

ANNUAL GOVERNANCE STATEMENT

2022-2023

CUMBRIA COUNTY COUNCIL

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1. THE COUNCIL'S RESPONSIBILITIES

Following the implementation of local government reorganisation in Cumbria, Cumbria County Council ceased to exist on 1 April 2023. The Annual Governance Statement provides assurance on the effectiveness of the Council's governance arrangements for the 12-month period up to its dissolution on 1 April 2023. From 1 April 2023 Cumberland Council and Westmorland and Furness Council have taken over responsibility for all former functions of Cumbria County Council. The Section 16 Agreement confirms that responsibility for the preparation and publication of the final accounts of Cumbria County Council passes to Westmorland and Furness Council on 1 April 2023. Governance of the Fire & Rescue Service transferred to the Cumbria Police, Fire and Crime Commissioner (CPFCC).

Prior to its dissolution Cumbria County Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards; that public money was properly accounted for, and was used economically, efficiently and effectively. The Council also had a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions were exercised, having regard to a combination of economy, efficiency and effectiveness. In addition, under the Cumbria (Structural Changes) Order 2022 the Council was required to consult and cooperate with the district councils in Cumbria and the shadow authorities for Cumberland and Westmorland and Furness in order to secure the economic, effective, efficient and timely transfer of the Council's and the district councils' functions, property, rights and liabilities to the Cumberland Council and Westmorland and Furness Council from 1 April 2023.

In discharging these overall responsibilities, the Council was responsible for putting in place proper arrangements for the governance of its affairs and the effective exercise of its functions, including arrangements for the management of risk and for dealing with issues which arise.

The Council was required to review its corporate governance arrangements annually against its Local Code of Corporate Governance.

The Local Code of Corporate Governance, approved in 2018 was reviewed and extended in June 2022 to apply until the end of March 2023. It aligns with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework 2016'.

The Annual Governance Statement provides assurance on the effectiveness of the Council's governance arrangements up to its dissolution on 1 April 2023. The Annual Governance Statement was considered by the Audit and Assurance committee on 9 March 2023. This ensured that members with responsibility for reviewing the Council's corporate governance arrangements reviewed the statement. The Annual Governance Statement covers the period up to the dissolution of the council. Westmorland and Furness Council will be responsible for reviewing the final draft of the statement reflecting any developments up to 1 April 2023 and publishing the final draft of the Annual Governance Statement alongside the Council's accounts for the year to 1 April 2023.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Council's governance framework comprised all the systems, processes, values, and culture by which the Council directed and controlled its activities, and through which it accounted to, engaged with, and led the community. It enabled the Council to monitor the achievement of its strategic objectives, manage risk and address issues that had a significant impact on the Council's finances and the finances of the two new unitary authorities from 1 April 2023, the achievement of its objectives or its reputation and the successful transfer of functions to Cumberland Council and Westmorland and Furness Council and the new CPFCC from 1 April 2023.

The system of internal control was a significant part of that framework and was 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 assurance of effectiveness. The system of internal control was based on a process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. In the year to 31 March 2023 this included identification and prioritisation of the risks arising out of local government reorganisation and the transfer of the fire and rescue functions to the new CPFCC.

The governance framework, described in Section 3 below, was in place at Cumbria County Council for the year ended 31 March 2023.

As part of the process for taking over the functions and responsibilities of Cumbria County Council from 1 April 2023 Cumberland Council and Westmorland and Furness Council will be putting in place their own governance framework including adopting a Local Code of Corporate Governance.

3. THE GOVERNANCE FRAMEWORK

The Council's Local Code of Corporate Governance set out its framework for corporate governance.

The principles which underpinned the Local Code of Governance are summarised below, along with a description of the types of arrangements which the Council put in place to secure robust corporate governance.

