

# **Havering Annual Governance Statement 2024/25**

## ANNUAL GOVERNANCE STATEMENT 2024/25

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 Executive Leadership Team (ELT).

### 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 meets the requirements of regulations 6(1) (a) and (b) of the Accounts and Audit Regulations 2015, requiring 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 2024 and up to the date of approval of the statement of accounts. This framework is due for review, and this will take place in 2025. [www.havering.gov.uk/code\\_of\\_governance](http://www.havering.gov.uk/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.

A cross party constitutional working group (including officers) is currently up and running and is systematically reviewing various sections of the constitution to ensure it is fit for purpose. Amendments to the scheme of delegations and main constitutional articles were presented to governance committee in February 2025 and thereafter approved by Full Council in March 2025.

The Constitution Working Party reviews the Constitution and includes representation from each political group in its membership. The lead officer for the working party is the Council's monitoring officer.

### Executive Leadership (ELT and ELG)

ELT (formerly SLT, Senior Leadership Team) is Executive Leadership Team and members are the CE, Strategic Directors & Directors.

ELG (formerly CLT, Corporate Leadership Team) is Executive Leadership Group and members are ELT and Assistant Directors / Business Partners.

ELT meetings generally take place weekly, running on a rolling basis by theme (People, Place, Resources & Performance). The Themed Board for each theme then follows two weeks after the ELT meeting. ELG meetings happen every 6 weeks.

### Governance Committee

The Council's Governance Committee, attended by the Leader of the Council and most 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. The Governance Committee oversees the Council's complaints process.

### 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.

## 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 coordinated 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 relevant performance data and other tools such as the Council's Forward Plan.

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 and finish 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 2024/25 the Board met on 4 June 2024, 17 September 2024, 3 December 2024 and a meeting scheduled for 4 March 2025. An Annual General Meeting is yet to be arranged. The Board produced an Annual Report for 2022/23, 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 7 November 2023. The report for 2023/24 is in production and expected to be presented to the Pension's Committee later in 2024.

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, this was presented to the Pensions Committee on the 5th November 2024.

## 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.

### Head of Assurance Opinion 2024/25

The Head of Internal Audit (Head of Assurance) provides an annual opinion to the Audit Committee on the Council's governance, risk management, and control framework. The opinion is based on a risk-focused audit plan, adjusted throughout the year to reflect changing risks. From April 2025, the Global Internal Audit Standards (GIAS) replace the Public Sector Internal Audit Standards (PSIAS).

For 2023/24, Reasonable assurance was given overall. Procurement and contract management were highlighted as significant risks. Significant work has been undertaken by the Council to mitigate this risk during 2024/25 and continue into 2025/26.

The internal audit programme of work for 2024/25 identified four areas where only limited assurance could be provided on the control environment. These issues are isolated and not indicative of systemic failure. Management actions are in place and monitored. Therefore, based on the work undertaken and finalised reports at the end of the 2024/25 financial year, reasonable assurance could be provided that there is generally a sound system of internal control across the Council.

However, instances of potentially fraudulent activity identified in the final quarter of 2024/25 and a control failure in the Temporary Accommodation service do highlight a weakness in the management of budgets across the Council, that covers the 2024/25 period and, in some cases, prior to this year. Although the fraud cases are still being investigated and details cannot be provided in this report, these incidents highlight common issues regarding the robustness of management oversight of expenditure in each of the respective services. Given that these fraud cases have all occurred in distinct business areas, this gives rise to concern that budgets are not being monitored effectively and increases the risk that the Council is incurring unnecessary expenditure.

Given the issues identified, but not yet reported to Audit Committee fully, in the latter half of 2024/25, the Head of Audit can only provide **limited assurance** on the overall effectiveness on the control environment, specifically the management and oversight of departmental budgets and expenditure. This opinion is also based on the impact that such losses and errors will have on the limited resources the Council has available to discharge its duties.

## Risk Management

The strategic risks to the achievement of the Authority's objectives are captured within a strategic risk register which is overseen by ELT and progress reported to the Audit Committee. Work has continued during 2024/25 to review risk registers, fully embed the process and to ensure that the strategic risk register continues to reflect 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.

## 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 council is required to publish its draft statement of Accounts for 2024/25 by 30 June 2025. The audit opinion and completion certificates for the 2020/21, 2021/22 and 2022/23 accounts were issued on 10 December 2024. The audit opinion for the 2023/24 accounts was received on 26 February 2025. The Council and Group financial statements for 2021/22, 2022/23 and 2023/24 received disclaimed opinions; this was as a direct result of the Government's introduction of statutory backstop dates for local audit. No governance issues have been raised.

