistently to all activities, including Partnerships, Group activity, or where the Authority is acting in an enabling role.</p> <p>The CFO has established a medium term business and financial planning process to deliver strategic objectives, this includes;</p> <ul style="list-style-type: none"> <li>• A medium term financial strategy, ensuring sustainable finances;</li> <li>• A robust annual budget process that ensures financial balance;</li> <li>• A comprehensive monitoring and reporting process.</li> </ul> <p>These processes are subject to regular review.</p>
Promoting the values of	Ensuring council Members	The Council has developed, and maintains shared values including leadership values	The CFO ensures that systems and

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<p>the authority and demonstrating the values of good governance through behaviour.</p>	<p>and Officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance.</p> <p>Ensuring that organisational values are put into practice and are effective.</p>	<p>both for the organisation and its staff reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the Authority.</p> <p>The Authority's shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority.</p> <p>Established Codes of Conduct define expected standards of personal behaviour.</p> <p>An effective Standards Committee acts as the main means to raise awareness and takes the lead in ensuring high standards of conduct are firmly embedded within the local culture.</p> <p>Arrangements are in place to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders; appropriate processes ensure that they continue to operate in practice.</p> <p>Procedures and operations are designed in conformity with appropriate ethical standards, and continuing compliance is monitored. Staff and Member awareness of ethical standards has been raised by the availability of an on-line e-learning package.</p> <p>When pursuing the vision of a partnership, values are agreed, against which decision making and actions can be judged. Such values are 'alive' and demonstrated by partners' behaviour both individually and collectively.</p>	<p>processes for financial administration, financial control and the protection of the Authority's resources and assets conform to appropriate professional and ethical standards, and are subject to regular review.</p> <p>The work of the Monitoring Officer and the Standards Committee is fundamental in defining and achieving high standards.</p> <p>The Monitoring Officer will maintain the Constitution and Codes of Conduct and ensure that these are widely available for consultation by the public, members, and employees.</p>
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<p>Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny.</p> <p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.</p> <p>Making sure that an effective risk management system is in place.</p> <p>Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on</p>	<p>The Council has an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall.</p> <p>There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>Arrangements are in place so that conflicts of interest on behalf of Members and Officers are avoided and processes ensure that they continue to operate in practice.</p> <p>Arrangements are in place for whistle blowing, to which all staff and all those contracting the Authority have access. The anti fraud and corruption strategy, which includes the Whistleblowing Policy, was updated in December 2014.</p> <p>Effective transparent and accessible arrangements are in place for dealing with complaints.</p> <p>An effective Audit Committee is in place, which is independent of the Cabinet and the overview &amp; scrutiny function.</p> <p>An effective Standards Committee lies at the heart of decision making and raises awareness on standards issues.</p> <p>A Governance Panel oversees the Council's ethical framework, and monitors compliance on a quarterly basis.</p>	<p>The CFO and Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity, and budget and policy framework issues to all Councillors.</p> <p>All reports to Cabinet and Council are subject to review by the CFO and Monitoring Officer.</p> <p>The Monitoring Officer is responsible for the preparation, publication, and retention of records of decisions taken by or on behalf of the Council and Cabinet.</p> <p>The CFO ensures that an adequate and effective internal audit function operates in the Council, and this is appropriately resourced by qualified and suitably experienced staff.</p> <p>The Authority's governance</p>

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	<p>local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area.</p>	<p>Those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.</p> <p>Effective arrangements are in place for determining the remuneration of senior staff.</p> <p>Effective arrangements are in place to record declarations of interest and offers of gifts &amp; hospitality.</p> <p>Professional advice on legal and financial matters is available and recorded well in advance of decision making and used appropriately when decisions have significant legal or financial implications.</p> <p>Risk management is integral to the core functional activities and culture of the Authority, with Members and managers at all levels recognising that risk management is part of their job.</p> <p>Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.</p> <p>Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principles of administrative law – rationality, legality and natural justice form part of procedures and decision making.</p> <p>When working in partnership, protocols exist for working together which include a shared understanding of respective roles and responsibilities of each organisation.</p> <p>When working in partnership, there are robust procedures for scrutinising decisions and behaviour and ensuring they are compliant with any Local Authority rules/codes or comply with any rules/codes developed for the purpose of the partnership.</p> <p>When working in partnership, partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. The partners ensure that:</p> <ul style="list-style-type: none"> <li>• the partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well reasoned decisions are made;</li> <li>• risk is managed at a corporate and operational level.</li> </ul>	<p>arrangements offer both the CFO and Head of Financial Management direct and unrestricted access to the Audit Committee and the Council’s External Auditors.</p> <p>The CFO ensures the provision of clear, well presented, timely, complete and accurate information and reports to budget managers, senior officers, and elected members on the budgetary and financial performance of the Authority.</p> <p>The Authority’s governance arrangements ensure that the CFO and Monitoring Officer have the opportunity to advise on / influence all material decisions.</p> <p>The CFO regularly advises on the adequacy of reserves and balances in the light of perceived risks, and best practice guidance.</p> <p>The CFO ensures that the Authority’s arrangements for financial and internal control and for managing risk are outlined and reported in this statement.</p> <p>The CFO ensures that the Authority puts in place effective internal financial controls covering budgetary issues, supervision, management review, monitoring, physical safeguarding of assets, segregation of duties, accounting procedures, information systems, authorisation and approval processes.</p>
<p>Developing the capacity and capability of Members to be effective and ensuring that Officers – including the statutory officers – also have the capability and</p>	<p>Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles</p> <p>Developing the capability of</p>	<p>The Authority assesses the skills required by Members and Officers and makes a commitment to develop these to enable roles to be carried out effectively</p> <p>The Authority ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p> <p>Induction programmes are tailored to individual needs and opportunities for Members</p>	<p>The CFO and Monitoring Officer have the necessary skills, knowledge, experience and resources to perform effectively in all aspects of their role.</p> <p>The management responsibilities of the CFO are such that financial duties</p>

