

Havering Annual Governance Statement 2019/20

ANNUAL GOVERNANCE STATEMENT 2019/20

This statement, from the Leader and Chief Executive, provides reasonable assurance to all stakeholders, that within the London Borough of Havering, processes and systems have been established which ensure that decisions are properly made and scrutinised, and that public money is being spent economically and effectively to ensure maximum benefit to everyone who is served by the Borough.

The Annual Governance Statement is co-ordinated within the Assurance Service and the production and progress of the statement is monitored by the officer Governance and Assurance Board.

Scope of responsibility

The London Borough of Havering is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The London Borough of Havering 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 London Borough of Havering 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.

The London Borough of Havering is committed to operating in a manner which is consistent with the seven principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 Edition. This statement outlines how the London Borough of Havering has complied with these principles and also meets the requirements of regulations 6(1) (a) and (b) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority 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 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 assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the London Borough of Havering'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 governance framework, available on the Havering website and provided in the link below, has been in place at the London Borough of Havering for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

https://www.havering.gov.uk/downloads/file/3000/code_of_governance

Review of governance effectiveness

Outlined below are the arrangements in place to review the effectiveness of the governance framework and the sources of information and assurance on which this statement is based.

Constitution

The Monitoring Officer keeps the Constitution under continual review, having delegated powers to make amendments arising from organisational changes and legal requirements and to correct errors. Other amendments are recommended by the Governance Committee for decision by Full Council. Specifically, in 2019/20 the following areas of the Constitution have been or remain under review: the Council Procedure Rules; Call-in provisions; the Protocol on Member/Officer Relations; the Council's Budget and Policy Framework Rules; the Code of Conduct for Members; Staff Employment Procedure Rules; Contract Procedure Rules; Financial Regulations and officer delegations.

Governance and Assurance Board

The London Borough of Havering has an established officer Governance and Assurance Board, that meets at least every six weeks, with standing membership including:

- Chief Finance Officer / Section 151 officer
- Deputy Director Legal and Governance (Monitoring Officer)
- Head of Assurance
- Deputy 151 Officer
- Director of Human Resources and Organisational Development (oneSource)
- Director of Technical Services
- Assistant Director Transformation
- Head of Procurement
- Head of Programme Management Office
- Head of Joint Commissioning Unit

The terms of reference for the Board (reviewed annually) provide the option to extend membership to meet demands and will regularly invite additional key officers to attend, to address or report on existing and/or emerging governance issues. This Board is charged with monitoring and reviewing the effectiveness of the governance arrangements throughout the year, overseeing the production of the Annual Governance Statement, monitoring progress against significant issues raised as part of this and reviewing arrangements for Risk Management.

The Board reviews the AGS significant issues as a standing item at each meeting and provides an update to Audit Committee on the progress of these issues at least once during the year. Emerging governance issues are also considered during the regular review of governance arrangements that takes place at each meeting.

Senior Leadership Team (SLT)

The Senior Leadership Team (SLT) consists of the Chief Executive, six Directors with responsibility for Housing, Regeneration, Neighbourhoods, Children's Services, Adult Services & Health and Public Health plus the Chief Operating Officer which incorporates the role of Chief Finance Officer (s151 officer).

In addition, the Executive Director of oneSource is responsible for the delivery of the shared services between the Council with the London Borough of Newham and London Borough of Bexley. oneSource has seven portfolio Directors who are also members of the Corporate Leadership Team for the Council and have a dual role across Havering, Newham and in some cases Bexley.

Governance Committee

The Council's Governance Committee, attended by the Leader of the Council and other Group Leaders, is charged with overseeing the organisation's governance arrangements including the review of the Constitution and the Code of Conduct for Members.

Audit Committee

The Audit Committee is responsible for monitoring the adequacy and effectiveness of internal audit, the risk management environment, fraud and corruption arrangements and the provision of the external audit service. They receive regular reports in line with this remit and agree the annual audit plan, draft Annual Governance Statement and revisions to related policies. This monitoring is integral in the process to compile a robust Annual Governance Statement, which is approved by the Audit Committee. Significant governance issues are escalated to the Governance Committee by the Chair of the Audit Committee as required. Approval of the annual Statement of Accounts also falls under the remit of the Audit Committee.

