

Report of the Director of Finance to the meeting of the Governance and Audit Committee to be held on 29 January 2016

AE

Subject:

Annual Governance Statement 2014-15

Summary statement:

This report reviews progress on the significant governance concerns reported in the Council's Annual Governance Statement 2014-15, concluding that positive progress is being made.

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Portfolio:

Corporate

Improvement Area:

Corporate



1. Summary

The purpose of this report is to update members on the progress and improvements being made in addressing those significant governance concerns reported in the Council's Annual Governance Statement 2014-15.

2. Background and Process

2.1 The annual governance review is undertaken against the principles contained in the CIPFA/Solace framework – Delivering Good Governance in Local Government. The Council is required to consider the effectiveness of its current arrangements and:

- Assess the extent to which it complies with the principles and requirements of good governance
- Identify systems, processes and documentation that provide evidence of compliance
- Identify and ensure individuals and committees hold responsibility for governance arrangements and their ongoing application and effectiveness
- Identify issues that have not been addressed adequately and any planned changes required in the future
- Prepare an action plan, identifying any individuals responsible for taking any changes forward

2.2 The review is undertaken by the Director of Finance as S151 Officer. In conducting the review, reliance is placed upon six main sources of evidence:

- The Constitution of the Council
- The adequacy of management actions in relation to key risks as identified in the corporate risk register
- Reports to the Executive and Scrutiny Committee's on performance, risk and finance issues
- Key control and fraud risk self assessments supporting written confirmation from Strategic Directors that all reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations.
- The reports of Internal Audit
- External Audit and other external inspection agencies.

2.3 A report by the Director of Finance to the meeting of the Governance and Audit Committee on 26th June 2015 set out the approach to conducting the review of the effectiveness of the Council's governance framework, including the system of internal control, the conclusions of the review and the Annual Governance Statement for 2014-15.

2.4 The Annual Governance Statement (AGS) was formally reviewed and approved by the Governance & Audit Committee at its meeting on 26th June 2015. The Committee subsequently authorised the Leader of the Council and the Chief Executive to sign the document on behalf of the Council for inclusion with the Statement of Accounts for 2014-15.

2.5 The Statement reported that the Governance and Audit Committee would be kept informed of progress in addressing weaknesses and areas of concern.

3. **Review and Conclusion**

The Annual Governance Statement identified eight governance challenges,

- 1) Agreeing an operating and financial plan in the context of the intractable tensions between resources, expectations of citizens and service users, and the statutory framework.
- 2) Improving educational attainment.
- 3) Safeguarding vulnerable children.
- 4) Mitigating the effects of a loss of experience and expertise arising from staff reductions, especially where loss of such resource impacts on the management of services protecting vulnerable people.
- 5) Developing new and affordable models of care within the governance arrangements that exist across the health and social care system.
- 6) Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level.
- 7) Impact on governance structures arising from developing policies for the delivery of regional devolution.
- 8) Ensuring that the Council's risk management strategy and practice is effectively embedded and reflects the dynamic risk environment faced by the Council.

A comprehensive review of these governance issues has been undertaken and a detailed update is provided in Appendix 1.

In every area issues and concerns have been progressed and whilst some areas have completed the required actions, Council officers recognise the need for continuing effort to achieve improvements in the delivery and operation of their services.

4. **Financial and resources appraisal**

There are no direct financial implications arising from this report.

5. **Risk Management**

The Council's risk management framework remains in place and, as previously reported, corporate risks are reviewed regularly, usually at quarterly intervals. Changes in risk assessments must be reported to and endorsed by DMTs so that Strategic Directors are kept informed of the risk environment.

There are no new risk management issues arising from this report.

6. Legal appraisal

- 6.1 The Accounts and Audit Regulations 2015 require the Council to conduct a review of the effectiveness of the Council's governance framework including the system of internal control.
- 6.2 The Council is required to test its governance arrangements against the principles contained in the CIPFA/Solace framework 'Delivering good governance in Local Government'.
- 6.3 The CIPFA/Solace framework also requires the Council to provide an outline of the actions taken, or proposed, to deal with significant governance issues. The Council's Annual Governance Statement 2014-15 contained such a statement.

