

AUDIT COMMITTEE – 22nd September 2017

ANNUAL GOVERNANCE STATEMENT 2016 / 17

1. Purpose of the Report

1.1 To consider the draft Annual Governance Statement for 2016 / 17, attached as Appendix One to this report.

2. Recommendations

2.1 The Committee is asked to consider the Annual Governance Statement for 2016 / 17.

3. Background

3.1 The process and guidance that underpins the Annual Governance Review (AGR) for 2016 / 17 was considered by the Committee on 22nd March 2017, and members were given the opportunity to comment on these arrangements prior to the AGR commencing with officers.

4. The Annual Governance Statement 2016 / 17

4.1 The AGS is attached as Appendix One to this report. The statement outlines the following:

- i. The purpose of the Governance Framework;
- ii. The Governance and Internal Control Framework;
- iii. The process of annually reviewing the effectiveness of the Governance and Internal Control Framework; and,
- iv. Identifying development and improvement opportunities arising from the Annual Governance Review, to be addressed in 2017 / 18.

5. Review Process

5.1 The AGS is an important document as it is one form of providing assurances to residents and other stakeholders, including the Council's partners, that its decision making processes and procedures have integrity.

5.2 An action plan has been prepared to capture the issues raised throughout the review process. This document will form the basis for Audit Committee monitoring throughout the year. The action plan is provided to the Audit Committee as Appendix One to the AGS itself. An update of the action plan will be reported to the Audit Committee throughout the year ahead.

6. Financial Implications

6.1 There are no direct financial implications arising through the preparation and publication of the Council's Annual Governance Statement.

6.2 However, the draft statement includes an assessment as to the extent to which the Council's financial and other internal control related procedures are being complied with.

7. Risk Management Considerations

7.1 The Council's Risk Management Strategy forms one of the key elements of the Council's Internal Control Framework.

8. Consultations

8.1 The statement was developed through a comprehensive evaluation process which has included input from the Council's Corporate Assurance Group and the Council's Senior Management Team (SMT).

9. List of Appendices

9.1 Appendix One: Annual Governance Statement 2016 / 17 plus 2017 / 18 Action Plan

10. Background Papers

10.1 Previous Audit Committee reports covering the monitoring of the 2015 / 16 AGS Action Plan, the Council's Local Code of Corporate Governance and the Council's Annual Governance Review Process 2016 / 17.

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BARNSELY METROPOLITAN BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2016 / 2017

1. **Scope of Responsibility**

- 1.1 Barnsley Metropolitan Borough Council is responsible for ensuring that its business is conducted in accordance with the law and all relevant standards, and that public money is safeguarded and properly accounted for.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, effectiveness and efficiency.
- 1.3 In discharging this 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, which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework detailed in their report 'Delivering Good Governance in Local Government (2016 Edition)', in so far as the Council will:

Principle A. Behave with integrity, demonstrating strong commitment to ethical values and respect the rule of law;

Principle B. Ensure openness and comprehensive stakeholder engagement;

Principle C. Define outcomes in terms of sustainable economic, social and environmental benefits;

Principle D. Determine the interventions necessary to optimise the achievement of intended outcomes;

Principle E. Develop the entity's capacity, including the capability of its leadership and the individual's within it;

Principle F. Manage risk and performance through robust internal controls and strong public financial management; and,

Principle G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- 1.5 A copy of the Council's recently revised Local Code of Corporate Governance can be found on the [Council's Document Store](#). This document was considered, and approved by the Council's Audit Committee on 22nd March 2017.

2. **Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled. It also includes the activities through which it is accountable 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.

- 2.2 The system of governance and internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurances regarding overall effectiveness. The system of governance and internal control is based on an ongoing process of risk review, designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives and to evaluate the likelihood and potential impact of those risks being realised. It is then a case of managing and mitigating them to reasonable levels in an efficient, effective and economic manner.

3. The Governance Framework

- 3.1 The scope of the governance and internal control framework spans the whole range of the Council's activities. The following sections consider the various main components of the Council's governance framework and the activities within each of them. Within the Annual Governance Statement, job roles, titles and organisational structures reflect the Council's arrangements during 2016 / 17.

4. Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

4.1 Behaving with Integrity

4.1.1 Barnsley Metropolitan Borough Council (BMBC) has developed an organisational culture that is based on the principle of the 'Future Council'. The journey towards the Future Council began in 2013, and is intended to shape the organisation into a customer focused, modern, efficient and business minded Council.

4.1.2 The Council's four main values, detailed in the [Council's Performance Management Arrangements](#) are as follows:

- We are Proud;
- We are Honest;
- We will be Excellent; and,
- We are a Team.

4.1.3 The Council's Senior Management Team (SMT) and the Barnsley Leadership Team (BLT) are committed to the delivery of the above values, and acknowledge the challenges that will face the effective delivery our priorities and outcomes. This is particularly challenging, given the pressures the Council is facing. However, there is a robust commitment to continuously improve and ultimately make a difference to stakeholders lives. We will do this by:

- Making sure our plans, programmes and projects have the resources they need;
- Monitoring, managing and challenging our progress and performance;
- Publishing our performance report; and,
- Asking stakeholders to tell us how we are performing.

4.1.4 There are also a number of activities that the Council has focused on to assist in changing the way we work:

- **Clear vision and values** – we have developed these together and they define what we are trying to achieve in our communities and for our customers, as well as how we do what we do.
- **Customer focus** – we will understand all our customers and put them at the centre of everything we do.
- **Commercial and business acumen** – we will focus on outcomes and making every penny count, removing bureaucracy and running our organisation really well for our customers and residents.
- **Efficient delivery of projects and programmes** – we will strengthen and standardise our approach. Working together to ensure accountability and value for money.
- **Innovative and managed risk taking** – we will remove barriers to change, encourage, support and empower our employees to develop great new ideas and implement improvements.
- **Learning organisation** – we will invest in our employees, recognise success and achievement, and become stronger from our mistakes.