Adjudication and Review Committee

The Adjudication and Review Committee is made up of ten Councillors. The committee provides Members for panels to consider complaints against councillors and also to make up 'Member review' panels (which is the default panel for considering complaints made by members of the public at Stage Three of the Corporate Complaints procedure through a paper exercise). Should a Member Review Panel consider that a complaint warranted a formal hearing it would adjourn and reconvene to hear the matter with the parties present. The Adjudication and Review Committee is also responsible for overseeing and confirming the appointment of 'Independent Persons' and the Independent School Appeal panels which are convened to review permanent pupil exclusions.

Overview and Scrutiny

The Overview and Scrutiny function reviews and challenges decisions made by the Executive and other bodies, e.g. National Health Service organisations and the Police to assist in the development of policy.

An overarching Board undertakes all call-in functions and acts as a vehicle by which the effectiveness of scrutiny is monitored and where work undertaken by themed sub-committees is co-ordinated to avoid duplication and to ensure that areas of priority are being pursued.

The Overview and Scrutiny Board and its sub-committees have the opportunity to consider performance information within their area of responsibility using monthly Members packs and other relevant performance data.

Each year Overview and Scrutiny is tasked with identifying areas of the Council's work that it wishes to consider in detail, for which purpose task groups comprised of members of the Board and its sub-committees are set up to research the issue with the assistance of officers and sometimes external bodies and report their findings and recommendations.

Local Pension Board

The role of the Local Pension Board is to assist Havering as the Administering Authority to ensure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS.

This established Board holds quarterly meetings and an annual general meeting. Matters that are discussed at the meeting are shared with the Pensions Committee through the sharing of minutes and submission of an annual report.

The Pension Fund's Governance Compliance statement also incorporates the Local Pension Board which reports the extent of compliance against a set of principles.

Internal Audit (Assurance Services)

Internal Audit is an independent assurance function that measures, evaluates and reports upon the effectiveness of the controls in place to manage risk. In doing so Internal Audit supports the Chief Finance Officer in their statutory role as Section 151 Officer. Annually the Head of Internal Audit Opinion and annual report provides assurance to officers and Members regarding the system of internal control; this assurance has also been considered in the production of this statement.

From the work undertaken during the 2019/20 year, reasonable assurance can be provided that there is generally a sound system of internal control across the Council. However, our work has highlighted certain areas where reasonable assurance could not be provided on the control environment, most significantly:

- Financial control areas such as payroll and purchase cards;
- Controls over private sector leasing arrangements; and,
- Procurement, specifically a lack of contracts in place for a number of suppliers.

It should be noted that it has been judged that the above issues do not affect the opinion on the overall control environment, due to the actions of senior management in response to these and the

improvement plans already in place during the course of 2019/20. Internal audit have scheduled significant work to follow up these areas of control weakness during 2020/21.

Risk Management

The strategic risks to the achievement of the Authority's objectives are captured within a corporate risk register which is overseen by the Governance and Assurance Board and progress reported to the Audit Committee. Significant work has been underway during 2019/20 to review the risks facing the Council. The Governance and Assurance Board has overseen this process to ensure that the corporate risk register reflects the risks facing the Council.

It should be noted that the number of risks the Council is facing have increased, and in some cases escalated as a result of Covid19. The Corporate Risk Register has been reviewed and approved by SLT via the Silver/Bronze groups established to manage the CV19 response.

The risk management strategy and supporting policies are reviewed regularly to ensure they remain relevant to the Council's systems and procedures, and will be approved by the Audit Committee biannually.

External Inspectors

The Council is subject to review and appraisal by a number of external bodies including Ofsted and CQC, among others; results of such reviews are considered within the performance management framework. The work of the Council's External Auditor, currently Ernst and Young (EY) is reported to the Audit Committee. The Committee received a copy of the Audit Letter issued by Ernst & Young following completion of the 2018/19 audit. They issued unqualified opinions on the Council's and Pension Fund's financial statements along with the unqualified assessment of the Council's value for money. The Audit Results Report was issued on 7th November 2019 and the certificate of completion had been issued on 3rd December 2019.

