

AUDIT AND GOVERNANCE COMMITTEE



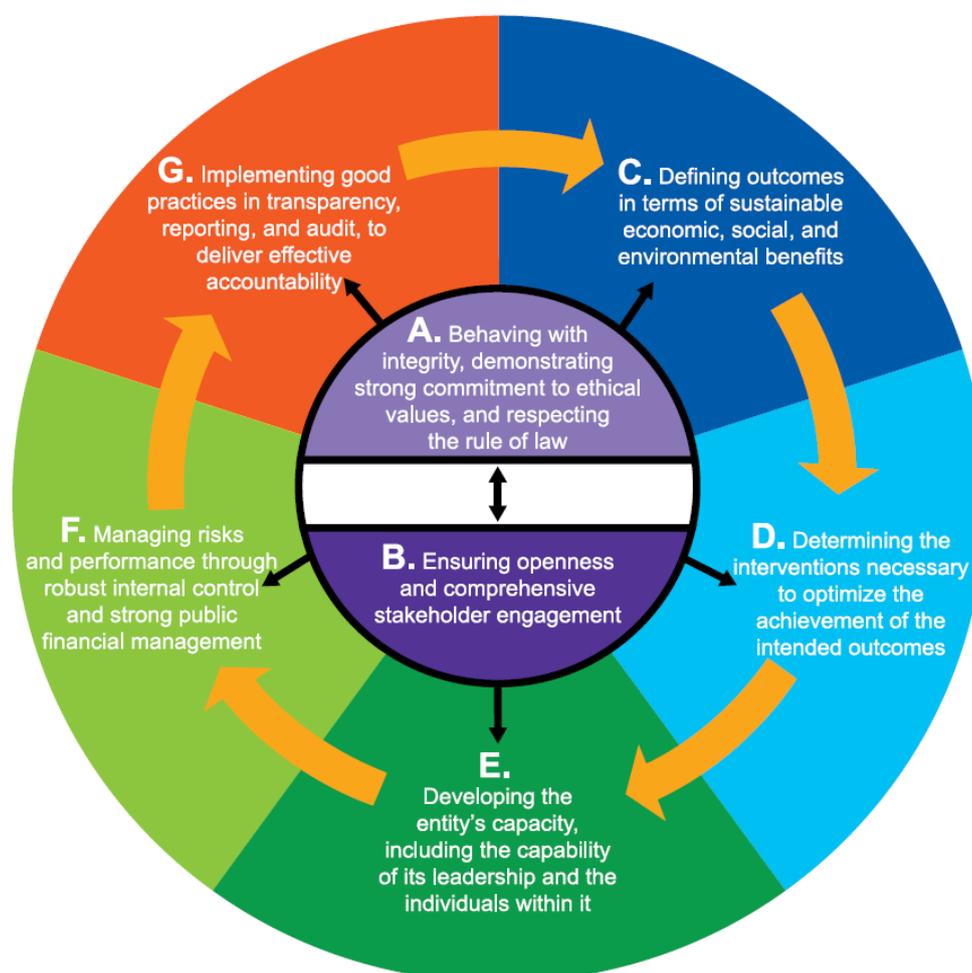
Report subject	Annual Governance Statement 2019-2020
Meeting date	26 November 2020
Status	Public Report
Executive summary	<p>The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.</p> <p>This report seeks approval for the AGS for BCP Council.</p> <p>The AGS concludes that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”.</p> <p>After considering all the sources of assurance (for governance arrangements), BCP Corporate Management Board identified that the following significant governance issues existed:</p> <ul style="list-style-type: none">• Governance of Children’s Social Services• Adjustments to the Highways Register• Governance Arrangements with Wholly Owned Companies, Lower Gardens and Five Parks Charitable Trusts, BH Live and Russell Cotes Museum• Minor Omission to make available for public inspection the draft Annual Governance Statement in June 2019 <p>An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit and Governance Committee in January 2021.</p> <p><small>*and as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020</small></p>
Recommendations	<p>It is RECOMMENDED that:</p> <ol style="list-style-type: none">The Annual Governance Statement 2019/20 for BCP Council is approved and the Leader and Chief Executive are asked to formally sign itThe BCP action plan to address significant governance issues is approved and a progress update will be presented to Audit & Governance Committee in January 2021.

Reason for recommendations	The Accounts and Audit Regulations 2015 require authorities to conduct a review at least once a year of the effectiveness of its governance arrangements and, following the review, approve an AGS which must accompany and be published with the Council's Statement of Accounts.
Portfolio Holder(s):	Cllr Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ✉ nigel.stannard@bcpcouncil.gov.uk Ruth Hodges ✉ ruth.hodges@bcpcouncil.gov.uk Audit Manager
Wards	All
Classification	For Decision

Background

1. The Accounts and Audit Regulations 2015 require the Council to produce an Annual Governance Statement (AGS) following review of its governance framework. This review is carried out in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework and guidance.
2. The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and by which it is accountable to, engages with and leads the community.
3. BCP Council's Local Code of Governance describes the Council's governance framework using the seven principles of governance identified by best practice, shown in diagram 1 below.
4. The AGS comments on the effectiveness of these arrangements and identifies any significant issues (weaknesses) for the Council to address.
5. The AGS is published with the Council's Statement of Accounts and is required to be signed by the Chief Executive and Leader, who must be satisfied that the document is supported by reliable evidence. It is reviewed by External Audit as part of the 2019/20 Audit. The Audit & Governance Committee is required to review the AGS and monitor the Council's response to the issues identified in the action plan.

Diagram 1, taken from the ‘International Framework: Good Governance in the Public Sector’



Process for Compiling the AGS

6. The AGS is compiled from a wide range of evidence sources across the Council, including in-year elements and a year-end assessment which includes:
 - a. Service Unit Annual Management Assurance Statements (MAS);
 - b. Strategic Director Assurance Statements (DAS);
 - c. Internal documentation and reports such as those reported during the year to the Audit / Audit & Governance Committee (for example, the Corporate Risk Register, Breaches, Waivers and Exemptions, and Fraud, Corruption & Whistleblowing reports);
 - d. Chief Internal Auditor’s Annual Report and Opinion 2019/20 (reported separately to this Committee);
 - e. Findings from internal and external reports (such as those from the external auditor, OFSTED and peer reviews);
 - f. A follow up of the previous year’s AGS Action Plan; and
 - g. Consideration of any matters arising from the public inspection period where the draft Statement of Accounts (including the AGS) are made available.

