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| Version Control: | |
| Document Name: | Annual Governance Statement 2023 |
| Version: | Version (March 2023) Draft to Audit and Governance Committee 24 March 2023 |
| Author: | Head of Legal and Governance |
| Approved by: | Audit and Governance Committee |
| Date Approved: | |
| Review Date: | |

Draft

Annual Governance Statement 2022-2023

1. Scope and Responsibility

Barrow Borough Council is responsible for delivering a wide range of statutory and discretionary services to the public and organisations in the area of the Borough. The Council is responsible for ensuring that its business is conducted in accordance with law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council 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, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council has put in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

This is the final AGS for Barrow Borough Council as it closes down its accounts for 2022/23. Future arrangements will be picked up by Westmorland and Furness Council as successor authority.

2. Governance

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

3. The Council's Governance Framework

Effective governance in the public sector encourages improved decision making and efficient use of resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management and lead to better service delivery, and, ultimately, better outcomes.

The governance framework comprises the systems and processes for the direction and control of the Council and its 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 system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable and proportionate level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Barrow Borough Council's policies, aims and objectives, to evaluate the

likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Principles of Good Governance and the Governance Framework is aligned to the CIPFA/SOLACE framework Delivering Good Governance in Local Government which sets out seven core principles of good governance, these are:

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

- The Council's constitution defines the roles and responsibilities of the Council's decision making, regulatory, Audit and Governance and Overview and Scrutiny committees. It also defines the roles of the statutory officers and includes the delegations that officers hold.
- Members and officers have an induction which sets out and includes the behaviours that are expected.
- The Council's values and behaviours was rolled out to all staff and Members during 2020-21.
- A fraud hotline is in place to allow confidential reporting so that anonymous complaints can be investigated.

B. Ensuring openness and comprehensive stakeholder engagement.

- There is a process for consultation in place and a number of consultations were carried out in 2022/23. A major consultation in 2022 being the consultation on the community governance review which saw recommendations being made to Westmorland and Furness Council to create a new Barrow Parish Council.
- The Council's Customer services strategy sets out what we need to do to ensure our customers have a positive experience when engaging with the Council.
- The Council continues to maintain its website and social media platforms to provide a key means of communication in an open and transparent way.
- We provide clear recommendations to the decision making committees, this is by supported reasoning and evidence. We assess the financial, legal, health, social, economic environmental and implications as well risks relating to those decisions and provide Members with the outputs from those assessments.

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

- The Council published its council plan for 2020- 2024 and identified three priority areas.

- Operational Managers work to ensure we deliver the priorities agreed in the Council Plan
- The Council was successful in being awarded Town Deal funding for 7 major projects within the Borough as follows:

Housing Renewal

Marina Village

Enhancing tourism, leisure and culture,

Community resilience hubs

Learning quarter

Business support and

Walking and cycling infrastructure regeneration.

- The Council was successful in securing £16m from the Government's Levelling Up Fund to deliver a range of improvements within Barrow Town Centre, including an upgrade of the Market Hall. Outline design work is progressing in 2022/23 with detailed design and works programmed in 2023/24 which will be taken forward by Westmorland and Furness Council.
- A detailed communication strategy has been developed for both the Town Deal and LUF programmes, with a clear focus placed on regular and meaningful engagement with strategic partners, local businesses and residents.

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

- The Medium Term Financial Strategy is reviewed annually
- The Council's operational services ensure we deliver the priorities agreed in the Council Plan
- The Council supports and encourages staff to undertake professional training.
- The Council has an effective Member training programme in place
- Staff have regular briefings with senior management.

E. Managing risks and performance through robust internal control and strong public financial management.

- The Council has a risk policy which is reviewed regularly by Management Team and is approved by the Executive Committee.
- The Council has corporate and operational risk registers which are reviewed regularly by Management Team and the Audit and Governance Committee.

- All Capital and Revenue projects utilise a standardised risk register that scores and RAG rates risks. These are reported to Corporate Programme Board.
- Performance is reported through the statement of accounts and Growing Forward Reports which are presented to Executive Committee, and performance information is also reported through Overview & Scrutiny Committee.

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

- The Audit and Governance Committee has defined roles which are set out in the Council's Constitution.
- External auditors routinely attend Audit and Governance Committee meetings.
- Internal Audit has access to the Chair of the Audit and Governance Committee.
- Members are asked to declare any interests at the beginning of every committee meeting.

