Appendix 1

ANNUAL GOVERNANCE STATEMENT

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 explains 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.

*Chartered Institute of Public Finance Accountancy

The governance framework (detailed in Appendix 1 to this statement) has been in place at the London Borough of Havering for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

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. A further, more detailed, description of our governance framework is included in Appendix 1 to this statement.

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.

Governance and Assurance Board

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

- Chief Finance Officer / Section 151 officer
- Deputy Director Legal and Governance
- Head of Assurance
- Director of Finance (oneSource)
- Director of Human Resources and Organisational Development (oneSource)
- Director of Technology and Innovation (oneSource)

The terms of reference for the Board provide the option to extend membership to meet demands. This Board is charged with reviewing the governance arrangements, 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 group 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.

Senior Leadership Team (SLT)

The Senior Leadership Team (SLT) consists of the Chief Executive and four Directors with responsibility for Neighbourhoods, Children's Services, Adult Services & Health and Public Health (role shared with the Care Commissioning Group (CCG and Hospital Trust). The Chief Operating Officer incorporating the role of Chief Finance Officer (s151 officer) was shared between two interim Directors during 2017/18.

The Managing Director of oneSource has recently been appointed on a secondment basis as the Chief Operating Officer for Havering (including the Chief Finance Officer (s151 officer) role).

An interim Chief Executive Director of oneSource has been appointed for an initial six month period. The Chief Executive 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 and is charged with overseeing the organisation's governance arrangements including 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.

The governance of Overview & Scrutiny is currently under review, with a decision on arrangements likely in late 2018.

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.

The Board has been established since 2015 and 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 2017/18 year, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the organisations objectives and that controls are generally applied consistently. The level of assurance, therefore, remains at a level consistent with the assurance provided in 2016/17.

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 reported to Audit Committee during 2017/18. The Corporate Risk Register was last reviewed and approved by SLT in February 2018.

The risk management strategy and supporting policies are currently being reviewed to ensure they are sufficient to support the objectives of the Council. External, independent support has been utilised to review these processes

External Inspectors

The Council is subject to review and appraisal by a number of external bodies; results of such reviews are considered within the performance management framework. The work of the Council's External Auditor, currently Ernst and Young (E&Y) is reported to the Audit Committee. The Committee received a copy of the Audit Letter issued by Ernst & Young following completion of the 2016/17 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 30 September 2017 and the certificate of completion had been issued on 27 October 2017.

Information Commissioner's Office

The Council must comply with the Data Protection Act 1998. The Information Commissioner's Office (ICO) found one case of a data breach against the Council during 2017/18. No fines were imposed because of the controls implemented once issues were identified and remedial action taken.

Progress of significant governance issues raised in the 2016/17 AGS

The issues identified in the 2016/17 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.

1. Scheme of Delegation: A review of the Scheme of Delegation was identified following the amendments to include oneSource.

Progress during 2017/18:
The LB Havering delegation structure, process and arrangements have been in place for some time and in light of the changes brought about by oneSource delegations it was considered that they be reviewed. Various changes were made updating the delegations and reallocating the functions between directorates following management and departmental restructures. These were finalised in consultation with Directors and published on the Council's website in August 2017 where they are accessible by officers. The planning decision making function has also been reviewed and amended including the officer delegations and those changes were approved by Full Council in March 2018

Recent changes to management and departments have resulted in further changes being required, and any subsequent in year changes will also need to be reflected in the Constitution. This continual process of change requiring update is 'business as usual' and is delegated to the Monitoring Officer. The financial delegations, which includes the division of responsibility between S151 and oneSource, and the finance regulations are under review and some changes may be required to simplify or reallocate responsibilities or powers and this will be undertaken in 2018/19. The Governance & Assurance Board consider that sufficient action has taken place, in year, to close this significant issue.

2. Commissioning and Contracts: During the 2016/17 financial year there were instances identified where officers hadn't complied with the Contract Standing Orders.

Progress during 2017/18:
Officers have taken a number of actions to ensure that officers are compliant with the contract standing orders and as a result have deemed to close this issue. In 2018/19 it is intended that the policy will be reviewed as part of a wider review of the Council's financial regulations and scheme of delegation.