7. A range of potential issues was identified during the evidence gathering process and was considered by BCP's Corporate Management Board (CMB). CMB recognise whether an issue constitutes a significant governance issue is one of judgement rather than fact, however, the criteria below provides a framework for those judgements:
- a. has/may seriously prejudice or prevent achievement of a principal Council objective or priority;
 - b. has/may result in a need to seek additional funding to allow it to be resolved, or has/may result in a significant diversion of resources from another service area;
 - c. has/may led to a material impact on the accounts;
 - d. has/may attract significant public interest or has/may seriously damage the reputation of the Council;
 - e. has/may be publicly reported by a third party (e.g. Grant Thornton, Ofsted) as a significant governance issue; or
 - f. has/may result in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

AGS Conclusion and areas requiring improvement

8. The AGS concludes that BCP Council **“for the year ended 31st March 2020 and to the date of the publication of the Statement of Accounts, it has effective, fit-for-purpose governance arrangements in place in accordance with the governance framework.”**
9. Whilst overall governance arrangements are considered sound, the Council has identified **four significant governance issues** where governance arrangements require strengthening as follows:
- **Governance of Children’s Social Services**
 - **Adjustments to the Highways Register**
 - **Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts, and Contractors**
 - **Minor Omission to make available for public inspection the draft Annual Governance Statement in June 2019**
10. One of these issues, Governance of Children’s Social Services, was included as a significant governance issue in the legacy Bournemouth Borough Council (BBC) Annual Governance Statement in 2018/19. Whilst significant progress has been made, areas for further improvement remain, and therefore it has been included in the AGS for 2019/20.
11. Three new significant governance issues were agreed by CMB, which were:
- a. **Adjustments to the Highways Register** – an amendment seeking a reduction to the Highways Register was made without use of a stopping up order which resulted in an incorrect amendment. The issue has been addressed and arrangements in place to ensure all future reductions to the Highways register are correctly made.
 - b. **Governance Arrangements with Key Partners, Wholly Companies, Trusts, and Contractors** – A range of governance considerations were identified during the first year of BCP Council, including roles and responsibilities of key officers and councillors, potential or perceived conflicts

of interests, and decision making. As a result, BCP Council recognises that it needs to ensure that its governance arrangements with the above organisations are sufficiently robust and fit for purpose.

- c. **Minor Omission to make available for public inspection the draft Annual Governance Statement in June 2019** – the 2018/19 AGS was not included with the statement of accounts during the public inspection period as required by the Accounts and Audit Regulations 2015. This has been addressed for this and future years, and the report of the interim Monitoring Officer to Council on 15th September (agenda item 11) explains this in more detail.

12. An action plan to address these issues has been put in place and high-level progress against these actions will be reported to Audit and Governance Committee during the coming year. Two issues, a) and c) in paragraph 11 above (Adjustment to the Highway Register and Public Inspection of the draft AGS), have already been addressed and processes have been embedded to prevent any recurrence. Consequently, these two elements do not feature in the action plan.

13. In considering potential significant governance issues and adequacy of the Council's governance arrangements, CMB reflected on the following two issues in particular. They have both had significant impacts and necessitated some changes to governance arrangements but did not represent or cause a significant governance weakness. As such, CMB considered it was appropriate that they were included by way of commentary in the AGS:

a. Impact of COVID-19

BCP Council considers that its governance framework has remained fit for purpose during the COVID-19 epidemic. It swiftly implemented robust governance arrangements to manage the impacts of the epidemic, such as daily meetings of the Corporate Incident Management Team in the initial stages.

The Council also ensured that it maintained effective governance of 'business as usual' activities during this time, and where necessary, developed alternative arrangements to ensure governance was maintained. For example, arrangements were put in place to maintain local democracy, through holding committee meetings online, to allow key decisions to be taken and for public participation.

Whilst there has inevitably been an effect, particularly on the speed of delivery of planned improvements and financial impacts, the Council continues to maintain solid governance across the organisation.

b. Legacy Governance Arrangements

When BCP Council was formed on 1st April 2019, its key governance structures, such as its Constitution, legal framework and democratic arrangements were operational from day 1. However, as reflected in the Local Code of Governance, the Council chose to continue to operate a number of legacy policy arrangements during the year. These included, for example, business planning, performance management, HR policies and risk management. Whilst the Council continues to introduce BCP specific policies, such as the Declaration of Interests, Gifts and Hospitality Policy, it does not consider that reliance on legacy policies is a significant governance weakness, and appropriate policies and processes are in place. The Council remains focused on introducing BCP specific policies.

14. CMB considered a range of issues and determined that whilst there were risks and some minor weaknesses (including governance), the following did not meet the definition of a significant governance issue and therefore did not warrant inclusion on the AGS:

a. Budgetary Monitoring

CMB recognised that in some parts of the Council, in particular where there were complex restructures, budget monitoring was not always timely or directed to the most appropriate level of management. CMB considered that this did not meet the criteria set out in paragraph 7 above.

b. Localised Incidences of Fraud

BCP Council, as is the case with all large and diverse organisations, does experience isolated cases of fraud, theft and wrongdoing, perpetrated by both employees and third parties. Governance arrangements dictate that Internal Audit are involved in investigating each case, resolving any control weaknesses and reviewing the effectiveness of those controls. This culminates in an annual report to Audit and Governance Committee. Consequently, CMB considers that robust governance arrangements exist and therefore this issue does not meet the criteria set out in paragraph 7 above.

c. High Needs Element of the Dedicated Schools Grant Block

This is a significant budgetary risk to the Council, however, the appropriate governance is in place, for example, inclusion on the Corporate Risk Register, regular reporting to appropriate Committees and the actions of the service and Finance. Therefore, CMB considered that this did not meet the criteria set out in paragraph 7 above.

15. Information Governance, which was included on both legacy Bournemouth Borough Council and Borough of Poole Council's 2018/19 AGS, is no longer considered a significant governance issue and has not been included in the 2019/20 AGS, as improved arrangements were embedded at BCP Council during the year.