- **Leaders at every level** – we will have leaders at every level of the organisation who are highly skilled, and able to inspire and empower their teams to respond effectively to local needs.
- **Flexible workforce** – we will ensure our employees are healthy, agile, skilled, and flexible so that we can continue to meet our customers' changing needs.
- **Working with our partners, communities and residents** – we will work better together to identify and meet local needs by joining up our work, and playing to our different strengths.
- **Enabling organisation** – we will enable our partners, communities and residents to do more for themselves, rather than stepping in when we are not needed or where others can do something better than we can.

4.1.5 BMBC has a Whistleblowing Policy which is supported by two senior managers as designated contact officers. The Council's [Audit Committee](#) oversees the effectiveness of the Whistleblowing arrangements on an annual basis. The Council's Internal Audit Section, as well as having a role in investigating matters brought to its attention also takes the lead in promoting preventative measures.

4.2 Demonstrating strong commitment to Ethical Values

4.2.1 BMBC has established a Member Panel to consider any allegations of misconduct, where the Monitoring Officer determines the need to undertake formal investigation. The Monitoring Officer exercises their judgement in consultation with three designated Independent Persons who have been appointed as a requirement of the Localism Act. This panel comprises three Elected Members chosen from those members comprising the [Appeals Awards and Standards Panel](#) by the Monitoring Officer in consultation with the Chairperson of the Panel. A majority of the members are selected from a political group different to that of the member who is the subject of the complaint.

4.2.2 The Council has developed and adopted formal [Codes of Conduct](#) which define standards for both personal and professional behaviour for Elected Members and officers. Formal induction training packages have been developed for Members and officers that include mandatory training regarding information governance, financial and procurement responsibilities and anti-fraud and corruption arrangements. Both Elected Members and officers are required to register relevant interests as required by law, and by the relevant Code of Conduct. The Council maintains a [register of Councillors Interests](#), as Councillors are obliged by law to keep their registration up to date and inform the Monitoring Officer of any changes within 28 days of the relevant event. The need for disclosure of any conflicts of interest is a standard agenda item at all Council meetings. [Standing Orders](#) have been amended to require a member to withdraw where they have a Disclosable Pecuniary Interest, as defined by law.

4.3 Respecting the Rule of Law

4.3.1 The Council has designated the Executive Director of Core Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations and to oversee its arrangements in relation to ethical standards complaints.

4.3.2 The Executive Director of Core Services attends, or is represented by a senior lawyer at all meetings of the Cabinet and Council. A senior lawyer is always in attendance at meetings of the [Planning Regulatory Board](#) and the [Licensing Regulatory Board](#) and as clerk to any Appeals panels.

4.3.3 All decision making reports take account of a range of control factors, including risks, legal and financial implications and policy or performance implications. The Council's SMT reviews all significant reports prior to them being included on the Cabinet agenda and discusses forthcoming Cabinet agendas a week prior to the meeting to address any particular issues arising or outstanding

in respect of the specific report on the agenda. Any decisions taken by Cabinet members under their delegated powers are subject to prior scrutiny by SMT.

- 4.3.4 All Cabinet decisions are subject to oversight by the [Overview and Scrutiny Committee](#).
- 4.3.5 All documents that require execution by the Executive Director of Core Services require evidence of Member or delegated officer approval prior to being executed.
- 4.3.6 Legal implications in particular with regard to consultation and statutory quality obligations are addressed specifically as part of the Council's budget setting process. The Monitoring Officer and Section 151 Officer are aware of their statutory duties to report in respect of concerns of unauthorised activity or expenditure and consult with each other periodically in relation to their ongoing and complementary statutory roles.
- 4.3.7 There is a periodic review of decision making and 'authority to act' through the role of Internal Audit and where appropriate by external regulators such as the [Information Commissioner](#), the [Surveillance Commissioner](#) and the [Local Government Ombudsman](#).

5. Principle B: Ensuring openness and comprehensive stakeholder engagement

5.1 Openess

- 5.1.1 The [Council's Constitution](#) sets out how the Council operates regarding how decisions are made and the procedures that are followed to ensure that these rules are efficient, transparent and accountable to local people. The constitution sets out rules governing the manner in which the Council conducts its business.
- 5.1.2 The Constitution includes the [Scheme of Delegation](#) whereby functions and decision making responsibilities are allocated between the full Council, the Cabinet, individual Cabinet Members, regulatory boards, committees and officers.
- 5.1.3 The [Council's Officer Code of Conduct and Member Code of Conduct](#) encourages the effective transaction of business by setting out the respective roles of Members and officers and provides guidelines for good working relationships between them. The Elected Members Code of Conduct was updated and approved by Cabinet in May 2015 to ensure they reflected the Future Council's vision, values and behaviours.
- 5.1.4 A limited number of items of business, such as approving the level of Council Tax must be considered by the [Full Council](#). For other decisions, the Leader and [Cabinet](#) Members hold decision making powers through the Cabinet – each member of the Cabinet holds a portfolio which supports the priorities and [structures of the Future Council](#).
- 5.1.5 In order to comply with the Governments [Local Government Transparency Code](#) we make sure that local people can now see and access data about:
- How we spend our money
 - How we use council assets
 - How we make decisions
 - Issues important to local people

5.2 Engaging comprehensively with institutional stakeholders

- 5.2.1 When working in partnership with others, the existence of sound governance arrangements helps to ensure that shared goals are achieved and resources are controlled in an effective manner.
- 5.2.2 A review of the partnership arrangements for the [Local Strategic Partnership](#) has provided greater clarity by reducing the number of partnership bodies and sub-groups. The LSP now benefits from two key partnership bodies, the Health and Wellbeing Board (focusing on delivering health and wellbeing strategies) and the Barnsley Economic Partnership (which focuses on the delivery of economic strategies), with the One Barnsley Board providing strategic oversight. The emphasis is on each partner agency contributing towards, and being responsible for the delivery of shared outcomes for Barnsley, rather than servicing and attending partnership meetings.
- 5.2.3. Council officers and Councillors are nominated as Council representatives within or when dealing with significant partnering organisations. Partners are encouraged where appropriate to align their objectives with the Council's policies and deliver high quality, efficient and effective services which are in accordance with their agreements with the Council.
- 5.2.4 A practical Partnership Governance Framework is in development, which has been designed to assist Partnership Lead Officers provide suitable assurances that the partnership is making a

valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship.