4. Review of Effectiveness

Barrow Borough 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 senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the appointed auditors and other review agencies and inspectorates.

This is the Council's last review as it heads towards vesting day for the new Westmorland and Furness Council.

Management Team including the following Officers were involved in reviewing this Annual Governance Statement:

- Head of Paid Service
- Director of Resources – Section 151 Officer
- Director of People and Place
- Head of Legal and Governance - Monitoring Officer

Internal Audit and Heads of Service were also consulted. The Internal Audit annual opinion statement is included in this annual governance statement.

The Council has assessed itself against the principles of good governance that are defined in the Local Code of Corporate Governance.

5. The Constitution

The Borough of Barrow-in-Furness has updated and agreed a [Constitution](#) which sets out how the Council operates, how decisions are made and the procedures, which are followed to ensure that these are efficient, transparent and accountable to local people.

Some of these processes are required by the law, while others are a matter for the Council to choose and set out the basic rules governing the Council's business.

The Constitution is regularly reviewed to ensure it is fit for purpose. The Monitoring Officer undertakes an annual review, and this was last reported to Council in March 2022. The report considered changes to the contract standing orders and financial regulations following the recent procurement review. Further in year reviews were carried out to ensure that the delegation scheme was up to date following organisational changes.

From 1 April 2023 the constitution will be that of the new Westmorland and Furness Council.

The Constitution sets out the Council's ethical standards for Elected Members and Officers.

We have reviewed and adopted formal codes of conduct defining standards of personal behaviour for Members and Officers. The Monitoring Officer monitors compliance with the Member's code of conduct. The Members code has been reviewed taking account of best practice recommendations arising from the Committee on Standards in Public Life. Revised Standards Arrangements were also adopted in March 2021. The Members Code of Conduct was further updated in January 2022 following the LGA model Code and consideration by the Cumbria Monitoring Officers Group for a consistent code for the Cumbrian principal authorities. This same code has been adopted by Westmorland and Furness Council.

The Head of Paid Service has overall responsibility for ensuring compliance with the officer's code of conduct. Following the Chief Executive moving to a new role as Chief Executive designate for the Shadow Westmorland and Furness Council, on the 14 September 2022 the Council appointed an interim Head of Paid Service and more recently appointed that person as Chief Executive and Head of Paid Service to cover the period from 31 December 2022 to 31 March 2023.

We have put in place effective systems to protect the rights of staff. We ensure that policies for whistleblowing are accessible to staff and those contracting with the Council, and arrangements for the support of whistleblowers, are in place.

The Constitution includes the Council's Contract Standing Orders, Financial Regulations, committee structure, delegation powers and how the Council operates. The Contract Standing Orders were subject of a full review during 2021/22 as a result of an independent procurement review and adoption of a revised procurement strategy, reflecting best practice, and ensuring compliance with national and local standards.

The Section 151 Officer is responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control.

The Council takes a longer-term view and publishes plans so the public are aware of our intended outcomes. This information can be found published in documents including the Council's Priorities and the Council Plan.

The Council has prepared and published a plan which sets out the Council's priorities and a Medium Term Financial Plan which is a financial representation of the Council's Vision and supports the priorities.

The Council will enable the Chief Financial Officer to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained. The Chief Financial Officer has responsibility for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The CIPFA Financial Management Code was introduced from 2021-2022; this is a professional code for general financial management in local authorities. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code has the six principles of leadership, accountability, transparency, standards, assurance and sustainability. Compliance is demonstrated through a self-assessment. A number of improvements had been identified during 2021-2022 and the uncompleted actions are shown as FM Code Improvements from 2021-2022 within the combined Improvement Plan.

6. Decision Making Process

The [Council Plan](#) is a strategic document under which the Council's other policy framework documents sit. It communicates the Council's Vision which specifies intended outcomes for the period from 2020-2024. The plan details how the Council will achieve the priorities. For April 2023 onwards, the Council Plan is superseded by the Westmorland and Furness Council Plan and the Council's priorities were fed into its development.

Unless delegated to Officers, Council decisions are made by a Committee acting under delegated powers or by Full Council. All meetings are open to the public unless exempt information is being discussed and we attempt to

publish all committee agenda items under “Part 1” unless there is the need to preserve confidentiality where it is appropriate to do so.