BCP Council – Local Code of Governance

16. The BCP Local Code of Governance was agreed by the Shadow Authority in February 2019 and so was in place from 1st April 2019. Due to the evolution of governance arrangements during the year, as new BCP governance arrangements were developed, an update was brought to Audit and Governance Committee in October 2019. A further update to reflect development of BCP specific arrangements is attached in Appendix B for information only.

Options Appraisal

17. An options appraisal is not applicable for this report.

Summary of financial implications

18. The AGS is part of the annual Statement of Accounts and is reviewed by Grant Thornton, the External Auditor, to ensure it is consistent with their understanding of the organisation. Consequently, failure to produce an AGS and / or failure to properly disclose any matter known to the organisation would be reported by Grant Thornton.

Summary of legal implications

19. The Accounts and Audit Regulations 2015 require the Council to produce an AGS. Failure to comply would result in the Council not meeting its statutory requirements.

Summary of human resources implications

20. There are no direct human resources implications from this report.

Summary of sustainability impact

21. There are no direct sustainability impacts from this report.

Summary of public health implications

22. There are no direct public health implications from this report.

Summary of equality implications

23. There are no direct equality implications from this report.

Summary of risk assessment

24. There is a risk that failure to prepare the Annual Governance Statement in line with proper practice would breach the requirements of the Accounts and Audit Regulations 2015.
25. If timely actions are not taken to address the issues in the Action Plan arising from the AGS, then there is a risk that the Council's governance arrangements may not be adequate or consistent with good practice.

Background papers

None

Appendices

Appendix 1 – BCP Council AGS 2019/20

Appendix 2 – Local Code of Governance (October 2020 update)



**BCP COUNCIL
ANNUAL GOVERNANCE STATEMENT
2019/20**

Author: Nigel Stannard, Head of Audit & Management Assurance

Date: September 2020

Scope of Responsibility

- 1 BCP 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 accounted for, and used economically, efficiently and effectively.
- 2 In discharging this overall responsibility, BCP Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arranging for the management of risk.
- 3 BCP Council has adopted a Local Code of Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this Code will be made available on the Council's website.
- 4 The Annual Governance Statement explains how BCP Council complied with the Code and met the requirements of regulation 6 (1 & 2) and 10 (1) of the Accounts and Audit Regulations 2015 (and as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020) in relation to the preparation, approval and publication of an annual governance statement.

The Purpose of the Governance Framework

- 5 The governance framework comprises of the systems and processes, culture and values by which the authority is directed and controlled, and by which it accounts to, engages with and lead its communities. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate services and value for money.
- 6 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It could not 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 and potential impact of those risks being realised; and to manage them efficiently, effectively and economically.
- 7 BCP Council had a governance framework in place from its inception on 1st April 2019 and for the year ended 31st March 2020 and up to the date of the approval of the Statement of Accounts. As a new Council, governance arrangements are continually being adapted and improved during the year, as there was a move away from legacy to BCP arrangements.

Review of Effectiveness of the Governance Framework

- 8 BCP Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 9 The review considers both in-year, continuous elements and year-end review processes to consider its effectiveness.

- 10 The in-year, continuous elements process applied by the Council in maintaining and reviewing the effectiveness of the governance framework during the 2019/20 financial year included the following:
- Democratic processes, such as Full Council, Cabinet, Overview and Scrutiny functions, and Standard Committee, operating in line with the Council's Constitution
 - The Audit and Governance Committee which provides independent assurance to the Council on the effectiveness of governance arrangements, risk management and the internal control environment
 - Established arrangements for senior officers to meet as part of Corporate Management Board, Transformation Board and Directors Strategy Group
 - Regular meeting of Statutory Officers Group, which comprises the Chief Executive, Monitoring Officer and Chief Financial Officer (CFO)
 - The role of the Chief Financial Officer (CFO) in terms of non-statutory codified professional practice, legislative and statutory responsibilities, and corporate governance requirements is set out in the Council's Constitution. The Council's financial management arrangements conform to the governance requirements of the CIPFA *Statement of the Role of the Chief Financial Officer in Local Government* (2016). The Head of Finance is designated as the Council's CFO
 - The Council's assurance arrangements also conformed to the governance requirements of the CIPFA *Statement on the Role of the Head of Internal Audit* (2019). The Head of Audit & Management Assurance was designated as the Council's Head of Internal Audit
 - The Monitoring Officer, whose functions include a duty to keep under review the operation of the Constitution to ensure it was lawful, up to date and fit for purpose
 - The Council reached a good level of performance against the 'CIPFA Code of Practice on Managing the Risk of Fraud and Corruption'. This means the organisation had put in place effective arrangements across many aspects of the counter-fraud code and took taking positive action to manage its risks
 - Internal Audit, who provide an independent appraisal function and assurance on the adequacy of internal controls and of risks to the Council's functions and systems
 - External reviews and inspections, the results of which are reported and acted upon as appropriate. This included, for example, the Ofsted focused visit looking at arrangements for planning and achieving permeance for children in care.
 - Regular scrutiny of financial monitoring reports by councillors and officers
- 11 In addition, a year end assessment of the effectiveness of the governance arrangements was undertaken, using sources of evidence including:
- Completion of Management Assurance Statements by all service directors
 - Completion of Directors Assurance Statements by all corporate directors
 - Internal Audit documentation and reports
 - Chief Internal Auditor's Annual Report
 - Findings from internal and external reports
 - Follow up of the previous year's AGS action plan resulting from the legacy Councils' Annual Governance Statements