5.2.5 The [Sheffield City Region](#) benefits from its own emerging governance arrangements, the Council is in a strong position to influence these through the support provided to the City Region by BMBC relating to internal control support functions such as human resourcing, risk management, health and safety, information governance and internal audit that are delivered via a service level agreement.

5.3 Engaging with individual citizens and services users more effectively

5.3.1 All Councillors must account to their communities for the decisions that they have taken and the rationale behind them. Barnsley Council is subject to external review through external auditing of financial statements and performance managing outcomes against national standards and targets.

5.3.2 Councillors and officers are both subject to code of conducts. Additionally, where maladministration may have occurred, the aggrieved person may wish to appeal either through their local Councillor or directly to the Local Government Ombudsman.

5.3.3 The Council has numerous arrangements in place to communicate with its customers and wider stakeholders, including the use of social media such as 'Facebook' and 'Twitter'. The [Area Council and Ward Alliance](#) arrangements also encourage community involvement, engagement and participation.

5.3.4 Whilst the journey to becoming a customer focused, modern, efficient and business minded 'Future Council' started in 2013 there have been a number of new, improved ways of working. Some of these are detailed within the Council's [Corporate Plan 2017 - 2020](#):

- A genuine focus on you; our customers, putting you at the heart of what we do;
- A reshaped organisation, designed to deliver what we've promised;
- New, innovative ways of delivering sustainable services; and,
- More people getting involved locally, making their communities stronger.

6. Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

6.1 Defining outcomes

6.1.1 The Council has identified the following priorities or outcomes, which are detailed in the [Corporate Plan 2017 – 2020](#):

- **Thriving and Vibrant Economy:**

We're investing to build Barnsley's economy to achieve the following outcomes:

- ✓ Create more and better jobs and good business growth;
- ✓ Increase skills to get more people working;
- ✓ Develop a vibrant town centre;
- ✓ Strengthen our visitor economy; and,
- ✓ Create more and better housing.

- **People Achieving their Potential:**

We're creating a healthier, safer and better educated population to achieve the following outcomes:

- ✓ Every child attends a good school and is successful in learning and work;
- ✓ Reducing demand through access to early help;
- ✓ Children and adults are safe from harm; and,
- ✓ People are healthier, happier, independent and active.

- **Strong and Resilient Communities:**

We're helping people to get the most out of where they live now and in the future to achieve the following outcomes:

- ✓ People volunteering and contributing towards stronger communities;
- ✓ Protecting the borough for future generations by recycling and using renewable energy; and,
- ✓ Customers can contact us easily and use more services online.

6.1.2 The progress made towards these outcomes are detailed in the [Council's Performance Management arrangements](#), which includes a rag rating against each outcomes, and detailed narratives for each individual area of activity.

6.1.3 The [Medium Term Financial Strategy](#) supports the delivery of the Councils key outcomes and underpins the development of individual business and service delivery plans, and is currently designed to ensure the delivery of sustainable services to 2020. The MTFs identifies a number of key assumptions and constraints which are regularly tested to ensure they are robust and accurate. Each business plan also considers issues such as finances, workforce and equality to ensure appropriate risks are identified and mitigated to acceptable levels.

6.1.4 The MTFs includes a section which considers the implications relating to relationships with key partners and the Devolution Deal for the Sheffield City region.

6.2 Sustainable Economic, Social and Environmental Benefits

6.2.1 The Council ensures that it considers the impact of its decision in terms of economic, social and environmental consequences and requires all [decision making reports](#) to include an appropriate analysis of issues such as Financial Implications, Health and Safety, Consultations undertaken, Implications for local people / service users, Risk Management, Equality, Diversity and Social

Inclusion and the impact on the Corporate Plan and the Council's Performance Management Framework.

- 6.2.2 The Council has an [Equality and Diversity Policy](#) which sets out the Council's commitment, together with the specific responsibilities of employees, managers and elected members in implementing the policy and in meeting our public sector equality duty.
- 6.2.3 Furthermore, the Council's [Equality Scheme](#) explains how the policy and public sector equality duty is put into practice.

7. Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes

7.1 Determining Interventions

7.1.1 The Council ensures its decision makers are able to make informed and defensible evidence-based decisions through the development of objective decision making reports that includes an analysis of available options (including a 'preferred option') and considers the potential financial, resources and risk implications of any decisions that are to be made.

7.1.2 In order to honour its commitment to seek feedback and opinion from its stakeholders, the Council has a dedicated '[Tell us what you think](#)' campaign, which is designed to elicit feedback relating to a number of Council services. The Council values feedback from our stakeholders and considers all comments or suggestions that have been made.

7.2 Planning Interventions

7.2.1 The Council plans in consultation with the [Local Strategic Partnership](#), One Barnsley. This partnership benefits from two thematic Boards, comprised of partners from across the Borough who have an interest in delivering the outcomes associated with the thematic board:

- [Health and Wellbeing Board](#) – Terms of reference include agreeing the Health and Wellbeing Strategy and working with all organisations to join up health and social care for the Borough. It is made up of Elected Members and officers of the Council, representatives of Barnsley's Clinical Commissioning Group of GPs and other health providers, and the local HealthWatch, which represents the interests of patients and service users. People from other organisations that have an impact on health and wellbeing, such as the District Police Commander, also attend the meetings; and,
- [Barnsley Economic Partnership](#) – The Barnsley Economic Partnership (BEP) brings together a group of high level influential individuals from the public and private sectors with the skills and experience to assist with the delivery of the Jobs and Business Plan for Barnsley. The BEP seeks to rebalance the economy by stimulating private sector job growth through enterprise, business growth and inward investment.