During the financial year the Council's main financial management system, Oracle, was enhanced to include the procurement thresholds of £25k, £164k (previous EU threshold) and £181k (new EU threshold) to ensure that where supplier expenditure exceeded these levels that the Council's internal processes and where necessary EU processes had been followed. The Procurement team are monitoring compliance and reporting non compliance to the Senior Leadership Team on a monthly basis with the internal audit service supporting Procurement in a programme of continuous review. The Joint Commissioning Unit to service Adult Social Services, Children's Services, Housing, Public Health and Learning & Achievement was developed and bought together to provide efficiencies to the Council and ensure a more robust commissioning to procurement relationship and subsequently contract management and compliance. The Council's internal audit function completed a review in this area as part of the 2017/18 work which gave a substantial level of assurance to their financial record/procurement.

To ensure wider compliance the Checkpoint process was strengthened to ensure compliance and where necessary the Head of Procurement has reported directly to the Senior Leadership Team and wider management key issues. The Governance & Assurance Board consider that sufficient action has taken place, in year, to close this significant issue.

3. Mercury Land Holdings (MLH): It has been identified that a review of the governance arrangements in relation to MLH is required as the business moves forward. Mercury Land Holdings is a newly established company and as that company develops it is advisable to review and update the governance arrangements to ensure they are efficient and robust.

Progress during 2017/18:
Reports about Mercury Land Holdings were considered by Cabinet in November 2017 and January 2018. These further provided for increased MLH Board membership to enable the company to give effect to its business plan, and put in place measures to ensure separation of functions and responsibilities. These recommendations have been given effect with new appointments being made whose roles are separate from the council. The Council has put in place an internal Board to monitor its company and joint venture interests. The Governance & Assurance Board consider that sufficient action has taken place, in year, to close this significant issue.

4. Projects and Programme Management: The Council has a significant number of large scale and complex projects and programmes to deliver over the medium term and needs to ensure it can deliver these with appropriate governance arrangements. It is important that the Council reviews its arrangements and capacity to manage the high number of projects and programmes to meet the agreed and desired outcomes.

Progress during 2017/18:
The Council reviewed its arrangements for managing projects and programmes during 2017 and established a Corporate Project Management Office (PMO). The PMO was initially established as a pilot in June 2017 to run until September 2018. The council intends to reorganise the Chief Operating Officer's department over the summer of 2018 in order to mainstream the role of the PMO into the core funding of the department.
The Council has also implemented programme management software which provides visibility of key projects and programmes from across the Council. Dashboards have been developed that allow high impact programmes to be highlighted for review at LBH Directorate level and then at Senior Management level at the Transformation Management Board (TMB). The dashboards highlight the RAG status for a number of aspects of each project e.g. timescales, resources, milestone delivery.
Resource and governance responsibility for projects and programmes rests with the relevant Senior Responsible Officers. SLT received SRO training in 2017 and Directors understand their responsibilities.
Capacity to deliver the wide range of activity determined by the MTFS and strategic priorities is under constant review by SLT and new business cases for launch of projects and programmes have to include costed resource plans.
The new Regeneration Joint Venture schemes at Bridge Close, Rainham and the Twelve Estates have only recently been fully established on the programme management software. These schemes will be audited during 2018/19 to ensure best practice governance is in place. The Governance & Assurance Board consider that sufficient action has taken place, in year, to close this significant issue.

5. Information Technology and Information Governance: The Council urgently replaced a large element of its core information and technology infrastructure in 2016. ICT undertook a review of the infrastructure in 2017 and submitted a bid to Cabinet for funding to carry out some urgent projects to improve infrastructure. The Cabinet approved funding for these urgent requirements. In addition, the new GDPR changes will come into effect in May 2018 and the organisation will need to respond, requiring a detailed focus on the information security and information governance.

Progress made in 2017/2018:
The Council completed the urgent infrastructure projects and now have a Technology Roadmap setting out the journey to modernise ICT infrastructure and Services.
Additional resources were focused to improve support for the Council's two critical systems; CRM (Customer Relationship Management) and Data Warehouse.
The preparations for GDPR started early in 2017 and the Council has completed all necessary mandatory actions in order to be compliant with the new GDPR. The Council's

Head of Information Governance and Security led on the GDPR project. The first task was to review processes for any changes required under GDPR.   This task highlighted a number of policies that required amendments or a complete change.   This has been completed in line with the new GDPR requirements. The other part was the training and awareness of the changes in law for all staff.   The Council took different approach to training and in addition to online training, face-to-face workshops were arranged for nearly all Council staff. The ICT service also attended and provided regular updates at SLT and other management meetings throughout the year. The workshops were very successful are key in ensuring that the users understand the need to protect the data.

