

# Audit Committee

**Thursday, 23 May 2024 at 7.00 p.m.  
Committee Room - Tower Hamlets Town Hall,  
160 Whitechapel Road, London E1 1BJ**

## Supplemental Agenda – Item 6.1

### 6.1 Annual Governance Statement 2023/24 (Pages 3 - 42)

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<p>Non-Executive Report of the:</p> <p><b>Audit Committee</b></p> <p>Thursday 23<sup>rd</sup> May 2024</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Julie Lorraine - Corporate Director, Resources</p>	<p><b>Classification:</b> Open (Unrestricted)</p>
<p>Annual Governance Statement: 2023/24</p>	

<b>Originating Officer(s)</b>	David Dobbs – Head of Internal Audit, Anti-Fraud & Risk
<b>Wards affected</b>	(All Wards)

### Reasons for Urgency

The attached report was not published five clear days in advance of the meeting, due to the significant volume and level of detail that needed to be collated, reviewed, and reflected upon in relation to the Council’s governance arrangements for 2023-24.

### Executive Summary

As part of the Annual Accounts and in accordance with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework, the Council is required to undertake a review of its corporate governance processes, systems, and the assurances on the governance framework to support the creation of an Annual Governance Statement.

### Recommendations:

The Audit Committee is recommended to:

1. Review and agree the Council’s Annual Governance Statement in relation to 2023/24.

### 1. REASONS FOR THE DECISIONS

- 1.1. The Accounts and Audit Regulations 2015 require that the Council must agree an Annual Governance Statement, prepared in accordance with proper practices published by the Chartered Institute for Public Finance and Accountancy (CIPFA) for publication with its Statement of Accounts.
- 1.2. The Audit Committee provides an important role in reviewing the effectiveness of governance arrangements within the Council and

therefore the above recommendation above falls within the terms of reference for the committee.

- 1.3. The Annual Governance Statement, which will be included and published within the Statement of Accounts, is now presented to ensure that it can be considered and reviewed appropriately prior to sign-off and publication.

## **2. ALTERNATIVE OPTIONS**

- 2.1. None.

## **3. DETAILS OF THE REPORT**

- 3.1 The Council's Annual Governance Statement forms part of the annual accounts. Its content is derived from various sources and assurance processes. It is informed by annual review of the Council's system of internal control which includes the Annual Report of the Head of Internal Audit and the Annual Review of the Code of Corporate Governance.

- 3.2 The evidence sources collated for draft the Annual Governance Statements were as follows:

- The annual review against the Council's own Code of Corporate Governance
- Consultation with, and assurance provided by Corporate and Divisional Directors
- The results of completed work undertaken during the year by the Internal and External Audit, other inspection bodies and external reviews.
- A review of progress against the delivery of prior year issues identified in each statement.

- 3.3 The Annual Governance Statement for 2023/24 is presented to the Audit Committee for review and agreement prior to final sign-off from the Chief Executive and Mayor. It will then be included within and published on the Council's website as part of the Statement of Accounts for the same period.

- 3.4 The Accounts and Audit Regulations (2015) and (2022 amendment) require the Statement of Accounts to be made available [in draft form] for public inspection no later than 1<sup>st</sup> June, with the deadline for publishing the audited Statement of Accounts for 2023/24 being 30<sup>th</sup> September.

## **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no specific equalities implications.

## **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 The report meets the requirements of the Accounts and Audit Regulations (England) 2015 which stipulate that the Council must conduct annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 Other than the compliance requirements set out the Accounts and Audit Regulations 2015 there are no specific financial implications arising from this report.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council is required to produce an Annual Governance Statement in accordance with the Accounts and Audit Regulations 2015. Therefore, this report demonstrates the Council's compliance with the regulations.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None.

#### **Appendices**

- Appendix A: Annual Governance Statement 2023/24

#### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of "Background Papers" used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

- None.

#### **Officer contact details for documents:**

David Dobbs, Head of Internal Audit, Anti-Fraud and Risk  
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# Annual Governance Statement 2023/2024



## Our Annual Governance Statement

We are required to report publicly about how the Council has complied with its governance arrangements, including how they have operated over the course of the last year and if any areas require improvement. This Annual Governance Statement reports the outcome of our assessment.

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and responsible manner. The Council has adopted a Code of Corporate Governance that is based on the recommended guidance: *Delivering Good Governance in Local Government*. In adopting this Code, we recognise the importance of having good governance, which includes effective leadership and management, policies and procedures, to ensure we have a well-run Council that delivers high quality, value for money services to the local community. We also acknowledge our responsibility for ensuring that the Council conducts its business in accordance with the law and proper standards and that public money is safeguarded.

