

Havering Annual Governance Statement 2021/22

ANNUAL GOVERNANCE STATEMENT 2021/22

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.

There is a local election due to take place in May 2022 and this will lead to a turnover in Councillors and could mean a change in administration. Such changes resulting from the election will be managed in terms of the induction programme and planning for the transition, to ensure the governance framework is maintained.

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 2022 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.

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 s151 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, including the Corporate Risk Register.

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, five Directors with responsibility for 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). Following the departure of the postholder in March 2020 interim arrangements have been put in place to cover the portfolio of the Chief Operating Officer, including arrangements for statutory S151 role.

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 Nine 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 or 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. During 2021/22 the Board met on 3rd August 2021, 28th September 2021, 8th February 2022 and 29th March 2022. The Board produced an Annual Report for 2020/21, which sets out the work and training activities undertaken during the year. This report was presented to the Pensions Committee, for noting, at its meeting on the 9 November 2021. The report for 2021/22 is in production and expected to be presented to the Pension's Committee later in 2022.

The Pension Fund's Governance Compliance statement also incorporates the Local Pension Board which is reviewed annually and 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 2021/22, 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:

- ICT delivery and project management;
- Interface between the Fusion system and business users; and
- Procurement continues to be an area of continued risk, particularly with the challenging financial position the Council faces.

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 2021/22. Internal audit has scheduled significant work to follow up these areas of control weakness during 2022/23.

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. Work has continued during 2021/22 to review all the Directorate risk registers and the Governance and Assurance Board has overseen this process to ensure that the corporate risk register reflects the risks facing the Council.

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; 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 2019/20 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 24th February 2021 and the accounts were signed off on 28th May 2021.

The council published its draft statement of Accounts for 2020/21 on 31 July 2021 in line with the deadline. As with many other local authorities the audit of the 2020/21 accounts is not yet completed. This is due to well publicised resourcing issues and more recently waiting for advice on the changes on the infrastructure accounting requirements.

Information Commissioner's Office

The Council must comply with the UK General Data Protection Regulation, Data Protection Act 2018, and Freedom of Information Act 2000. In the financial year 2021-22, the Information Commissioner's Office (ICO) has taken no enforcement action for non-compliance and no fines were imposed for weak controls. We continue to develop and improve processes and use mistakes and data breaches to inform those improvements to ensure we uphold Individual Information Rights (IIR) and process

all personal data compliantly. Furthermore, we continually strive to improve processes and compliance with Freedom of Information Act requests.

Ombudsmen

The Council comes within the jurisdiction of the Local Government and Social Care Ombudsman (LGSCO). In 2021/22, the Ombudsman found ten cases of maladministration against the Council. Two cases were “maladministration & injustice without penalty” and six cases were “maladministration & injustice with penalty”. There were a further two determinations of maladministration with no injustice.

Housing complaints are governed by the Housing Ombudsman, who aims for local resolution rather than formal investigations. There were three cases of maladministration found against the Council in the 2021/22 year.

Local Government Association (LGA) Independent READI Peer Review

In May 2021, the Council commissioned the LGA to undertake an Independent Review of its Race, Equality, Accessibility, Diversity and Inclusion work, (READI REVIEW). This was an organisational requested “holding the mirror up” review. Havering Council prepared for the READI review by conducting an in-depth self-assessment, of its equality, diversity and inclusion challenges and needs. This involved 27 nominated leads, conducting 22 detailed service self-assessments, a detailed data analysis, including an in-depth EDI Staff Survey and a self-assessment report. This was modelled on the current LGA EFLG Assessment Framework, with an additional fifth strand on race equality and a series of Race Equality Workshops.

The review team undertook the review virtually and reviewed range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team:

- Spoke to more than 150 people including a range of council staff together with councillors and external partners and stakeholders
- Gathered information and views from around 25 meetings, research and reading.
- Collectively spent more than 250 hours to determine their findings – the equivalent of one person spending around seven weeks in LBH.

The LGA’s independent report was sent to Members, Staff and made available in the public domain. It was reported to the Cabinet, Council and Overview and Scrutiny Board along with the Councils’ required high level action plan to the fifteen priority recommendations.