## 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 2024/25, all data breaches that met the required threshold were reported to the Information Commissioner's Office (ICO) and no fines were imposed for weak controls. There were:

- 95 data breaches reported between 1st April 2024 and 31st January 2025
- 3 breaches reported to the ICO (ICO are taking no further action on these but have made recommendations)

Although a number of data breaches did occur, staff followed the necessary processes to report these and ensure appropriate controls were in place to mitigate any impact.

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. We also focused on improving staff awareness of GDPR and cyber security responsibilities through the mandatory L&D material. An average of 85% of staff have completed all required modules. The aim is 95% completion rate with a 5% tolerance for changes in staff numbers. This is monitored at the Information Governance board and a renewed push to complete this training will commence with the next round of PDR setting.

## Complaints

In 2024, following the transformation programme initiated in 2023, it became clear that modifications were necessary. While our services have continued and a corporate system has been successfully implemented, certain areas were identified as needing restructuring. Measures were put in place, and an informal structure was implemented in mid-2024. As a result, we have seen improvements in service delivery. Although ongoing efforts are required to keep the service on track, the Senior Management Team is rolling out plans for 2025 to further enhance the service experience. Below are some of the areas that have been improved and are planned for further improvement:

1. Team Structure: The team has remained centralized and has been divided into three areas focusing on specialist knowledge and skills. Officers have received training to ensure as much as possible, that they are equipped to handle complaints and are knowledgeable about service areas. This training will continue throughout 2025.
2. Policy: The new consolidated Policy was implemented on December 1, 2023. An annual review was scheduled for November 2024. A new draft has been completed, aligning the Policy with the Housing Ombudsman Compliance Code for handling complaints, effective since April 2024. Additionally, it will align with the Local Government Social Care Ombudsman Compliance Code, due in April 2026, and the Social Housing Regulator. The new Policy is expected to be approved and published in the first quarter of 2025.
3. Reporting: Following the centralization of all teams into one corporate team, we have seen improvements in timely responses, particularly for Stage Two and Ombudsman cases. Power BI reporting was implemented in 2024 to provide instant live data reporting from the corporate system and to enhance learning from complaints. Power BI will be further enhanced in 2025 to publish our learnings on the website for stakeholders to view.
4. Improvements: Improvements initiated in 2024 include reviewing the corporate system to ensure effective data use and compliance in complaints handling. Annual reports have been completed centrally to meet compliance with legislation and governance.

Complaint handling feedback surveys are being designed to be sent with every complaint to ensure continuous learning and improvement. Further improvements are planned for 2025.

Overall, the service faced challenges in the first two quarters of 2024, but significant improvements were implemented and observed in the last two quarters. We will continue to drive enhancements to provide a robust, fair, and transparent service to our customers.

## Ombudsman

All Council Services with the exclusion of Housing (except Housing Demand) falls under the jurisdiction of the Local Government and Social Care Ombudsman (LGSCO). In the year 2024/25, a total of 63 Ombudsman cases were received from the LGSCO.

- Adult Social Care Services: Seven cases were received, with the LGSCO reaching a determination on three cases. One case was closed after initial enquiries, and two cases were upheld.
- Children's Social Care Services: Thirteen cases were received, with the LGSCO reaching a determination on four cases. Two cases were closed after initial enquiries, one case was declined as outside of LGSCO jurisdiction, and one case was upheld.
- Other Areas (including parking, homelessness, and education): Forty-three cases were received, with the LGSCO reaching a determination on twenty-three cases. Nineteen cases were not upheld, and four cases found failures in the services.

## Modern Slavery

Councils have a statutory key role to play in tackling modern slavery including the duty to notify the Home Office of any individual encountered who we believe is a suspected victim of modern slavery or human trafficking. Part of the commitment to the modern slavery Act 2015 requires an annual transparency statement is to be written by every company with an annual turnover of £36m or more- which includes us. The statement should set out what it has done to ensure that slavery and human trafficking is not taking place in the Council or its supply chain. In summary the Councils role can be separated into four distinct areas:

1. identification and referral of victims
2. supporting victims – this can be through safeguarding children and adults with care and support needs and through housing/ homelessness services
3. community safety services and disruption activities
4. ensuring that the supply chains councils procure from are free from modern slavery

The 2024/25 annual statement was published in July 2024 following approval at Governance board. The statement outlines the risks identified in relation to modern slavery and planned steps to ensure the importance of Modern Slavery is being considered more widely across the whole organisation. This was our second annual transparency statement and work is already underway reviewing and updating this for 2025/26, which will be published by July 2025 in line with legal requirements of within 6 months of our financial year-end.

