AUDIT AND GOVERNANCE COMMITTEE

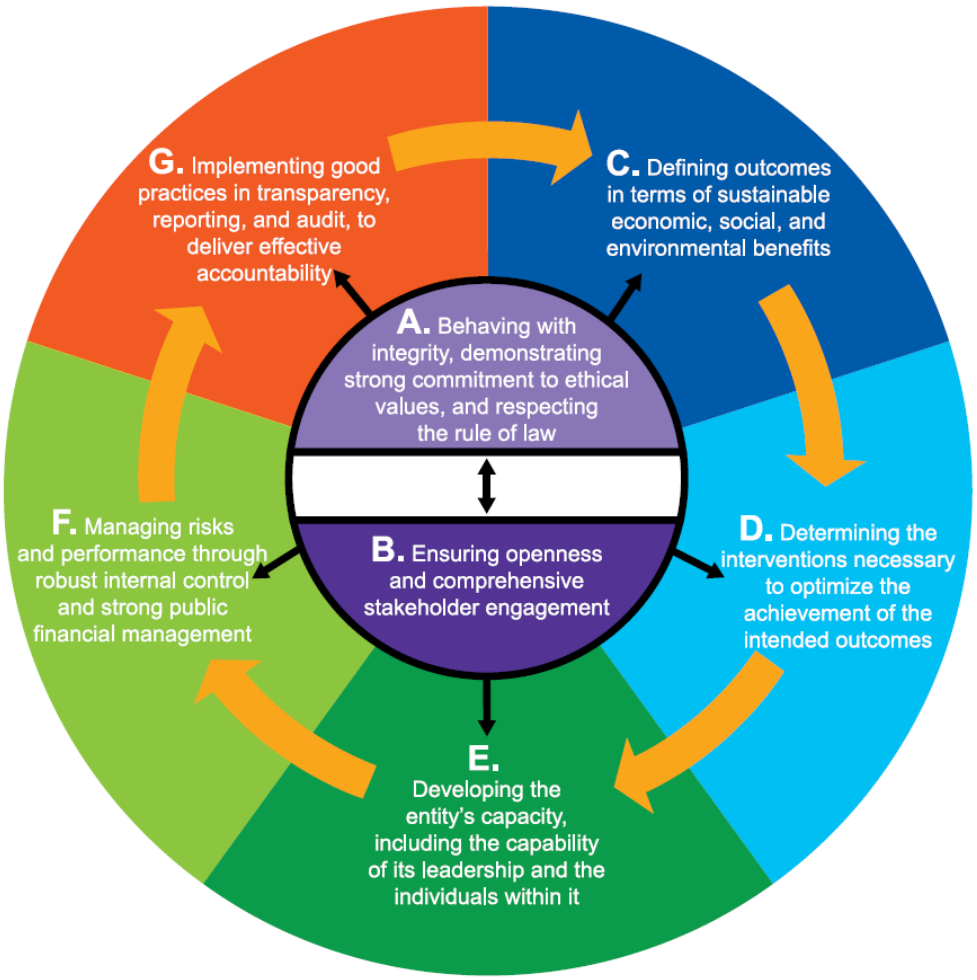
Report subject	**Annual Governance Statement (AGS) 2020/21 and annual review of Local Code of Governance**
Meeting date	29 July 2021
Status	Public Report
Executive summary	The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts. This report seeks approval for the AGS for BCP Council. The AGS concludes that BCP Council "**has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework"**. After considering all the sources of assurance (for governance arrangements), BCP Corporate Management Board identified that the following significant governance issues existed: • Governance of Children's Social Services • Governance Arrangements with External Bodies 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 & Governance Committee in January 2021. *and as amended by the Accounts and Audit (Amendment) Regulations 2021
Recommendations	**It is RECOMMENDED that:** **a. The Annual Governance Statement 2020/21 for BCP Council is approved and the Leader and Chief Executive are asked to formally sign it.** **b. The BCP action plan to address significant governance issues is approved and a progress update will be presented to Audit & Governance Committee in January 2022.** **c. The Local Code of Governance, which is subject to evolution to reflect changing governance arrangements, is noted.**
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	Council-wide
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 2020/21 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. Completion of Management Assurance Statements by Service Directors and for group entities;

    b. Completion of Directors Assurance Statements by Corporate Directors;

    c. Internal documentation and reports;

    d. Chief Internal Auditor's Annual Report 2020/21 (reported separately to this Committee);

    e. Findings from internal and external reports (e.g. external audit, OFSTED);

    f. 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) was 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 2021 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 **two significant governance issues** where governance arrangements require strengthening as follows:

    - **Governance of Children's Social Services**
    - **Governance Arrangements with External Bodies**

10. Both of these issues were included as significant governance issues in the previous AGS (2019/20). Whilst significant progress has been made to address them, areas for further improvement remain. Therefore, they have been updated to reflect the changes during the year and included again in 2020/21.