Evaluation, Conclusion and Significant Governance Issues

- 12 Follow reviewing and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31st March 2020 and to the date of the publication of the Statement of Accounts, it has effective, fit-for-purpose governance arrangements in place in accordance with the governance framework.**
- 13 In considering the effectiveness of the governance arrangements this year, the Council's Corporate Management Board reflected on the following issues:
- a. Impact of Covid-19**
- BCP Council considers that its governance framework has remained fit for purpose during the Covid-19 pandemic. It swiftly implemented robust governance arrangements to manage the impacts of the pandemic, such as daily meetings of the Corporate Incident Management Team in the initial stages.
- The Council also ensured that it maintained effective governance of 'business as usual' activities during this time, and where necessary, developed alternative arrangements to ensure governance was maintained. For example, arrangements were put in place to maintain local democracy, through holding committee meetings online, to allow key decisions to be taken and for public participation.
- Whilst there has inevitably been an effect, particularly on the speed of delivery of planned improvements and financial ramifications, the Council continues to maintain solid governance across the organisation.
- b. Legacy Governance Arrangements**
- When BCP Council was formed on 1st April 2019, its key governance structures, such as its Constitution, legal framework and democratic arrangements were operational from day 1. However, as reflected in the Local Code of Governance, the Council chose to continue to operate a number of legacy policy arrangements during the year. These included, for example, business planning, performance management, HR policies and risk management. Whilst the Council continues to introduce BCP specific policies, such as the Declaration of Interests, Gifts and Hospitality Policy, it does not consider that reliance on legacy arrangements is a significant governance weakness, and appropriate policies and processes are in place. The Council remains focused on introducing BCP specific policies.
- 14 BCP Council inherited two significant governance issues from the legacy Councils' 2018/19 Annual Governance Statements. These were Information Governance (legacy Bournemouth Borough Council and Borough of Poole) and Ofsted – Inspection of Children's Social Services (legacy Bournemouth Borough Council).
- 15 These significant governance issues were carried over for action and monitoring by BCP Council in 2019/20. Good progress has been made against implementing these actions, and Information Governance is no longer considered a significant governance issue. The remaining issue in Children's Social Services has seen significant improvements, with further improvement identified still to be fully implemented and embedded, therefore it has been included in the AGS for 2019/20. A more detailed update against each is included below:

2018/19 Issue (as inherited by BCP Council)	2019/20 Update
<p>Information Governance (legacy Bournemouth Borough Council and legacy Borough of Poole Council)</p> <p>Some elements of GDPR* have not been fully implemented throughout the Council e.g. Information asset registers and identified information asset owners.</p> <p><i>*General Data Protection Regulation</i></p>	<p>Work continues to embed Information Governance (IG) arrangements at BCP Council. Service Directors are now in place and are the Information Asset Owners for their service areas. The IG Team have recently undertaken work to establish the Information Asset Advisors for all service units. Information asset registers continue to be enhanced and refined following restructures and changes to systems. The IG Board met during the year and agreed the IG team are responsible for compliance checks.</p> <p>The 2019/20 Internal Audit report provided 'reasonable assurance' on the Information Governance function, and service are committed to implementing the recommendations made.</p> <p>Therefore, Information Governance is no longer considered a 'significant governance issue' for BCP Council.</p>
<p>Ofsted – Inspection of Children’s Social Services (legacy Bournemouth Borough Council)</p> <p>The outcome of the Bournemouth Ofsted inspection of Children’s Social Services in July 2018 was inadequate / requires improvement*, and included governance related issues such as management oversight and supervision, performance information, and effectiveness of leaders. In response to the Ofsted report, a Post Inspection Improvement Plan Board was set up to monitor progress, which was reported to Children’s Services Overview & Scrutiny Panel.</p> <p><i>*Both Bournemouth Borough Council (BBC) and Borough of Poole (BoP) were assessed overall as 'requires improvement' in their last Ofsted inspections. However, BBC was assessed as being 'inadequate' in relation to the Leadership and Management judgement only.</i></p>	<p>The issues raised in the legacy Bournemouth Ofsted report helped inform the Children’s Services Development Improvement Plan. Improvements against the plan were made during the year and monitored by children’s services directorate management board, through the Chief Executive’s leadership and governance of the risk register, and periodically through the Children’s Services Overview and Scrutiny Committee.</p> <p>Action has been taken to improve both the governance of service delivery and of the improvement plan. Clear lines of accountability have been established to ensure that there is a clean 'line of sight' to the performance and quality of services. This ensures that any issues that are identified are visible to strategic leaders, including Councillors, at the earliest opportunity. A challenging and supportive model has been developed by leaders to drive up standards and ensure compliance with statutory and regulatory standards.</p> <p>Significant improvements were made during the year, such as harmonisation of the social work, Special Educational Needs and Disabilities (SEND) and early help structures, a new quality assurance and learning framework, a strong workforce plan to address recruitment and retention, and the set up of a safeguarding service creating a new system-wide approach to addressing child exploitation (which went live May 2020).</p> <p>However, a number of internal and external reviews during 2019/20, together with the new Corporate</p>

	<p>Children’s Director of Children’s Services, were able to identify areas for further improvement. For example, in November, an Ofsted focused visit on permanency made five key recommendations, and a peer review in February 2020 of virtual school highlighted four key areas for improvement. A ‘Partners in Practice’ review of Front Door in May 2019 and a BCP hosted pan-Dorset multi-agency piece of work to define what a good Multi-Agency Safeguarding Hub (MASH) looked like took place in early 2020 has led to improvements.</p> <p>The Learning and Improvement Plan (LIP) was produced in February, incorporating the previous Development Improvement Plan. It reflects the 3 key priority areas; 1-Children who need help and protection, 2-Children in care and achieving permanence, 3-Leadership, Management and Governance, with 38 improvement objectives to focus on good outcomes for BCP Children and families.</p> <p>As at 30 June 2020, of the 38 LIP objectives; 7=Red (needs escalating), 27=Amber (manageable), 4=Green (on track)</p> <p>A robust performance management framework has been implemented. Performance is monitored via the Quality Improvement & Performance Board (QPIB), a Performance Surgery group every 6 weeks and children’s directorate management board, where performance or LIP objectives are showing exceptions (high or lower than expected), exception reports are submitted to QPIB by lead managers.</p> <p>This remains a significant governance issue for the 2019/20 AGS and has been retitled ‘Governance of Children’s Social Services’ – see Table 1 below for details of current issues and action plan.</p>
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16 In conclusion, whilst overall governance arrangements are considered sound, the Council has identified **four significant governance issues** as follows:

- **Governance of Children’s Social Services**
- **Adjustments to the Highways Register**
- **Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts, and Contractors**
- **Minor Omission to make available for public inspection the draft Annual Governance Statement in June 2019**

- 17 The following criteria was used to help evaluate significant governance issues:
- a) The governance issue may, or has, seriously prejudice/d or prevent/ed achievement of a principal Council objective or priority;
 - b) The governance issue may, or has, result/ed in a need to seek additional funding to allow it to be resolved, or may, or has, result/ed in a significant diversion of resources from another service area;
 - c) The governance issue may, or has, led to a material impact on the accounts;
 - d) The impact of the governance issue may, or has, attract/ed significant public interest or seriously damage/ed the reputation of the Council;
 - e) The governance issue may, or has, be/en publicly reported by a third party (e.g. external audit, Information Commissioner's Office) as a significant governance issue;
 - f) The governance issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
- 18 Details of the concerns relating to all the governance issues identified, together with an action plan including target dates, are included on Table 1 below, for each of the four significant governance issues identified.