The Council is committed to being efficient and effective in delivering improved outcomes for residents of Tower Hamlets. We are open and transparent about our continuous improvement journey and have been recognised for achievements so far.

The London Borough of Tower Hamlets (the “Council”) is committed to being efficient and effective in delivering improved outcomes for residents of Tower Hamlets. We pride ourselves in doing this in an open and transparent manner, especially when it relates to our continuous improvement journey.

We recognise that good governance requires a culture of continuous improvement and challenge, and we will continue to seek improvement and will be self-critical in doing so to ensure we uphold the highest possible standards of good governance.





**Signed on behalf of the London Borough of Tower Hamlets**

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\_\_\_\_\_  
Steve Halsey, Chief Executive

Date:

\_\_\_\_\_  
Lutfur Rahman, Executive Mayor

Date:



## Introduction

All local authorities are required to report publicly about how they have complied with their governance arrangements and do so through an Annual Governance Statement (AGS). Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and responsible manner.

The Council has adopted a Code of Corporate Governance (the Code). The Code is based on the principles of good governance recommended by Chartered Institute of Public Finance and Accountancy (CIPFA) and SOLACE in a joint document entitled '*Delivering Good Governance in Local Government*'.

The Code sets out the commitment of the Council to work to uphold the highest possible standards of good governance. This is essential for ensuring we conduct our business in accordance with the law and proper standards and that public money is properly accounted for. It also includes effective leadership and management, policies, and procedures, to ensure we have a well-run Council that delivers high quality, value for money services to the local community.

To assess the effectiveness of key elements of the governance framework, including partnership arrangements and alternative delivery models, we have reviewed our performance against each of the seven principles of good governance:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

When evaluating our performance, we have taken into consideration reviews and inspections of the Council by others, as well as the work of internal and external audit. We have also reviewed our progress against improvement actions that were identified as part of the 2022/23 Annual Governance Statement.

In addition, each Corporate Director is required to confirm that their directorates are run efficiently, effectively, and with proper risk management and governance arrangements, including a sound system of internal control. They are required to review internal controls to ensure they are adequate and effective, whilst considering the following:

- Outcomes from risk assessments and evaluations
- Self-assessment of key service areas within the directorate
- Internal audit reports and results of follow ups regarding implementation of recommendations
- Outcomes from reviews of services by other bodies, including inspectorates, external auditors, etc
- Linkage between business planning and the management of risk.

Where areas for improvement are required an action plan must be developed. We have used these returns to further enhance our review of the Council's governance framework.

To conclude the assessment, we have provided an overall view on our governance arrangements and included an action plan to record how we will address any areas requiring improvement.



## Our Assessment

To assess the effectiveness of key elements of the governance framework, including partnership arrangements and Council owned companies, we have reviewed our performance against each of the seven principles of good governance. When evaluating our performance, we have taken into consideration reviews and inspections of the Council, as well as the work of internal and external audit.

Principal	Review of Governance Arrangements
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p>	<p>The Council’s Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent, and accountable to local people, including the Financial Regulations. The Constitution is published on the Council’s website. The constitution was last updated and agreed at full Council in May 2024. In addition, there are a range of policies and procedures to direct and guide Members and staff, as well as codes of conduct that set out standards of behaviour expected from Members and staff.</p> <p>The Council has appointed the required statutory officers which includes the Head of Paid Service (Chief Executive), the Monitoring Officer (Director of Legal Services) and the Chief Finance Officer, also referred to as the Section 151 Officer (Corporate Director of Resources). These three officers meet regularly to discuss governance issues.</p> <p>The Council operates a Standards Advisory Committee to oversee and promote high standards of conduct by the Mayor, Councillors and Co-opted Members of the Council, including in relation to the Code of Conduct and the Register of Interests. Half the Committee membership allocation is for independent Co-opted Members and there are also two separately appointed statutory Independent Persons who advise in relation to alleged breaches of the Code of Conduct. The Committee takes an active role in this work receiving regular reports, monitoring complaints against Members, the Register of Interest/Gifts and Hospitality, Member Development, and reports from the work of the Committee on Standards in Public Life amongst other matters. The Committee provides full Council with an annual report on its activities which highlights areas of strength and concern; a report was</p>