11. The two other significant governance issues from 2019/20, adjustments to the Highways Register and omission to make available for public inspection the draft Annual Governance Statement in June 2019 have been implemented and therefore have not been included in the 2020/21 AGS.

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 & Governance Committee in January 2022.

13. Of the remaining potential issues considered by CMB, there were others which were either risks or minor weaknesses. Whilst these are not included in the AGS as significant governance issues, actions are in place to manage these areas.

14. As required by best practice, the AGS considers the **impact of Covid-19 on the Council's governance arrangements** and reports on progress towards **compliance with the Financial Management Code (FM Code)**.

15. Whilst no immediate significant governance issues caused directly by the pandemic were identified, the Council is now entering a period of reflection and learning in

relation to its response, led by CMB. Lessons learnt will be built into the future planning cycles and governance arrangements as appropriate.

16. The FM Code provides guidance for good and sustainable financial management, with full of compliance expected from 2021/22. In 2020/21, organisations were expected to demonstrate how they are working towards compliance. Therefore, a self-assessment against the FM Code was undertaken and concluded that BCP Council was largely compliant across all areas. Actions were identified and are in progress to move the Council towards a position of full compliance.

BCP Council – Local Code of Governance

17. The BCP Local Code of Governance (see 3 and Diagram 1) is regularly reviewed to keep it as up to date as practicable. Since the inception of BCP Council, regular revisions have been necessary to reflect the evolution of the Council's governance arrangements. As such, a revised version is attached in Appendix 2 for noting by Audit & Governance Committee. It is anticipated that future revisions will be less frequent.

Options Appraisal

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

Summary of financial implications

19. 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

20. 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

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

24. In respect of the Local Code of Governance, an Equality Impact Assessment Screening Tool has been completed and reviewed. The Council's equality & diversity policy, supporting equality & diversity governance framework and equality impact assessment processes, which are part of the Local Code of Governance, are in place to ensure and promote positive equality outcomes for everyone.

Summary of risk assessment

25. 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.

26. 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 2020/21
Appendix 2 – Local Code of Governance (June 2021 update)

Appendix 1

BCP COUNCIL
ANNUAL GOVERNANCE STATEMENT
2020/21

July 2021

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 To this end, 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 is available on the Council's website.

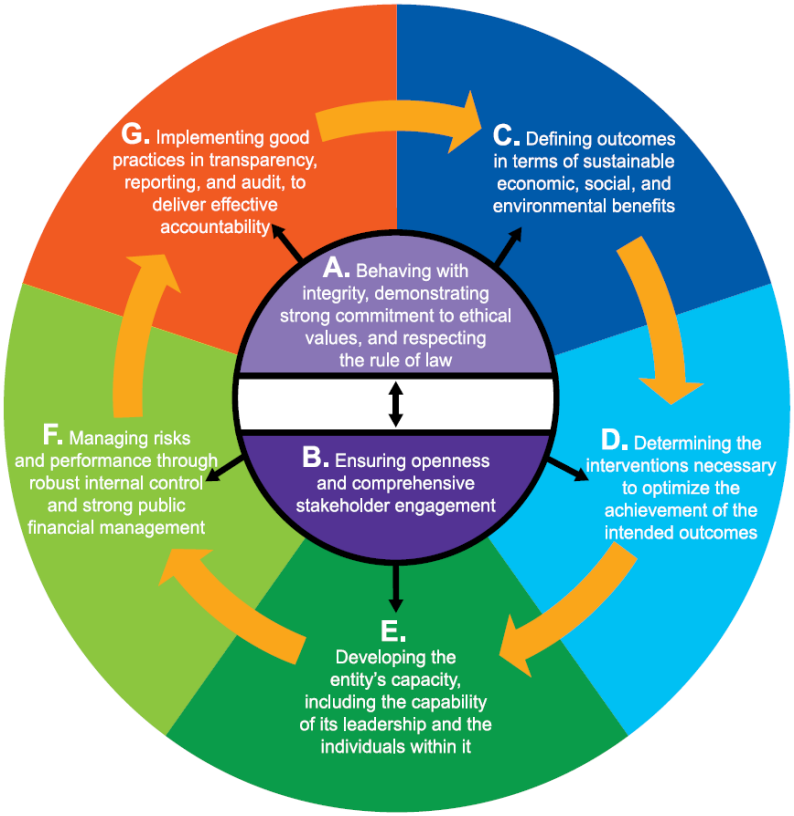
4 The Annual Governance Statement (AGS) explains how BCP Council complied with the Code and met the requirements of the Accounts and Audit Regulations 2015 (and as amended by the Accounts and Audit (Amendment) Regulations 2021) in relation to its preparation, approval and publication.

