

Report of the Director of Finance to the meeting of Governance and Audit Committee to be held on 28 June 2016.

Subject:

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Annual Governance Statement 2015-16

Summary statement:

This report sets out the requirement to conduct the annual review of the effectiveness of the Council's governance framework and system of internal control. It reports the conclusions of that review and produces the Annual Governance Statement for 2015-16 to accompany the Council's Statement of Accounts.

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Overview & Scrutiny Area:

Corporate



1.0 Summary

- 1.1 This report sets out the requirement to conduct the annual review of the effectiveness of the Council's governance framework and system of internal control. It reports the conclusions of that review and produces the Annual Governance Statement for 2015-16 to accompany the Council's Statement of Accounts.

2.0 Background

- 2.1 In order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015 the Council must prepare an annual governance statement which must be approved either by a committee or by members of the authority meeting as a whole. In Bradford the Annual Governance Statement is approved by the Governance and Audit Committee in accordance with the guidance contained in the CIPFA/Solace framework 'Delivering Good Governance in Local Government'.
- 2.2 The Statement must be approved by Members and signed by the Chief Executive and a Leading Member.
- 2.3 The Annual Governance Statement includes an annual review of the Council's internal control environment.

3.0 The Annual Review

- 3.1 The Annual 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 continuing 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

- 3.2 The Annual 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
- Evidence from the regular monitoring and reporting to the Executive and Scrutiny Committees 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.

External Audit in particular provided the Council with an independent assessment of the way in which the Council conducts its business, safeguards and properly accounts for public money. It reports regularly to Members of the Governance and Audit Committee.

4.0 Conclusion of the Annual Review for 2015-16

- 4.1 The Annual Review has confirmed that the Council has arrangements in place that provide a sound governance framework and system of internal control.
- 4.2 The overall governance arrangements are represented by the Constitution of the Council, associated detailed procedures and codes of practice which are annually reviewed by the Governance and Audit Committee.
- 4.3 The overall adequacy and effectiveness of the Council's internal control environment is reviewed on a continual basis by Internal Audit. Monitoring reports throughout the year have examined the controls in operation and working effectively in any year. A number of operational internal control issues are identified. These are addressed through a series of recommendations agreed by senior management and subsequently implemented.
- 4.4 External Audit undertake a programme of work during the year covering areas such as value for money and internal control. Details are contained within the Audit Strategy Memorandum, regular progress reports and the publication of the Audit Completion Report. The results of this work have been taken into account when determining the measure of risk to the Council.
- 4.5 Action plans for improvement are devised and implemented in response to External Audit recommendations.
- 4.6 The Council adopts a process of risk management and departmental and corporate risk registers are maintained and reviewed on a regular basis.

5.0 Specific Governance Issues

- 5.1 A number of governance challenges previously recognised by the Council have been resolved or progressed during the year. These are explored in greater depth in the accompanying Annual Governance Statement, presented in full at Appendix 1.
- 5.2 The Council reviews the governance arrangements of its major risks and issues through reports either to Council, the Executive, Governance and Audit Committee, Standards Committee and Scrutiny arrangements. This occurs on a continuing basis. Accordingly, the Council will focus on the following governance issues in 2016/17, a number of which have already been included work plans of the respective committees

- 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) Ensuring an effective integrated system of health and social care
- 5) 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
- 6) Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level
- 7) Putting in place governance structures arising from developing policies for the delivery of regional devolution
- 8) Assessing the implications of the EU Referendum Result.

6.0 Arrangements with the West Yorkshire Pension Fund

6.1 The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- The West Yorkshire Pension Fund has adopted the Council approved approach to risk management
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management
- Risks are monitored and MAPs reassessed regularly
- Risk management is reviewed quarterly
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting in July 2016.

7.0 Financial and Resources appraisal

7.1 There are no direct financial implications arising from this report however any governance issues arising now or in the future, which need further strengthening will require appropriate action to be taken. Officer time will be required to formulate action plans and putting into place the appropriate corrective arrangements to strengthen the governance framework.