Further work required for the GDPR in relation to review of the information flow will continue post GDPR implementation and go live on 25 May. The Governance & Assurance Board consider that sufficient action has taken place, in year, to close this significant issue.

Significant governance issues 2017/18 (to be addressed in 2018/19)

1. Corporate Project Management Office (PMO) and Economic Development Programme: A 'one Council' approach is not yet in place and the governance framework around the Corporate PMO has been identified as needing strengthening.
Actions taken during 2017/18
- Corporate Project Management Office (PMO) has been in place since June 2017.   - Implementation of Council's programme management software (Execview) which provides visibility of key projects and programmes that are reviewed at LBH Directorate level and then at Senior Management level at the Transformation Management Board (TMB).   - Issues around red ragged projects and programmes are discussed at the TMB.   - SLT has determined and regularly reviews the projects and programmes they have uplifted into the programme dashboard so that leadership focus is directed at high impact programmes.   - Resource and governance responsibility rests with the relevant SROs. SLT received SRO training in 2017 and understands their responsibilities.   - Capacity to deliver the wide range of activity determined by the MTFP and strategic priorities is under constant review by SLT and new business cases for launch of projects and programmes has to include costed resource plans.   - Internal Audit review undertaken in 2017/18.
Planned actions for 2018/19
Planned audit work built into 2018/19 Internal Audit plan
Lead Officer
Jane West, Chief Operating Officer

2. Financial Regulations: During the course of the year, inconsistencies between the financial regulations, scheme of delegation and wider constitution were identified. This particularly related to the write off of bad debts and who had approval to authorise these.

Actions taken during 2017/18

- The constitution was updated by the Legal Services team which clarified the roles and responsibilities at a portfolio level.
- The authorisation of the write off of debts and approval of income and expenditure was clarified based on the current financial regulations.
- It was confirmed that the financial regulations and scheme of delegation needed to be updated in 2018/19 to ensure they were more streamlined and easier for Officers to navigate.

Planned actions for 2018/19

- The financial regulations and associated scheme of delegation will be reviewed and amendments identified and pursued through full Council.

Lead Officer

Paul Thorogood, Director of Finance (oneSource)

3. Delivery of a balanced budget: The Council was able to set a balance budget for the 2018/19 financial year. As set out in the report to Council there continues to be continued pressures over the medium term to the Council due to increased service demand and pressures while available resources are reducing. The report specifically highlights pressures for both Children Services and Homelessness services, which amount to £3.304m. The continued financial landscape for the Council isn't set to change over the medium term and will continue to present challenges to the Council in setting a balance budgets for 2019/20 and beyond.

Actions taken during 2017/18

- At the end of 2017/18 the Council was able to achieve a balance budget for 2018/19.
- Service mitigation plans were put in place where services were not able to operate within their delegated budgets and for both Children Services and Homelessness these are in place and being monitored by the Council's senior leadership team.
- The Medium Term Financial Strategy, sets out the Council's financial forecast for the coming five years, aligned to the Corporate Plan, and will continue to monitor the anticipated levels of expenditure and income to the Council and the requirement for officers to identify efficiency opportunities.

Planned actions for 2018/19

- Officers will continue to report to the Senior Leadership Team on a monthly basis from period 2 – 12 the anticipated outturn for the financial year, which will identified medium term financial pressures and opportunities. This will subsequently be reported to Cabinet Members.
- The Medium Term Financial Strategy will continue to be updated and Cabinet will receive in September 2018 its mid year review.
- The Council is embarking on a wider transformation and modernisation programme which will support the delivery of efficiencies whilst improving outcomes to residents and delivering the Council's corporate plan.
- Officers will work with the new administration to ensure that the financial challenge is clearly understood and they work collaboratively to support officers in identifying new opportunities to reduce the financial pressures facing the Council.