7. Other implications

7.1 Equal Rights

Risk management assists in ensuring barriers to the delivery of services are reduced which in turn supports the achievement of equality and diversity.

7.2 Greenhouse Gas Emission Impacts

There are no impacts on Gas Emissions.

7.3 Sustainability Implications

The Annual Governance Statement will examine the sustainability of the Council's activity and ensures that mechanisms are in place to deliver business continuity.

7.4 Community Safety Implications

Community safety implications are considered when identifying strategic risks such as safeguarding.

7.5 Human Rights Act

The Annual Governance Statement will take into account any Human Rights Act implications.

7.6. Trade Union

There are no specific implications for the Trade Unions arising from the report.

7.7 Ward Implications

In general the Annual Governance Statement does not focus on individual ward issues.

8. Not for publication documents

None.

9. **Options**

Members may –

- Endorse the report
- Provide comment or instruction
- Bring forward any new governance concerns which should be reviewed, assessed or examined in the 2015-16 Annual Governance Statement.
- Require further information.

10. **Recommendations**

That members –

- Review the information contained in this report and the progress made in addressing the significant governance challenges.
- Endorse the further actions planned.
- Alert officers and Members to any emerging governance concerns requiring review during the 2015-16 process.

11. **Appendices**

Appendix 1 - Annual Governance Statement 2014-15: Mid Year Review, Improvement and Progress Report.

12. **Background documents**

“Annual Governance Statement 2014-15” – report to Governance and Audit Committee 26th June 2015 – Director of Finance

“Adult and Community Services Portfolio of Transformation Programmes progress December 2014 – November 2015” – report to Health & Social Care Overview and Scrutiny committee 10th December 2015 - Interim Strategic Director Adult and Community Services.

“West Yorkshire Combined Authority and Leeds City Region Enterprise Partnership: Update and Progress Report” – Report of the Strategic Director Regeneration to the meeting of Corporate Overview and Scrutiny - 8th September 2015.

“Risk Management” – report to Corporate Overview and Scrutiny Committee 6th January 2016 – Director of Finance.

Annual Governance Statement 2014-15: Mid Year Review and Progress Report as at January 2016

Governance Challenge – AGS 2014-15	Progress to date
<p>Agreeing an operating and financial plan in the context of the intractable tensions between resources, expectations of citizens and service users, and the statutory framework</p>	<p>The Council's short and medium term plans will be developed under the following governance arrangements:</p> <p>New Deal Programme Under the New Deal Programme, proposals about the future of the Council to around 2020 are being discussed and developed with input from a wide range of partners and stakeholders. The working arrangements for each New Deal outcome vary to suit the maturity of the proposals and the gamut of views needed. A recent review of partnership governance structures has aligned the district's strategic partnerships to the five New Deal outcomes, thus aligning available resources to the district's shared priorities in an effort to make the most of their impact. Approved by Bradford District Partnership Board and Executive, the review will be implemented by the end of the financial year.</p> <p>District Plan / Council Plan The development of a District Plan for the Council's municipal year will cement this alignment of resources, ensuring that partners and partnerships focus on what they can do to deliver against the agreed outcomes. Current public engagement builds on an earlier phase of engagement on New Deal from October 2014 to March 2015 which in part was designed to help manage citizen and service user expectations. A Council Plan is being developed to the same timescale and will identify the Council's contributions to delivery.</p> <p>Council Budget 2016-2018 The Council's proposed budget for 2016/17 and 2017/18 is being consulted on, using familiar consultation mechanisms from previous years. The budget, to be agreed at February 2016 Council, will set the financial parameters for the District and Council Plans. The consultation is designed to surface more clearly the tensions between resources, expectations and statute described by this governance challenge.</p>
<p>Improving educational attainment and managing Ofsted outcomes.</p>	<p>The Local Authority's (LA) school improvement function was inspected in June 2015. A project board, the LA Ofsted Core Group, had been in place for nearly 2 years in preparation for the inspection. The group was chaired by the Assistant Director (AD), Education School Improvement. Membership was made up of the AD Access and Inclusion, the Head of Bradford Achievement Service, School Governance and Workforce Development Manager, School Improvement Performance Data Manager, Business Advisor, Schools, Senior Primary Partnership Officer, Secondary Partnership Operations Director, 14-19 Lead Officer, Funding and Sufficiency, Strategy Lead of Vulnerable Groups and the Early Childhood Services Manager, with a project manager (Quality Manager) and, latterly, a member of the Education Communications Team.</p>