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<p>capacity to deliver effectively</p>	<p>people with governance responsibilities and evaluating their performance, as individuals and as a group</p> <p>Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal.</p>	<p>and Officers to update their knowledge on a regular basis</p> <p>Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p> <p>Arrangements are in place for reviewing the performance of the Cabinet as a whole and of individual Members and agreeing an action plan which might for example aim to address any training or development needs</p> <p>Arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p> <p>Career structures for Members and Officers encourage participation and development</p> <p>When working in partnership, partners individually and the partnership collectively share responsibility for appointing people to the partnership who have the required skills and are at an appropriate level.</p> <p>Partnerships;</p> <ul style="list-style-type: none"> <li>• identify the capacity and capability requirements of the partnership</li> <li>• conduct an audit of the availability of the capacity and capability of the partnership and partners</li> <li>• develop effective plans for addressing any gaps.</li> </ul>	<p>are not compromised; e.g. appropriate segregation of duties.</p> <p>The CFO and Monitoring Officer ensure that their functions are adequately resourced with the necessary staff, expertise and systems necessary to discharge their roles effectively.</p> <p>The role of Elected Members in monitoring financial and operational performance is clearly outlined and they have the required access to financial advice.</p> <p>Members have annual personal development plans and are offered training and development opportunities in line with these on an ongoing basis to allow them to keep up to date with financial matters and ensure they can discharge their responsibilities effectively.</p>
<p>Engaging with local people and other stakeholders to ensure robust local public accountability</p>	<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships.</p> <p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery.</p> <p>Making best use of resources by taking an active and planned approach.</p>	<p>It is clear to all staff and the community, to whom they are accountable and for what.</p> <p>Staff consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required.</p> <p>Clear channels of communication exist with all sections of the community and other stakeholders and monitoring arrangements are in place to ensure that they operate effectively.</p> <p>Arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands.</p> <p>There is a clear policy on the types of issues for consultation and service users including a feedback mechanism for those consulted.</p> <p>A performance plan is published annually giving information on the Authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.</p> <p>Effective systems are in place to protect the rights of staff. Policies for whistle blowing</p>	

<b>Core Principle</b>	<b>Supporting Principles</b>	<b>Specific Actions</b>	<b>Role of Statutory Officer</b>
		<p>which are accessible to staff and those contracting with the authority, and arrangements for the support of whistle blowers, are in place.</p> <p>There are clear policies on how staff and their representatives are consulted and involved in decision making.</p> <p>An annual report is produced on scrutiny function activity.</p> <p>The Authority as a whole is open and accessible to the community, service users and its staff and has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p> <p>When working in partnership, engagement and consultation undertaken by the partnership is planned with regard to methodology, target audience and required outcomes.</p> <p>Existing mechanisms and groups are used where appropriate. In the work cycle of the partnership it is clear what has happened to any feedback and what has changed as a result.</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 under the Plan for Change of £10.166m in 2014/15 and £15.807m for 2015/16; this followed extensive consultation with residents, service users and other stakeholders.

A summary of the key risks the Council faced in 2014/15 is outlined on the table overleaf; these will continue to be monitored on an ongoing basis and reported to members quarterly.