8.0 Risk Management

8.1 Risk management issues are referred to in the report and annual governance statement where appropriate.

9.0 Legal appraisal

- 9.1 The CIPFA/Solace framework 'Delivering Good Governance in Local Government' defines proper practices for the production of a governance statement that meets the requirements of the Accounts and Audit Regulations 2015. The Annual Governance Statement must be signed by the Chief Executive and a leading member.

10.0 Recommendations

- 10.1 That the Governance and Audit Committee authorise the Leader of the Council and the Chief Executive to sign the document, on behalf of the Council, to accompany the Statement of Accounts 2015-16.

11.0 Appendices

- 11.1 Appendix 1: Annual Governance Statement 2015-16

12.0 Background documents

Accounts and Audit Regulations 2015
CIPFA/Solace Delivering Good Governance in Local Government Framework
Statement of Accounts

ANNUAL GOVERNANCE STATEMENT 2015-16

1. Scope and Purpose

1.1 Scope of Responsibility

The City of Bradford Metropolitan District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

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

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Council and its partners are directed and controlled and those activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework has continued in place at the Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

2. The Governance Framework.

The systems and processes that comprise the Council's governance comprise the following key elements:

2.1 Code of Corporate Governance.

The Council has approved and adopted a code of corporate governance which is consistent with and founded on the six core principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" –

- Focusing on the purpose of the authority and on outcomes for the community, and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

2.2 The Constitution of the Council

The Constitution, reviewed at Annual Council, provides the framework within which the Executive takes decisions in discharge of the Council's functions, subject to the examination of a number of Overview and Scrutiny Committees. The Executive is collectively responsible for the decisions it makes and its decision making arrangements are designed to be open, transparent and accountable to local people.

2.3 Identification and communication of a clear vision of the Council's purpose, its shared priorities with its partners and intended outcomes for citizens and service users.

Bradford District Partnership requested the production of a District Plan in October 2015 to confirm shared vision, outcomes and priorities for action with partners over the next four years.

The District Plan has been developed with key partners and partnerships, and builds on the BDP governance review, giving a clear responsibility for each outcome to a specific strategic partnership. The development of the plan also involved overview and scrutiny committee and area committee input.

The final District Plan was agreed by Bradford District Partnership Board on 22 April 2016. Building on the outcomes and principles established via the Council's New Deal approach it sets out a clear vision and agreed action over the next four years to 2020.

A Council Plan is in development that identifies how the Council will deliver the commitments established in the District Plan. It is scheduled for Executive consideration on 19 July 2016

Internally, the Council's purpose is defined as: "Working with people and partners for a healthier, caring, more prosperous and sustainable Bradford District."

The priorities identified in the plans are:

- Good schools and a great start in life for all our children
- Better skills, more and better jobs and a growing economy
- Decent homes that people can afford to live in
- Better health, better lives
- Safe clean and active communities
- A well run council which is cost effective and productive.

A plan for communicating and engaging on the key messages of the plan, and promoting its delivery is being developed.

2.4 Review of the Council's vision and implications for its governance arrangements.

The Council Plan will be further developed and delivered through internal governance arrangements comprising six director-led boards, whose scope reflect the Plan's defined priorities, overseen by the Executive.

A review of Bradford District Partnership arrangements was carried out over late 2015, and implemented by April 2016.

This involves a clear lead partnership for each of the agreed outcomes that form the Council and District's vision. Each partnership is responsible for a "chapter" of the District Plan.

Bradford District Partnership board are currently considering how they ensure greater accountability from the partnerships to the Board, via regular reporting on progress at future Board meetings. An updated handbook is also being produced.

2.5 Business Continuity Management.

The Council is committed to providing for business continuity, as detailed in the Civil Contingencies Act 2004, to ensure it can provide all its key functions in the event of an emergency or disruption, so far as is practicable. Assistant Directors lead on business continuity planning within their service areas. The Emergency Management Team has put in place processes that set out the Council's approach to business continuity management.

2.6 Measuring the quality of services for users, ensuring services are delivered in accordance with the Council's objectives and represent the best use of resources.

