

Havering Annual Governance Statement 2022/23

ANNUAL GOVERNANCE STATEMENT 2022/23

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

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

Scope of responsibility

The London Borough of Havering is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The London Borough of Havering also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the London Borough of Havering is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

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

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the London Borough of Havering's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework, available on the Havering website and provided in the link below, has been in place at the London Borough of Havering for the year ended *31 March 2023* 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.

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. It is likely that amendments to the planning regulations, the scheme of delegations and the access to information regulations (amongst others) will be presented to governance committee in 2023/24.

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.

Governance and Assurance Board

The London Borough of Havering has an established officer Governance and Assurance Board, that is scheduled to meet monthly, with standing membership, included in the Terms of Reference 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
- Transformation Programme Director (acting as SIRO)
- 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)

During 2022/23, the Senior Leadership Team (SLT) consisted of the Chief Executive, five Directors with responsibility for Regeneration, Neighbourhoods, Children's Services, Adult Services & Health and Public Health. Interim arrangements were in place to cover the portfolio of the Chief Operating Officer, including arrangements for statutory S151 role. SLT is supported by the Monitoring Officer who attends all SLT meetings.

Meetings between the Council's three statutory officers (Head of Paid Service, Section 151 officer and Monitoring Officer) (often known as the golden triangle) have been instituted this year.

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. The Governance Committee oversees the Council's complaints process and provides Members for any panels required to hear stage 3 corporate complaints.

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 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 2022/23 the Board met on 6th September 2022, 15th November 2022 and 7th February 2023. No annual general meeting was held. The Board produced an Annual Report for 2021/22, 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 8 November 2022. The report for 2022/23 is in production and expected to be presented to the Pension's Committee later in 2023.

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 8th November 2022.

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 2022/23, reasonable assurance can be provided that there is generally a sound system of internal control across the Council. This opinion is broadly consistent with the 2021/22 view. However, it should be noted that the reasonable assurance opinion provided this year contains one significant issue, as detailed below:

- Procurement and contract management continues to be an area of ongoing risk, particularly with the challenging financial position the Council faces.

Furthermore, this opinion takes into account the increase in ICT related risks added to the Strategic Risk Register during 2022/23. Whilst the majority of these remain at a 'high' risk, they are being monitored and reviewed through the Council's risk management process.

The Internal Audit Plan will continue to focus on these areas to provide assurance to the Audit Committee.

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 council published its draft statement of Accounts for 2021/22 on 29 July 2022 in line with the deadline. As with many other local authorities the audit of the 2020/21 and 2021/22 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. Infrastructure accounting advice has now been received and with legislation on Infrastructure now updated, EY have identified no issues with the accounting for Highways infrastructure in the Accounts. 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 2022/23, all incidences were reported to the Information Commissioner's Office (ICO) 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. We also focused on improving staff awareness of GDPR and cyber security responsibilities through the launch of refreshed L&D material via a new platform. Over 96% of registered users have now completed this L&D.

Ombudsmen

The Council comes within the jurisdiction of the Local Government and Social Care Ombudsman (LGSCO). In 2022/23, there were nine cases raised with the Ombudsman. Of these, three were identified as "maladministration & injustice" and the remaining six cases were closed after initial enquiries, with no further action taken.

Local Government Association (LGA) Independent READI Peer Review

The Council requested two Sector Lead Improvement Reviews buy the LGA.

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 subsequent LGA Formal report and the Councils response to the Recommendations was published in May 2022. In August 2022, the READI Programme Manager and Support officer was recruited, they have progressed the actions and presented an update report to Cabinet that will be published. This will show progress made and key actions to be undertaken.

Following the May Elections and new Cabinet, Vision and Corporate Plan. The Council requested a Corporate Peer Challenge to be undertaken in November 2022 the Council. This was to provide an independent peer lens on how we are doing, how aware we are about our challenges, opportunities and how we are taking our ambition for Havering forward, whilst tackling our acute financial resilience challenge and closing a £70m budget gap over the next four years.

All Members were involved in the process and had the opportunity to be part of the Improvement focus, In the spirit of this there were three Member peers, one from each of our largest parties. This was an approach adopted to ensure all 55 ward councillors had the opportunity to be part of and shape the future improvement journey.