7.2.2 The effectiveness of interventions is considered and assessed as part of the Councils Performance management arrangements. Performance Reports include a brief narrative relating to the activities and outputs of the Health and Wellbeing Board and the Barnsley Economic Partnership.

7.3 Optimising the achievement of intended outcomes

7.3.1 The Councils activities are considered at a strategic level through the development of the Councils MTFs and complementary [Service and Financial planning arrangements](#). This document sets out the context, in which the Council operates in terms of significant financial pressures arising from ongoing austerity measures and changes to local government funding arrangements. This also ensures that the activities of the Council and its key partners are aligned, and appropriate resources are in place to enable the delivery of intended outcomes.

7.3.2 The Council has developed an Efficiency Plan which seeks to outline the framework that the Council has in place to ensure that it is a self-sustainable, evolving organisation that will deliver against the four year MTFs, in spite of the reducing resources it faces. This is complemented by the Councils '[Future Council 2020](#)' plan which set out the journey towards a more modern, efficient and business minded organisation through planned change, improvement and growth.

- 7.3.3 The Council procures a variety of goods, services in accordance with EU, UK and local regulations which are set out within the [Councils Procurement Policies](#).
- 7.3.4 In terms of Social value, the Council has begun to consider the evaluation of social value (or social return on investment) in a number of Area Council led activities including those within the [South Area Council](#) and the [North Area Council](#).

8. Principle E: Developing the entity's capacity, including the capability of its leadership and individuals within it

8.1 Developing organisational capacity

8.1.1 There is ongoing monitoring of the Councils staffing structures to ensure there is adequate resource and support in place to deliver the intended outcomes for stakeholders. The Councils [Workforce Strategy 2014 – 2017](#) is designed to ensure that the transition to the new 'Future Council' business model is successful by identifying, supporting and addressing the organisations current and future learning and development requirements. This will enable the Council to have a high performing, motivated, flexible and diverse workforce in place, with leaders at every level. It will also ensure that employees and Elected Members have the right skills, knowledge and behaviours to perform effectively in their role and to deliver Council priorities and Future Council outcomes.

8.1.2 A number of service areas make use of benchmarking opportunities to measure performance and consider and compare outputs and outcomes against resource inputs such as financial resources and human resources to ensure the Council is delivering efficient and effective value for money services.

8.2 Developing the capability of the organisations leadership and other individuals

8.2.1 The Councils [Committee Structures and details of the role of Leader of the Council](#) are published on the Councils internet site, as are the [roles and functions of the Councils statutory officers](#). Within the Councils Committee Structure, the [Scheme of Delegation](#) sets out the delegated decision making powers and functions of each Committee or officer. The Councils [Constitution](#) sets out Elected Member and Officer roles and enables a shared understanding of their respective roles.

8.2.2 Performance is measured against the key priorities and outcomes included in our [Corporate Plan](#). To assess progress and performance against these priorities and outcomes, along with performance against individual service objectives, there is a performance management framework that consists of three elements:

- Corporate plan priorities
- Corporate health of the organisation; and,
- Directorate performance

8.2.3 It is expected that though the employee Performance and Development Reviews (P&DR) links are made between broad corporate or organisational wide objectives, Business Unit Plans, Team Plans and individual personal performance objectives. As part of the P&DR process, consideration is given to any development requirements arising from the allocation of individual objectives.

8.2.4 The Council operates an annual personal canvass of the Register of Electors, which last took place in October 2016. Electoral Services recruit a team of people to carry out the final stages of this process by obtaining Household Enquiry Forms from properties that have not registered online or returned a completed registration form.

8.2.5 A Leadership and Development Programme aimed at managers and leaders within the Council is providing over 450 managers with the opportunity to formalise their leadership and management skills into a professional, accredited Leadership and management qualification.

8.2.6 The Council successfully secured 'gold' Investors in People (IIP) which recognises the hard work, effort and commitment that has been put into transforming BMBC. Staff Surveys are used to understand employee views and feelings and the outcomes of this exercise are fed into employees briefing ('Talkabout') events, facilitated by the Councils Senior Leadership Team.

8.2.7 A Corporate Health and Safety Committee, chaired by the Head of Corporate Health, Safety and Emergency Resilience Service is in place and includes membership from a number of employee representatives. This Committee meets on a regular basis, and includes within its terms of reference the following activities:

- Consideration of accident and incident statistics;
- Consideration of occupational health statistics;
- Health and safety audit reports;
- The development, introduction and monitoring of health and safety management systems;
- The effectiveness of health and safety training; and,
- The adequacy of safety and health communication and publicity in the workplace.

9. Principle F: Managing risks and performance through robust internal control and strong public financial management

9.1 Managing Risk

- 9.1.1 The Councils Risk Management Framework aims to underpin one of the Councils key activities in terms of being 'innovative and taking managed risks'. The Risk Management Framework positions Risk Management as not being about eliminating risk or being risk averse, but about being aware of and managing acceptable risk in the pursuit of agreed objectives. The Risk Management Framework includes the Risk Management Policy Objective Statement and Risk Management Strategy, which sets out how the Council will seek to embed this approach to risk into its normal activities through the ongoing development of a risk management culture. The Risk Management Framework, including the Risk Management Policy Objective Statement and Risk Management Strategy are also key elements in the implementation of good governance arrangements and form key elements of the Council's Annual Governance Review process.
- 9.1.2 The Councils Strategic Risk Register (SRR) is intended to be a robust and dynamic document that sets the culture and tone for Risk Management across and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture. The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions). The register is subject to regular six-monthly reviews, the outcomes of which are reported to the Councils Audit Committee, and subsequently, Cabinet.
- 9.1.3 Individual Business Units benefit from maintaining an Operational Risk Register (ORR) which relates to the key risks to the provision of Council services. These risk registers were formally reviewed on a half yearly basis, to ensure risk remained relevant and that identified risk mitigation actions were being implemented. The risks contained within the ORRs are aligned to individual Business Unit Business Plans. Following the completion of each review, there is an expectation that 'red' risks (in terms of the 'current' and 'target' risk assessments) are escalated to Business Unit Management Teams for further consideration.
- 9.1.4 Risk Management is an essential element of the Councils decision making report structure and every report of this nature is expected to contain a section detailing the risk management implications of any decision that is to be made.