## Progress of significant governance issues raised in the 2023/24 AGS

The issues identified in the 2023/24 Annual Governance Statement have been monitored by management and the Executive Leadership Team (ELT) throughout the year with review periodically to challenge actions and progress. Whilst progress has been made during 2024/25 in each of the areas identified in the 2023/24 AGS, and the decision made to close two issues, all other issues were considered to have remained significant enough to be carried forward into the action plan for 2024/25, with some amendments, and with the addition of a further three Significant Governance Issues.

The issues closed as at the end of 2023/24 and actions taken to address these are included below:

### 1. Delivery of a balanced budget 2024/25:

The Council was able to set a balanced budget for the 2023/24 financial year. The Council's monitoring process of the 23/24 budget identified at an early stage that there would be a likely ongoing overspend due to the continued pressures on the social care budgets and the emerging temporary accommodation pressure. The MTFS process reviewed the ongoing nature of these pressures and ensured that the development of the 24/25 budget included full recognition of those ongoing pressures. The process included the development of £15.3m of savings which were included in the 24/25 budget.

It became apparent at an early stage that as an efficient Council with low unit costs the Council was going to struggle to balance the 24/25 budget without requesting exceptional financial support from the Government. The Council acted quickly and entered into continued dialogue with DLUHC on this subject. The development of the budget set out the future pressures of the Council and the savings and increases in Government support from the 24/25 finance settlement. Despite £15.3m of savings the Council had a remaining £32.5m budget gap which was presented to DLUHC in a request for exceptional financial support. DLUHC agreed to this request and the budget is underpinned using this Capitalisation directive

It should be noted the Council has taken a sensible and prudent approach to budget setting and included a most likely and worst case scenario in its forecasting. The Capitalisation directive sensibly was based on the worst case scenario but the Council will be aiming over the coming months to contain spend towards the most likely scenario which will reduce the level of exceptional financial support it may ultimately need at year end. This will be monitored very closely as it will be also pivotal to the development of the 2025/26 budget

### Actions taken during 2024/25

- Monthly reports provided to the Executive Leadership Team outlining anticipated outturn for the financial year, assisting in 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.
- Detailed monitoring of the financial standing of the Council and MTFS included as part of the corporate monthly monitoring process, and compliance with the reporting requirements on expenditure, loss of income and impact on savings proposals was achieved.
- Quarterly reports to Cabinet on revenue and capital monitoring
- 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 sustainability of the MTFS has taken place including the position in reserves, taking in to account the impact on the base assumptions and the changing demographics and demand.

- Continue to monitor the impact of the changing demographics and increasing demand 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 reviewed as required to verify key assumptions/delivery plans.
- Continued focus on the delivery of savings and close monitoring of the revenue and capital plans.
- Challenge and review of the adults and children's social care budget assumption and continued updates on the pressures facing temporary accommodation
- Senior Leadership continue to monitor the MTFS and the recovery plan to ensure the sustainability of the Council's finances.
- A series of spending controls put in place to contain spend.
- Controls include a recruitment panel to oversee all posts to be recruited to and regular reviews of agency spend
- All managers to review and curtail any non-essential spend
- All managers to hold vacancies where possible and cover internally rather than recruiting or getting agency cover
- Production and delivery of the Council's Transformation and Productivity Plan which will include:
  - Full analysis and updates on saving and efficiencies the Council is currently delivering
  - Robust data driven forecasting of future pressures to enable accurate modelled financial forecasting
  - Continued transformational activity to modernise the Council's outputs including a digital strategy which will in the medium term deliver efficiencies
  - A capital strategy to deliver the accommodation and regeneration needed to meet future needs which will ultimately relieve pressure on the general fund
  - A robust response on the actions taken following the recent OFSTED judgement setting out the Council's approach to the recommendations in that report
  - A Communications strategy to raise awareness with the Public and Key stakeholders of improvements to Council Services and how to access them
  - Robust baselining of all budgets including metrics
  - Accurate monitoring of the cost drivers linked to financial pressures to fully understand emerging budget pressures
  - Action plans set up where necessary to ensure delivery of the savings included in the 24/25 budget
  - Robust planning approach to future years testing all MTFS assumptions and enabling timely service options to generate savings and efficiencies
  - Monthly reporting of the revenue budget position to Councillors
  - Quarterly monitoring reports to cabinet on capital and revenue
  - Ongoing dialogue with MHCLG to raise awareness of the Councils continued financial position
  - Reports to MHCLG as required to meet all requirements of the Capitalisation Directives
  - Forward planning of the 25/26 position including dialogue with MHCLG at an early stage the likelihood of a further requirement for exceptional financial support
  - S151 Challenge meetings set up to provide service challenge on revenue and capital budgets.