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

The Chief Legal Officer acted as the Council's Monitoring Officer and was responsible for ensuring the lawfulness of decision making. The responsibilities of this post were codified within the Constitution. The Monitoring Officer ensured that the Council acted within legal and statutory requirements. This was achieved through the provision of frontline legal advice to Council services on a daily basis, the active participation of the Monitoring Officer within the Corporate Management Team (CMT) and the active participation of Legal Services in the preparation and consideration of legal implications arising from reports for decision including officer decision records and in

the legal issues arising out of the preparation for local government reorganisation and the transfer of the fire and rescue service to the CCFCC.

The Chief Executive was the Council's Head of Paid Service.

The Director of Finance was the appointed Chief Financial Officer (s151 Officer) with responsibility for the proper administration of the Council's finances. Financial governance was underpinned by the Council's Financial Standing Orders in the Constitution. Each year, the s151 Officer carried out a review of financial arrangements against the CIPFA Statement on the Role of the Chief Financial Officer which confirmed that the Council's arrangements complied with the requirements. During the year to 1 April 2023 the s151 Officer has worked closely with the s151 Officers for the district councils and the s151 Officers for the shadow authorities to ensure that arrangements are in place for the proper administration of the financial arrangements for Cumberland Council and Westmorland and Furness Council and the financial arrangements of the CCFRA from 1 April 2023.

All reports to members, and significant decisions made by officers, were subject to review by the Council's Legal Services, Finance and Corporate Health and Safety teams to ensure that decisions were taken within the law and that expenditure was lawful and adhered to the commitments outlined in the Annual Health, Safety and Wellbeing Policy agreed by Cabinet.

The Constitution set out the responsibilities of staff and elected members by defining decision-making powers, providing clear terms of reference for committees, and specifying the delegated power of officers. Key officers had established schemes of delegation which delegated responsibility for decisions (other than key decisions) to appropriate officers. These schemes of delegation were published on the intranet. Further guidance was provided through the intranet and targeted training.

Standards of behaviour and a commitment to ethical standards were set out within the Constitution in the following Codes and Procedures:

- Members' Code of Conduct and Guidance
- Officers' Code of Conduct
- Member / Officer Protocol
- Code of Good Practice for Members and Officers involved in the Planning process
- Whistleblowing Policy and Speak Up document
- Anti-Fraud, Bribery and Corruption Policy

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

All Council business was conducted in public unless legislation deemed it appropriate for it to be considered in private.

The Council had a Public Participation Scheme which was designed to ensure the people of Cumbria continue to have an opportunity to have a say on its services and decisions and recognise that public participation is an important part of this.

All key decisions of officers were published on the Council's website. These continue to be available post 1 April 2023.

The Council's Constitution set out how it engaged with stakeholders and partners including local NHS bodies, certain charities, third sector organisations, national parks, trade unions and other local authority bodies through a combination of joint working arrangements, partnership boards, annual appointments to external organisations and consultations.

Local government reorganisation in Cumbria has required the Council to work very closely with the district councils in Cumbria, the two shadow authorities and the Office of the Police and Crime Commissioner to plan and prepare for the implementation of the transfer of functions to Cumberland Council and Westmorland and Furness Council and the transfer of the governance fire and rescue service to the CPFCC.

The Council recognised the critical importance of public consultation and engagement with service users and others to ensure that their views and experiences are taken into account when setting priorities and structuring service delivery. Stakeholder engagement is seen as an integral part of any major project and the Council understood its importance in ensuring that value for money was achieved in projects.

The Council has formal and informal engagement with recognised trade unions who can support the delivery of the priorities of the Council Plan and deliver the best services possible to the people of Cumbria, within the available resources. The Council worked with the unions in the Council JCG, the corporate JCG and directorate JCGs. These collaborative working arrangements have been particularly important in preparing for local government reorganisation. Governance arrangements for health and safety have been maintained throughout the year at council wide and directorate levels. Cabinet approved the Annual Health, Safety and Wellbeing Policy Statement and Report at its July meeting.