Table 1 - 'Significant Governance Issues' and Action Plan

<p>1 Governance of Children's Social Services</p> <p>Significant improvements were made during the year, such as harmonisation of the social work, SEND and early help structures, a new quality assurance and learning framework, a strong workforce plan to address recruitment and retention, and the set up of a safeguarding service creating a new system-wide approach to addressing child exploitation (which went live May 2020).</p> <p>However, a number of internal and external reviews during 2019/20, together with the new Corporate Children's Director of Children's Services, were able to identify areas for further improvement.</p> <p>For example, in November 2019, an Ofsted focused visit on permanency made five key recommendations, and a peer review in February 2020 of virtual school highlighted four key areas for improvement. A 'Partners in Practice' review of Front Door in May 2019 and a BCP hosted pan-Dorset multi-agency piece of work to define what a good MASH looked like took place in early 2020 has led to improvements.</p> <p>The Learning and Improvement Plan (LIP) reflects the 3 key priority areas; 1-Children who need help and protection, 2-Children in care and achieving permanence, 3-Leadership, Management and Governance, with 38 improvement objectives to focus on good outcomes for BCP Children and families.</p> <p>As at 30 June 2020, of the 38 LIP objectives; 7=Red (needs escalating), 27=Amber (manageable), 4=Green (on track)</p> <p>A robust performance management framework has been implemented. Performance is monitored via the Quality Improvement & Performance Board (QPIB), a Performance Surgery group every 6 weeks and children's directorate management board, where performance or LIP objectives are showing exceptions (high or lower than expected), exception reports are submitted to QPIB by lead managers.</p>		
<p>Action Points</p> <p>1. Implementation of the Children's Services Learning and Improvement Plan (LIP)</p> <p><i>Please note – there is an ambition for there to be a front facing LIP which will be available to the public. It is suggested that we include a link to this here in the AGS for transparency. It is hoped this will be available prior to the AGS being published.</i></p> <p><i>Please note that Children's Overview and Scrutiny Committee will receive and scrutinise regular updates of the LIP.</i></p>	<p>Responsible Officer</p> <p>Corporate Director – Children's Services</p>	<p>Target Date</p> <p>As per the LIP</p>

2	Adjustments to the Highways Register		
	During the year, an issue regarding the maintenance of the BCP Council Highway Register came to light, where an amendment seeking a reduction to the Highways Register was made without use of a stopping up order in legacy Bournemouth Borough Council in 2018/19. This resulted in an incorrect amendment. These arrangements were inherited for BCP Council for the Bournemouth geographical area.		
	Action Points	Responsible Officer	Target Date
	1. Ensure that all amendments seeking to reduce the Highways Register are only completed following a stopping up order	Director of Growth & Infrastructure / Corporate Director of Regeneration & Economy	Implemented

3	Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts, and Contractors		
BCP Council recognises that it needs to ensure that its governance arrangements with the organisations it engages with are sufficiently robust and fit for purpose.			
Following changes to officers, councillors and restructures, the Council needs to ensure that the roles and responsibilities of key officers and councillors are identified and understood. Furthermore, it recognises that with some organisations, there may be potential or perceived conflicts of interest for officers or councillors who have a role in the organisation in addition to their Council role.			
During 19/20, partial audit opinions were given by Internal Audit for its Wholly Owned Companies (comprising of Bournemouth Building and Maintenance Limited, Seascope Group Limited, Seascope South Limited, and Seascope Homes and Property Limited) and Lower Gardens and Five Parks Charitable Trusts, identifying a number of governance issues which required improvement, such as decision making, and achievement of strategy.			
Review of the governance arrangements at Russell Cotes Museum is underway and due to be reported to Cabinet in the year.			
The Council recognises that the governance arrangements with BH Live need to be reviewed to ensure they are appropriate for the new Council.			

Action Points	Responsible Officer	Target Date
1. CMB lead an overarching review of governance to include: <ul style="list-style-type: none"> a. Determine which organisations this should apply to (only those identified above, other key partners / contractors / companies) b. Clarify roles and responsibilities of councillors and officers c. Arrangements for evaluation and management of conflicts of interest d. Appropriateness of governance structures – performance, meetings, financial etc e. Determining whether any specific reviews of organisations (in addition to those below) are required f. Consideration of whether a corporate lead / ‘Centre of Excellence’ is appropriate, and if so, what it’s role should include (e.g. guidance / advice / compliance) 	Chief Executive	December 2020
2. Ensure implementation of recommendations in the Wholly Owned Companies and the Lower Gardens and Five Parks Trusts internal audit reports	Corporate Director of Environment & Community	December 2020
3. Ensure that governance arrangements for Russell Cotes Museum are reported to Cabinet as planned and agreed actions implemented	Corporate Director of Regeneration & Economy	December 2020
4. Undertake a review of governance of BH Live contract and implement appropriate changes	Corporate Director of Regeneration & Economy	December 2020

4	<p>Minor Omission to make available for public inspection the draft Annual Governance Statement in June 2019</p> <p>The Accounts and Audit Regulations 2015 provide that the Authority prepare and approve an annual governance statement, and that this is made available for public inspection at the same time as the statement of accounts. In 2019, the 2018/19 AGS was not made available during the statutory public inspection period of 3 June to 12 July. The omission occurred because of the reliance in the first year of BCP upon the predecessor authority procedures (Bournemouth Borough Council and Borough of Poole). The draft AGS was published on 17 July 2019 as part of the Committee reports and, upon its adoption, was published on the website. No objections were raised by any electors to the accounts nor were any requests received to make the draft available during the inspection period. In accordance with the Local Government Act 1989, the Council's Monitoring Officer has reported this minor breach of legislation to Council, and has consulted with the Chief Executive and Section 151 Officer as required. New processes are now in place, and the 2019/20 AGS was made available during the statutory public inspection period in 2020.</p>		
	<p>Action Points</p>	<p>Responsible Officer</p>	<p>Target Date</p>
	<p>1. Ensure that processes in place to ensure that the 2019/20 and future AGS are made available during the statutory public inspection period for the Statement of Accounts</p>	<p>Monitoring Officer / Chief Finance Officer</p>	<p>Implemented</p>

This statement explains how BCP Council has complied with the requirements of the code and also meets the requirements of the Accounts and Audit Regulations 2015 (and as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020).