#### **Status as of 31<sup>st</sup> March 2025**

The Council set its budget for 2024/25 including a Capitalisation Directive of £32.5m. The budget process leading up to the tax setting process had identified at an early stage that additional support would be needed despite £15.3m of savings proposals and a 4.99% Council Tax increase. The Government provisionally approved the Capitalisation directive subject to the development of a transformation plan and an independent review of the Council's finances.

In June 2024 CIPFA we commissioned to undertake a 6 week review of the Councils finances. This review was completed and the results were eventually released by the Government in

February 2025. The Council will be proactively actioning the recommendations of the report over the next year. The Council submitted a transformation plan to full Council in July 2024

The Council has taken a sensible and prudent approach to budget setting and included a most likely and worst case scenario in its forecasting. The Capitalisation directive sensibly was based on the worst case scenario of £32.5m. The Council has actioned spending controls and continually reviewed efficiency measures but despite this the monitoring position forecast throughout the year has projected spend at or around the worst case figure of £32.5m. The final outturn position was £30.4m overspent which is the extent of the capitalisation directive utilised.

The pressures are all caused by underlying cost issues across Social Care and Homelessness and as these are all ongoing the Council has prudently fully included them in the development of the 2025/26 budget. The Council has taken every measure it can to contain spend in 2024/25 including the set up of recovery boards and recruitment panels to monitor all staffing including agency. A number of actions listed above will continue into the 2025/26 financial year.

**Lead Officer: Strategic Director, Resources**

**2. Council's ability as a data controller to comply with, and demonstrate compliance with, all the data protection principles, UK GDPR requirements and ensuring compliance of our data processor(s).**

**Actions taken during 2024/25**

- Established Information Governance Board meets regularly, presented reports on data breaches to understand trends
- Review and update of Information Governance policies
- Monitoring of completion of mandatory GDPR training and Information Governance policy acceptance
- Continuation of information risk project
- Enhanced audit and validation of BCP arrangements and Application Management/Ownership at Directorate and Service level during 2024/25.
- Further actions will be included within the mitigation plans within the Strategic and Directorate Risk Registers, monitored through ELG.
- Creation of fit-for-purpose Records of Processing Activity (RoPA) and Information Risk management processes agreed with Directorates.

**Status as of 31<sup>st</sup> March 2025**

This significant governance issue is considered closed, based on the actions taken above. Delivery risks will continue to be managed and monitored through the risk register process.

## Significant governance issues 2024/25 (to be addressed in 2025/26)

**1. Delivery of a balanced budget 2025/26:** The Council was only able to set a balanced budget for 25/26 with exceptional financial support, through the form of a capitalisation direction. MHCLG approved a capitalisation direction of a maximum of £88m, which was on a worst-case basis. On a mid-case basis, the Council will need to spend an additional £70.2m in addition to the net budget requirement of £205m. This represents borrowing of c35% on our annual revenue expenditure. The position includes over £10m of savings agreed for 25/26. Heads of service, assistant directors and directors will be asked to sign off a budget assurance statement, confirming they will do everything in their control to manage their budgets within the existing financial envelope allocated to them. It has been made that budgets will be allocated within the mid-case scenario, so not to increase the Council's structural budget deficit. Managers will also be asked to develop their commissioning/procurement pipeline on the Corporate Contracts register, seeking better value in re-procurement exercises.

The Council's unit costs have increased compared to where we were in previous years to bring our costs more in line with other boroughs, however, compared to the national average, Havering's unit costs are still lower.

More work is needed to embed the financial management culture throughout the Council. Managers will be asked to continually deep dive into overspending areas and Finance recovery boards will continue to hold directors to account on delivery of savings, actions and actions being taken to reduce their expenditure and increase income.