9.2 Managing Performance

- 9.2.1 The Council measures its performance against the key priorities and outcomes included in the [Corporate Plan](#). To assess progress and performance against these priorities and outcomes, along with performance against individual service objectives, a performance management framework has been developed that consists of three elements:
- Corporate plan priorities
 - Corporate health of the organisation
 - Directorate performance

- 9.2.2 Each quarter, the Council produces a [performance report](#) summarising our performance against the priorities and outcomes and how well it is performing.
- 9.2.3 Through effective contract management, the Council is able to identify and assess the performance of its partners and contractual relationships.

9.3 Effective overview and scrutiny

- 9.3.1 The Overview and Scrutiny Committee (OSC) is responsible for reviewing and challenging the decisions made by the Council's Cabinet and Executive Officers. The Committee meets once per month and consists of 26 Councillors, 4 members of the public called Co-opted Members, and a Parent Governor Representative. It monitors the work and performance of the Council as well as other organisations such as local healthcare providers to ensure the effective delivery of local services and safeguarding of adults and children in the Borough. The Committee also sets up smaller 'Task and Finish Groups' (TFGs) to support the work of the Committee by undertaking more detailed investigations on specific topics.

9.4 Robust Internal Control

- 9.4.1 The Councils system of internal controls are designed to support the achievement of corporate objectives and outcomes whilst ensuring there is an appropriate level of compliance against laws and regulations and internal arrangements. The internal control framework acts as a robust control measure against risks such as loss of assets, fraud, misuse of equipment, data protection and information governance.
- 9.4.2 The Council benefits from a suite of policies in respect of counter fraud and corruption activities, including a Whistleblowing policy, anti-Money Laundering policy and an anti-Bribery policy.
- 9.4.3 The Councils Audit Committee is made up of four elected councillors and five independent people, who are not councillors. It ensures that the council is complying with its rules and regulations for governance and finance, including the value for money of Council services.

9.5 Managing Data

- 9.5.1 The Council has information governance accountabilities that are required to be in place in accordance with legislation and accreditation standards such as the Information Governance toolkit and Public Services Network accreditation. The Information Governance Toolkit is in use by the Council and is an online self-assessment tool used for publishing the standards of practice organisations must comply with regarding information governance.
- 9.5.2 Information Governance arrangements within the Council are based on the [8 Data Protection Principles](#) and these are overseen by the Councils Senior Information Risk Owner (SIRO), which is a role undertaken by the Executive Director of Core Services. The SIRO also chairs the Councils Information Governance Board, who takes the lead in the development of policies, procedures, training arrangements and lessons learnt from previous information governance incidents.
- 9.5.3 The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks. As a result, the Council has in place information sharing protocols that partners are required to endorse prior to any information being shared with them.

9.5.4 The Council responds to a significant number of information access requests as a result of the Freedom of Information Act 2000 and the Environmental Information regulation 2004. Furthermore, a number of requests for information are received as a result of subject access requests as part of the Data Protection Act 1998.

9.6 Strong public financial management

9.6.1 The Council has a pragmatic approach to the management of finances that endeavours to ensure that value for money outcomes are obtained through the spending of public money. This approach is intended to support the achievement of short term operational performance, alongside longer term, strategic outcomes. Strategies including the Council's Value for Money and Commercial Strategy underpins both short and long term objectives.

9.6.2 The Councils Service Director (Finance) acts as the section 151 officer, and ensures that the Council benefits from robust financial advice and is compliant in terms of its accounting and fiduciary responsibilities. This includes ensuring that financial management is embedded within the Business and Service Planning processes, including the control and mitigation of financial risks.

10. Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

10.1 Implementing Good Practice in Transparency

10.1.1 The Councils commitment to be a customer focused organisation that puts customers at the centre of everything we do is underpinned by the publishing of information to stakeholders in a manner that is accessible and transparent. Information published on the Councils website conforms with branding and [accessibility guidelines](#).

10.1.2 The Council benefits from a [Social Media Policy](#) which aims to maximise positive engagement with stakeholders by the Council and individual officers, whilst protecting its own reputation and ensuring compliance with relevant standards and regulations.

10.2 Implementing Good Practice in Reporting

10.2.1 It is important for the Council to be able to demonstrate that it has been able to deliver on its priorities and outcomes and that it has been delivery value for money outcomes. This is achieved through the publication of [Performance Reports](#), including a 'year-end' report at the end of each financial year.

10.2.2 Performance Reporting is complemented by the Councils [Annual Statement of Accounts](#) report, which is published and prepared in accordance with legislative requirements and the [Code of Practice on Local Authority Accounting in the United Kingdom](#). The Annual Statement of Accounts is available for local electors. Stakeholders and other interested parties to inspect.

10.2.3 There is legal responsibility to undertake, at least annually, a full review of the Councils own internal control and corporate governance arrangements, and detail the outcomes and findings of that review in its [Annual Governance Statement](#). This is complemented by an [improvement action plan](#) that is monitored by the Councils Audit Committee.

10.3 Assurance and Effective Accountability

10.3.1 It is important that the Council is challenged, audited and reviewed both internally and externally to ensure that Council services, priorities and outcomes are making a direct impact on the Borough. Following such reviews, the Council ensures recommendations and improvements that have been identified are translated into operational actions that are achievable, measurable and have appropriate accountability built into them. Where appropriate, Elected Member engagement provides clear oversight on the recommended actions, and their consequential outcomes or outputs.