Senior managers were additionally engaged through regular meetings of the Extended Leadership Team and management development conferences.

The Council recognised that local government reorganisation was a time of significant change and uncertainty for the workforce and has worked with the six district councils to ensure the workforce is regularly updated on the process through regular bulletins, briefing, workshops, FAQs and other channels of communication.

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

The Council's vision was set out in its Council Plan (2018-2023) adopted by full Council in February 2018 and extended in February 2022 until 31 March 2023. This plan was in place during 2022/2023 and set out objectives focused on outcomes for

citizens and communities. The Council Plan specifically has as one of its outcomes working with partner organisations and communities to achieve shared aspirations.

The Council adopted a new Council Plan Delivery Plan in March 2022 which covered the remainder of the life span of the Council. This provided a clear focus of actions to be delivered to ensure the continued support for realisation of council plan outcomes and consequently a clear and strong position for local government reform. The delivery plan set out the measures the Council used to monitor progress against delivery of the outcomes and Cabinet received a quarterly update on progress against this plan. The Council established effective arrangements to manage performance and the corporate risks facing the Council, which were overseen by the Audit and Assurance Committee. Scrutiny played a key role in monitoring progress and ensuring key outcomes are delivered.

The Council Plan and the Council Plan Delivery Plan were used as a basis for area and service plans. Individual services use key performance indicators and benchmarking against other similar authorities to measure performance and ensure that they were achieving value for money.

The Council's decision-making process took account of the economic, social and, where relevant, environmental impacts of policies and plans. Reports to decision makers required a consideration of these factors along with risk, health and safety, strategic planning, equalities and financial implications.

Achieving value for money based on the four main pillars of Economy (spending less) Efficiency (spending well), Effectiveness (spending wisely) and Equity (spending fairly) was a key factor in all decision making. Decision making, including the procurement process, was designed to ensure to the best extent possible value for money was obtained. It is recognised that this does not necessarily mean the cheapest option and that solutions need to provide value for money in the medium to long term.

PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council had a clear statement of aims articulated in its Council Plan and used this as a basis for service planning. The Medium-Term Financial Plan was fully integrated with the Council Plan and sets the framework for how the Council intended to use its available financial resources to fund the activity to deliver the outcomes of its plans.

The Council's Medium Term Financial Plan 2022/23 to 2026/27 which was approved in February 2022 recognised that the Council will cease to exist on 1 April 2023 and hence the budget for 2022/23 was the final budget the Council would approve. However financial planning has been continued until 2026/27 in order to present the Medium-Term Financial Plan for those years. The Council has worked closely with the shadow authorities for Cumberland Council and Westmorland and Furness Council to ensure robust financial planning is in place for the new councils. The Council also worked closely with the Police and Fire Commissioner supporting the transition of Cumbria Fire and Rescue Service to the PFCC.

There were a number of organisational strategies and plans which supported the delivery of the Council's objectives, such as the ICT Plan, Workforce Plan and the Customer Strategy.

Option appraisal was a key part of decision making. All reports to decision makers including Cabinet and Council reports and officer decision records required a consideration of the options available and option appraisal was built into the policies and procedures for decision making at strategic and operational levels. Senior management meetings were used to challenge and explore options through informal discussions. Option appraisal was a key aspect of working with the new unitary authorities to plan for future service delivery.

The Council worked with private, public and third sector organisations (charities, social enterprises and voluntary bodies) to deliver its objectives for Cumbria. Closer collaboration and partnerships are a continued focus as a way to meet the challenges facing public bodies, in particular with NHS partners to align and integrate services, to ensure residents receive the best possible services within available resources. The new unitary authorities will continue to build on these collaborative ways of working and partnerships.

Nationally all local authorities are having real challenges with developing and sustaining the social care sector. The most critical area is in workforce, recruitment and retention both within the council and in the private and independent market. The Council worked closely with NHS partners on joint workforce initiatives and managing patient flow into and out of hospital settings. This area was identified as one of the highest risks in our corporate risk register and significant corporate support and additional investment was provided to ensure the effective management of social care.