The Constitution sets out clearly the Council’s decision making processes including the Officer Delegation Scheme and terms of reference for its committees.

The Council has a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the Council objectives. We provide training and support to enable staff to develop their skills so they can achieve their full potential. Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when external expert advice is needed. We ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.

Members are provided with financial and performance reports on a regular basis which demonstrates how the Council achieves value for money.

Agendas, reports and minutes for all Council meetings are published on the Council’s website. [Committee Reports and Minutes](#)

7. Customer Engagement

We strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes which meet the needs and expectations of the public. These arrangements will recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands.

Barrow Borough Council welcomes and encourages attendance and contributions by the public at its meetings. Public participation guidelines are in place and support the Council’s commitment to community governance and openness.

The Council has an ambitious customer service strategy which defines how we will engage with customers and other stakeholders and involve them in improving our services. The Council is involved in shaping customer services for Westmorland and Furness Council.

During 2022 a major public consultation exercise has been undertaken as part of the community governance review in looking at whether to establish a parish/town council for the unparished area of the borough. This resulted in recommendations being made to Westmorland and Furness Council, who agreed a reorganisation order for the creation of Barrow Parish Council at its meeting on 17 October 2022.

A formal public consultations, alongside targeted consultations with businesses and other strategic partners, took place in November and

December 2022 associated with the Barrow Town Centre Improvements funded through the Levelling Up Fund. Further consultation will take place in 2023, which will inform the scheme planning applications.

The Place Programme, funded through Town Deal, will seek public feedback on the proposed event spaces at Barrow outdoor market and the Dock Museum. Feedback forms will also be issued to the public attending a range of events organised through the Place Programme and the results will be reported formally to the Brilliant Barrow Board.

The Council have been, and will continue to engage with residents and businesses benefitting from the Housing Market Renewal Programmes. The Council will endeavour to deliver schemes that best meets the preferences of residents and property owners, which will be informed through consultation.

8. Partnership Working

The Council participates in formal and informal partnerships to allow for resources to be used more efficiently and outcomes to be achieved more effectively. The Council is actively involved in partnership boards that deliver key improvements to the Borough.

We contribute to and support initiatives that benefit the residents and businesses in the Borough. We ensure that partnerships are based on trust, a shared commitment to change and a culture that promotes and accepts challenge among partners.

When supporting stakeholder relationships, we are clear about the Terms of Reference and clearly define our role. Our arrangements recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands.

9. Managing Risk

The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. We have risk management arrangements in place including mitigating actions to support the achievement of the Council's intended outcomes. We work with our contractors to understand our shared risks. We ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job.

Risk management is a fundamental part of the process that has been established for managing major projects through the Corporate Programme Board, allowing Senior Management Team to manage risk in the delivery of the Capital Programme.

External Health and Safety Advisors work with the Head of Asset Management, elected members and senior management team to ensure appropriate Health and Safety Policies, and procedures are in place. Risks

are monitored through the Health and Safety Management Board and Health and Safety Management Group.

The annual audit report for 2020/21 recommended the Council strengthen the risk management framework further by developing a full training programme for all levels of staff, providing greater clarity of the relationship between all the risk registers used across the Council, including strategic, operational, project and partnership risk and to develop the risk register to align with best practice to ensure adequate information is reported to members. The Council engaged an external specialist to review the current policy and corporate risk register and to provide training for the various levels of staff and for Members. The external review was delayed into February 2023 but was concluded with the revised risk register reported to the Audit and Governance Committee in March 2023.

10. Managing Performance

The Council Plan sets out the strategic objectives as outcomes that will contribute to the overall vision to be a great place to live, work and visit.

The Council's performance management arrangements of 2018 have been superseded by the introduction of the Growing Forward report as a vehicle for strategic performance and achievement. The roles set out in the 2018 framework are unchanged with Heads of Service replacing Managers.

For operational performance there are certain elements captured by the Growing Forward report and others that are reported from Head of Service to Director, or Deputy Director. The key performance indicators are included in the annual Statement of Accounts and presented to the Overview and Scrutiny Committee.

The Recovery Tracker is the tool used to monitor strategic performance and this is published alongside the Growing Forward Report.