Lead Officer

Jane West, Chief Operating Officer

4. Information Governance - GDPR:
Actions taken during 2017/18
• Continuous implementation of GDPR and review of information flow.
Planned actions for 2018/19
• Review all data processes to agree information flow.
Lead Officer
Priya Javeri, Director of Technology & Innovation (oneSource)

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   ....……………………………………

Chief Executive   ………....................……………………………………

Appendix 1

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements are described in more detail below.

Our Vision for the Borough 2017/18 is focused around four cross-cutting priorities; Communities, Places, Opportunities and Connections

- **Communities -** We want to help our residents to make positive lifestyle choices and ensure a good start for every child to reach their full potential. We will support families and communities look after themselves and each other, with a particular emphasis on our most vulnerable residents.

- **Places -** We will work to achieve a clean, safe environment for all. This will be secured through working with residents to improve our award-winning parks and continuing to invest in our housing stock, ensuring decent, safe and high standard properties. Our residents will have access to vibrant culture and leisure facilities, as well as thriving town centres.

- **Opportunities -** We will provide first-class business opportunities by supporting the commercial development of companies within the borough. We will ensure sustainable economic growth that generates local wealth and opportunities, as well as securing investment in high-quality skills and careers.

- **Connections -** We want to capitalise on our location with fast and accessible transport links both to central London and within the borough. Likewise, we will continue to make Havering a digitally-enabled borough that is connected to residents and businesses. Enhancing our connections will strengthen the borough's offer as a Greater London hub for business.

Codes of Conduct

The Council has Employee and Member Codes of Conduct supported by the requirement to make declarations of interest and to declare gifts and hospitality. Interests must be declared by officers above a certain grade or who hold specific decision making and procurement positions. All officers, regardless of their employment status, are required to adhere to the Code of Conduct and to decline gifts and hospitality to ensure that they are not inappropriately influenced. Members are required to register within their declaration of interest any gifts and hospitality accepted. The Codes and related policies and procedures are communicated via induction sessions and are available via the intranet. The Employee Code of Conduct was updated and re-launched in 2014/15 to ensure that there is awareness of all requirements and of responsibilities. The Member Code of Conduct was reviewed by the Governance Committee in August 2017 and amended by Full Council in 2017. The relevant SLT member is tasked with ensuring that appropriate arrangements are in place for declarations and the systems are reviewed periodically by internal audit. This is now available online via the new portal https://newham-dash.achieveservice.com/en.

Corporate Performance Framework

A new Vision, Corporate Plan and set of Corporate Performance Indicators was agreed for 2017/18. The Council's new Vision is broken down into four cross-cutting strategic priorities:

- Communities making Havering

- Places making Havering

- Opportunities making Havering

- Connections making Havering

Underpinning each priority is a set of strategic outcomes and delivery statements that explain how each outcome will be achieved. In readiness for 2018/19, the Council is now making preparations to move towards a new approach to service planning. The Council is moving away from the traditional approach to having 12 individual service plans sitting beneath the Corporate Plan, in favour of developing four cross-cutting plans covering each of the thematic areas of the Corporate Plan. This new approach reflects the increasingly co-dependent nature of public services, which means that many of the Council's strategic priorities and outcomes cannot be achieved by any individual service acting alone.

The new Corporate Performance Indicators offer a more outcomes focused set of measures that gauge the Council's progress in delivering its key transformation plans and strategies. The new set includes both qualitative and quantitative measures as well as key milestones for major transformation programmes. It also includes a number of engagement / perception measures which provide direct feedback from residents and service users regarding their overall wellbeing; how they feel about living in their local area; how satisfied they are with Council services, and the outcomes that these services have helped them to achieve. Performance against the corporate measures is reported to the Senior Leadership Team (SLT) and Cabinet on a quarterly basis.

For this financial year, the Overview and Scrutiny Board and its six sub-committees have also moved away from their traditional approach to performance monitoring, by agreeing their own, more operational set of performance indicators to monitor on a quarterly basis, rather than simply reviewing the relevant sections of the Corporate Performance Report, thus facilitating Member scrutiny of a broader range of measures.

For 2017/18, the Senior Leadership Team decided to remove tolerances from all performance targets, effectively removing the "amber" rating from the previous RAG system. Performance against each indicator is now reported simply either as "red" (off target) or "green" (on target). This focuses attention much more sharply on areas where performance is not at the level desired.