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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.

G Farrant - Chief Executive of BCP Council

Date

Drew Mellor - Leader of BCP Council

Date



LOCAL CODE OF GOVERNANCE

Finance

Author: Ruth Hodges

Date: 26th November 2020

Document Control

Policy title	Local Code of Governance
Policy owner	Head of Audit & Management Assurance
Effective from date	1 st April 2019
Current version	V2.3
Approval body	Audit & Governance Committee
Approval date	26 th November 2020
Review frequency	Annually on 1st April
Next review due	April 2021

Revision History

Date	Version	Significant Changes
February 2019	v1	New Policy created
October 2019	V2.2	Update to reflect the rapid changes in the new BCP Council and add in Section 6
November 2020	V.2.3	Update to reflect ongoing changes in BCP Council governance framework

Minor Amendments and Editing Log

The Head of Audit & Management Assurance has primary responsibility for maintaining the Local Code of Governance. It is recognised there may be a need to clarify or update certain elements of the Local Code of Governance from time to time; this may require minor amendments or editing. Minor amendments and editing changes will be made by the Head of Audit & Management Assurance, and these will be logged in the table below. The Local Code of Governance is presented to Audit & Governance Committee annually.

Date	Description of amendments or editing	Page
-	-	-

Consultees

The following individuals/groups have been consulted during the original development of this policy:

Name	Organisation	Date Consulted
BCP Programme Managers, Julian Osgathorpe	Bournemouth and Poole Councils	Jan 2019
Jane Portman, Bill Cotton	Bournemouth Borough Council	Jan 2019
Andrew Flockhart, Kate Ryan, Jan Thurgood	Borough of Poole	Jan 2019

The following individuals/groups have been consulted during the revised version of the policy

Name	Organisation	Date Consulted
Bridget West, Head of Insight, Policy & Performance	BCP Council	Sept 2019
Corporate Management Board	BCP Council	Sept/Oct 2019
Corporate Management Board	BCP Council	June/October 2020

Equalities Impact Assessment

Assessment date	29 th January 2019. The Local Code of Governance is a signposting tool which directs people to relevant policies, each of which should have already had an EIA or EIA screening carried out. As such, this overarching document does not require a separate full EIA.
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1. Introduction

- 1.1 The Local Code of Governance demonstrates BCP Council's commitment to the highest standards of corporate governance. The Local Code sets out its governance arrangements in relation to the seven best practice principles in the CIPFA/IFAC 'International Framework: Good Governance in the Public Sector' (see Section 4) and as required by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.

2. What is Corporate Governance?

- 2.1 Corporate governance comprises of the arrangements put in place to ensure that the intended outcomes for service users and stakeholders are defined and achieved, while acting in the public interest at all times. It is about doing the right things, in the right way, for the right people, in a timely, inclusive, open, transparent, honest and accountable manner.

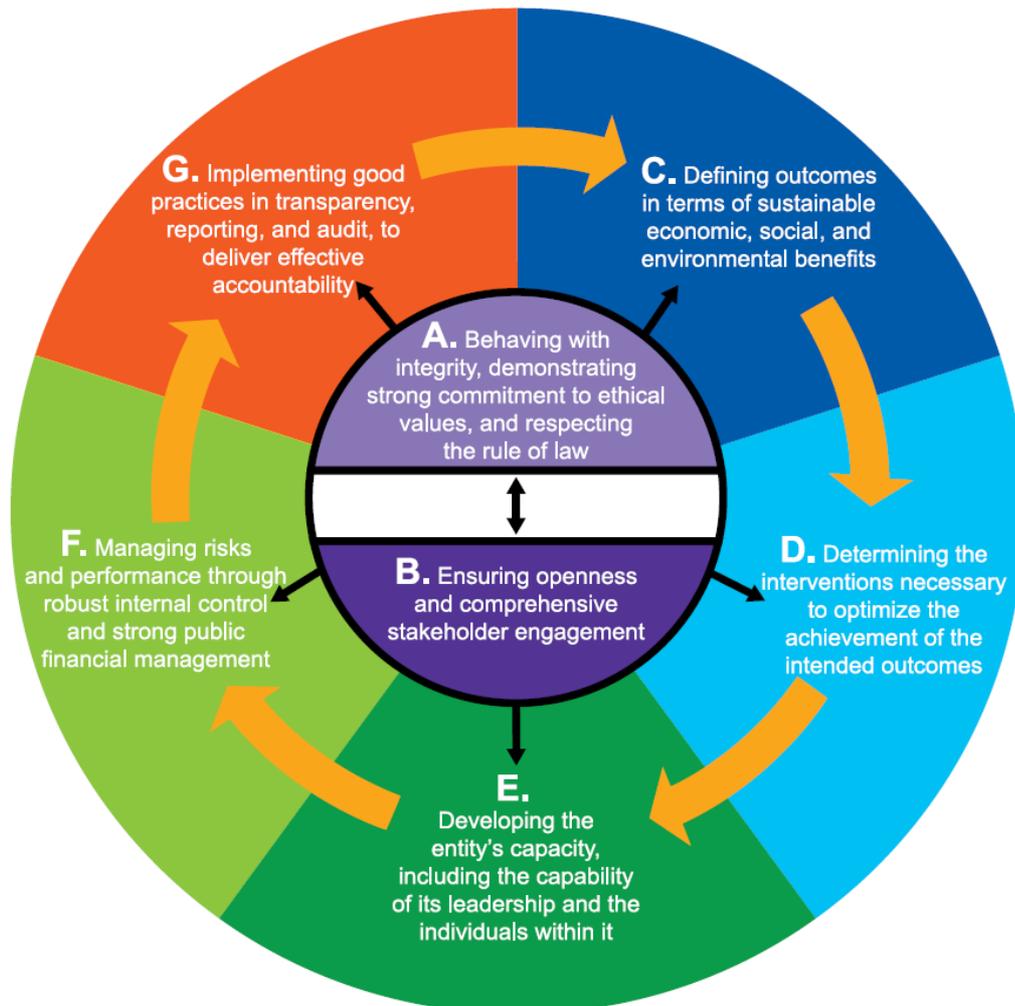
3. Responsibilities for Corporate Governance