10.3.2 In order to deliver the Councils own vision and values, it is important that partnership working is carried out in a way that ensures robust governance arrangements are in place in terms of the management of finances, resources and risks. A practical Partnership Governance Framework is in development, which has been designed to assist Partnership Lead Officers provide suitable assurances that the partnership is making a valuable contribution to the Council's objectives and priorities, and is a well governed and controlled relationship.

11. Review of Effectiveness

Barnsley Metropolitan Borough Council has responsibility for conducting (at least annually), a review of the effectiveness of its governance framework, including systems of internal control and risk management arrangements. The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the HoIA's annual report and also by comments made by external auditors and other regulators or inspectorates.

11.1 Senior Management Team (SMT) – Annual Assurance Statements

11.1.1 The Council's SMT is responsible for ensuring compliance with, as well as improvement against the governance, risk and internal control framework. As part of this function, each member of SMT is provided with details of their services assurance information for the year. This assurance information contains:

- Significant and Fundamental Internal Audit recommendations that have been made to individual business units;
- Significant and Fundamental themed Internal Audit recommendations that are relevant to specific business units; and,
- Other Sources of Assurance information sourced from Internal Control and Governance lead officers.

11.1.2 Following receipt of the above information by each individual Service Director, each SMT member is then asked to provide assurances regarding the overall governance arrangements for their Directorate.

11.1.3 This information has then been evaluated, and where appropriate, included in the Annual Governance Statement Action Plan.

11.2 Annual Review Statements and the developing Corporate Assurance Framework

11.2.1 The Council has adopted a comprehensive set of internal policies and procedures that govern key aspects of its operations as part of the drive to develop high quality local public services. Collectively, these are referred to as the Internal Control Framework.

11.2.2 Each of these key policies, plans and procedures has a senior lead officer with overall responsibility for their maintenance and review. The previous Annual Governance Review process provided an opportunity for each designated lead officer to prepare an annual review statement on their respective areas of responsibility.

11.2.3 The developing Corporate Assurance Framework (CAF) aims to collate these discrete elements of the Council's Internal Control Framework into an overarching assurance document, which will allow for the mapping of risks, systems, processes and assurances against the controls in place. This will also include an evaluation of the adequacy, in terms of the breadth and depth of assurance coverage provided to ensure there is sufficient evidence available to ascertain whether the controls are effective, efficient and comprehensive. This is combined with an assessment of current assurances on the effectiveness of current controls in the mitigation of risk to ensure they are also adequate, efficient and comprehensive. This work is due for completion in 2017, and it is envisaged the outcomes of the CAF will be used to inform and influence the development of future Internal Audit Plans.

11.2.4 Policies included within the Council's Internal Control Framework are also subject to cyclical, risk based review by the Council's Internal Audit division.

11.3 Internal Audit

11.3.1 The HoIA is responsible for providing assurances on the robustness of the Council's internal control arrangements to the Audit Committee. An annual report on audit activity and the performance of the Internal Audit division is also presented to the Audit Committee. In terms of the 2016 / 17 report, which the Committee considered at its meeting on 14th June 2017, the HoIA gave a controls assurance opinion which reflected that systems concerning internal controls were **adequate** and that no fundamental breakdown of any such systems had occurred. Whilst the overall opinion is positive, there are some key issues arising from the work of Internal Audit that senior management should consider. In general terms these relate to the continued impact of Future Council and the implications of changed structures, new and changed systems and an increase in workloads for many managers, which has impacted upon their ability to maintain reasonable and effective controls in some areas of activity.

11.3.2 The results of Internal Audit's work during 2016 / 17 has recognised that the Future Council approach requires a change in risk appetite and that there is a natural period during which new operational arrangements will embed. However, with regard to the progress of audit report recommendations, at the point of follow up and throughout the year only 45% of recommendations had been implemented by the agreed date by management (which represents an increase of 10% from the previous year's analysis). The monitoring of report recommendations will no doubt continue to be a priority for the Audit Committee, and the Internal Audit Service itself.

11.3.3 The role of Internal Audit within the governance, risk and internal control framework is to operate both independently and objectively in reviewing and reporting on the effectiveness of the Annual Governance Review process and the corporate Risk Management framework. This work has been undertaken by a Principal Auditor reporting directly to Executive Director of Core Services in order to preserve that independence.

11.4 Strategic Risk Management

11.4.1 Work undertaken by the Risk Management Section during 2016 / 17 included support and challenge in the management and development of the Council's SRR and the preparation of reports to SMT, Cabinet and the Audit Committee. Work has also included promoting and embedding good risk management practices throughout the Council, and its partners, as well as preparing both annual and periodic update reports to the Audit Committee.

11.5 External Audit, Assessment and Inspection

11.5.1 Barnsley Metropolitan Borough Council is subject to external assessment and regulation by auditors and service inspectorates such as OFSTED and the Care Quality Commission (CQC). Services, in conjunction with the Corporate Assurance Group are responsible for ensuring that the relevant findings from external audit or other assessment activity informs the annual evaluation process, which underpins the production of the Annual Governance Statement.

11.5.2 In summary, the following principal sources of evidence were considered when carrying out this evaluation:

- Assurances provided by Service Directors and Executive Directors regarding the overall governance arrangements for Business Units, and Directorates;
- Internal Audit Annual Report;

- Risk Management Annual Report;
- The Annual Audit letter;
- Key issues arising from the Annual Corporate Health and Safety Annual Report;
- The Local Government Ombudsman's Annual Monitoring Report on BMBC's complaints;
- The independent Internal Audit Annual Review of the Annual Governance Review and Statement process and Corporate Risk Management arrangements; and,
- A review of the action taken and progress made in relation to the issues raised in the 2016 / 17 Annual Governance Statement and associated Action Plan;

11.6 Corporate Assurance Group (CAG)

11.6.1 Although no formal meetings of the CAG have taken place in 2017, the Risk and Governance Manager has met individual internal control lead officers on a regular basis to further develop the CAG, and the AGR itself. Further meetings will be programmed in 2017 / 18 to further develop these arrangements.