The Action Plan is a positive step and sets out strategic steps to tackle racism, and to help achieve the delivery of the Council’s Programme to be an Employer of Choice and Achieve the Excellence Standard. The Action plan should evolve as the programme progresses making sure the impact on health and well-being – on the work force and wider population, is inclusive.

Impact of COVID-19

The pandemic impacted on governance across the Council into early 2021/22. Broadly, this included: ongoing impact on business as usual delivery of services and assessment of the longer-term disruption and consequences arising from the pandemic e.g., existing projects and programmes put on hold. This was incorporated into the risk register and associated action plans.

During the latter part of 2021/22 the majority of functions under the latest outbreak management plan response have been withdrawn in line with the withdrawal of Covid-19 legislative requirements.

- There will be no further Contain Outbreak Management Fund (COMF) grant to support key activity relating to the local Covid-19 pandemic response, with majority of functions having ceased on 31st March 2022 and reverting to pre-pandemic business as usual.
- All plans for stopping or continuing any aspects of the response including activities set by prior key decision papers in the policy context of Covid-19 outbreak management, have been reviewed and agreed under the Council's Constitution, Part3, Section 3.2, Powers of the Chief Executive.
- The local authority will now be required to manage outbreaks as part of emergency planning and health protection responsibilities of the Council and Director of Public Health, and through pre-existing public health powers, as they would with other infectious disease.

Progress of significant governance issues raised in the 2021/22 AGS

The issues identified in the 2020/21 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 2020/21, all issues were considered to have remained significant enough to be carried forward into the action plan for 2021/22 with the exception of Covid-19 Impact and Recovery, which has been closed with continuing actions incorporated into business as usual.

Significant governance issues 2021/22 (to be addressed in 2022/23)

1. Delivery of a balanced budget: The Council was able to set a balance budget for the 2021/22 financial year. As set out in the report to Council at the start of the year 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 2021/22 approved in March 2021, 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 ongoing implications of the COVID19 pandemic and the impact on the service delivery of the council. The ongoing impact and the implementation of the recovery plan during 2021/22 has continued to put pressures on the council's finances. The challenges facing the national economic position add to the challenges on the budget and will be closely monitored during the year.

Actions taken during 2021/22

- 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 2020/21.
- Detailed monitoring of the impact of the COVID19 pandemic and the planned recovery on the financial standing of the organisation and the MTFs included as part of the corporate monthly monitoring process, and compliance with the MHCLG /DLUHC reporting requirements on expenditure, loss of income and impact on savings proposals was achieved.
- Close monitoring of the revenue and capital plans and scrutiny of the balances and reserves of the council is included in the monitoring reporting, including the potential impact on the collection fund and forecast for year-end position.
- Regular reporting to Cabinet and Overview and Scrutiny Board on the COVID19 response and the sustainability of the MTFs has taken place including the position in reserves, 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. Recovery Officer Group meets to manage and monitor the recovery planning. Transition into the new business as usual operating models was monitored closely with the move from the pandemic arrangements.
- A balanced position for the 21/22 budget and a revised MTFs was presented to cabinet in February 2021 and Council in March 2021.

Planned actions for 2022/23

- Acknowledgement of ongoing issues with embedding Fusion – work will continue developing confidence of service users in deployment of product. The Fusion Improvement Board will monitor the ongoing progress.
- Continue to monitor the impact of the Covid-19 pandemic and the changing economic circumstances on the financial standing of the organisation and the MTFs which is reviewed as part of the corporate monthly monitoring process.
- The budget and MTFs will be reviewed as required following changes resulting from the local elections in May 2022.
- Continued focus on the delivery of the corporate recovery programme and close monitoring of the revenue and capital plans.
- Senior Leadership continue to monitor the MTFs and the recovery plan to ensure the sustainability of the Council's finances.