- 3.1 All councillors and officers have a responsibility for upholding the principles of good governance. It is a key responsibility for the Leader of the Council and the Chief Executive.
- 3.2 The Statutory Officers Group, comprising of the Monitoring Officer, the Chief Financial Officer and the Chief Executive are responsible for the development, delivery and review of robust corporate governance arrangements.
- 3.3 The Audit and Governance Committee has responsibility for monitoring and reviewing the Council's corporate governance arrangements.
- 3.4 The Chief Auditor produces an Annual Report to Audit and Governance Committee on the adequacy and effectiveness of the Council's systems of internal control.
- 3.5 The Annual Governance Statement is produced following a review of the effectiveness of the Council's corporate governance arrangements, as outlined in this Code. Any significant governance weaknesses are highlighted, and an action plan produced to address these issues, and monitored by the Audit and Governance Committee.

4 The Governance Framework

- 4.1 The diagram below, taken from the International Framework: Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other.

**“Achieving the Intended Outcomes while acting in the
Public Interest at all times”**



- 4.2 BCP Council’s Local Code of Governance is based on this framework, and the table in section 5 demonstrates the Council’s governance arrangements in relation to it.

5 How BCP meets the Principles of Good Governance

BCP has implemented new governance arrangements across the organisation. However, there is still reliance on legacy and/or hybrid arrangements in some areas whilst BCP considers and develops new policies and procedures. These are shown with an asterisk (*) in the table below.

Principles of Good Governance	How we meet these Principles
(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Constitution
	Member Code of Conduct
	Member-Member, and Member-Officer Protocols
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Standards Committee
	Councillor Development Framework
	Audit and Governance Committee
	Overview and Scrutiny Committee/s
	Member Registers of Interests and Registers of Gifts and Hospitality
	Member induction programmes and training plans
	Financial Regulations
	Statutory officers (including Monitoring Officer and Chief Financial Officer) fulfil duties in line with regulatory requirements
	Officer Code of Conduct *
	Officer induction programmes
	Mandatory learning including equality and fraud
	Officer Declaration of Interests, Gifts and Hospitality Policy
	Scheme of Delegations to Officers
	Decision making process for Officers
	Record of Officer decisions
Record of Chief Executive's Delegated Authority decisions	
Officer Performance Conversation template	
Corporate Complaints Procedure	

	Equality and Diversity Policy and Governance Framework
	Recruitment and Selection Policy
	Behaviours Framework (under development)
	Anti-Fraud and Corruption Policy
	Whistleblowing Policy
	Compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption
	Serious and organised crime checklist
	Contractual arrangements, <i>for all new contracts entered into</i>
	Partnership Registers / Partnership Agreements *
	Corporate Values
	Staff Surveys
	Local Plan Local Development Scheme *
	Council People Strategy
	Council Organisational Design (including Operating Model)
	Agreements with subsidiaries, partners, ALMO and external providers, <i>for all new contracts entered into</i>

(B) Ensuring openness and comprehensive stakeholder engagement	Multi-channel public communications, including: email newsletters, BCP website, magazines, Facebook and Twitter
	Local Transparency Code, proactive publication and reporting - IG
	Online Council Tax information
	Corporate Strategy & Delivery Plan
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Corporate Complaints Procedure
	Social Care Statutory Complaints Procedure *
	Public/residential surveys, including online
	Key national data. e.g. the Census and Indices of Deprivation
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Internal Communications Strategy
	Media Relations Protocol
	Branding Guidelines
	Social Media Policy (in draft)
	Partnership Registers / Partnership Agreements *
Neighbourhood Plans, <i>follow BCP format for all new Plans adopted</i>	
Statement of Community Involvement	

(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	Corporate Strategy & Delivery Plan
	Medium Term Financial Plan process
	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Risk Management Framework *
	Capital Investment Strategy (Non-Treasury) 2019-2022
	Investment Strategy
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Equality and Diversity Policy and Governance Framework
	Corporate Management Board
	Capital Programme Board
	Transformation Programme Board
	Operational governance groups: <ul style="list-style-type: none"> - Corporate Property Group - Asset Investment Panel
	Local Transport Plan *
	Local Plan *
	Contractual arrangements, <i>for all new contracts entered into</i>
	Partnership Registers / Partnership Agreements *

(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Medium Term Financial Plan process
	Risk Management Framework *
	Corporate Strategy & Delivery Plan
	Benchmarking and research, including CFO Insights VFM Tool
	Capital Investment Strategy (Non-Treasury) 2019-2022
	Key Facts 2019 – State of Bournemouth, Christchurch and Poole Report
	Youth Justice Plan
	Council Safeguarding Strategy
	Pan-Dorset Safeguarding Children Partnership
	Local Government Organisation – Phase 3 Transformation of the Council
Corporate Parenting Board	
Health & Wellbeing Board	

(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Benchmarking and research, including CFO Insights VFM Tool
	People Strategy
	Job descriptions for all employees *
	Roles of Cabinet, individual Cabinet Members and all other Members and Committees defined
	Roles of statutory officers (Chief Executive, Chief Financial Officer and Monitoring Officer) and other senior officers defined
	Member-Member, and Member-Officer Protocols
	Scheme of Delegations to Officers
	The Constitution
	Member induction programmes and training plans
	Officer induction programmes
	Mandatory learning including equality and fraud
	Officer Performance Conversation template
	Standards Committee
	Councillor Development Framework
	Public/residential surveys, including online
	Key national data. e.g. the Census and Indices of Deprivation
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	<ul style="list-style-type: none"> - Public and officer consultations - Staff surveys - Local Forums
	Corporate and HR policies and procedures, including those to support health and wellbeing *
	ICT Framework *
	Peer Reviews and Inspections
	Tier 3 Management Structure
	People Strategy
	Pay and Reward including Terms and Conditions *
Workforce Strategy for Children's Services	