	<p>last taken to full Council in September 2023, with the next expected at the meeting scheduled in June 2024.</p> <p>All members positively acknowledge the Code of Conduct when they join the Council. An updated Member Code of Conduct was presented, as part of the Council’s constitution, to full Council at its meeting held on 17 May 2023.</p> <p>The Councils Member/Officer protocol was reviewed and updated during 2023, with formal adoption of the revised protocol by Council at its November 2023 meeting.</p> <p>The Standards Advisory Committee has endorsed the proposal for the Council to work towards the Local Government Association Charter Mark for Member Learning and Development. The benefits of this are two-fold. Firstly, it provides the Council and Members with assurance that the Learning and Development Programme provided to Members is of good quality and comparable to the best in local government. Secondly, it demonstrates to local residents that the Council takes the support of their elected Members seriously and understands their value to the organisation. Achieving the LGA Charter Mark will go towards demonstrating the necessary commitment to Learning and Development at the Council, as referenced in the LGA Peer Challenge.</p> <p>The Council has adopted a Whistleblowing Policy to guide and support staff about how to raise any concerns. It is readily available on the Intranet. The Monitoring Officer maintains a central record of all whistleblowing concerns and how they have been resolved. In November 2023 the Head of Internal Audit, Anti-Fraud &amp; Risk performed an annual review of the Council’s whistleblowing arrangements, which was reported to the Audit Committee. A similar report will be presented as part of the 2024/25 Audit Committee workplan.</p> <p>Committee reports and key decisions are published online to ensure transparency and Executive decisions made by the Mayor and Cabinet are subject to the ‘call-In’ process by backbench Councillors who can raise any concerns they may have.</p>
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	<p>The Council maintains a Register of Interests (for officers and Members) which includes a requirement to declare interests at meetings ensuring that potential issues are recorded, and Members do not take part in meetings in an inappropriate way. This includes the need to leave the room when any items for which they have a Pecuniary Interest are discussed. A revised guide to declaring interests at meetings has been attached to all meeting agendas since May 2020.</p> <p>The Council also maintains a Gifts and Hospitality register to ensure that Members and Officers declare any gifts and hospitality in an open and transparent manner. The Gifts and Hospitality Policy was reviewed and updated as of December 2023. Individual teams have been instructed and reminded to adopt the revised policy, hold details of any gifts and hospitality offered, accepted, and declined, whilst reporting up into a Directorate-held registers for completeness.</p> <p>The Council has sought feedback from the public through its complaints and comments procedures and has responded to the outcomes as appropriate.</p> <p>The Council’s Audit Committee has met throughout the year and has considered reports from Internal and External Audit as well as other updates, reports, and advice from the Chief Financial Officer and the Monitoring Officer. At its November 2023 meeting the Audit Committee considered a report from the Monitoring Officer detailing options for future membership of the committee. Consequently, changes to committee membership and terms of reference were agreed, which will take effect at the start of the 2024/25 Municipal Year.</p> <p>The Council routinely provides training for its Members on numerous topics including financial management, risk, governance, and ethics.</p>
<p>B. Ensuring openness and comprehensive stakeholder engagement.</p>	<p>Council meetings and Committees are routinely held in public unless there are good reasons for not doing so on the grounds of confidentiality/disclosure of exempt information which are provided for in statutory provisions.</p>