- The Council uses corporate and departmental service level performance measures to report and manage service delivery.
- The Annual and Mid-year Finance and Outturn Performance Reports, and Quarterly Financial Monitoring Reports, present to the Executive and Corporate Overview & Scrutiny the current and forecast position on performance and finance in relation to the Council's activities. The reports set out the key areas of progress, the key issues, areas for continued attention in relation to the Council's corporate priorities and actions to address any areas of underperformance.
- The Council now has a well established way of measuring productivity and financial activity data to ensure that it is using its resources efficiently and providing value for money.
- A set of Corporate Indicators is in place that focuses on key Council priorities. The Corporate Performance Framework is revised in line with the changes to our performance arrangements. Performance will continue to be monitored through Departmental Management Teams, CMT, Council's Policy Programmes and Change Service within the Chief Executive's department, Executive and Overview & Scrutiny Committees.

- There are service specific customer feedback and user engagement mechanisms in place, and user-specific engagement methodologies such as Learning Disabilities Partnership and Easier Access events that allow the Council systematically to gather customer insight.
- The Council continues to face significant budget cuts and a rising demand for services. In order to shape the future Council, it and its partners have invested in a wide ranging programme of consultation and engagement. The Council continues to use a range of tools to secure value for money, which are continuously developed. They include, for example, a commissioning-led approach to service planning, sharper procurement disciplines, benchmarking, finance and activity costing, competitive tendering, external peer review, business case appraisals, investment models, contract mechanisms and pricing regimes.
- Additionally the Council's system of internal control is designed to support effective and efficient use of resources.

2.7 Defining the roles and responsibilities of the Executive, the non-executive, scrutiny and officer functions including clear delegation arrangements and protocols for effective communication.

- A clear statement of the respective roles and responsibilities of the Executive, the members and senior officers including delegation arrangements and protocols for effective communication of committee decisions, can be found in the Council's constitution.
- In addition, the Council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government 2010"
- Role Profiles for all senior officers detail their key responsibilities

2.8 Embedding and communicating codes of conduct defining the standards of behaviour for members and staff across the organisation.

The Council has approved a Code of Conduct for Elected Members and a procedure for dealing with complaints. The Standards Committee's role was retained to have responsibility for overseeing the operation of the Code and for promoting high standards of conduct.

In addition, the Council's Constitution establishes:-

- A protocol on member-officer relations providing rules and guidance for members, co-opted members and officers in their working relations.
- Protocols for members on gifts and hospitality and members' use of Council resources including the use of email and the internet.
- Members and officers have been provided with guidance on the framework within which they are required to undertake their different roles
- Employees are expected to comply with the Council's Code of Conduct for Employees.

2.9 Standing orders, standing financial instructions, a scheme of delegation and documented supporting procedures and strategies which clearly define how decisions are taken and how the processes and controls required to manage risks are implemented.

- Council standing orders for contracts and financial regulations are contained in the Constitution of the Council. They are subject to annual review by officers before approval at the Governance and Audit Committee and adoption by full Council at the annual meeting.
- Key control booklets are maintained by Internal Audit, updated as required and placed on the Council's intranet.
- A scheme of delegation is provided in the Council's constitution.
- Additionally the Council has six Overview and Scrutiny Committees which are required to contribute to the better decision making of the council, and secure continuous improvement in service delivery
- Area Committees enable local communities to participate in Council activities
- The Council has adopted a Risk Management Strategy and maintains both corporate and service risk registers which identify actions required to mitigate any risks identified. The registers should be regularly maintained, reviewed and updated. In 2015-16 further work on risk management was required to establish the appropriate reporting structure.
- Risk management training is standard within project management and at particular key stages of project implementation.

2.10 Arrangements to ensure compliance with relevant laws and regulations, internal policies and procedures, that expenditure is lawful and an anti fraud and corruption strategy, all monitored by the Governance and Audit Committee.

- The Council's Monitoring Officer is required to maintain an up to date version of the Constitution and to make amendments and/or improvements as necessary to take account of changes in legislation, guidance, Council policy, decisions of the Council and the Executive.
- The Monitoring Officer, following consultation with the Chief Executive and the Section 151 Officer, is required to report to the Executive if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. To assist the Monitoring Officer in this role, Legal Services monitor new legislation and disseminate this information to service departments.
- The Section 151 Officer is similarly required to report to the Executive and the Council's External Auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is likely to cause a loss or deficit.
- Each Strategic Director and the Chief Executive are required to confirm in an annual letter to the Section 151 officer that they have taken reasonable steps to ensure compliance with established policies, procedures, laws and regulations, including how risk management is embedded in the Departments. This is underpinned by performing the key control and fraud risk self assessments and levels of non compliance are duly considered.