### Actions taken during 2024/25

- Robust baselining of all budgets including metrics
- Accurate monitoring of the cost drivers linked to financial pressures in order to fully understand emerging budget pressures
- Action plans set up where necessary to ensure delivery of the savings included in the 24/25 budget
- Robust planning approach to future years testing all MTFs assumptions and enabling timely service options to generate savings and efficiencies
- Monthly reporting of the revenue budget position to Councillors
- Quarterly monitoring reports to cabinet on capital and revenue
- Ongoing dialogue with MHCLG to raise awareness of the Council's continued financial position
- Reports to MHCLG as required to meet all requirements of the Capitalisation Directives
- Forward planning of the 25/26 position including dialogue with MHCLG at an early stage the likelihood of a further requirement for exceptional financial support
- S151 Challenge meetings set up to provide service challenge on revenue and capital budgets

### Planned actions for 2025/26

- Continue to lobby the Government and proactively contribute to the forthcoming Local Government Finance reforms
- Recruitment panels in place to control all new staff placements
- Continuation of recovery boards to closely monitor and control all council spend
- Star Chamber process to systematically review all services to identify efficiencies and savings moving forward
- Robust procurement to maximise benefit of new and existing contracts
- Delivery of the Capital programme to create longer term Housing solutions to mitigate the Council's temporary accommodation pressures
- Joint work with Health to achieve common aims and priorities whilst ensuring a fair distribution of funding

- Robust baselining of all budgets including metrics
- Accurate monitoring of the cost drivers linked to financial pressures to fully understand emerging budget pressures
- Action plans set up where necessary to ensure delivery of the savings included in the 25/26 budget
- Robust planning approach to future years testing all MTFS assumptions and enabling timely service options to generate savings and efficiencies
- Monthly reporting of the revenue budget position to Councillors
- Quarterly monitoring reports to cabinet on capital and revenue
- Debt Board to operate to review debt collection methods and processes
- Review of all reserves and balances to both test adequacy but also to allow any surplus funds to be released to support the overall revenue position
- Budget sign offs of 2025/26 budgets by managers to ensure full ownership of both monitoring and savings delivery
- Savings delivery to be reviewed through the year and reported to Overview and Scrutiny

**Lead Officer: Strategic Director, Resources**

**2. Council's ability to successfully end the existing onsource IT shared service with LBN by 31<sup>st</sup> December 2025. This includes both the required technical disaggregation and return of staff.**

**Actions taken during 2024/25**

- Established Havering specific programme governance to review progress and programme/project related risks.
- Joint split programme board with LB Newham to monitor progress as a whole.
- Sign off of Havering target operating model for Digital and IT sovereign service.
- Consultation started.
- Havering technology roadmap agreed to deliver both technical disaggregation work from LB Newham and to also modernisation activities.
- Award of Havering specific MS License agreement.

**Planned actions for 2025/26**

- Continued delivery of Havering technology roadmap – progress monitored via continued Havering specific and joint split programme governance
- People change activities for staff returning to the borough

**Lead Officer: Strategic Director, Resources**

<p><b>3. Procurement:</b> Weaknesses in the governance arrangements for procuring goods and services may be compounded by resourcing issues, effective link in with commissioning, and changes to the scheme of delegation and new regulations during 2024.</p>
<p><b>Actions taken during 2024/25</b></p> <ul style="list-style-type: none"> <li>• Since the Council's Constitution has been re-written, the CPRs can now be reviewed and changes proposed.</li> <li>• In line with the upgrade of the Council's intranet platform, there will be renewed focus on self-service and training for managers across the Council in their obligations around procurement and compliance for procurements above and below threshold. Initiate training, videos, drop-in sessions etc. Training has been run for new managers, provide regular drop-in sessions when we launch new guidance or processes, review intranet pages and ensure templates and guidance notes are up to date and processes are as streamlined as possible.</li> <li>• Constitution review to include procurement aspects.</li> <li>• Implementation of a Corporate Procurement and Commissioning Board to replace GRG.</li> <li>• A new process for Procurement Initiation Forms and waivers, utilising new technology and governance arrangements has been developed and will be launched in early 2024/25.</li> <li>• Launch of a Procurement Forward Plan for Havering, to increase visibility, reduce bureaucracy and manage demand within the team, following Director approval early 24/25.</li> <li>• We will adopt a new approach to monitoring Value for Money and Social Value delivered against what is promised</li> <li>• We will review roles and responsibilities to ensure the Havering Procurement Team meet the business requirements in terms of Contract monitoring and management, and links with transactional services and HR to ensure end-to-end processes are as efficient as possible.</li> <li>• Implementation of Internal Audit recommendations</li> <li>• Learning from best practice</li> <li>• We will plan and prepare for the new Procurement regulations that are due to come into place later this year.</li> </ul>
<p><b>Planned actions for 2025/26</b></p> <ul style="list-style-type: none"> <li>• Centralisation of social value will be adopted underpinned by the new social value policy to enable clear understanding of the commitments made, the ability to track and record outputs and finally to enable accurate reporting.</li> <li>• Implementation of a new e-procurement tool that will look end to end in the procurement and contract management cycle to enhance visibility in the process and governance.</li> <li>• Complete the re-draft of the Contract Procedure Rules (CPR's) to include new legislative requirements under the Care Act 2022 and the Procurement Act 23.</li> </ul>
<p><b>Lead Officer: Strategic Director, Resources</b></p>