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 does 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 The key elements of the Council's governance framework are identified in the Local Code of Governance which is consistent with the seven best practice principles of the *International Framework: Good Governance in the Public Sector* (CIPFA/SOLACE Framework *Delivering Good Governance in Local Government)* as shown in the diagram below.



8 BCP Council's governance framework was in place for the year ended 31st March 2021 and up to the date of the approval of the Statement of Accounts.

Review of Effectiveness of the Governance Framework

9 BCP Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including how it meets the principles above and the effectiveness of the system of internal control. The AGS is the method by which we record this review. The AGS also includes the Council's group entities as identified in its Statement of Accounts.

10 The review considers both in-year, continuous elements and year-end review processes to consider its effectiveness.

11 Many of the elements identified in the Local Code of Governance provided on-going review of the effectiveness of the governance framework during the 2020/21 financial year including:

- Democratic processes, such as Full Council, Cabinet, Overview and Scrutiny functions, which operated in line with the Council's Constitution

- The Audit & Governance Committee which provided 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

- Statutory Officers Group, comprising of the Chief Executive, Monitoring Officer and Chief Financial Officer, which met regularly throughout the year. The Head of Audit & Management Assurance also attended these meetings

- 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 conformed to the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government (2016). The Director 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 Director of Law & Governance has been designated as the Monitoring Officer, whose functions include a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose

- Review of and changes to the Constitution following the work of the Constitution Review Working Group and Monitoring Officer

- 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 has put in place effective arrangements across many aspects of the counter-fraud code and undertook positive action to manage its risks

- Internal Audit, who provided 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 focused Ofsted visit to Children's Services in October 2020

- Regular scrutiny of financial monitoring reports by Councillors and Officers.

12 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 and for group entities
- Completion of Directors Assurance Statements by Corporate Directors
- Internal Audit documentation and reports
- Chief Internal Auditor's Annual Report
- Findings from internal and external reports
- Follow up of the 2019/20 AGS action plan

Covid-19 – Impact of Pandemic on the Governance Framework

13 The Covid-19 pandemic presented immediate, significant and wide-ranging challenges for BCP Council to support its community and maintain essential services

in unprecedented circumstances. Specific Covid-19 initiatives and responses were enacted, including the following:

- the #TogetherWeCan initiative provided a helpline, volunteers, food parcels and support to the vulnerable in our communities
- delivery of PPE to health and social care services
- support to NHS colleagues with setting up Covid-19 testing centres and a major vaccination centre, and
- the processing of £millions in business grants and financial support for local companies.

14 Frontline teams, such as social care, refuse and street cleansing, parks and seafront, environmental health and enforcement, actively supported measures to keep individuals and the community safe. Council services very quickly adapted their ways of working to ensure continued safe delivery of services, such as the implementation of online library services and online exercise classes offered through our leisure centres. In addition, over 5,000 staff worked from home or from active front-line services.

15 Whilst this impacted on business as usual, with performance adversely affected in a range of areas, particularly those dependant on public access, such as libraries and museums, the Council continued to deliver its services and meet its statutory requirements to a significant degree.

16 During the year, the financial position of the Council was significantly impacted, both through the immediate impact of lost income in customer facing charged-for services such as car-parking and by significant additional costs incurred in responding to the pandemic. However, governance was in place to manage the budget position, through close monitoring and scrutiny, and communication and updates to Senior Management, Councillors and Committees. Government support is reflected in the year end budget position.