- The Council has a Counter Fraud Policy and Strategy to protect public funds by actively seeking to deter and prevent fraud, corruption and theft and ensure that all possible risks are minimised.
- The reports of Internal and External auditors consider and inform compliance with regulations, policies and procedures.
- The Council has established internal control procedures designed to support compliance with established policies, practices, laws and regulations and to safeguard the Council's assets and interests from loss
- All reports to Executive must be cleared by a member of the Council's Management Team, the Monitoring Officer and the Director of Finance.

2.11 Information Governance Arrangements

- A separate and independent information security team supports the Senior Information Risk Owner (SIRO) to discharge his responsibilities in championing an information security culture, establishing policy, practice, process, training, knowledge and technology, and assessing the effectiveness of those arrangements.
- The SIRO is supported by a distributed network of Information Asset Owners (at Assistant Director level) who in turn are supported by department and or system-specific information security managers
- The Bradford team liaises closely with peer function in other public bodies in West Yorkshire and beyond, and with the Information Commissioner's Office (ICO)
- The Council underwent a voluntary audit in 2015 by the ICO on the procedures supporting subject access requests, training and development and data sharing agreements, and its programme of work is informed by this audit.

2.12 Arrangements supporting whistle blowing and for receiving and investigating complaints from the public.

- The Council has a whistle blowing policy embodied in the Confidential Reporting Code for Employees. This can be accessed on the Council's web site.
- Under the Articles of the Constitution, the Governance and Audit Committee has a function to consider the effectiveness of the control environment and associated anti-fraud and anti-corruption arrangements.
- The Section 151 Officer has dedicated resources to undertake independent investigations and report on allegations of impropriety.
- The Council has a formal 'Comments, Complaints and Compliments' procedure on the "Contact us" section of the Council's website. All members of the public have the right to complain to the Council in writing, by telephone or by speaking to a member of staff.

2.13 Developing the needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- The Council supports members in undertaking their varied and evolving roles and responsibilities. A Member Learning and Development Strategy shapes the Member Development Programme which is run on a quarterly basis by the Human Resources Department.

- The Strategy introduces the key learning and development aims and objectives. It also identifies actions that will be taken to ensure all councillors have access to learning and development opportunities appropriate to their needs. The aim of this is to help councillors carry out their roles efficiently and effectively.
- The Council recognises that alongside members, employees are a key resource - the development of the two goes hand in hand. The Council's workforce development programme provides a focus on effective workforce planning and development, embracing leadership and skills training for all staff.

2.14 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging dialogue.

- The Council has five Area committees to encourage community engagement and participation.
- A principal form of securing dialogue with communities is by establishing and operating neighbourhood and ward forums.
- The Council supports a process of engagement with the District's communities of interests that complements our place based structures.
- Overview and scrutiny arrangements provide for meetings to be open to the public, except where confidential information or exempt information is likely to be disclosed.
- The Council's website and App provide a communication and wide ranging information link.
- The Council provides information and news using social media.
- The Council's Contact Centre and face to face Customer Service Centres provide easy access to Council services and information.
- An extensive programme of consultation on the annual budget generated considerable engagement and input into the establishment of the Council's budget priorities. It raised awareness of the financial and demand challenges facing the district, confirming what matters most to local people and exploring public expectations and aspirations for involvement in future delivery.
- CMT agreed for the development of an improvement to our insight capacity in late 2015. Part of this suite of work involves to Council developing an E-panel to ensure a representative section of the population can be consulted on and surveyed. Support for the recruitment of people to the e-panel was commissioned in March 2016.
- Insight into issues that are important to people will be gathered in this way from Summer 2016. A perceptions survey will be conducted in Autumn 2016
Publications, media, including social media, the Council's website. App and other publicity arrangements provide communication channels with the district's citizens.
- The Annual Statement of Accounts provides a report on the Council's financial activities for the year.
- Financial information, including details of efficiency savings, is issued with Council Tax bills.
- The Council has published a contracts register (which will be updated quarterly) and a grants register (which will be updated annually) in accordance with the Local Government Transparency Code.