The Council worked collaboratively with the district authorities and other bodies to maximise the external funding available to Cumbria in order to deliver the desired outcomes for the local population.

PRINCIPLE E: Developing the entity's capacity including the capacity of its leadership and the individuals within it

The Council had in place arrangements to provide assurance about the capability and capacity of its officers, including appropriate management arrangements, induction and appraisal processes.

The Council prioritised the provision of apprenticeships and support provide to apprentices across the Council. This enabled the Council to use the full amount from the Apprenticeship levy. It also provided a wide range of benefits to the Council and will continue to provide benefits to Cumberland Council, Westmorland and Furness Council and the CCFRA in terms of developing future talent.

The Council adopted a new People Plan in March 2022 which ran until April 2023. The plan was developed in consultation with key stakeholders who identified

wellbeing, together with the health and safety of our workforce as the key priorities going forward. The new plan enabled a person-centred approach, together with the delivery of clearly identified priorities prioritising health, safety and wellbeing of the workforce.

Cumbria County Council and its six partner district councils and PFCC office alongside the new unitary authorities worked collaboratively to ensure consistent communication with staff, members, stakeholders and the wider community on developments in local government reorganisation. The communications plan involved a multi-channel approach which saw the latest information communicated regularly through internal channels and working with local media. This included regular online and printed newsletters for all staff and members, virtual briefings, workshops, FAQs, the establishment of an LGR website, and social media posts and videos.

A key challenge in 2022/23 continued to be the retention and recruitment of staff particularly in the care sector. The Council focused both on recruitment and retention for example addressing issues of low morale at the earliest opportunity and worked with the LGA to develop a strategy for improving workforce recruitment and retention.

The Council provided a comprehensive induction programme for elected members and works with them through the Members Development Group to identify training and support needs, which are met in a variety of ways. Regular members' briefings focused on the impact of local government reorganisation have been established to ensure members are kept up to date on progress of the reorganisation and understand their role and the role of the members of the shadow authorities during this period. The Council has also worked with the district authorities and the shadow authorities to provide a comprehensive induction programme for the newly elected members of the shadow authorities.

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

The Council recognised the importance of a robust and effective risk management strategy. A performance and risk management framework was in place to ensure that the Council continuously monitored the delivery of its services and managed its risks effectively. The arrangements included reports to CMT and Cabinet, monthly performance reporting and meetings, programme board reports and meetings, reports to service and directorate management team meetings and scrutiny reports and meetings.

The Council maintained a Constitution that sets out detailed financial and other procedure rules which were required to be followed when conducting Council business.

The Council maintained a Corporate Risk Register, which was reviewed regularly by the Officer Risk Owners Group, CMT and had quarterly oversight from the Audit and Assurance Committee. The Audit and Assurance also received regular deep dives on risks included in the Corporate Risk Register. Individual services maintain service risk registers which are regularly reviewed and feed into the Corporate Risk Register.

The Council Plan Delivery Plan was reviewed by Cabinet annually and kept under review during the year, incorporating changes as required. A Corporate Performance Management Report providing an update on progress was provided to Cabinet on a quarterly basis.

There was an Anti-Fraud, Bribery and Corruption Policy in place within the Constitution. Where allegations were received, these were investigated under the Policy. The Council's had arrangements for reporting suspected wrong-doing ('whistleblowing') and an associated "speak-up" policy to encourage officers to raise concerns.

The Council had a Group Audit Manager who was the Head of Internal Audit. The Council reviewed its Internal Audit arrangements against the CIPFA Statement annually (including for the current year) and has confirmed continued compliance with the requirements.