Lead Officer: Dave McNamara, S151 and Julie Oldale, Deputy S151

2. Cyber Security
Actions taken during 2021/22
<ul style="list-style-type: none"> • Raised awareness concerning cyber security. • Inclusion of Cyber Security within the Corporate Risk Register. • All staff trained in the General Data Protection Regulation (GDPR) with refresher training offered in mid-2021. • Develop tools to help identify vulnerabilities. • Obtained funding for the development of cyber security online training. • Cyber Security Programme commenced • On-boarded an external Partner to deliver a Security Operations Centre function • Ensured appropriate statutory DPO in place • Improved relationship with the ICO • Instigation of a revised Information Governance Board • Increased capacity and capability of the Information Assurance function
Planned actions for 2022/23
<ul style="list-style-type: none"> • Continued monitoring and consideration of cyber security risks • Continued development of our response to cyber security attacks • Continuing to raise awareness and train staff in cyber security • Review and update our governance and policies • The Cyber Security Programme will oversee the delivery of several key projects to help strengthen our current cyber security measures. This is split into across the following themes and will be delivered over 12 – 18 months period <ul style="list-style-type: none"> • Designing a secure digital service • Delivering a secure digital service • Operating and managing a secure digital service • Enhanced audit and validation of BCP arrangements and Application Management/Ownership is being performed during 2022/23. <p>Further actions will be included within the mitigation plans within the Corporate and Directorate Risk Registers, monitored through Governance and Assurance Board.</p>
Lead Officer: Paul Fisher, SIRO

<p>3. Joint Venture Governance: Circumstances that have arisen at other councils have highlighted the importance of monitoring the sustainability of significant regeneration programmes.</p>
<p>Actions taken during 2021/22</p>
<ul style="list-style-type: none"> • Joint venture boards are regularly held. • Regeneration group was established to manage and monitor the progress of the joint venture schemes. • Programme dashboards are produced including progress of key deliverables and future milestones, key risks and issues. • Business plans refreshed and reported to cabinet and implications included in MTFS.
<p>Planned actions for 2022/23</p>
<ul style="list-style-type: none"> • As above plus: <ul style="list-style-type: none"> • The regeneration schemes and the progress of the joint ventures will be part of the capital programme reporting to theme board. • The pipeline schemes for the JVs and Mercury Land Holdings are reviewed at the officer board every six weeks. • The financial viability of the joint ventures is regularly reviewed and professional advice sought as part of each Annual Business Plan refresh. • Financial risks are included in each Regeneration Officer Board report (on a six-weekly basis) • Specific COVID 19 risks are recorded in Regeneration Officer Board reports and on the Regeneration Covid 19 risk register • Project progress and risks are reviewed regularly at the Proudler steering group
<p>Lead Officer: Neil Stubbings, Director of Regeneration</p>

4. Contract Register
Actions taken during 2021/22
<ul style="list-style-type: none"> • The Director of Procurement has initiated a programme of procurement improvement. • We now have a dedicated resource focussing on the Contract Register Please note that despite our focus on the contract register this has not been well supported by officers or manager in Havering • We have asked all Directors to provide their contract information see above Contract Register update will form Gateway 3 of a new Gateway process • We have developed a Power BI dashboard available to all Directors to enable self-service. The contract register is now live on Teams as is the draft procurement forward plan. The same information is also visible in Power BI. • All Procurement Managers are asked to work with their counterparts in the services to review and correct the register data see above • Established the Gateway Review Group to manage and govern the procurement programmes of the council. • We are reviewing/ renewing the contract standing orders • We are drafting a new procurement intranet site; all guidance and templates are being reviewed /refreshed launched • All waiver requests (relating to contract extension) are refused if no contract is registered to improve compliance waivers are discussed at Gateway Review group, and we now have a record of all waivers requested and approved as part of the gateway system.
Planned actions for 2022/23
<ul style="list-style-type: none"> • Approval for new CPR's Given recent changes to national advice on procurement it becomes necessary for us to pause the current governance process to ensure that the new CPR's a) reflect new guidance and b) are aligned with Newham to be able to deliver better value for both Councils • Launch new guidance, documents, and templates The new intranet is now launched, new guidance has been uploaded and templates are being reviewed • Initiate training, videos, drop-in sessions etc. Training has been run for new managers, we have regular drop-in sessions when we launch new guidance or processes.
Lead Officer: Steve Atherton, Interim Director of Procurement

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... 16/3/23

Chief Executive

 Date 21/3/23