Information Commissioner's Office

The Council must comply with the General Data Protection Regulation 2016 and Data Protection Act 2018. The Information Commissioner's Office (ICO) has taken no enforcement action for non-compliance. No fines were imposed because of weak controls. We continue to improve and learn lessons from mistakes to protect the data that we use.

Local Ombudsman

The Council comes within the jurisdiction of the Local Government and Social Care Ombudsman. In 2019/20, the Ombudsman found 13 cases of maladministration against the Council. Two cases were "maladministration & injustice without penalty" and eight cases were "maladministration & injustice with penalty". There was a further three determinations of maladministration with no injustice.

LGA Corporate Challenge Peer Review

Havering had its LGA Corporate Peer Challenge Review in February 2019. The review considered the standard five areas: our understanding of our locality, our leadership, governance, financial planning and capacity to deliver this and additionally the following three areas requested by Havering:

1. In view of the demographic make-up of the Borough and the challenges of the local healthcare system, Havering's approach to delivering improvements in Adult Social Care in the Borough.
2. In relation to capacity to deliver, which is one of the five key themes, a particular focus on how Havering will ensure that it maintains the corporate capacity and resilience to continue on behalf of its residents across a range of services in the face of further funding cuts.
3. In respect of our significant regeneration and housing ambition do our priorities look like what you would expect?

The Peer Team considered the Council's self-assessment, setting out where we are, where we are going, what we have done so far and our plans to deliver our priorities. The review came at a time when the senior political leadership had recently changed (May 2018), and provided an ideal opportunity for the Council to take stock and subject itself to review from within the local government sector, undertaken by Peers who are experiencing similar financial and demographic pressures. The review provided an independent review of the Council's future arrangements, expressed in the 2019/20 Corporate Plan, that set out the new Administration's big priorities and was agreed at Full Council on the 27th February 2019 alongside the MTFS.

The review made eleven key improvement recommendations, these together with an associated high level action plan, owned by the Senior Leadership Team were agreed by Cabinet in July 2019 and reviewed by the September Overview and Scrutiny Board. These were intended to be reported on a six-monthly basis through the Member Theme Board route and then the Overview & Scrutiny Board. The Council's response to Covid-19, resulted in the cancellation of the March 2020 Overview and Scrutiny Board Meeting. Furthermore, this will have an impact on the progress against the recommendations which will be considered in due course.

Impact of COVID-19

The pandemic impacted on governance across the Council during March 2020 and into 2020/21. Broadly, this included:

- Impact on business as usual delivery of services;
- New areas of activity implemented as part of the national response (including the implementation of new policy/procedure);
- Provision of emergency assistance;
- Funding and logistical consequences of delivering the local government response;
- Changes to Council meetings and decision making arrangements;
- New collaborative arrangements;
- Funding and cash flow challenges;
- Assessment of the longer term disruption and consequences arising from the pandemic eg. existing projects and programmes put on hold;
- New priorities and objectives introduced; and
- New risks identified/existing risks escalated.

As a result the decision was made in April 2020 to include an additional significant governance issue to provide an action plan to review lessons learned from our response.

Progress of significant governance issues raised in the 2018/19 AGS

The issues identified in the 2018/19 Annual Governance Statement have been monitored by management and the Governance and Assurance Board throughout the year with review periodically to challenge actions and progress by both the Senior Leadership Team and the Audit Committee. Whilst progress has been made in each of the areas identified during 2019/20, all of the issues were considered to have remained significant enough to be carried forward into the action plan for 2020/21.