2.15 Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements.

- The role of the Governance and Audit Committee includes maintaining an overview of the Council's partnership arrangements and overseeing any action plans for improvement arising, for example, from inspection reports.
- The Council has an agreed approach to collective bargaining with the recognised Trade Unions. This is undertaken through consultation and negotiation and is enshrined within the Council's Industrial Relations Framework. The Council takes a partnership approach to Industrial Relations, using the Industrial Relations Framework. This includes regular informal discussions between trade unions and management & formal OJC meetings at all levels across the Council - L1 (Corporate), L2 (Departmental) & L3 (Service).
- Bradford District Partnership (BDP), as the Local Strategic Partner for the area, ensures that the governance arrangements of the family of partnerships function well, in order to support the delivery of the Bradford District Strategy. The BDP reports to the Governance & Audit Committee on governance and functional business matters and to Overview and Scrutiny Committees on topic based performance and delivery.
- The Schools Forum is effective as the place where resource allocation decisions are made between the Council and the District's schools
- To support the Health and Wellbeing Board, governance arrangements for senior leaders and managers in the health and social care economy have been established to oversee the development of integrated health and social care models, and to ensure oversight of the whole system of public and personal health and social care

3. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment. Confirmations have been obtained from Strategic Directors and the Chief Executive that reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations. They have been asked to confirm that risk management is embedded in their departments, provide a fraud risk assessment and to report, on a three year rolling programme, the level of compliance with key controls that are set out in the Key Control Booklets.

The Council has in place a Governance and Audit Committee, independent of the Executive, to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

The review is informed also by the work of the Internal Audit section which covers both the Council and the West Yorkshire Pension Fund. The key areas of assurance relate to the work detailed in their monitoring reports on the Council's control environment which are reported at regular intervals to Governance and Audit Committee. The Head of Internal Audit is required to deliver an annual Internal Audit Opinion and report regularly to the Governance and Audit Committee as prescribed by Public Sector Internal Audit standards. A number of operational control issues have been identified from this and action is being taken to put improvements in place.

Action plans for improvement are devised and implemented in response to recommendations from External Audit and other statutory agencies and inspectors.

The Council liaises fully and promptly with the Local Government Ombudsman's enquiries into complaints against the Council.

The Council liaises closely with the Information Commissioner's Office in reporting and closing information security risks and incidents, and to ensure it discharges fully its duties under Data Protection legislation and policies.

4. Significant governance issues

The annual review has established that the Council has arrangements in place which provide a sound governance framework and system of internal control. However the Council is not complacent and seeks to continually improve the arrangements it has in place. The Governance and Audit Committee will be kept informed of progress.

The specific governance issues set out in the 2014/15 Annual Governance Statement have been monitored through the year. Progress on these was reported to the Governance and Audit Committee in a detailed public report on the 29th January 2016. The following sections give a brief update on these risks. Whilst some of these risks have been mitigated during the 2015/16 financial year a number of risks are continuing to be monitored and remain high profile in 2016/17.

5. Governance challenges previously recognised and concluded during the year

5.1 Developing new and affordable models of care within the governance arrangements that exist across the health and social care system

The Council has agreed a reduction in the staffing budget of the Adults Department in the range of 2.5 million pounds over the period 2016\2018. Additional reductions in staffing are also required due to reduction in funding from the Better Care Fund. The quantum of savings will result in a full remodelling of the Council's social care model. The intention is to move to a community based model of delivery, based on people's assets as opposed to the current deficit model. Services will be developed with communities in order to better enable people to remain in and actively participate in them. The Council will continue to work 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 the above budget reductions and the Government's intention that the health and social care systems will be integrated from 2020.

The Council agreed to raise the 2% Social Care Precept as part of its budget setting for 2016/17 and onwards. The additional income will go part way towards the increased costs of paying for care services as a result of the increase in the minimum wage. The monies raised have been passed on to social care providers as a contribution towards their additional costs.