17 The Council took swift action to ensure fit for purpose governance arrangements were put in place to manage the challenges of the pandemic. A ‘Corporate Incident Management Team’ (CIMT), comprising of the Council’s most senior officers and attended by the Leader of the Council (or representative) was ‘stood up’ in March 2020. Written decision records were maintained for all key decisions taken and CIMT quickly became the location for co-ordinating Council-wide changes to services. CIMT meeting frequency varied during the pandemic as was required to keep the Council operating fully. It met daily where the presenting risks required it, to three times a week, then weekly and subsequently to once a fortnight. CIMT was ‘stood down’ in April 2021 and Covid-19 decision making reverted to match normal service decision-making governance.

18 Corporate Management Board’s (CMB) ‘business as usual’ governance arrangements were largely able to continue throughout the year.

19 For decisions that needed to be taken by Councillors, some Committee meetings were cancelled or postponed in the immediate lockdown period, and then virtual meetings were held throughout the remainder of the year in line with legislation. There were some impacts, such as the level of formal Councillor scrutiny of adult

social care, public health and the NHS, and the frequency with which the Appeals and Standards Committees were able to meet.

20 Some governance boards, such as the Information Governance Board, were not able to meet as frequently during the pandemic. Staff redirection in the immediate response phase to the pandemic resulted in some capacity issues, which delayed planned improvements in some areas and impacted some busines as usual activity such as timely processing of complaints and undertaking mandatory training.

21 In response to the financial constraints caused largely by the pandemic, the Council's Transformation Programme has been brought forward to deliver the large-scale savings required. Other significant projects, such as the Transforming Cities Fund, have continued to be delivered during the pandemic.

22 Whilst no immediate significant governance issues which were caused directly by the pandemic have been identified, the Council is now entering a period of reflection and learning in relation to its response, led by CMB. Lessons learnt will be built into the future planning cycles and governance arrangements as appropriate.

23 The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.

24 The HIA at BCP Council is content that the internal audit team have undertaken sufficient internal audit work during 2020/21 to issue a positive opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control in BCP Council. Consequently, no limitation of scope statement is required as part of the HIA's annual report (which will be presented to Audit & Governance Committee in July 2021).

Financial Management Code

25 The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities to provide assurance that authorities are managing resources effectively. Whilst the first full year of compliance is 2021/22, organisations were expected to use 2020/21 to demonstrate how they are working towards compliance, and report progress in the AGS.

26 To this end, a self-assessment against the FM Code was carried out by senior finance officers, including the Chief Financial Officer, for the 2020/21 financial year. The self-assessment will be independently reviewed by Internal Audit during 2021/22. A Local Government Association peer review which will include finance and financial planning is also planned during the year. The results of the self-assessment will be reported to CMB and Audit & Governance Committee in the autumn.

27 The self-assessment concluded that BCP Council was largely compliant across all areas of the FM Code. The following issues and preliminary actions were identified,

which will be formalised into an action plan by CMB to include lead officers and target dates. Nonetheless, actions are already in progress, including through the Council's Transformation Programme. The action plan will be monitored through a monthly financial service senior management team meeting, and an update will be brought to Audit & Governance Committee via the AGS follow up process.

28 FM Preliminary Findings and Actions following Self-Assessment

	Issue	Recommendation
1	The children's services capital strategy is under-developed with no new projects included in the 2021/22 programme and a residual programme of less than £1milllion in future years.	A childen's services capital strategy and detailed plan to be prepared - aiming for Cabinet in July 2021 and going forward to be refreshed annually as part of the February budget report.
2	An analysis of the overall capital requirements of the council's estate is not yet in place to inform a capital strategy or estate management arrangements. This is in progress supported by consultants.	The physical estate needed to support future service delivery and corporate objectives should be established alongside future estate management arrangements to determine an appropriate corporate landlord model for the council. Capital strategy to be informed by the review.
3	The council involves a range of stakeholders in setting the annual budget, this includes specific consultation on service-based savings plans but not general consultation with residents.	Consideration of whether the budget process would be enhanced by any additional consultation processes.
4	There is little regular reporting of balance sheet items to Corporate Management Board (CMB), other than the level of projected reserves and transformation costs in quarterly Cabinet reports. Other items are monitored through monthly budget overview meetings with the chief executive and leader of the council.	Determine if further balance sheet and other items (e.g. procurements undertaken) should be monitored by CMB.
5	The detail of fixed assets for accounting purposes is maintained on spreadsheets with the inherent risk of data corruption or loss going undetected with little system reliance. There is no link with the subsidiary systems that provide other asset management information.	The main accounting systems, including for fixed asset recording, is an early work package for the strategic investement partner and will take time to implement.