The quarterly review, progress monitoring and change control process introduced in 2016/17 has been enhanced during in 2017/18 by the addition of a quarterly "deep dive", considering a different Council directorate on each occasion, allowing the Administration a regular opportunity to take a more detailed look at performance and challenges, as well as opportunities, in each directorate and the plans in place to address these.

As well as the arrangements described above, individual performance management takes place as part of supervision and the Performance Development Review (PDR) process for each member of staff. Directorate Management Teams and Lead Members receive monthly performance packs analysing the position against the key performance indicators in their respective service areas. Other key boards and partnerships (such as the Safeguarding Boards, Community Safety Partnership, Corporate Parenting Panel and Child Safety Performance Board) also receive regular performance packs specifically tailored to their remits. Regular data quality reports are also produced for services and data cleansing is carried out frequently in respect of key areas such as Adults' and Children's Social Care.

During 2017/18, the Council has introduced Power BI as its new corporate performance tool. This both visualises data better and enables leaders and managers to drill down deeper into the data in order to establish likely reasons for strong or poor performance. So far, a range of dashboards have been created for Children's Services, Learning and Achievement, Adult Services, Community Safety, Enforcement and Health and Safety. Further dashboards are being developed for Environment and Housing services as well as Culture and Customer Access. Corporate performance reporting dashboards are also in development in readiness for the new financial year. During 2018/19, further work will be undertaken to develop dashboards for individual managers and team leaders to provide real-time information to inform day to day management and resource allocation as well as supervision and team meetings.

A new Business Intelligence Board has been established during 2017/18 to ensure successful delivery of the Business Intelligence Strategy that was approved in the previous financial year. The Senior Leadership Team made a deliberate decision to keep membership of this Board at Assistant Director / Head of Service level, both to signal very clearly its commitment to this agenda and also in order to ensure that it is able to make strategic decisions expediently and maintain the necessary momentum in delivering the programme. As well as overseeing the rollout of Power BI, the Board has this year commissioned a Child Yield Study in order to predict and model more accurately the infrastructure needs arising out of new developments and so secure the correct amount of funding from developers for school places and other community facilities and services. The Board has also commissioned the development of a single view of debts owed to the Council via the Data Warehouse. This will facilitate easier identification of those owing multiple debts to the Council so that they can be offered appropriate support to prioritise their debts and manage their finances better, as well as maximising recovery rates for the Council. Work is also underway to use the Data Warehouse to aid the identification of families eligible for the Troubled Families cohort and for whom payment by results should be claimed, and also to support a predictive model to identify properties likely to be Houses of Multiple Occupation (HMOs). This should realise both financial and societal benefits in terms of additional license payments to the Council as well as improved standards of management within these properties. The Business Intelligence Board reports quarterly to SLT, when sitting as the Transformation Management Board.

Financial Rules and Regulations

The Council has Financial and Contract Procedure Rules, Policies and Guidance, along with other procedural documents. These guide officers in their everyday duties and ensure appropriate processes and controls are adhered to. The iProcurement system within Oracle as the Council's main financial system makes use of authorisation limits which are built into the management hierarchies rather than being manually checked before transactions are processed, however this needs to be reviewed in systems that interface into Oracle.

Compliance with the various financial rules and regulations is monitored by management and considered during audits of systems and processes. Reports are available to managers through the One Oracle dashboards to enable monitoring and transparency of specific financial delegations.

In 2018/19 there will be a series of reviews to look at the effectiveness of the Council's Financial and Contract Procedure Rules, Policies and Guidance to ensure they are streamlined as much as possible and support the decision making of the organisation as opposed to hinder and look at the compliance reporting against the control environment.

Effective Audit Committee

The Audit Committee operates in accordance with the relevant CIPFA guidance. The Committee's terms of reference set out in the Constitution contain responsibilities relating to internal control, external audit and internal audit. Members are expected to serve a four year term on the Committee to ensure consistency; they also nominate named substitute members who receive the same level of induction and on-going training to ensure there is sufficient expertise at every meeting to challenge officers. During 2017/18 six members sat on the Audit Committee representing the Conservative, Residents', East Havering Residents', UKIP and Independent Residents' Groups of the Borough. The membership mirrors the political make-up of the Council. The Audit Committee met six times in 2017/18 and has an annual work plan made up of regular and specific agenda items.