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.

5.2 Ensuring that the Council's risk management strategy and practice is effectively embedded and reflects the dynamic risk environment faced by the Council.

During the year further progress on risk management was made. A training session was delivered to the Senior Leadership Team on the 7th August 2015. A report on risk management was tabled at the Corporate Overview and Scrutiny Committee on the 6th January 2016. The Committee made three recommendations –

- 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
- That relevant sections of the risk register be incorporated into the risk section of all reports to Overview and Scrutiny Committees.

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.

6. Governance challenges which require continuing review in 2016/17

6.1 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

The Council's short and medium term plans will be developed and implemented as follows:

District Plan

The District Plan adopted by the Bradford District Partnership will be the vehicle for developing proposals about the future of the Council to around 2020. The working arrangements for each District Plan outcome vary to suit the maturity of the proposals and the gamut of views needed.

The Council Plan

The Council Plan will set out the overarching medium term priorities for what the Council will do, in collaboration with partners. Within the context the Medium Term Financial Strategy, which will be published in July 2016, budget proposals for 2017-19 will be made and publicly consulted upon from autumn 2016. Engagement with partners and the public more generally will build on existing channels and methods of engagement

Council Budget 2016-2018

The Council's proposed budget for 2016/17 and 2017/18 was consulted on, using familiar consultation mechanisms from previous years. The budget agreed in February 2016 Council, set the financial parameters for the District and Council Plans, and is now being implemented. Quarterly financial monitoring reports to Executive will track progress.

Under all these arrangements, the tension between what is expected, required and affordable, and how to resolve it, remains centre stage, and features prominently in risk analyses.

6.2 Improving Educational Attainment and Managing Ofsted Outcomes

The Local Authority's (LA) school improvement function was inspected in June 2015. 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.

The new improvement strategy fully supports a school-led improvement system and sets out clear roles for the three strategic partners. The Government's latest White Paper (March 2016) states that all remaining maintained schools will be academies or in the process of conversion by 2020. Whilst the Government has now revised the requirement for the very best schools to become academies, the guidance is still clear that all schools in underperforming local authorities will convert to academies. This is expected to apply in the Bradford District. As a result this clearly indicates a removal of the LA's strategic role in education. However in the interim there is a clear understanding between the strategic partners about their respective roles.

- The LA to work with underperforming and schools causing concern to monitor, challenge and intervene when necessary to ensure their rapid improvement. The LA as a commissioner rather than deliverer of services.
- 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

Future development of the school-led improvement strategy in Bradford is being directed through the post-Ofsted Action Plan that the LA produced in September 2015 and was being implemented prior to that date. 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 holds 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. The Bradford Education Improvement Commissioning Board has also been set up to ensure that resources, mainly made available by Bradford Council and the Schools' Forum, are allocated to schools, partnerships and teaching schools alliances where they will have greatest impact in addressing Bradford's key priorities. The Commissioning Board is independently chaired, holds providers to account for the impact of allocated resources, and in turn is held to account by the Education Improvement Strategic Board (EISB). Plans are now being formulated to revise the post-Ofsted Action Plan in order to broaden its remit during a period of rapid change in education where multi-agency and multi-organisational working will need to be well co-ordinated to ensure the focus remains on the safety, health and well-being and educational outcomes of Bradford's children and young people.

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.

Accountability for the raising of standards in Bradford is now shared between the three strategic partners (teaching school alliances, partnerships and LA). The Regional Schools Commissioner (RSC) is playing an increasing role in monitoring the performance of Bradford schools – overseeing the conversion of schools to academies and the formation of multi-academy trusts, and holding existing academies to account for their performance.

6.3 Safeguarding Vulnerable Children

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.

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.

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.

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 from April 2016.

6.4 Ensuring an effective integrated system of health and social care

With financial and performance pressures mounting in the NHS, the national quest continues for how an affordable and effective integrated system of health and social care should be organised and operate. Whilst governance arrangements are in place – with the Health and Wellbeing Board at the apex, supported by officer-level governance groups and a work programme; and while progress has been made in developing high-level visions, some new local initiatives of integrated care, there is not yet a shared and affordable plan of the health and social care system in the Bradford District for the medium term. The current planning mechanism is the district-wide Sustainability and Transformation Plan, seeking to set out what needs to be done on three fronts: health of people, quality of care, and cost. The magnitude of the challenge, the interconnectedness of the system, and the centrality of the issues to the Council's key priority of Better Health, Better Lives, and the elusiveness of answers, mean these questions remain on the list of principal governance challenges.