Evaluation, Conclusion and Significant Governance Issues

29 Following review and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31st March 2021 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**.

30 The Council's Corporate Management Board (CMB) considered the effectiveness of the governance arrangements, including potential significant governance issues arising from the review, using the following criteria as a guide:

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.

31 No new significant governance issues were identified for the 2020/21 AGS. However, BCP Council is committed to continual improvement of its governance arrangements. As part of its established management processes, such as financial and performance monitoring, risk management and internal audit, a number of governance issues have been identified during the year. These included, for example, low take-up of mandatory training and required improvements to health and safety and fire safety, and actions to address these are in place and actively monitored. CMB did not consider these issues to meet the level of significance required for inclusion on the AGS and are satisfied that the necessary actions being taken to address them.

32 The 2019/20 AGS identified four significant governance issues as outlined below, for which an action plan was produced and monitored. A detailed follow up report was presented to the Audit & Governance Committee in April 2021.

33 It is considered that two of the four are resolved, with the remaining two being included again in the 2020/21 AGS, as shown on the table below:

2019/20 Significant Governance Issue	Progress
Adjustments to the Highways Register	**Implemented** – the governance issues had been fully addressed ahead of the publication of the 2019/20 AGS, and therefore no further actions were incorporated into the Action Plan. Arrangements are now in place to prevent recurrence. No further incidents have occurred.
Omission to make available for public inspection the draft Annual Governance Statement in June 2019	**Implemented** – the governance issues had been fully addressed ahead of the publication of the 2019/20AGS, and therefore no further actions were incorporated into the Action Plan. The 2019/20 AGS was made available for public inspection. Future AGS will also be made available as required.
Governance of Children's Social Services	**Remain on AGS 2020/21** - Significant improvements have been made over the year, including in response to the Ofsted focused visit to Children's Services in October 2020. However, some governance concerns still remain – see Table 1 below.
Governance Arrangements with Key Partners, Wholly Owned Companies, Trusts, and Contractors	**Remain on AGS 2020/21** - Significant process has been made against enhancing governance arrangements with external organisations, both corporately and with individual organisations. However, some governance issues remain and is shown in Table 1 below as "Arrangements with External Bodies".

34 Whilst significant progress has been made to address the remaining two significant governance issues from 2019/20, some governance concerns remain. These have been updated to reflect the changes during the year and are shown in Table 1 below, along with an updated action plan to address remaining issues.

Table 1 - 'Significant Governance Issues' and Action Plan

1	**Governance of Children's Social Services** A focused visit to Children's Services made by Ofsted in October 2020 resulted in a formal published letter sent on 27 November 2020. This set out serious concerns about the quality of services, which warranted urgent and immediate attention. These included governance related concerns, with the failures mostly in leadership and management. In response, a 15-point Action Plan has been produced, which contains all the areas for improvement needed for the service to reach the level required by the full ILACS (inspection of local authority children's services) by Ofsted. The Action Plan is rigorously monitored by the Department for Education Children's Services Improvement Advisor holding Children's Services leadership to account. The midway review of progress was carried out in April 2021 to benchmark the progress made to date. Satisfactory progress was made across all areas. In particular, the building blocks for sustainable change are now in place to improve the lived experience of children, young people and their families. The previous Learning Improvement Plan, and any outstanding issues, have been superseded by the above Action Plan. Delivery of the action plan has a robust governance structure. A Children's Services Improvement Board was set up, chaired by the DfE Children's Services Improvement Adviser. The Board meets six-weekly. The Leader of the Council, the two relevant Cabinet members, the Chief Executive, the interim Director of Children's Services, a DfE representative, the LGA-appointed chair of the SEND Improvement Board and BCP's Director of Finance are core members. Group Leaders are briefed regularly, and Children's Overview and Scrutiny receive regular reports. All services are showing improvement, monitored through performance data and evidence-based Practice Learning Reviews (audits) to ensure progress is being made with pace and purpose. Improvements in the weakest services correlated directly with the appointment of new interim managers who are highly experienced in running these services and who know from experience how to improve them. Step changes in performance can be seen in the multi-agency safeguarding hub (MASH): in court work and in performance planning for children in care or on the edge of care; and in the timeliness of assessments. Significant improvements have been since the Ofsted focused visit, which were acknowledged by Ofsted in the 'Annual Conversation' held in April 2021. They also recognised, as does BCP Council, that further improvements at pace are still required, including changes to culture.		
	Action Points	**Responsible Officer**	**Target Date**
	Delivery of the Action Plan (as detailed above)	Corporate Director – Children's Services	As per Action Plan