Governance Challenge – AGS 2014-15	Progress to date
	<p>The lead document for the inspection was the LA's Self Evaluation. Whilst the outcome of the inspection was heavily influenced by the continued poor overall outcomes achieved in Bradford's schools, there was recognition that the Local Authority knows itself and the challenges it faces, and the inspectors were confident that the newly formulated school improvement strategy was the right way forward. The LA has been led to expect that its school improvement arrangements and outcomes will be re-inspected in autumn 2016.</p> <p>The new improvement strategy fully supports a school-led improvement system and sets out clear roles for the three strategic partners;</p> <ul style="list-style-type: none"> • The LA to work with underperforming schools to monitor, challenge and intervene when necessary to ensure their rapid improvement. The LA's role becoming a commissioner rather than deliverer • The five main partnerships of secondary, primary, catholic, special and nursery schools, to lead on the school-to-school support for improvement. This recognises that the expertise and capacity to have a positive impact on Bradford's educational outcomes sits in our schools. However it is also recognised that external expertise is needed to accelerate improvement in Bradford and as a result schools have been working closely with colleagues from Wigan LA, and there have been recent negotiations with the Regional Schools Commissioner to bring two major, and successful, external sponsors to Bradford to lead improvements in a number of new academies • The Teaching School Alliances (TSAs) have access to training resources and external funding so that school staff, at whatever stage they are in their careers, can access further training and development. There are five TSAs in the Bradford District <p>Future development of the school-led improvement strategy in Bradford will be directed through the post-Ofsted Action Plan that the LA has been required to produce and publish. The plan focuses on nine key improvement themes, each led by a senior LA officer (DCS, ADs and Heads of Service). The tracking of the progress and impact of the plan is carried out through a KPI (key performance indicator) monitor and monthly RAG ratings of each of the key activities. The outcomes of the plan are being evaluated by the Education Improvement Strategic Board (EISB), which includes in its membership an external chair, four senior elected members, and key stakeholders from schools (including a governor rep), partnerships, teaching school alliances and the LA. The EISB will hold all partners to account for the required improvements. In addition the Council's Overview & Scrutiny Committee has a clear role in monitoring and evaluating progress.</p> <p>Professor David Woods, a leading educational expert, who conducted a robust review of Bradford's school improvement arrangements in the summer of 2014, continues to provide consultancy support as a critical friend. His work involves the scrutiny of our developments and documentation to ensure they are fit for purpose.</p>

Governance Challenge – AGS 2014-15	Progress to date
	<p>Accountability for the raising of standards in Bradford is now shared between the three strategic partners (teaching school alliances, partnerships and LA). We continue to communicate with the key stakeholders through Bradford Schools Online, through the Partnership Priorities and Joint Working Board (chaired by the DCS), through partnership engagement meetings with head teachers, Achievement Officer visits to our most challenging schools and via briefing notes and emails to governors, for example about changes to the inspection framework, engagement in the process, about our Education Improvement Strategy and our key priorities and targets.</p> <p>As an outcome from a review of the governance arrangements for school improvement, a Commissioning Board has been established to devolve additional resources to target specific school improvement activity and to hold all partners to account for the required improvements. This work is being undertaken within a commissioning framework having clear outcomes for the delivery of standards across the district.</p>
Safeguarding vulnerable children	<p>The number of referrals to children's social services has reduced to 400 per month compared to 450 per month last year. There has been a reduction in the number of children on Child Protection Plans, from 646 in the last year to 487 in October 2015. This demonstrates the effectiveness of the work being done to reduce risks and safeguard children. The Action Plan developed following the Ofsted Inspection of Child Protection and Looked After Children in February and March 2014 has been completed and systems are in place to monitor child protection conferences and safeguarding arrangements by both the council and the Bradford Safeguarding Children's Board.</p> <p>All children who are subject to a Child Protection Plan have an allocated social worker and 87% of Child Protection conferences take place within the required timescale. The multi agency Child Sexual Exploitation Hub has had increase in staffing from the police and a review of the Hub is currently taking place.</p> <p>An independent review of Children's homes has been completed and a comprehensive transformation programme incorporating recommendations from that review is being implemented. The programme will refocus and strengthen our children's residential and foster care, in particular regarding placements for adolescents with complex needs. All the children's homes except one have been inspected under the new revised inspection regulations. 82% were judged to be good, one was graded outstanding and one requires improvement.</p> <p>The council is leading a programme of change with partner agencies to develop our Early Help offer which will see families supported earlier and prevent problems escalating. A multi-agency project board meets monthly and there are plans to pilot the new arrangements in April 2016.</p>