Complaints and Absence Management are reported regularly through Management Team, with complaints also being reported through to the Audit and Governance Committee. Other performance issues are reported by exception.

The outcomes and progress against the Council Plan is reported as the Growing Forward report at least once a year, plus the progress on major projects is presented at the Major Projects Advisory Board and Brilliant Barrow (Town Deal) Board quarterly. A final growing forward report was presented to Executive Committee in March 2023.

The Council produces a number of strategies and policies to ensure we comply with our responsibilities in terms of Use of Resources and Value for Money; these are published on the Council's website. [Corporate Documents](#).

Following External Auditor statutory recommendations made in October 2022 to ensure members have robust assurance and reporting arrangements in place, for managing ongoing contracts and to enable appropriate and timely action to remediate any non-compliance or wider deficiencies, a schedule of significant contracts was provided to Overview and Scrutiny Committee to identify the scope of contracts and for the Committee to select contracts for report.

11. Managing Data

The Council undertook a review of data management in preparation for the implementation of the General Data Protection Regulation which has delivered improvements to internal controls to facilitate compliance with the regulation.

The Council has made significant investment in the IT infrastructure to minimise the loss of data through cyber attacks.

The policies which form part of the overarching Information Security Management Systems were reviewed during 2021 taking on board previous internal audit recommendations.

The Council is working with Cumbrian colleagues on data assurance and records management to prepare for transfer to the new Westmorland and Furness Council.

12. Governance Arrangements and Internal Control

We maintain the Audit and Governance Committee to raise awareness and take the lead in ensuring high standards of conduct are embedded within the Council's culture. The governance function of the Audit and Governance Committee includes:

- Consider reports and opinion of the internal audit function.
- Consider specific reports from internal audit and ensure agreed recommendations are implemented in a reasonable time frame.
- Consider reports and opinion of the appointed auditor.
- Monitor the risk management process.
- Monitor the Councils policies on the anti-fraud and anti-corruption strategy which are detailed in the Code of Governance.

An annual report of the Committee was presented to the Annual Council in May 2022 and a final report is due to be presented to the March 2023 meeting.

Following statutory recommendations made by External Audit in 2022 the revised Audit and Governance Combined Improvement Plan (Appendix 1) brings together actions and improvements which addressed both external and internal audit recommendations which have been discussed through reports to

Council and Audit and Governance Committee. The improvements will be taken forward into Westmorland and Furness Council.

13. Overview and Scrutiny Committee

The Council operates with a single Overview and Scrutiny Committee which can challenge a decision by the Executive Committee prior to it being implemented. It has a remit, which allows them to assist the Council and the Executive in the development of its budget and policy framework.

Members of the Overview and Scrutiny Committee are offered formal training by an external provider.

In considering the external audit statutory recommendations from 2022 the Council's Overview and Scrutiny Committee agreed to take responsibility to support providing assurance and ensuring appropriate reporting arrangements in place for managing ongoing contracts and to enable appropriate and timely action.

14. Internal Audit

The internal audit function develops an annual audit plan which is risk based and it is agreed by the Director of Resources and the Audit and Governance Committee. The audit plan provides a structured approach to reviewing internal control arrangements.

Based on the Plan, Internal Audit provides specific reports and recommendations. It also provides an Annual Report on the internal control arrangements which includes an audit opinion in support of the Council's Annual Governance Statement as required under the Accounts and Audit Regulations 2015. The opinion is derived from work carried out by Internal Audit during the year as part of the agreed Internal Audit Plan.

15. Internal Control Environment

Internal controls are designed to help safeguard the Council and minimise risks to delivery. The controls exist to ensure accuracy, promote efficiency, and encourage adherence to policies, rules, regulations, and laws.

Collectively the internal controls form an environment that is independently assessed by the Internal Audit function. The Head of Internal Audit is required to issue an independent opinion of the Council's internal controls as part of the Annual Report.

The opinion for the financial year 2022-2023 is shown below in **Section 16**.

16. Head of Internal Audit Annual Audit Statement

The current Designated Head of Internal Audit is also the Council's Director of Resources and Section 151 Officer.

An annual audit opinion is provided to the Audit and Governance Committee based on the work undertaken by Internal Audit during the year from the agreed risk-based audit plan. Coverage for 2022-2023 is somewhat reduced due to the volume of work to support the Housing Benefit Assurance Process and the development of governance for Westmorland and Furness Council replacing scheduled sovereign reviews.