Ref	Risk that.....	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status Jan-Mar 15	Measures
01	The <u>potential</u> liability facing the Council in respect of Equal Pay significantly weakens the Council's financial position.	Tracy Murphy	1	1	1	1	1	1	Risk remains low as most cases have now been settled. To remain on register till exercise complete.
02	There is no robust financial strategy or change management strategy to address effectively the significant funding reductions that the Council faces.	Steve Kenyon	3	4	9	9	9	12	<p>The Council received the final 2015/16 settlement information in February 2015, this was broadly as expected.</p> <p>Bury's reduction was higher than the national average, whilst funding per head is lower. Response to consultation submitted outlining this.</p> <p>Clarity about the 2016/17 settlement is unlikely to be until the Spending Review / Summer Budget later in 2015 following the General Election. MTFS to be updated at this point.</p> <p>Likelihood score raised from 3 to 4 to reflect level of uncertainty in Government funding.</p>
03	The budget strategy fails to address the Council's priorities and emerging issues, e.g. demographic and legislative changes.	Steve Kenyon	3	2	6	6	6	6	<p>The Medium term financial strategy is a live document that is regularly updated to take account of known national changes. This helps to inform financial forecasts and projections over the medium term.</p> <p>The Council has a good understanding of its cost base and pressures through robust budget monitoring, Star Chamber and Scrutiny processes.</p>
04	The budget strategy does not reflect, or respond to, national policy developments, e.g. Council Tax Support scheme and changes to the Business Rates regime.	Steve Kenyon	4	2	8	8	8	8	New arrangements have been in place now for nearly 2 years, however, risk remains high given volatility, and influence from factors which are beyond the control of the Council (e.g. appeals).

05	The Council's asset base is not operated to its maximum effect to deliver efficiency savings and ensure priorities are fulfilled. Ineffective use of assets presents both a financial and a performance risk.	Alex Holland	2	2	2	2	4	4	The asset management strategy has been approved and will consider the usage and cost of all assets; taking appropriate action where necessary; e.g. invest, change of use, or disposal.
08	The Council fails to manage the expectations of residents, service users & other stakeholders in light of funding reductions	Mike Owen	3	3	6	6	6	9	Programme of Budget consultations has taken place throughout the borough at Township Forums. A letter from the Leader has also been sent out to inform residents about the level of uncertainty that remains with the impact of current and future financial cuts.  Likelihood risk raised from 2 to 3 to reflect uncertainty of funding going forward.
09	The Government's changes to Council Tax Benefit impact adversely upon the Public / Vulnerable People. Also budgetary risk to the Council in the event of claimant numbers rise	Claire Jenkins	3	3	9	9	9	9	Impact on residents being managed through Welfare Reform Board. Budgetary impact continues to be assessed through monthly monitoring / Star Chamber process.
10	Changes resulting from the wider Welfare reform agenda impact adversely upon the public / vulnerable people.	Claire Jenkins	3	3	9	9	9	9	Welfare Reform Board coordinating action plan with partner organisations (e.g. Six Town, CAB).  Whilst impact on individuals can have significant implications, this is being mitigated where possible.
11	That the scale and pace of Public Sector reform impacts adversely upon key Council Services, compounded by the loss of capacity following staff leaving the Council (420+ since 2010).	Mike Owen	4	2	8	8	8	8	The Workforce Development Plan is in place, the mutual settlement scheme has been launched, and individual service workforce plans are being developed to ensure continuity / succession planning.  Loss of capacity / experience remains a major concern.  Risk will be closely monitored as the Council-wide restructure takes effect, and further voluntary retirements take effect.

## 5. REVIEW OF EFFECTIVENESS

The Council is required to conduct a continuous review of the effectiveness 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; Executive Director of Resources & Regulation, Monitoring Officer, Assistant Director of Resources & Regulation (Finance & Efficiency) 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; bi-annual monitoring of Service Plans; quarterly monitoring of Performance Indicators. Internal Audit reviews the effectiveness of the data collection processes that underpin the internal and external reporting of BVPIs. Each year the lead Members and Officers hold a Strategic Forward Planning Event, in order to review performance and re-define corporate objectives, priorities and ambitions.
- 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 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 (previously undertaken by 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 (England) 2011. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA Code of Practice for Internal Audit in Local Government, as approved by the Audit Committee.
- The Internal Audit Section is assessed every year against the "CIPFA Code of Practice for Internal Audit in Local Government (2006)". Compliance has increased annually and is now steady at 98% compliant.
- 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.