Significant governance issues 2019/20 (to be addressed in 2020/21)

<p>1. Delivery of a balanced budget: The Council was able to set a balance budget for the 2019/20 financial year. As set out in the report to Council there continues to be pressure over the medium term to the Council due to increased service demand and demographic pressures while available resources are reducing. As outlined in the budget setting report for 20/21 approved in February 2020, uncertainty around many aspects of the future funding model for Local Government remains a challenge in the medium term. However over and above all this sits the COVID19 pandemic and the emergency response which was initiated nationally in March 2020. This has brought an unprecedented challenge to local government generally and requires a reconsideration of the MTFS that was agreed and the corporate approach to recovery.</p>
<p>Actions taken during 2019/20</p> <ul style="list-style-type: none"> • Monthly reports provided to the Senior Leadership Team outlining anticipated outturn for the financial year, assisting in the identification of medium term financial pressures and opportunities. • Regular update of the Medium Term Financial Strategy and overarching financial position provided to Cabinet throughout the year. • Continued delivery of the transformation and modernisation programme with theme board focus on core business and transformation delivery. Transition to Oracle Fusion has been an ongoing project during 2019/20 and will continue into 2020/21.
<p>Planned actions for 2020/21</p> <ul style="list-style-type: none"> • Detailed monitoring of the impact of the COVID19 pandemic on the financial standing of the organisation and the MTFS, and compliance with the MHCLG reporting requirements on expenditure, loss of income and impact on savings proposals. • Close monitoring of the revenue and capital plans and scrutiny of the balances and reserves of the council, including the potential impact on the collection fund • Regular reporting to Cabinet and Overview and Scrutiny Board on the COVID19 response and the sustainability of the MTFS taking in to account the impact on the base assumptions. • Delivery of the corporate recovery programme which contains the main strands of the Council's approach to successful recovery to the new normal.
<p>Lead Officer</p>
<p>Jane West, Chief Operating Officer</p>

2. Embedding the Governance Culture and Framework within the organisation: Further work needs to be undertaken to develop a comprehensive, auditable and objective assurance process to give reassurance that the Governance framework is understood and embedded within the organisation. Particular emphasis should be given to ensuring that any change in the governance framework is known and addressed and that new personnel are equipped with the correct knowledge and understanding.

Actions taken during 2019/20

- Risk management work incorporated into audit plan and allocation for emerging risk as required.
- Internal Audit review of Governance and Decision Making during 2019/20 provided input into areas of weakness and concern under review by relevant service areas.
- Highlighting of key governance changes.
- The induction process was reviewed in 2019. Managers are responsible for the local induction of their staff; all new starters should attend a half-day Corporate Welcome event and are required to complete a range of e-learning courses.
- Development of co-ordinated and monitored training programme. The introduction of the Transformation Programme and development of the People and Organisational Transformation Strategy has meant that we are looking at this from a broader perspective and activity is being aligned to support this. However, in the meantime, the L&OD team have:
 - continued to deliver, coordinate and monitor a range of workshop-style / e-learning courses
 - provided leadership development using the apprenticeship levy funds
 - delivered a range of virtual courses; evaluation and need will help to determine future delivery
 - facilitated a number of virtual peer-to-peer learning conversations for managers
 - changed e-learning provider which will allow us to provide more detailed reports and monitor completion, this is due to go live with Fusion in the Autumn.

Planned actions for 2020/21

- Governance and decision making as a rolling programme of work in the Audit Plan.
- Further development is underway to induct new staff 'virtually':
 - a programme to deliver a series of virtual corporate welcome events. Delivering virtually will enable events tailored to managers and to colleagues with no management responsibility. The half-day welcome event will be broken down into a number of webinars and Q&A sessions. Managers will be invited to attend manager-only sessions which will cover topics including, roles and responsibilities of the manager and HR policies and procedures.
 - co-ordination of the induction process, including the e-learning element, will be managed within Fusion when it goes live in the Autumn 2020.
 - the essential role of the manager in the local induction process will be reemphasised when the new on-line induction process is implemented.
- Development of co-ordinated and monitored training programme. To continue to align activity to support this:
 - continue work to develop a matrix that presents a range of courses/learning activities that colleagues should complete, this will be tailored according to roles, activities and responsibilities
 - continue work with the Fusion team and learning sponsors to establish renewal/repeat dates for e-learning. This will be implemented when Fusion goes live and will provide us with the facility to monitor and prompt when renewals/repeats are due.