2	**Governance Arrangements with External Bodies** In the 2019/20 AGS, BCP Council recognised that it needed to ensure that its governance arrangements with the organisations it engages with are sufficiently robust and fit for purpose, and this was reflected in the action plan. Significant work has been undertaken to improve overarching governance and to review and strengthen arrangements with external bodies over the year. This has included strengthening the BH Live contract management and

governance arrangements, including strategic, operational and financial, operating in line with agreed frequencies. Substantial progress has been made to enhance the governance in the housing companies, including the agreement to appoint a permanent company secretary. Plans to externalise the Russell Cotes Museum into a separate charity are now well underway. Corporately, a comprehensive review of the BCP Council Constitution has started which will include the Officer/Member Protocol and the Monitoring Officer has delivered training covering governance and decision-making to Councillors. The Audit & Governance Committee have received presentations on the governance arrangements for trusts, companies and charities.

However, the Council has identified specific areas in which it needs to further strengthen its arrangements, and work is in progress to improve the following:

a) **Parks, charities and trusts** (including Five Parks Trust, Lower Central Gardens Trust and Parks Foundation Limited) – progress in implementing previous recommendations has been slower than anticipated, due to the role of the service in responding to the management of excess deaths and support to the Coroners and Bereavement functions during the pandemic. Governance concerns remain, such as the Lower Gardens Trust which has not held a Board meeting since 2019. Initial discussions regarding a review of governance have been held with Legal.

b) **Partnerships** – whilst local partnership registers are largely in place, there is no BCP Corporate Partnership Register. However, work is underway to compile one. Whilst arrangements are in place for some individual partnerships, there is no corporate oversight of the arrangements, nor any guidance (other than that in the Financial Regulations) for best practice in managing partnerships, including governance arrangements.

Action Points	Responsible Officer	Target Date
1. Parks, charities and trusts		
a) Outline presentation to Audit & Governance Committee in June 2021	Chief Operations Officer	30/6/21
b) Internal Audit requested by the Service Director to be undertaken by end July 2021 with action to be delivered by March 2022	Director – Environment	31/7/21
c) Parks Trust arrangements to be reviewed to achieve consistency and meet all relevant governance requirements	Chief Operations Officer & Monitoring Officer	31/3/22
2. Partnerships		
a) The Corporate Partnership Register is completed	Head of Policy & Performance Management	30/9/21
b) Corporate oversight of partnerships is established, including use of the Partnership Register	Chief Executive	30/9/21
c) Corporate partnership guidance is produced to supplement Financial Regulations, which can also be used for compliance purposes	Head of Policy & Performance Management	31/12/21

This statement explains how BCP Council has complied with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and also meets the requirements of the Accounts and Audit Regulations 2015.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit & 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**

Appendix 2

LOCAL CODE OF GOVERNANCE

Finance

Author: Ruth Hodges

Date: 16th June 2021

Document Control

Policy title	Local Code of Governance
Policy owner	Head of Audit & Management Assurance
Effective from date	1st April 2019
Current version	V2.4
Approval body	Audit & Governance Committee
Approval date	29/7/21
Review frequency	Annually
Next review due	June 2022

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	V2.3	Update to reflect ongoing changes in BCP Council governance framework
June 2021	V2.4	Update to reflect ongoing changes in BCP Council governance framework; Three Lines Model updated in line with best practice

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
-	-	-

Equalities Impact Assessment

Assessment date	9/7/21. The council's equality & diversity policy, supporting equality & diversity governance framework and equality impact assessment processes, which are part of the Local Code of Governance, are in place to ensure and promote positive equality outcomes for everyone.

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 CIFPA/SOLACE Delivering Good Governance in Local Government Framework.

1. 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 & Governance Committee has responsibility for monitoring and reviewing the Council's corporate governance arrangements.