11.6.2 The development of the revised Annual Governance Review process was presented to the Barnsley Leadership Team (BLT) and SMT in 2015. This process has been somewhat refined, following a greater level of involvement with the internal control and governance lead officers, via the CAG. Furthermore, the Audit Committee were updated regarding the revised Annual Governance Review process at their meeting on 22nd March 2017.

12. Significant Governance Issues

12.1 The annual review of the Council's governance, risk and internal control arrangements in 2016 / 17 has not identified any fundamental issues and has confirmed that the general level of compliance with the Council's governance and internal control framework remains robust and effective.

12.2 The review process has taken into account the action taken against the control issues raised on previous Annual Governance Statements.

12.3 The Action Plan to be monitored during 2017 / 18 is comprised of the issues that have been carried forward from previous years, along with issues that arose from the 2016 / 17 review.

13. Statement by the Leader of the Council and the Chief Executive

13.1 We are satisfied that the comprehensive review process undertaken has identified the relevant areas for attention over the forthcoming year. The Action Plan put in place will be monitored by the Council's Audit Committee will (when implemented) further enhance the Council's governance, risk and internal control framework.

.....
Councillor Sir Stephen Houghton CBE
Leader of Barnsley MBC

Date:

.....
Diana Terris
Chief Executive of Barnsley MBC

Date:

Appendix One: Annual Governance Statement Action Plan 2017 / 18

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
1	<p>To further develop and embed a practical framework to assist on the effective governance and control of the Council's partnerships, contracts and general relationships with external organisations. This has increased significance in the context of the Future Council programme. <i>(Carried forward from 2016 / 17)</i></p>	<p align="center">Executive Director, Core Services</p>	<p align="center">31/12/2017</p>	<p><u>July 2016:</u> A presentation to BLT was delivered by the Executive Director of Core Services on 31/05/2016, seeking endorsement of the developing Partnership Governance Framework, which entails:</p> <ul style="list-style-type: none"> ▪ Developing a Register of significant partnerships; ▪ Logging Partnership risks in the appropriate Risk Register; and, ▪ Ensuring suitable assurances (including the consideration of exit strategies) are included when logging Partnership risks in the appropriate Risk Register. <p>The Executive Director of Core Services and the Risk and Governance Manager met in July 2016 to develop arrangements to roll this framework out to all Directorates in 2016 / 17 via the Operational Risk Register review process.</p> <p><u>July 2017:</u> Having allowed Business Units the opportunity to reflect Partnership arrangements in Operational Risk Registers during 2016 and early 2017, an update is to be provided to BLT later in 2017 which will include providing a position statement in terms of the use of the Framework by Directorates and Business Units.</p> <p>Further anecdotal evidence of robust partnership governance activities includes the Council's interface with BBIC, and a recent request for financial support that has driven a strategic review of business accommodation within the Borough and the consideration of potential changes to the Councils relationship with Oakwell Community Assets as part of increased investment and development of Barnsley Football Club.</p> <p>A refresh of the Partnership Governance Framework has been undertaken, and targeted correspondence has been prepared for individual Executive Directors to remind them of their responsibilities in this regard.</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
2	<p>Improving the quality of performance reviews undertaken across the Council in 2016/17.</p> <p>Particular areas of non-compliance or concern will be considered as part of Internal Audit's Themed Assurance Audit on the Performance and Development Framework, the recommendations of which will be used to identify areas of development and support for managers and to inform changes required to the process for the future. <i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Terms of reference for Internal Audit's Themed Assurance Audit on the Performance and Development Framework have now been agreed between the Organisation Development Manager and Internal Audit Manager</p> <p><u>December 2016:</u> The P&DR audit has taken place and Internal Audit will be providing a written report of findings in November 2016.</p> <p><u>July 2017:</u> Through a process of selected interviews, feedback received was analysed and conclusions drawn in respect of the current corporate personal development and review process. The work contributes to assurance in respect of human resource management.</p> <p>CLOSED.</p>
3	<p>The development of a Commercial Toolkit that covers all aspects of business and financial acumen is currently in the process of being developed and prepared.</p> <p>This Toolkit will be rolled out via a series of modules across the entire organisation and it is envisaged this will assist in fundamentally changing the culture of the Council to a more commercial and business like organisation, with the right commercial and financial capabilities to deliver the Council's 2020 Outcomes</p> <p>The first module is expected to have been prepared by December 2016.</p>	Executive Director, Core Services	31/12/2017	<p><u>July 2016:</u> Action agreed by Service Director Finance.</p> <p><u>December 2016:</u> The initial framework for the commercial toolkit has been established and the approach has been agreed with SMT. The toolkit will be developed and implemented across the organisation as a modular approach and will be released on a phased basis as the modules are developed. The first 3 modules will be rolled out in the new year comprising of Commercial Awareness, Charging v Trading and the CIPFA Financial Management model. Associated training will also be developed and rolled out alongside the modules in conjunction with Workforce Development.</p> <p><u>July 2017:</u> Since work begun on the Commercial Toolkit a wider Commercial Strategy has developed and launched in July, an element of which includes developing a toolkit that will provide people with the tools / training to support their commercial</p>