	<p>The Council has invested in the technology to facilitate the webcasting of meetings, meaning that stakeholders and residents can attend meetings if they wish to or watch them online.</p> <p>An online library of meeting agendas, attendance, supporting papers, decisions and minutes is maintained on the Council’s website. As a result, the decision-making process can be considered and reviewed by stakeholders and the public from inception through to final decision and any ultimate scrutiny.</p> <p>The Council has sought community views on a wide range of issues and has undertaken regular consultation and engagement with citizens and service users. During 2019/20 the Council launched a Consultations Hub to better facilitate consultations. Details of current, planned, and past consultations have been made available on the Council’s website along with information on how the public/stakeholders can put forward their views. The Hub has had a positive impact on consultation resulting in increased transparency and accessibility providing the Council with a more balanced view of public opinion.</p> <p>The Council’s Overview and Scrutiny Committee has engaged with stakeholders, residents, and community groups to review services and drive improvement in service delivery. The Overview and Scrutiny Committee includes co-opted residents with relevant knowledge and has encouraged residents to attend its meetings, which are open to the public and webcast. Further, residents, community groups and expert witnesses have been invited to participate in Scrutiny review and challenge sessions so the Committee can hear directly from those whose interests are represented.</p> <p>Social media channels have been used extensively to support the Council’s engagement with stakeholders. The Council has adopted a Social Media Policy to provide advice and guidance on the use of social media.</p>
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<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>The Strategic Plan for 2022-2026 is the main business planning document of the Council. It sets out the corporate priorities and outcomes, the high-level activities that will be undertaken to deliver the outcomes, as well as the measures that will help determine whether the Council is achieving the outcomes. The Council has a structured set of plans which turn the vision into actions, through directorate, key council strategies and service plans. The plan is refreshed annually. The latest version has been published on the Council's website.</p> <p>The performance of the Council against measurable outcome-led targets has been assessed through performance monitoring reports that have been considered within directorates, by the Corporate Management Team, Overview and Scrutiny Committee, Cabinet and subsequently at other meetings of relevance. Any such reports can also be called in for scrutiny and reviewed by the Audit Committee.</p>
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>	<p>The Council, Cabinet and Committees have received regular reports on performance monitoring, the Strategic Plan for 2022-2026 and other policies and procedures which demonstrate the level to which intended outcomes are being achieved and any interventions planned to address issues. Each year the Council publishes an Annual Delivery Plan - this describes the key actions that will be taken in the next year to deliver the Strategic Plan, and how progress will be measured.</p> <p>With our partners and residents, the Council has also developed a shared vision for the Borough, 'A Tower Hamlets for All', the Partnership Plan for 2023-2028. The Plan identifies how the partnership will work together through the Partnership Executive Group to deliver cross-cutting activities.</p> <p>The Partnership Executive Group led is by the Mayor with chief officers from key local partner organisations and a range of Partnership groups including statutory boards.</p>





	<p>All decisions being considered have been objectively and rigorously analysed by the Monitoring Officer and the Chief Financial Officer and all reports have designated sections for legal and finance comments to be recorded. Reports have been cleared by finance and legal officers before publication.</p> <p>The Council’s transformation programme, called People First (this replaced Smarter Together during 2023), is focused on achieving the objectives set out in the Strategic Plan for 2022-2026. The key aims of People First are to:</p> <ul style="list-style-type: none"> <li>• enhance our strategic alignment</li> <li>• strengthen corporate oversight of the council’s budget and establishment</li> <li>• foster a culture of continuous improvement.</li> </ul> <p>To support the transformation five People First Boards were launched:</p> <ul style="list-style-type: none"> <li>• The Transformation Advisory Board</li> <li>• The Efficiency Board</li> <li>• The Budget Board</li> <li>• The Reorganisation Board</li> <li>• The People Resourcing Board.</li> </ul> <p>The boards have been very successful. Achievements include supporting us in the closure of our £40m savings gap and helping us to get closer to our £5m corporate restructure target. They have also helped us in building a clear approach in moving to a resident-focussed Target Operating Model. This success was recognised by the recent independent Local Government Association Peer Challenge. It also advised that we review and rationalise the Boards going forward and from February 2024 onwards we retained the Budget Board, Reorganisation Board and Transformation Advisory Board.</p> <p>In May 2024, a report to Cabinet, ‘Transforming Tower Hamlets Council: building a stronger future’ detailed the significant progress made by the Council in its transformation journey and set out the future focus areas, including:</p>
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	<ul style="list-style-type: none"> <li>• Deepening resident engagement, with enhanced consultation</li> <li>• Building on long-term financial strength, for sustainable service provision</li> <li>• Driving innovation and efficiency, through empowered directorates</li> <li>• Enabling a highly skilled and motivated workforce, by prioritising staff development and engagement.</li> </ul> <p>Additionally, the May 2024 Human Resources Committee and Audit Committee agendas addressed resourcing capacity for change initiatives, and strategic investments in HR, Recruitment and Procurement, to further mitigate identified risks.</p>
<p>E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.</p>	<p>The roles of all officers (including statutory roles) have been defined in agreed job descriptions and person specifications. Staff performance is reviewed annually using an approach called ‘My Annual Review (MAR)’ which was introduced during 2020/21 to improve the process and make it simpler to facilitate a two-way conversation. The MAR process has had a positive impact on staff, as it has become embedded across the Council, with metrics suggesting engagement has increased. Management will continue to monitor compliance with the process and address areas of weakness.</p> <p>The Council has articulated its values and behaviours in ‘TOWER values’ which includes a behaviours framework to support officers in the MAR process and when recruiting staff.</p> <p>All members have been provided with a Member Induction Programme and wider Member Development Programme. Members also have an online portal (Members hub) to give them access to many useful documents and materials and a weekly Member Bulletin email to keep them updated with the work of the Council.</p> <p>Cabinet Members and the Mayor are held to account through regular attendance at Overview and Scrutiny Committee and Sub-Committee meetings as well as through monthly Portfolio meetings with the Mayor and quarterly performance and budget monitoring meetings.</p>