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

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

### **Audit Commission VFM Profiles:**

As explained at the March Audit Committee training session, 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 2012/13 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	2013/14	£1,952.44 per head	4%	↑	Average	£2,000.96 per head
Spend on adult social care per adult	2012/13	£477.62 per head 18+	0%	↑	In the highest 25%	£428.12 per head 18+
Spend on council tax benefits and housing benefits administration per head	2013/14	£8.65 per head	-27%	↓	In the lowest 20%	£16.20 per head
Spend on all children and young people services per head 0-17 yrs	2012/13	£4,526.60 per head 0-17	1%	↑	Average	£4,630.57 per head 0-17
Spend on culture and sport per head	2013/14	£87.72 per head	-3%	↓	In the lowest third	£82.83 per head
Spend on environmental services per head	2013/14	£35.65 per head	-9%	↓	In the lowest 20%	£65.30 per head
Spend on housing services per head	2013/14	£19.52 per head	7%	↑	In the lowest 20%	£31.96 per head
Spend on sustainable economy per head	2013/14	£82.24 per head	-5%	↓	In the lowest 20%	£108.25 per head

In their ISA260 statement (August 2014), the Council’s External Auditors (KPMG) stated;

***“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, 2014.***

***We have considered the future savings plans in relation to our work over going concern (financial statements audit) and financial resilience (VFM conclusion) and are satisfied that management have taken appropriate measures in developing and implementing the plan”.***

## **7. SICKNESS MONITORING**

- 7.1 The Audit Committee has shown considerable interest in sickness absence, requesting absence data during 2014/15.
- 7.2 The following tables contain the sickness absence figures per full time equivalent (FTE) for the Council.
- 7.3 The first table shows the figures for the previous four departments over the last two financial years plus the first two quarters of 2014/15.
- 7.4 The second table shows the 2015/15 Q4 figures based on the three new departments.

<b>Department</b>	<b>2011/12 Full Year</b>	<b>2012/13 Full Year</b>	<b>2013/14 Full Year</b>	<b>2014/15 Q1</b>	<b>2014/15 Q2</b>
Adult Care Services	16.8	15.1	13.6	14.8	15.1
Chief Executives	6.6	6.3	6.8	6.9	6.9
Children’s Services	8.2	8.3	8.9	8.9	8.7
Communities & Neighbourhoods	8.6	9.6	10.8	11.9	11.7
<b>Total FTE days lost</b>	<b>9.4</b>	<b>9.4</b>	<b>9.8</b>	<b>10.2</b>	<b>10.1</b>

<b>Department</b>	<b>2014/15 Q3</b>	<b>2014/15 Q4</b>	<b>% change Q3 to Q4</b>
Communities & Wellbeing	9.9	7.1	<b>-28.2</b>
Resources & Regulation	6.1	4.0	<b>-34.4</b>
Children, Young People & Culture	10.9	5.6	<b>-48.6</b>
<b>Total FTE days lost</b>	<b>9.3</b>	<b>5.8</b>	<b>-37.6</b>

*Note – the quarterly figures are calculated on a rolling 12 month basis and do not reflect the quarter in isolation. Therefore, the Q4 period for 2014/15 relates to the full year period of 1/4/14 to 31/3/15.*

- 7.5 Whilst it is not possible to compare the three new departments to the four historic departments on a like-for-like basis, over the whole Council the sickness levels have remained relatively constant per days lost per FTE for the last three years although it is encouraging that Q4 in 2014/15 has shown a reduction from Q3 of 3.5FTE days to 5.8 days lost.
- 7.6 Going forward, sickness absence figures will continue to be reported to the Audit Committee in future quarterly updates.

## 8. GROUP ACTIVITIES

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

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

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 and the Council.

## 9. 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:

### Work of Internal Audit

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

<p>The Head of Financial Management in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:</p>	<p>Championing best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.</p>
	<p>Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.</p>



To perform this role the Head of Financial Management:	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 2014/15, 44 Internal Audit reports were produced resulting in 244 recommendations (99% accepted).

Internal Audit recommendations are ranked according to risk – there were no recommendations made during 2014/15 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 control framework. At Bury this is considered to be sound".***

View of External Audit

The Auditors’ ISA 260 report (August 2014) concluded that;

***"The wording of your Annual Governance Statement accords with our understanding".***

The Auditors confirmed that the one recommendation from the previous year had been satisfactorily implemented.

**10. LOOKING AHEAD - 2015/16**

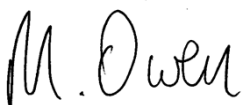
Looking forward to 2015/16, the Council is proactively responding to a number of challenges;

- The Council set and achieved a balanced budget for 2014/15; actually returning an underspend of £95,000.

- In February 2015, the Council agreed a budget for 2015/16 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 2015/16.
- 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 2015/16.
- 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 2015/16 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 2015/16.
- 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 is updating its financial strategy for 2016/17 and beyond; this task is currently hampered given the lack of funding information available at this stage.
- From 2015/16 the Council will be 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.

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:



Interim Chief Executive  
June 2015



Leader of the Council  
June 2015