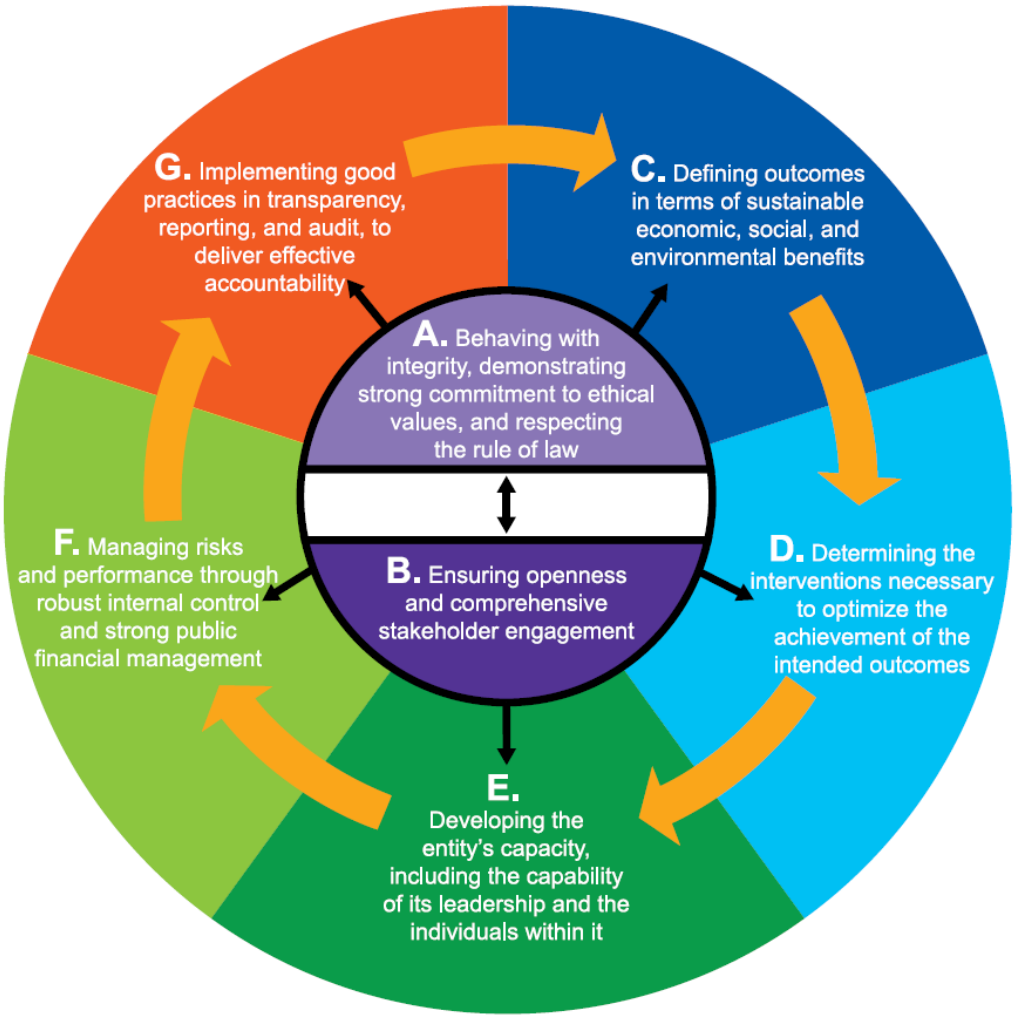
3.4 The Chief Auditor produces an Annual Report to Audit & Governance Committee on the adequacy and effectiveness of the Council's systems of internal control.

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 & 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 strong governance arrangements across the organisation. In a small minority of cases, specific legacy or hybrid arrangements apply.

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 (which is reviewed by the Constitution Review Working Group)
	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)
	Full Council and Cabinet
	Standards Committee
	Audit & 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, and who meet as the Statutory Officers Group
	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 Reviews
	Corporate Complaints Procedure
	Equality and Diversity Policy and Governance Framework
	Recruitment and Selection Policy

	Anti-Fraud and Corruption Policy
	Whistleblowing Policy
	Compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption
	Contractual arrangements
	Partnership Registers / Partnership Agreements
	Corporate Values
	Staff Surveys
	Local Plan Local Development Scheme
	Council People Strategy
	Council Operating Model
	Agreements with subsidiaries, partners, ALMO and external providers