Lead Officer

Jane West, Chief Operating Officer

3. EU Exit; Preparations and Impact

Actions taken during 2019/20

- Established a Corporate EU Exit Group, reporting weekly to SLT
- Active participation in Borough, London and National related groups, e.g. London Resilience
- Completion of the London Resilience Risk Register for Havering
- Review of Borough Emergency Plan and arrangements against National standards
- Training of Local Authority GOLD Officers
- Updated BCPs
- Testing of Borough Emergency Plan
- Attendance at national events
- Implemented weekly PI monitoring
- Weekly returns to London Councils made
- Weekly telephone conference with London Resilience/London Council Groups
- Sign-posting of National Guidance (Community and Staff)

Planned actions for 2020/21

- As above plus:
 - Monitor and consider the implications of the negotiations for Havering.
 - Maintain the prospect of a “no deal” outcome of the negotiations on the Corporate risk register.
 - Horizon Scan the potential risks and review preparations being taken by other Boroughs using service contacts.
 - Continue to review key Risk Mitigations
 - Support for LAC EU settlement status
 - Continue to review actions at the EU exit group and require Departments to review their readiness for any eventuality.

Lead Officer

Jane West, Chief Operating Officer

4. COVID-19: As at the date of publication of the Annual Governance Statement, the Council had not had sufficient opportunity to fully reflect on our response to the pandemic, the impact on our governance arrangements and the success of our business continuity / emergency plans and how effectively these were implemented.

Actions taken during 2019/20

- Carried out Exercise Contagion, to test and exercise the Multi-agency Pandemic Plan, produced a Post Exercise Report and updated the Pandemic Plan with the lessons learned.
- Implemented the Havering Multi-agency Pandemic Plan
- Managed the response in accordance with the Major Emergency Plan and Strategic Coordination Group direction.
- Minimised the impact on, and provide support to, the community and businesses
- Maintained and restored essential services, working to the Corporate Business Continuity Plan.
- Provided information to the community and businesses to aid self-help, working to Central Government guidance
- Protected the health, safety and welfare of staff, including reducing risk to staff by maximising working from home.
- Relieved suffering and provided humanitarian assistance through a range of initiatives including setting up the COVID line, food, medicine and PPE distribution and mobilising Voluntary and Community Sector support.

Planned actions for 2020/21

- Facilitating recovery and the return to the new normality through a Council and Service Recovery Plans
- Overseeing Outbreak Management Plans including monitoring Track and Trace.
- To take an evidence-based and proactive approach in identifying any action(s) necessary to highlight or reduce specific risks of the impact of coronavirus faced by any group, community or individual likely to be disproportionately affected.
- To support Care Home and Home Care Resilience

Lead Officer

Jane West, Chief Operating Officer

5. Cyber Security: Chief Information Officer (CIO) has raised concerns about the increased likelihood of Cyber security breaches given the almost exclusive focus of public sector organisations on COVID-19 response.
Actions taken during 2019/20
<ul style="list-style-type: none"> • Raised awareness concerning cyber security. • All staff trained in the General Data Protection Regulation (GDPR). • Develop tools to help identify vulnerabilities. • Obtained funding for the development of cyber security online training.
Planned actions for 2020/21
<ul style="list-style-type: none"> • Monitor and consider cyber security implications. • Develop our response to cyber security attacks. • Raise awareness and train staff in cyber security. • Refresher training for all staff in the General Data Protection Regulation (GDPR). • Prepare monthly reports for the Senior Leadership Team. • Test and rehearse our response to cyber security attacks. • Review and update our Disaster Recovery plan. • Review and update our governance and policies
Lead Officer
Ian Gibbs, Head of IT Governance and Security

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

Conclusion

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year. We did not find any matters that needed addressing during our review other than those that were previously identified and on which action has been taken to address.

Signed:

Leader of the Council



Date 29.06.2020

Chief Executive



Date 29.06.2020