Governance Challenge – AGS 2014-15	Progress to date
<p>Mitigating the effects of a loss of experience and expertise arising from staff reductions, especially where loss of such resource impacts on the management of services protecting vulnerable people.</p>	<p>Regeneration:- Loss of experienced staff is a concern. The department is working with HR to facilitate succession planning, apprenticeships and training through the Regen Academy and the Future Leaders Programme.</p> <p>Environment and Sport:- The most significant role in protecting vulnerable people within Environment and Sport is in Community Safety, Environmental Health and Emergency Planning. Loss of experience and expertise has not been a major issue in these areas to date. As resources have reduced in these functions we have looked to work more closely with partners and with neighbouring Local Authorities to mitigate the effects and to provide resilience to service delivery.</p> <p>Adults and Community Services:- Adults Services will continue to reduce the numbers of staff employed. To date the service has been able to deploy vacancies against staff reduction requirements with some voluntary redundancies. Decisions in respect of voluntary redundancy are based on the need of the business and therefore experienced, competent staff are retained to ensure continuity.</p> <p>Children's Services Our approach is based on –</p> <ul style="list-style-type: none"> • Recruitment and retention strategy for teachers and leaders. A dedicated headteacher is leading on the initiative with our Teaching Schools and sponsors. • Restructuring of the Departmental Management Team. This will provide a more streamlined and strategic capacity and the heads of service will be aligned around the new arrangements. • Establishment of additional temporary management post to alleviate pressure in social care management. This has provided some management capacity and also dedicated support to lead on the Journey to Excellence. • Journey to Excellence to re-energise the vision and engagement of social care including staff training and significant investment in Signs of Safety. <p>Finance Financial Services will ensure that</p> <ol style="list-style-type: none"> a) any voluntary redundancies are approved only if there is no adverse impact from loss of skills and expertise, within affordable resource constraints b) operational work is organised and staff developed to counter the risk of single points of failure c) vacancies are filled as necessary, including, if necessary, through the exceptional use of temporary staffing,