6.5 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.

The impact of the loss of experience and expertise is being felt in all Council departments. From a governance and control perspective, this can surface as:

- Insufficient capacity, skill or knowledge, to identify and manage risks and resolve issues
- Loss of corporate memory
- Poor or insufficient practical service delivery.

Examples cited by departments include transport engineering, teachers and school leaders, and social care management.

Service managers are using a variety of mitigations to reduce the risk associated with continued downsizing:

- Dedicated retention and recruitment drives, particularly for teachers
- More stringent criteria for approving request for voluntary departure
- Eliminating “single points of failure”
- Sharing resources and expertise with other local authorities
- Skills development programmes including Future Leaders Programme, and the Regeneration Academy, and the workforce development strategy led by Human Resources
- Short-term use of temporary staff
- Restructuring to regularise collaborative working and skill sharing

Looking ahead, the governance challenge will remain of how the skills, knowledge and capacity can be secured and developed to ensure priority, more keenly defined in view of shrinking resources, can actually be delivered.

6.6 Establishing sound governance structures pertaining to the West Yorkshire Combined Authority ensuring democratic accountability at the local level.

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.

Reports have been presented to CBMDC Governance and Audit Committee and to Corporate O&S Committee on WYCA/Leeds City Region Enterprise Partnership (LEP).

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.

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.

Governance and Audit Committee received 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.

6.7 Impact on governance structures arising from developing policies for the delivery of regional devolution.

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.

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.

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.

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.

This remains a continuing challenge in 2016-17 for CBMDC given refinements to WYCA governance and operations, further Government policy change and sub-national devolution developments.

7. 2016/17 Governance Challenges

The risks detailed below will be reviewed through the 2016/17 financial year and progress against them will be reported to the Governance and Audit Committee.

- 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) Ensuring an effective integrated system of health and social care
- 5) 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.

- 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) Implications of the EU Referendum Result

8. West Yorkshire Pension Fund

The Council is the administering authority for the West Yorkshire Pension Fund (WYPF). The WYPF produces its own Governance Compliance statement which has been prepared in accordance with the requirements of the provisions of the Local Government Pension Scheme (Amendment No. 3 Regulations 2007).

The Council has established two bodies to assist and support the Governance & Audit Committee oversee the WYPF:

- the WYPF Investment Advisory Panel and
- the WYPF Joint Advisory Group

The WYPF Investment Advisory panel has overall responsibility for overseeing and monitoring the management of WYPF's investment portfolio and investment activity. In this capacity, the Panel is responsible for formulating the broad future policy for investment. A Director of Finance from one of the member Authorities sits on the Panel, this position is currently held by the Director of Resources for Kirklees MDC.

The WYPF Joint Advisory Group has overall responsibility for overseeing and monitoring the WYPF's pensions administration function, and for reviewing and responding to proposed changes to the Local Government Pension Scheme. In addition the group approves the budget estimates for the pensions administration and investment management functions of WYPF, and also receives WYPF's Annual Report and Accounts.

The Council is also responsible for the financial and management arrangements of the West Yorkshire Pension Fund and a separate assessment of the adequacy of these arrangements is also required. The following internal arrangements are in place to provide the Council with the necessary assurance.

- The West Yorkshire Pension Fund has adopted the Council approved approach to risk management
- Risk registers are maintained and management action plans (MAPs) are in place for risks assessed as requiring active management
- Risks are monitored and MAPs reassessed regularly
- A risk management report is submitted annually to the WYPF Joint Advisory Group.

There are not expected to be any issues arising from the annual report and review to be submitted to the Joint Advisory Group meeting in July 2016.

9. Statement

Over the coming year we propose to take steps to address the challenges identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Councillor Susan Hinchcliffe, Leader of Council

Signed:

Kersten England, Chief Executive