(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
	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
	- Public and officer consultations - Staff surveys - Local Forums
	Internal Communications Strategy
	Media Relations Protocol
	Branding Guidelines
	Social Media Policy
	Partnership Registers / Partnership Agreements
	Neighbourhood Plans
	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
	- Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Joint Strategic Needs Assessment
	Consultation Planning and Guidance
	- 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
	Directors Strategy Group
	Capital Programme Board
	Transformation Board
	Operational governance groups: - Corporate Property Group - Asset Investment Panel
	Local Plan
	Contractual arrangements
	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
	- Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Medium Term Financial Plan process
	Risk Management Framework
	Corporate Strategy & Delivery Plans
	"Our Big Plan"
	Benchmarking and research, including CFO Insights VFM Tool
	Capital Investment Strategy (Non-Treasury) 2019-2022
	Youth Justice Plan
	Council Safeguarding Strategy
	Pan-Dorset Safeguarding Children Partnership
	Transforming the Council
	Equality Impact Assessment (EIA) Panels and EIA processes
	Corporate Parenting Board
	Health & Wellbeing Board

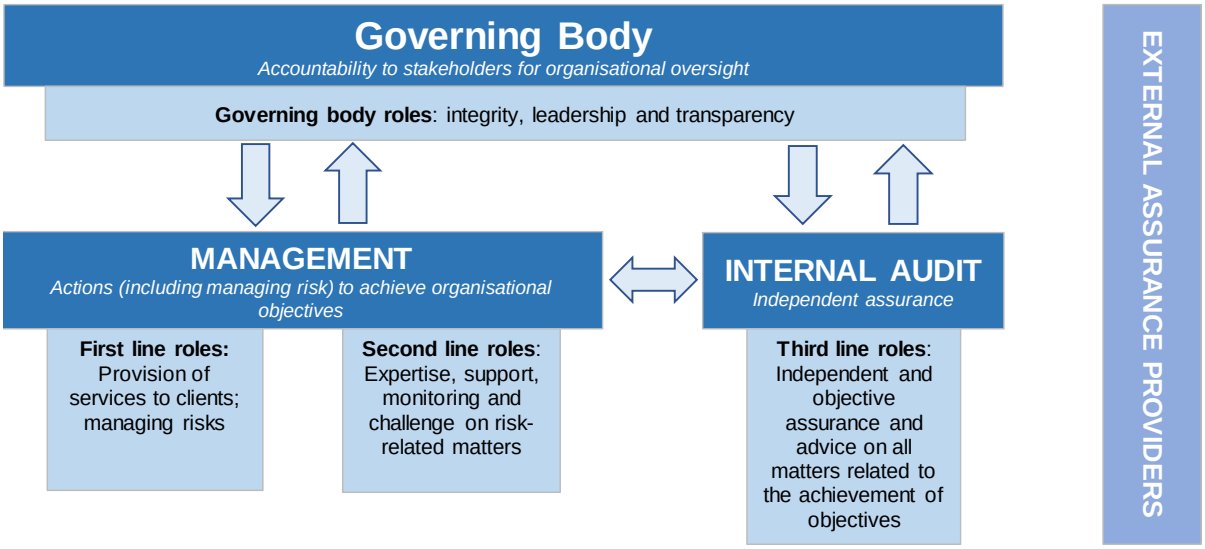
(E) Developing the entity's capacity, including the capability of its leadership and the individuals within it	Performance Monitoring Framework
	- Service business and action plans - Service performance monitoring - Corporate performance monitoring
	Benchmarking and research, including CFO Insights VFM 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 Reviews
	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
	- Public and officer consultations - Staff surveys - Local Forums
	Corporate and HR policies and procedures, including those to support health and wellbeing
	ICT guidance and processes
	Peer Reviews and Inspections
	Smarter Structures Programme
	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
	- 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 & Governance Committee
	Information Governance Accountability Framework
	Medium Term Financial Plan process
	Financial Regulations
	Regular scrutiny of financial monitoring reports by Councillors and Officers
	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
	Equality Impact Assessment (EIA) Panels and EIA processes
	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)
	Compliance with the Statement of the Role of the Chief Financial Officer in Local Government

(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 & 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 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 complementing the others, as summarised below:



Key:					
	Accountability, reporting		*Delegation, direction, resources, oversight*		*Alignment, communication, coordination, collaboration*

First Line: The First Line 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 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 in a proportionate response to the scope and remit of the function.

Third Line: The Third Line 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.