(F) Managing risks and performance through robust internal control and strong public financial management	Risk Management Framework *
	Performance Monitoring Framework
	<ul style="list-style-type: none"> - Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Corporate Complaints Procedure
	Benchmarking and research, including CFO Insights VFM Tool
	Overview and Scrutiny Committee/s
	Internal Audit Charter operating to Public Sector Internal Audit Standards
	Risk-Based Annual Audit Plan and Key Assurance Work
	Chief Auditors Annual Report
	Anti-Fraud and Corruption Policy
	Whistleblowing Policy
	Compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption
	Annual Governance Statement
	Audit and Governance Committee
	Information Governance Accountability Framework
	Medium Term Financial Plan process
	Financial Regulations
	Corporate Strategy & Delivery Plan
	Treasury Management Strategy
	Decision making process for Committees and Members
	Committee forward plans, agendas, reports (including legal, financial, equalities and risk impact) and minutes (showing decisions taken and declaration of interests)
	Record of Officer decisions
	Record of Chief Executive's Delegated Authority decisions
	Corporate and HR policies and procedures *
	Health & Safety Policy
	Fire Safety Policy
Emergency planning and resilience and arrangements (corporate)	

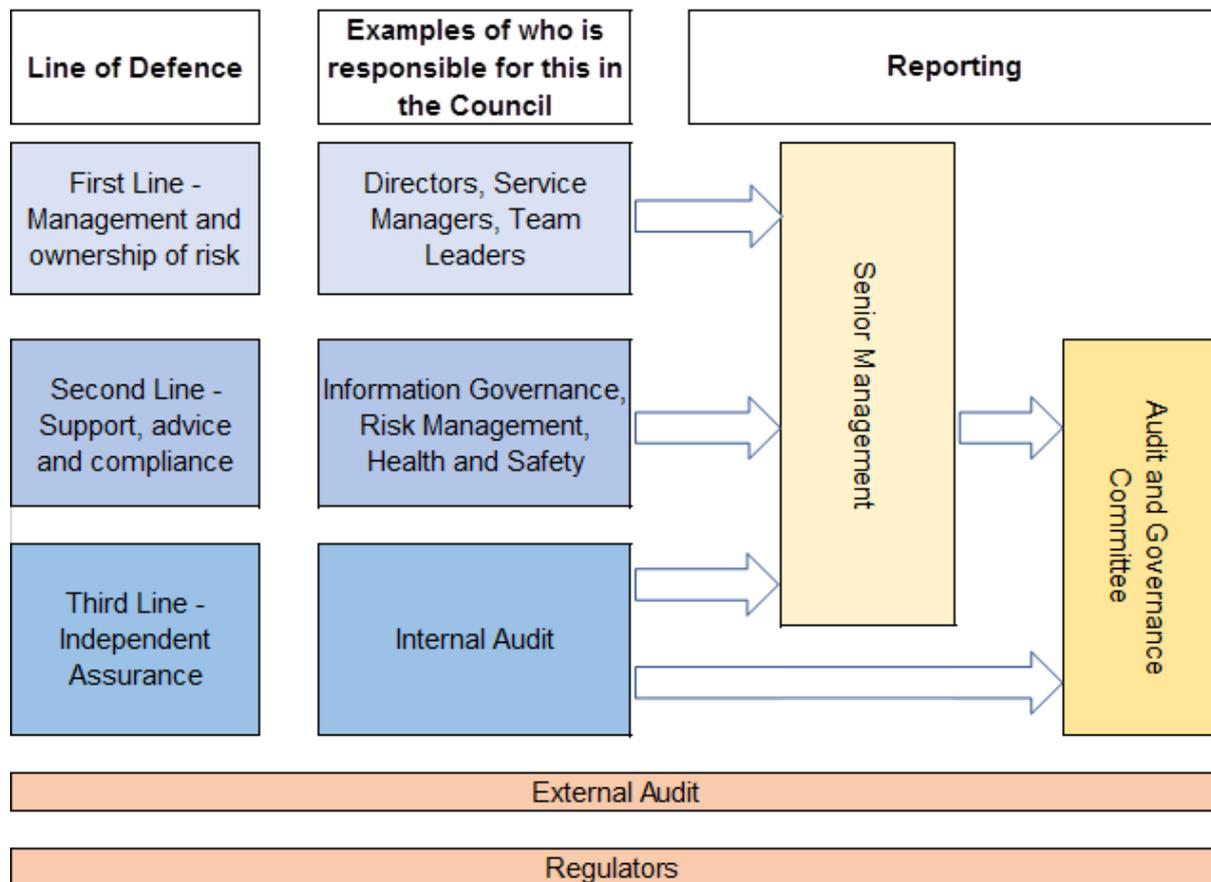
(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Multi-channel public communications, including: email newsletters, BCP website, magazines, Facebook and Twitter
	Local Transparency Code, proactive publication and reporting
	Annual Financial Statements
	External audit reports: Audit Findings Report, Annual Audit Letter and Certification Report
	External reviews, including Ofsted and Peer Reviews
	Annual Governance Statement
	Internal Audit Function operating to Public Sector Internal Audit Standards
	Risk-Based Annual Audit Plan and Key Assurance Work
	Internal Audit recommendation implementation reported to Audit and Governance Committee
	Compliance with CIPFA's Statement on the Role of the Head of Internal Audit
	Partnership Registers / Partnership Agreements *

6 How BCP ensures Good Governance is delivered in practice

6.1 The Three Lines of Defence model is widely recognised across both the public and private sectors as a best practice approach to implementing effective risk management and corporate governance. It is designed to provide organisations with resilience in these areas, with each Line of Defence complementing the others, as summarised below:

6.2 BCP Council will adopt the following model

The Three Lines of Defence Model (Best Practice)



First Line: The First Line of Defence is responsible for the implementation of risk management and governance processes within the organisation. In BCP this is the responsibility of Management of all levels across all Services in the organisation.

Second Line: The Second Line of Defence is responsible for the provision of advice, guidance and policy in support of risk management and governance processes. This Line is also responsible for monitoring compliance with risk and governance requirements by services in the First Line. Typically, this role is fulfilled by corporate functions with defined governance and policy remits, for example:

- Emergency Planning
- Health and Safety
- Human Resources

- Information Governance
- Procurement
- Risk Management

Where there is no clear corporate function with responsibility for compliance, Corporate Management Board will pragmatically determine the need for this and who will act as the second line of defence in a proportionate response to the scope and remit of the function.

Third Line: The Third Line of Defence is responsible for providing independent assurance to Senior Management and Members on the effectiveness of the first two lines. In BCP this is the responsibility of the Internal Audit Service.