Governance Challenge – AGS 2014-15	Progress to date
	<p>following unplanned resignations/departures in services protecting vulnerable people.</p> <p>Human Resources In order to mitigate the loss of experience and expertise, we are introducing effective workforce planning, which requires Managers to determine their future workforce needs and implement measures, to ensure that the Organisation has a workforce that can meet and adapt to future service needs and alternative methods of delivery. We also have a workforce development programme that is looking at the age profile of the workforce, apprenticeships and methods of attraction. Key training programmes are being developed to ensure employees have the right skill set for the future.</p> <p>In considering restructures and requests for VR , skills and knowledge transfer are required to be considered and assessed in order to consider impacts on the service</p>
Developing new and affordable models of care within the governance arrangements that exist across the health and social care system	<p>The Council is working with its NHS partner, voluntary and private sector partners to develop new models of integrated health and social care. Some new initiatives are planned for 2016/17 and are supported through the NHS Vanguard Programme. In 2016/17 the progress to deliver a new model will accelerate in order to deliver on any agreed staffing reductions (February 2016) and the Government's intention that the health and social care systems will be integrated from 2020.</p> <p>The service offer will need to be delivered within its budget constraint which will result in real changes to how services are currently delivered. More information on Adult and Community Services transformation programmes can be found in “Adult and Community Services Portfolio of Transformation Programmes progress December 2014 – November 2015” – report to Health & Social Care Overview and Scrutiny committee 10th December 2015.</p>
Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level.	<p>Projects funded by the West Yorkshire Combined Authority (WYCA) are controlled under their Assurance Framework. A rigorous project management system is in place for all Growth Fund and West Yorkshire+ Transport Fund projects.</p> <p>Reports have been presented to CBMDC Governance and Audit Committee and to Corporate O&S Committee on WYCA/Leeds City Region Enterprise Partnership (LEP).</p> <p>Governance arrangements are set through WYCA with direct involvement of the Leader of CBMDC on the Board and in the WY&Y Investment Committee. The Deputy Leader is also directly involved on transport, planning and housing matters. CBMDC elected members are also involved in WYCA’s own Governance and Audit Committee and Overview & Scrutiny committee and activity. The Leader of the Conservative Group is a political substitute member on the WYCA. The Leader of the Liberal Democrat Group, CBMDC sits on WYCA representing Liberal Democrats.</p>

Governance Challenge – AGS 2014-15	Progress to date
	<p>Further changes to WYCA for legal compliance and effective operation are being progressed through the Business Plan 2015-16 and a Development Programme, including the recruitment of a Managing Director post to oversee the next significant phase of WYCA efficiency and transformation. This sees the WYCA, as a local authority body, working with the five primary Local Authority constituent members, including CBMDC.</p> <p>Governance and Audit Committee are to have an update on WYCA and LEP in Spring 2016. Established governance structures and arrangements are in operation with monitoring and continuous improvement. More substantial changes may be necessary in the light of sub-national devolution and other processes – local government & public services reconfiguration, public sector reform, democratic renewal etc. for 2016 onwards – see related Challenge below.</p>
Impact on governance structures arising from developing policies for the delivery of regional devolution.	<p>A Devolution deal was agreed in March 2015 and implementation plan developed with Civil Servants on the technical aspects relating to transport, housing, business support, employment and skills. Since the General Election and under the new Government, devolution ambitions and expectations are progressing including specific legislative proposals set out in the Cities and Local Government Devolution Bill, the Buses Bill and Housing and Planning Bill amongst others.</p> <p>Further negotiations are in progress with HM Government and civil service. Governance structures, procedures and implications are being considered and developed, within the emerging legislative framework, to protect and promote the interests of local places and local government.</p> <p>These developments are expected to continue into 2016 and to secure appropriate opportunities, powers, resources and risk management to support local prosperity, economic growth, regeneration and investment. This is subject to Government policy and resource decisions, especially those to be pursued through the Spending Review 2015.</p> <p>This remains an open-ended process with political and senior management involvement from CBMDC with attention on powers and resources to achieve outcomes and the related governance arrangements to support democratic and civic interests.</p>
Ensuring that the Council's risk management strategy and practice is effectively embedded and reflects the dynamic risk environment faced by the	<p>In the current financial year further progress on risk management has been completed.</p> <p>A training session was delivered to the Senior Leadership Team on the 7th August 2015.</p> <p>A report on risk management was tabled at the Corporate Overview and Scrutiny Committee on the 6th January 2016. The Committee made three recommendations –</p> <ul style="list-style-type: none"> • That risk management be incorporated into the Quarterly Finance and Performance Monitoring reports. • That a further progress report be presented to Overview and Scrutiny Committee in 12 months time

Governance Challenge – AGS 2014-15	Progress to date
Council.	<ul style="list-style-type: none"> • That relevant sections of the risk register be incorporated into the risk section of all reports to Overview and Scrutiny Committees. <p>In discussion, the Committee also asked for further consideration to be given to the process for collecting and refreshing information on changes in the risk environment from all areas of the Council’s operations as well as ensuring they were compatible with the risk registers of key partner organisations.</p> <p>A further report to the Governance and Audit committee is timetabled for February 2016.</p>