Compliance with laws, regulations and internal policies

The Constitution sets out the framework for decision making and the publication of those decisions. There is a scrutiny system in place to ensure that the work of the Council complies with all appropriate policies and achieves value for money. Overview and Scrutiny has the power to call in and challenge all decisions of Cabinet and individual Cabinet Members and key decisions of staff. Legal, finance and human resources staff, as well as the Corporate Diversity Advisor, review every Cabinet, Council and Committee report and every Cabinet Member decision for compliance with laws, policies and regulations. The statutory officers also provide advice to Members at all appropriate times. Internal policies and procedures exist to guide officers and ensure compliance with legislation and proper practice.

Counter Fraud and Confidential Reporting

The Council has a corporate strategy for the prevention and detection of fraud and corruption. The oneSource Fraud Structure has been in existence since 1st April 2015. Responsibility for investigating and prosecuting housing benefit fraud has moved to the Department for Work and Pensions with effect from 1st April 2015.

The work of the service and achievement of the corporate fraud strategy is monitored by the Audit Committee. Proactive promotion of the strategy takes place throughout the year as part of the fraud strategy action plan. Integral to these arrangements is a suite of policies and strategies including; Confidential Reporting (also known as Whistleblowing) Policy, Bribery and Corruption, Money Laundering and a revised Anti-Fraud and Corruption Strategy which was agreed at the September 2015 Audit Committee. Each policy and strategy is communicated to staff via induction, the intranet and awareness raising initiatives. The effectiveness of arrangements is reviewed annually as part of a wider review of anti-fraud and corruption. The results of fraud investigations are publicised to further promote the arrangements in place, as appropriate.

The Council also undertakes and participates in a number of data matching exercises including the National Fraud Initiative (NFI). The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years. The 2016 NFI matches were made available in 2017 and the 2018 data extracts will be submitted in October this year.

The Council has signed an 'in principle' memorandum of understanding with London Councils to join the London Counter Fraud Hub, which is currently being piloted by 5 Boroughs, although the Council is not part of the initial pilot. The hub will enable all 33 councils in London to share their data in order to prevent and detect fraud in such as areas of business as council tax, business rates, and housing tenancies. It will operate on a payment by results commercial model, requiring no up-front investment by the Council.

In addition, the Council has extended its housing fraud work, targeted at illegal sub-letting of council houses, Right to Buy fraud and fraud associated with its homelessness operation.

Complaints

The Council's Corporate Complaints Policy and procedure has been in place since 1st April 2015. The Policy sets out a clear definition of a complaint, and encompasses robust auditing and performance monitoring procedures. Appropriate procedures are also in place to ensure that statutory complaints relating to adults' and children's social care are dealt with in accordance with the relevant regulations. The procedures are supported by the relevant technologies to ensure efficiency and streamlined processes and include an escalation procedure if a complainant remains dissatisfied.

Ombudsman

The Council comes within the jurisdiction of the Local Government and Social Care Ombudsman. In 2017/18, the Ombudsman found eleven cases of maladministration against the Council. Five cases were "maladministration & injustice without penalty" and six cases were "maladministration & injustice with penalty".

Training and Development

The Council has a commitment that every member of staff has an ongoing Performance Development Review (PDR) throughout the year as well as formal timescales for agreeing targets and objectives and outcomes.

The Council's One Oracle and eLearning (Learning Pool) systems capture performance, development and training information within modules meaning that system generated management information is available for both strategic and operational management of resources and decision making. It also allows for senior management to ensure that there is compliance within the organisation with corporate policy in this area and efficiently provides assurance that mandatory training, required for officers to competently fulfil their roles, has been completed.

The Council's expectations and demands on managers are high; a behavioural competency framework is in place and annually all people resources are assessed against the competencies as part of the annual Performance Development Review which also rates progress towards objectives. This has been carried out offline during 2016/17 due to some issues with the PDR section on Oracle.

The Council has attained the Member Development Charter. A development programme to keep Members up to date with changes and support their individual training needs is provided, with training is tailored to individual roles. Training is supplemented by information through briefings and bulletins.