A reasonable assurance has been provided on the adequacy and effectiveness in respect of 2022-2023, though the opinion repeats some previous concerns in relation to the consistent completion of manual processes. The Council relies on some manual processes to evidence actions completed; such processes shall be automated to remove the possibility of error or inconsistency.

None of the audits for 2022-2023 raised a priority 1 recommendation, most new issues raised were considered important however the bulk of recommendations were previous concerns raised as important and minor issues for improvement.

During 2022-2023 the Audit and Governance Committee received final contract audit reports from previous years. The conclusion of these audits was considered as part of the 2021-2022 audit opinion, and the final reports were presented to complete the normal governance process. The weaknesses identified within these reports were all addressed as part of the Council's procurement reset implemented in April 2022.

17. Action plan

The Head of Internal Audit's opinion statement for 2021/22 identified a number of weaknesses which remain in 2022/23 which were taken forward through an improvement plan.

In relation to the financial year 2021-2022 the Appointed Auditor issued a Statutory Recommendations report containing three improvements relating to governance around contracting and procurement, and the escalation of significant governance concerns.

A combined improvement plan was established which incorporated the Statutory Recommendations report, Internal Audit actions, and the Financial Management Code actions. This plan continues to be monitored by the Senior Management Team and reported to the Audit and Governance Committee.

The actions from the statutory recommendations have been completed and are shown for completeness in the combined action plan which is attached as **Appendix 1**.

18. Impacts of COVID-19

Covid continues to have an impact and the authority has adjusted to the significant disruption to staffing across services and functions.

The business continuity plans are kept under review to ensure that essential services continued to be delivered to our residents. A number of measures introduced to ensure the safety of staff, Members and customers, whilst maintaining service delivery continue, e.g. flexible ways of working virtual meetings where appropriate and social distancing and health and safety measures continue as appropriate to guidance at the time.

The Chief Executive has delegated powers to take such action on behalf of the Council as appears to them necessary in circumstances that prevent obtaining the necessary authority from an appropriate committee following consultation with the Leader of the Council, as set out in the Council's constitution.

In order to deliver the local authority elements of the national COVID-19 support package of business grants, business rate reliefs and hardship relief, it was necessary to temporarily reassign resources and defer other priorities to ensure an effective response was achieved. More details of the authority's response can be found in the Growing Forward reports presented to the Executive Committee in March 2021, 2022 and 2023.

19. Governance and Assurance Summary

The Council uses its Annual Governance Statement to demonstrate that it has sound decision making processes in place and governance arrangements that are fit for purpose.

The assurance reports received from the Head of Internal Audit provide an indicator of the effectiveness of the Council's governance arrangements. A reasonable assurance has been provided on the adequacy and effectiveness in respect of 2022-2023, though the opinion repeats some previous concerns in relation to the consistent completion of manual processes. The Council relies on some manual processes to evidence actions completed; such processes shall be automated to remove the possibility of error or inconsistency.

The Council has reviewed arrangements to further improve and enhance its governance arrangements and these have continued through 2022-23 and the learning taken forward into Westmorland and Furness Council.

The revised Procurement Strategy was adopted by the Council on the 12 January 2022; this replicates the priorities and themes within the National Procurement Strategy for Local Government and links to the Council Plan and the Morecambe Bay Anchor Collaborative.

The other documents reset and created were:

- Contract Standing Orders
- Procurement Checklist
- Exemption Request Form
- Extension Request Form
- Modification Request Form
- Services Contract (template)
- Supply of Goods Agreement (template)
- Terms and Conditions
- Procurement Handbook

The framework designed by STAR Procurement was implemented from 1 April 2022 which followed officer training throughout March 2022.

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Certification Statement

The review of the governance arrangements for the financial year 2021/22 highlighted areas for improvement, and the work undertaken during 2022/23 to support this has yet to be tested, but continues to be developed. We believe that the existing arrangements now in place are fit for purpose and will be fed into Westmorland and Furness Council to ensure that the learning is captured and taken forward into the new Council.

**Councillor Jonathan Brook
Leader
Westmorland & Furness Council**

**Sam Plum
Chief Executive
Westmorland & Furness Council**