The annual report and opinion of the Head of Internal Audit (Group Audit Manager) is a key contributor to the Annual Governance Statement. The Head of Internal Audit's annual opinion has been considered when preparing the Annual Governance Statement. The Group Audit Manager was able to provide 'Reasonable' assurance over the effectiveness of the Council's arrangements for governance, risk management and internal control for 2022/23. The Group Audit Manager was also able to provide a declaration of conformance with the mandatory PSIAS except for the five yearly External Quality Assessment which was not undertaken in November 2022 due to local government reorganisation.

A Quality Assurance and Improvement Programme (QAIP) was in place during 2022/23, covering all aspects of the internal audit activity. Internal Audit work was undertaken in accordance with the approved Audit Charter, which is consistent with the Public Sector Internal Audit Standards. All audit work has been conducted in line with the agreed audit methodology and has been subject to Quality Assurance checks by internal audit management.

The Council had a local pension board in line with the requirements of The Public Service Pensions Act 2013 to assist in the governance of the Local Government Pension Scheme (LGPS). Meetings of the board were scheduled on a quarterly basis and the board formally reported to the Cumbria Pensions Committee on a quarterly basis. From 1 April 2023 Westmorland and Furness Council will become the administering authority for the LGPS in Cumbria and has established a board which will continue this role.

The Council continued to face significant financial pressures due to economic uncertainty both nationally and internationally, high levels of inflation, the cost of living crisis, supply chain disruption and contractual delivery risks and increased demand on services. The Financial Challenge Group which was established in 2021 continued to provide targeted intervention and support in the light of these challenges. The new Councils and PFCC will establish their own arrangements to address these challenges.

A joint LGR implementation reserve was set up by the Council and the six district councils in order to meet the implementation costs of Local Government Reorganisation. The reserve was held by the Council on behalf of all seven authorities and robust governance arrangements were put in place through a joint memorandum of understanding between the Councils to ensure that appropriate accountabilities and reporting arrangements were in place.

Robust procedures are in place to ensure that personal data is managed effectively and securely. All officers are required to undertake annual training on data security and information governance and completion of this course by all officers is carefully monitored. The Senior Information Risk Owner has responsibility for ensuring that robust processes and procedures are in place in managing the risk relating to information governance and acting as a champion for information governance in the Council. The SIRO chairs quarterly meetings which review performance in this area and reports annually to the Audit and Assurance Committee. A report for 2022/23 was provided to the Audit and Assurance Committee in March 2023. The Council has worked with the 6 district authorities and the new unitary authorities to ensure that the transfer of personal data to the new unitary authorities is managed effectively and securely, and robust arrangements are in place to manage personal data in the new unitary authorities. This has included requiring all staff who will transfer to the new unitary authorities to undertake training prior to the transfer.

The Council maintained an effective scrutiny function. The Scrutiny Management Board which oversaw the work of scrutiny across the Council provided an annual update to the Council on the work of scrutiny.

PRINCIPLE G: implementing good practices in transparency, reporting and audit, to deliver effective accountability

The Council complied with the Local Government Transparency Code and published all required information in a timely fashion. The Council published a Forward Plan giving notice of all upcoming Key Decisions and notice was given five clear days in advance of any formal meeting other than meetings called at short notice when notice is given as soon as the meeting is called. Decisions were published alongside supporting information setting out the background and options considered. These will continue to be made available post 1 April 2023.

The Council reported the achievement of performance and financial targets on a regular basis to senior officers, and to members in meetings that are open to the public.

The Council maintained an effective Internal Audit Service which complies with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit 2019.

The Council published an annual Statement of Accounts. The publication of the annual Statement of Accounts for 2021/22 was delayed as a result the need to wait for the implementation by the Government and CIPFA of the statutory override and amendments to the Code of Practice in relation to infrastructure assets. Westmorland

and Furness Council will take over responsibility for publication of the annual Statement of Accounts for 2022/23. The Council responded appropriately to any recommendations from the External Auditor arising from the annual audit of the Accounts. Progress on the implementation of actions arising from the external audit is reported to the Audit and Assurance Committee. For the 2022/23 Statement of Accounts the recommendations will be reported to the Westmorland and Furness Council Audit Committee as they are the responsible authority for closure of the County Council accounts and AGS.