The LGA Report when available will be published at a future Cabinet Meeting and onto the Overview and Scrutiny Board.

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

A 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

There are three risks identified in relation to modern slaving this year, including lack of up to date documentation (including a previous annual transparency statement), more awareness raising for officers who do not sit within social care, procurement or community safety and the management of the agenda across the council and overseeing the annual statement. Actions for all three risks have already been put into place and associated steps have been included in the statement.

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

The issues identified in the 2021/22 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 during 2022/23 in each of the areas identified in the 2021/22 AGS, all issues were considered to have remained significant enough to be carried forward into the action plan for 2023/24, with an expansion on the fourth issue.

Significant governance issues 2022/23 (to be addressed in 2023/24)

1. Delivery of a balanced budget:

The Council was able to set a balanced budget for the 2022/23 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 2022/23 approved in March 2022, 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. Reports to the council's cabinet throughout the year highlighted the spending pressures and the actions being taken to address them, including scrutiny of savings delivery and social care costs. The challenges facing the national economic position added to the challenges on the budget and will be closely monitored during the year. The situation identified as part of the council's in year monitoring processes in the first half of the 2023/24 financial year have established the scale of the future challenge and the council has increased the measures being taken to control expenditure.

Actions taken during 2022/23

- Monthly reports provided to the Senior 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.
- 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 2022/23.
- Detailed monitoring of the financial standing of the Council and 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 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.
- A balanced position for the 22/23 budget and a revised MTFs was presented to cabinet in February 2022 and Council in March 2022.

Planned actions for 2023/24

- Acknowledgement of ongoing issues with embedding Fusion – work will continue developing the product available to service users and investigate management information solutions. The Fusion Improvement Board will monitor the ongoing progress in making best use of the system to manage the financial challenges for the organisation.
- 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 will be reviewed as required to verify key assumptions/delivery plans.
- Continued focus on the delivery of the corporate recovery programme including savings delivery and close monitoring of the revenue and capital plans.
- Challenge and review of the adults and children's social care budget assumption
- Senior Leadership continue to monitor the MTFs and the recovery plan to ensure the sustainability of the Council's finances.

Lead Officer: Strategic Director, Resources

2. Cyber Security Threats
Actions taken during 2022/23
<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 2023/24. <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: Strategic Director, Resources

3. Joint Venture Governance: Circumstances that have arisen at other councils have highlighted the importance of monitoring the sustainability of significant regeneration programmes.

Actions taken during 2022/23

- 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.

Planned actions for 2023/24

- As above plus:
 - 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)
 - Risks are reported on a monthly basis via Verto and JCAD.
 - Project progress is considered at each individual Joint Venture's monthly board meeting.

Lead Officer: Strategic Director, Place

4. Procurement: Weaknesses in the governance arrangements for procuring goods and services may be compounded by resourcing issues and the imminent split from the oneSource joint procurement service.

Actions taken during 2022/23

- The Director of Procurement has initiated a programme of procurement improvement.
- 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 2023/24

- A project is in place to separate the procurement teams for Havering and Newham away from onesource by 4th December 2023, following a decision made by both councils and the oneSource joint committee.
- Recruitment of a Head of Procurement for Havering and a restructure which reshapes the new Havering team. This provides an opportunity to really review the function of the team and the capacity to meet demand for the future.
- Approval for new CPRs. key governa Given recent changes to national advice on procurement it becomes necessary for us to pause the current governance process to ensure that the new CPRs reflect new guidance and have a Havering focus.
- 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, we have 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.
- Introduction of a temporary Gateway Review Group (GRG) to replace the shared group with Newham following split of oneSource procurement services.
- Constitution review to include procurement aspects.
- Implementation of a Corporate Procurement and Commissioning Board to replace GRG.
- Launching a new process for Procurement Initiation Forms and waivers, utilising new technology and governance arrangements.
- Launch of a Procurement Forward Plan for Havering, to increase visibility, reduce bureaucracy and manage demand within the team.

Lead Officer: Strategic Director, Resources

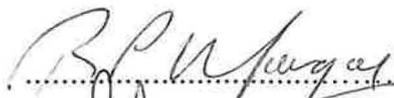
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as 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... 28/1/2024

Chief Executive

 Date... 30/1/2024