With the introduction of the Apprenticeship Levy the Council will be undertaking a skills analysis of the organisation to help and plan for the effective upskilling of employees as well as being clear about what skills are needed when recruiting apprentices, rather than providing generic business administration training for example

The Council is committed to inducting new employees effectively and provides induction guidance, which the Council are now exploring how to do this more digitally through the use of an E Learning platform. The Council also offers a face-to-face session for new employees on a quarterly basis. The Council have also, reviewed its Induction intranet presence to ensure it is up to date and relevant, part of this a newly designed starter and leaver portal (online) has been launched to assist line managers more effectively. The Council has an agreed framework for managing people which articulates the Council's approach to leadership development, talent management and employee development, employee engagement, culture change and performance.

The Council is continually developing its e-learning delivery capacity and has developed compulsory modules in Codes of Conduct; Data Protection (GDPR); Declaration of

Interest; Fraud Awareness; Information Security, Safeguarding and Whistle-blowing. The range of modules will expanded as required during 2018/19.

Communication and Engagement

The Council strives to identify and develop new effective mechanisms to communicate and consult with the community. A wide number of fora take place to consult with members of the community, particularly targeting 'hard-to-reach' groups, such as the Over 50s forum, the BME (Black and Minority Ethnic) forum and the Inter Faith forum. The Council also has a small Community Development Team which focuses on community development but also supports and seeks to maximise engagement in key corporate consultation exercises.

The Council maintains a website www.havering.gov.uk to provide information and services to the residents of the Borough. The publication *'Living in Havering'* is distributed to all households four times a year, promoting access to services and raising the profile of the work done by the Council and local people to make Havering a good place to live. This is augmented with regular emailed newsletters on a host of subjects as well as communication through other channels, from social media to the local press.

Consultation is carried out as part of the development of the MTFS and annual budget. Views are sought through various online and print communications, and the budget itself is subject to scrutiny through Cabinet and Overview and Scrutiny Committees.

The public are also consulted on the Council's future priorities. In 2018 the budget consultation asked residents about their priorities for the borough and the Council's intention to increase Council Tax including a precept for Adult Social Care.

Transformation

A number of new programmes/projects have been initiated to deliver savings required to close the budget gap over the medium term. In many cases these comprise a change to the way services are delivered or reduction in grant funding. All activity and savings are the responsibility of the Director or Assistant Director of the relevant service area. A new project and programme management system was implemented in late 2016 to ensure transparency and a consistent approach to reporting activity. This delivers 1) visibility to the Senior Leadership Team (SLT) and the Cabinet, 2) enables interdependencies between projects to be managed; and 3) ensure slippage is identified at an early stage and mitigations effectively managed. Monthly oversight of the transformation programme takes place at the SLT Transformation Management Board meeting. SLT also monitors the position on budgets and delivery of the MTFS to ensure any risks are identified early and mitigations put in place.

Budget development and challenge sessions are also to be held with Members to consider and plan for the Council's priorities. A series of new initiatives are also being evaluated to assess the benefits of new ways of working to support the financial position and promote a stable workforce.

Partnerships and Collaborative Working

There are a number of partnership boards in place such as the Community Safety Partnership, the Health and Wellbeing Board and the Children's Trust. There are also a number of other fora in existence in Havering including the Culture Forum, a range of equality and diversity forums and many others.

The Council has for a number of years worked closely with neighbouring boroughs to share good practice and efficiency success. In response to the reduced funding for local government this work has expanded to consider stronger relationships that will yield cost savings to all parties. These initiatives have in the past involved shared procurements, information technology developments and shared management posts.

oneSource

In April 2014 the Council's shared back office service with the London Borough of Newham was launched. This arrangement is comprised of 22 services, 1350 staff and an agreed business case to save £40m over five years. This resulted in significant changes to the governance framework. A Joint Committee of six Members, three from each Council, was established to oversee the partnership arrangements and a shared management structure established with officers from each council having executive responsibilities delegated to them within the two Constitutions via the Scheme of Delegation.

The London Borough of Bexley has subsequently joined the shared service and delegated its finance and exchequer services to oneSource from 1st April 2016 through its Constitution and Scheme of Delegation. One Member from Bexley has joined the Joint Committee.

Mercury Land Holding

Mercury Land Holding has been established as a wholly owned subsidiary of LBH. In July 2016 the company embarked on its first development and the council has provided both equity and loans to the company to cover both development costs and company overhead and received income in the form of Loan Arrangement Fee, Commitment Fee, Lenders Agency Fee and Interest.