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				responsibilities. Elements of the toolkit have already been rolled out e.g. finance budget training. Further modules of the toolkit will be rolled out over the late summer / autumn on the back of the wider Commercial Strategy launch.
4	<p>Improve the implementation by Business Units of the Council's Business Continuity Planning (BCP) arrangements.</p> <p>There remain gaps in the necessary BCPs in services which now form one of the appendices of Business Unit Business Plans. The Corporate BCP will be revised in 2016 and any outstanding plans highlighted to the relevant Executive Director and Service Director. This remains an implementation issue rather than a lack of suitable and sufficient process. <i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Action agreed by Head of Corporate Health, Safety and Emergency Resilience.</p> <p><u>July 2017:</u> The corporate business continuity priorities were reissued in April 2017. All Business Units submitted returns for inclusion – this represents the first 'complete picture' for a number of years.</p> <p>Feedback was provided to Heads of Service as necessary. In the event of an emergency event, the Council is now able to consider all services when considering how to prioritise the recovery of the Council should the need arise.</p> <p>CLOSED.</p>
5	<p>Review the recording of officer delegated decisions to ensure this is in line with legislation. <i>(Carried forward from 2016 / 17)</i></p>	Executive Director, Core Services	CLOSED	<p><u>July 2016:</u> Draft guidance prepared by the Service Director (Council Governance) and passed to the Executive Director of Core Services</p> <p>Following receipt of feedback, it is envisaged this guidance will be considered by SMT, and finally, circulated to BLT in late July 2016.</p> <p><u>December 2016:</u> Updated guidance on recording of officer decisions was finalised in June 2016. A presentation given to BLT on 26th July 2016 on the rationale for the new guidance, with the offer of further sessions to discuss this in detail with DMTs / Service meetings. The guidance has now been published in the Modern.gov document library, accessible via the Intranet Homepage.</p>

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				<p>Microsoft Word versions of the record pro forma will be made available through SharePoint in due course, subject to further developments of that system.</p> <p>CLOSED.</p>
6	<p>Internal Audit Annual Report: A corporate issue relating to non-compliance with Contract Procedure Rules and the overall adequacy of Contract Management Arrangements</p>	<p>Executive Director, Core Services</p>	<p>31/12/2017</p>	<p>July 2016: Identified via Internal Audit's Annual Report – Significant Governance Issues.</p> <p>Agreed by SMT this action is to be included on the 2015/16 AGS Actions Plan.</p> <p>Action agreed by Head of Strategic Procurement.</p> <p>December 2016:</p> <ul style="list-style-type: none"> • Non-compliance with CPR – Strategic Procurement Team now centrally recording and tracking waivers for the current financial year. There has been 69 waivers this year with an annual contract value of £2.84m which equates to circa £45k per waiver. The Strategic Procurement Team continues to challenge any waiver that does not appear to be robust in its rationale. In terms of our procurement plan the Strategic Procurement Team are looking at future contract expiry dates in the 16/17 programme with a view to proactively putting in place any tactical waivers which would be actioned as part of a longer term sourcing strategy. In addition the 'Document review' is about 60% done and once completed will generate a new set of processes, documents and guidance for people to utilise when procuring at the various levels of expenditure. • Contract Management – it is recognised that within BMBC's approach to both contract and supplier management arrangement there is scope for improvement. To tackle this the Strategic Procurement Team are specifically progressing three things as follows: <ul style="list-style-type: none"> ○ Toolkit Review –conducting a review of the systems, processes, data and reporting that we

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				<p>use/need in order to do effective Strategic Procurement (which includes Contract Management), this will serve to help inform how the Council develops contract management over the next 3 to 6 months and beyond</p> <ul style="list-style-type: none"> ○ Leadership programme – as part of the leadership programme there is an option for participants to get involved in a procurement project and having met with some of those individuals we have decided that contract and supplier management is an area where they could help develop our future approach. This kills two birds with one stone in that it supports the individuals in the programme whilst getting something done that is really relevant to the council and its performance and not just a tick box exercise ○ Category Plans – each Category manager is tasked with developing a category strategy for their areas of expenditure for 17/18. This should include sections on how specific contract and supplier management issues will be tackled going forward. <p><u>July 2017:</u></p> <ul style="list-style-type: none"> ● Non Compliance with CPR – the Strategic Procurement Team continue to record and track waivers on an ongoing basis. The 16/17 year-end position was 141 waivers with an annual contract value of £5.4m which equates to £38.5k per waiver. The end Q1 figures for 17/18 are 59 waivers with an annual contract value of £1.8m which equates to £30.5k per waiver. The Strategic Procurement Team continues to challenge any waiver that does not appear to be robust in its rationale. Whilst the longer term plan is to decrease the numbers of waivers via improved strategy and planning it is recognised that in the short term the number of waivers will probably increase as we drive compliance and due process. In addition the ‘Document review’ is about 90%

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				<p>done and once completed will generate a new set of processes, documents and guidance for people to utilise when procuring at the various levels of expenditure. These documents are available to users now via the Procurement intranet/SharePoint pages. It is also our intention to initiate a review of the current CPR as part of our wider 17/18 annual delivery plan</p> <ul style="list-style-type: none"> • Contract Management – it is recognised that within BMBC’s approach to both contract and supplier management arrangement there is scope for improvement. To tackle this the Strategic Procurement Team are specifically progressing three things as follows: <ul style="list-style-type: none"> ○ Toolkit Review –conducting a review of the systems, processes, data and reporting that we use/need in order to do effective Strategic Procurement (which includes Contract Management), this is ongoing and has already delivered some efficiencies. Going forward this will be linked to a wider review of the Commercial Toolkit which is an action linked to the development of a council wide commercial strategy (see point below). ○ Commercial Strategy – a cross functional group have been working on developing a central commercial strategy for roll out across the council during Q2. In respect of supplier and contract management the main aims within the strategy are as follows: <ul style="list-style-type: none"> ▪ Work more closely with suppliers ▪ Shape future markets and drive innovation ▪ Adopt Category Management and develop an ‘intelligent buyer’ view of the market ▪ Ensure contracts deliver the expected value and service via regular check and challenge ▪ Develop an approved vendor list and

Ref	Annual Governance Statement Action	Responsible Executive Director	Timescales	Current Position – Action Taken / Planned
				<p>continued support of local businesses</p> <ul style="list-style-type: none"> ○ Category Strategy Plans – Category Strategy Plans for 17/18 were distributed to most business units in mid-June for review and comment. It is anticipated that these initial plans will be finalised and signed off in July and thereafter will be a live document subject to constant update and review. The document effectively summarises the commercial support each business unit can expect from the Strategic Procurement team during 17/18 working on a collaborative basis.