The Council used external reports and/or inspections to inform and improve practice and to learn from past experience. The Council developed plans where necessary, to respond to recommendations and these were monitored in a variety of ways, including reports to committees such as Audit and Assurance Committee. CMT maintained oversight of progress.

4. THE ANNUAL REVIEW OF EFFECTIVENESS

The Council had a duty to conduct, at least annually, a review of the effectiveness of its governance framework including its system of internal control. The review of effectiveness is informed by the work of the Group Audit Manager's (Head of Internal Audit) report and by comments made by the External Auditors and other review agencies and inspectorates.

The review of governance for 2022/23 has been evaluated as follows:

- A review of minutes of Audit and Assurance Committee, Cabinet and Council to ensure that periodic monitoring and reviews are being reported appropriately and governance issues are addressed.
- A review of the overall opinion of the Group Audit Manager (Head of Internal Audit) is set out in the annual internal audit report. Based on the work undertaken by internal audit in 2022/2023, the Group Audit Manager is able to provide reasonable assurance over the effectiveness of the Council's arrangements for governance, risk management and internal control.
- An assessment of the Audit and Assurance Committee arrangements against the core functions of Audit Committees set out within the 2022 CIPFA Guidance for Audit Committees in Local Authorities and the Police. The review confirms that the Committee fulfils the core purpose of an audit committee as set out in the Guidance. However, the key change in CIPFA's view from 2018, where it recommended Councils 'actively exploring appointing one non-elected member to its audit committee', is that in April 2022 it recommended Councils 'should include at least two non-elected members on its audit committee' Given the timing of CIPFA's revised Position Statement in April 2022, and the pending local government reorganisation in Cumbria, it has been a matter for the two new unitary councils to consider how they will seek to meet the requirement to have at least two co-opted independent members on their Audit and Assurance Committee.

- A review of the Council's arrangements against the CIPFA Statements on the Role of the Chief Financial Officer.
- A review of the Council's arrangements against the CIPFA Statement on the Role of the Head of Internal Audit. The review confirms that the Council's arrangements conform to the CIPFA Statement on the Role of the Head of Internal Audit except for the requirement to undertake the 5 yearly External Quality Assessment of its internal audit arrangements, which was not undertaken in November 2022 due to local government reorganisation.
- Annual review by the Pensions Committee of the Cumbria Local Government Pension Scheme (LGPS) Fund Policy documents which will be considered by the Pensions Committee on 14 March.
- A review of the 2022/23 Annual Report from the SIRO on Information Governance – Assurance and Performance which provides assurance that in the period from 1 April 2022 to 31 December 2022 information risks have been effectively managed and provides assurances as to the work undertaken and on-going in relation to the implementation of LGR and the transfer of all functions to Cumberland Council and Westmorland and Furness Council.
- A review of the 2021/2022 Statement of Assurance in respect of Cumbria Fire and Rescue Service, which is the latest Statement, approved in November 2022. No significant governance issues were identified, and the Statement concluded that the Fire and Rescue Services is working effectively and efficiently and has demonstrated its ability to work with partners and to show strategic leadership in dealing with the pandemic.
- The Council's arrangements with its controlled company, Cumbria County Holdings Limited, and its subsidiaries, which are kept under review by the Section 151 Officer. The governance arrangements including a review of shareholder reserved matters and agreement of a new shareholders agreement between the company and the two new unitary authorities have been considered as part of LGR.
- His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independent assessment and report on the effectiveness and efficiency of the Cumbria fire & rescue service which was published on 20 January 2023. The outcome of this assessment and report is discussed in more detail below.
- Ofsted's and the CQC Joint Local Area SEND inspection report which was published on 1 February 2023. An inspection report letter published in 2019 following a previous inspection had identified areas of significant weakness. There was a joint inspection in December 2022 to review progress against the identified areas of weakness. The report found that significant progress has been made in addressing seven of the significant weaknesses identified in the original report but there are two areas which still need further work; a lack of trust and faith in the local area's work from too many parents and carers – which was recognised as having made progress but will take more time to be

restored, and weaknesses in the approach to supporting the emotional health and wellbeing of children and young people with SEND.