<p><b>4. Inadequate judgement outcome of Starting Well's Social Care Department following Ofsted's Inspection of Local Authority Children's Services (ILACS) in December 2023 – resulting in the corresponding Children's Services Improvement Plan which will continue until full LACS inspection, likely to be in 2025-26.</b></p> <p>Ongoing monitoring by Ofsted and DfE. Ofsted monitoring visit reports will be published from April 2025. An Area SEND Inspection is also due alongside the ILACS framework.</p>
<p><b>Actions taken during 2024/25</b></p> <ul style="list-style-type: none"> <li>• Development of fully costed Improvement plan through workshops with staff, partners and parent forums to be submitted to Ofsted and the DfE by end of May 2024 ratified by full council by July 2024.</li> <li>• Further corporate investment of £13.2m.</li> <li>• Completion of Phase one of Starting Well reorganisation to deliver improvements by July 2024.</li> <li>• Recruitment to permanent AD posts within Starting Well by August 2024.</li> <li>• Launch of Phase two of the Starting well reorganisation by October 2024.</li> <li>• Review of processes and forms within the Case Management System (Liquid Logic) to reduce inefficiencies.</li> <li>• Development and rollout of a programme of thematic training for staff, managers and supervisors to support practice improvements.</li> <li>• Improvement programme in line with improvement plan delivered before Ofsted first monitoring visit in October 2024.</li> </ul>
<p><b>Planned actions for 2025/26</b></p> <ul style="list-style-type: none"> <li>• Completion of Phase Two of the Starting Well reorganisation to deliver improvements within the Early help services by end of May 2025</li> <li>• Following the review of Case recording System in 2024-2025, corresponding remedial work by December 2025</li> <li>• Development of AI apps to support managers and staff to improve</li> <li>• Improvement programme in line with improvement plan delivered with overview from the practice improvement board and practice Improvement oversight board</li> <li>• Further corporate investment of £7.7m</li> </ul>
<p><b>Lead Officer: Director of Starting Well</b></p>

<p><b>5. A number of control failures have been identified towards the end of 2024/25 across three service areas. Reviews undertaken of these incidences have highlighted a combination of inconsistent application of the financial framework and poor management oversight in a limited number of areas. These issues have led to financial inefficiencies, potentially resulting in a misallocation of resources, which may have impacted on service delivery within the areas affected, ultimately resulting in financial loss to the Council. In all incidences, both the first (service delivery and day-to-day management of risks) and second (support, advisory and monitoring responsibilities) line of defence were ineffective.</b></p>
<p><b>Actions taken during 2024/25</b></p>
<ul style="list-style-type: none"> <li>• Initial internal audit reviews have taken place and, where applicable, fraud investigations remain underway.</li> <li>• A summary of the issues, causes and actions provided to Audit Committee with members requesting a follow up within 6 weeks.</li> <li>• Work underway by finance</li> </ul>
<p><b>Planned actions for 2025/26</b></p>
<ul style="list-style-type: none"> <li>• Follow up to be provided to Audit Committee in June 2025</li> <li>• Additional reviews added to the Internal Audit Plan 2025/26</li> </ul>
<p><b>Lead Officer: Strategic Director, Resources</b></p>

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 31<sup>st</sup> July 2025

Chief Executive



Date 31<sup>st</sup> July 2025