An Accelerated Progress Plan to cover those key areas has been developed and submitted to the Department for Education who will continue to support the two new local authorities and the wider SEND partnership to implement in 23/24.

- Ofsted's Children's Services inspection report which was published on 15 November 2022. This rated the service as good in relation to the experiences and progress of children in care and care leavers and requires improvement to be good in other areas with an overall rating of required improvement to be good. The report recognises the work that has been undertaken to strengthen the impact of relationship with key partners, the better application of thresholds between early help and children's social care, that disabled children in need of help and protection now benefit from effective support and that the majority of children in care and care leavers live in good-quality, stable placements that meet their needs. The report also recognises the impact of Covid 19 and local government reorganisation but identified that the pace of service improvement in some areas has been too slow. A post inspection action plan has been developed and submitted to Ofsted which sets out actions to address the priority areas. This will be transferred to the new unitary authorities and adopted by both Children's services post 1 April 2023.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses and reports on the effectiveness and efficiency of police forces and fire & rescue services. In the summer of 2022 Cumbria Fire and Rescue Service (CFRS) were part of the latest round of Inspections. Judged against the criteria of Effectiveness, Efficiency and People, the Service received two ratings of requires improvement for Effectiveness and People, and one of Inadequate for Efficiency.

The inspection took place during a period of uncertainty for CFRS. At that time Cumbria was going through a period of local government reorganisation (LGR).

As a direct result of LGR, CFRS were unable to provide HMICFRS with the reassurance they required about the future financing of the Service. This led to HMICFRS raising the first of two Causes of Concern. HMICFRS have stated that they will revisit the Service in March and this Cause for Concern will be lifted if that reassurance about future funding can be provided.

The second Cause for Concern was in regard to the provision of risk critical training. CFRS has worked to resolve this Cause of Concern since it first became aware, and is confident that in the March reinspection it will also be lifted.

Within the report are several areas for Improvement identified by HMICFRS. An action plan has been developed, led by the Assistant Chief Fire Officer, that will be monitored regularly to ensure they are all addressed.

In April 2023, CFRS moved under the governance of the CPFCC, who will be ultimately responsible for the successful delivery of the Action Plan.

As set out in last years AGS, the effective management of child deaths and any subsequent reviews is a critical part of an Upper Tier or Unitary authority's statutory responsibility, and we are joint lead agency for the Cumbria Safeguarding Partnership together with NHS and Police. This joint arrangement is set out in statutory guidance nationally.

In January 2021 there was a very tragic death of a one year old boy, Leiland James Corkhill, who was placed for adoption with a family in Barrow. Within a few days the adoptive mother was arrested and subsequently charged with murder. As a Council we referred the death to both Ofsted and the Cumbria Safeguarding Partnership and together with Police and NHS partners we agreed the commissioning of an independent Safeguarding Practice Review (SPR) which has recently replaced the Serious Case Review (SCR) process in national guidelines for review of serious child deaths or harm.

This review was completed, and recommended actions implemented by all partners, both County Council Children's services, Morecambe Bay CCG and GP practices in the county. The review was endorsed by the National Safeguarding Panel and then published locally on 28th July 2022. The County Council has implemented the recommendations as set out in the review and has ensured with the safeguarding children's partnership that recommendations for the NHS partners have also been implemented.

5. IMPACTS OF LOCAL GOVERNMENT REORGANISATION IN CUMBRIA ON GOVERNANCE

The Cumbria (Structural Changes) Order 2022 which came into force on 18 March 2022 provided for the creation of two new unitary authorities for Cumbria, Cumberland Council and Westmorland and Furness Council and for the abolition of the existing local government areas and councils including the County Council from 1 April 2023. The Police, Force and Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022 provides for the creation of the Cumbria Commissioner Fire and Rescue Authority (CCFRA) and for Cumbria's Police and Crime Commissioner, Peter McCall, to take on governance responsibility for that new authority from 1 April 2023. Local government reorganisation within Cumbria and the transfer of the governance responsibility for the fire and rescue service has had a significant impact on the governance arrangements of the Council during 2022/23 as the Council prepared for the transfer of all functions to the three new authorities from 1 April 2023.

On 10 May 2022 the Secretary of State for the Department of Levelling Up, Housing and Communities issued a direction under section 24 of the Local Government and Public Involvement in Health Act 2007 which requires the Council to seek the consent of the executives of the two new shadow authorities before disposing of any land or entering into any new contracts above a certain threshold level on or after 30 June. The shadow authorities both issued general consents which provide consent to most contracts the Council entered into in the ordinary course of business which allowed

business as usual to continue. The Council has however worked closely with the two new unitary authorities and the Police and Crime Commissioner to plan for the transfer of the functions to the new authorities and ensure they are consulted on decisions which will impact on them after 1 April 2023.

6. FINANCIAL MANAGEMENT CODE

With local authorities across the UK facing the challenges of reduced funding and increased demand for services, the need for robust financial management has never been more important. CIPFA has developed the Financial Management Code (FM Code), which sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should seek to achieve. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out.

2022/23 is the second year in which compliance with the FM Code is to be demonstrated. An assessment has been undertaken and no significant areas of departure from the FM Code were identified. A report to summarise this position will be presented to the Finance Directorate Management Team.

7. SIGNIFICANT GOVERNANCE ISSUES

A governance issue arises when something has gone wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk.

Whilst determining the significance of an issue will always contain an element of judgement, an issue is likely to be significant if one or more of the following criteria applies:

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved;
- It has required a significant diversion of resources;
- It has had a material impact on the accounts;
- It has been identified by the Audit and Assurance Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer;
- It has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

The above definition and criteria were adopted by the Corporate Governance Group in March 2015. These criteria have been applied to help the Council assess its governance issues in 2022/23. Reference has also been made to the CIPFA Advisory Note: Understanding the challenge to local authority governance as part of this review.

No significant governance issues have been identified.

8. CONCLUSION

We have been advised on the implications of the result of the review of the effectiveness of the County Council's corporate governance by the Audit and Assurance Committee of the County Council on 9 March 2023 before the dissolution of the Council. We are satisfied that the Council's corporate governance arrangements in place during 2022/23 were fit for purpose in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2016.

We recognise how critical an effective and robust governance framework was ensuring that the County Council could meet all challenges and opportunities which arose and also to ensure that it cooperated effectively with Cumberland Council, Westmorland and Furness Council, the CPFCC and the 6 district authorities to prepare for and efficient and timely transfer of functions, property, rights and liabilities to the two new unitary authorities and the CCFRA from 1 April 2023. We also recognise how important an effective and robust governance framework was in ensuring Cumberland Council and Westmorland and Furness Council can continue to meet challenges and opportunities.

Although Cumbria County Council ceased to exist on 1 April 2023 the importance of maintaining effective governance structures particularly in times of change, and in learning from governance failures that have been identified in statutory and non-statutory reviews and public interest reports into other authorities is recognised as critical. The knowledge gained from this review of governance in the County Council for the purposes of preparing this statement has been and will continue to be used to input into the development of the governance structures for the two new unitary authorities.

Signed by

Sam Plum

Jonathan Brook

**Chief Executive
Westmorland and Furness Council
(as successor to Cumbria County
Council)**

**Leader
Westmorland and Furness Council
(as successor to Cumbria County
Council)**