	<p>Staff new to the Council are provided with a corporate Induction and provided with additional documents and policies to support their induction, this includes mandatory training in areas such as Data Protection, Cyber Security and Whistleblowing. Management will continue to monitor completion of the training and address any related areas of non-compliance.</p> <p>Staff are provided with a wide range of development opportunities through the Learning Hub.</p> <p>The Council has adopted a range of supporting plans and strategies including the People and Wellbeing Plan, and the Workforce Development Strategies.</p>
<p>F. Managing risks and performance through robust internal control and strong public financial management.</p>	<p>The Council has adopted a Risk Management Strategy and approach with the main priorities of providing robust systems of identification, evaluation, and control of risks which threaten the Council’s ability to meet its objectives to deliver services to the community. A five-year Risk Management Strategy was reviewed and agreed by the Corporate Management Team at the end of 2019/20 and the Audit Committee in July 2020. An updated strategy will be produced during 2024/25 and presented to CMT and the Audit Committee.</p> <p>Risk Management is part of the Council’s day-to-day activities and decision-making and regular reports have been provided at corporate and directorate level. The Corporate Risk Register is independently reviewed by the Audit Committee.</p> <p>In July 2023 the Audit Committee received the annual report for Risk Management for the 2022/23 period. The report stated that “The current position at the Council is that Risk Management practices are established but not fully embedded and mature. Moreover, there are inconsistent levels of engagement in the underlying processes (reviewing risk articulation, updating controls, removing redundant risks), and consequently there is limited confidence that the underlying risk data held on JCAD is accurate and useful as a tool for managing risk.” A number of actions were included in the report and were endorsed by the Audit Committee.</p>



	<p>The Corporate Director of Resources, as the designated Section 151 Officer, is responsible for the proper administration of all aspects of the Council’s financial affairs including ensuring appropriate advice is given to the Council on all financial matters. The Council’s system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.</p> <p>A Medium-Term Financial Strategy is in place and is updated annually. Revenue and Capital budget planning based on corporate priorities are led by the Corporate Management Team and are presented for approval by the Council. Revenue and Capital Budget Monitoring reports have been presented to the Cabinet on a regular basis, this includes the annual outturn. Members have been able to scrutinise budget monitoring through the relevant Committee to ensure that performance and risks are managed.</p> <p>The Council has continued to face a challenging financial environment throughout 2023/24. As of 31 December 2023, the projected outturn position, after the proposed net drawdown of general and earmarked reserves of £19.4m, is a £0.1m underspend. The provisional outturn for 2023/24 will be reported during July 2024.</p> <p>Since 2019/20 Finance has been focussed on rectifying significant issues with the 2018/19 and 2019/20 Statement of Accounts. After much delay, these were signed off by the external auditor during November 2023, though they received qualified audit opinions.</p> <p>The Council has also published its draft financial statements for 2020/21, 2021/22 and 2022/23 – these are available from the Council’s website. The external audit of these financial statements has been delayed as a consequence of issues affecting the finalisation of the 2019/19 and 2019/20 financial statements. The delay in finalising audits is acknowledged as a national issue and there is a significant number of delayed audit opinions across the sector. DLUHC is proposing to address this through a statutory ‘system reset’.</p>
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	<p>The Council has a proactive, holistic approach to tackling fraud, theft, corruption, and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably. The outcomes of anti-fraud work have been reported to, and reviewed by, the Audit Committee.</p> <p>All reports to Council, Cabinet and Committees are required to set out key implications and information in areas such as risk, equalities, safeguarding and environmental impact assessments.</p> <p>The Audit Committee is responsible for considering the Council’s arrangements for internal governance and financial management and to recommend any actions accordingly. It has received a number of relevant reports such as annual internal audit plans, reports from external audit, anti-fraud and corruption initiatives and risk management.</p> <p>The Council’s Internal Audit service undertakes an annual programme of audits which includes providing assurance over the Council’s risk management processes. If any areas for improvement are identified Internal Audit makes recommendations for management to consider and implement. Progress against the plan and the outcomes of audits are reported to the Audit Committee.</p>
<p>G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.</p>	<p>The Council has a published constitution setting out how decisions are taken and how the public can get involved in decision making, including access to information, petitions, and ways of getting involved in decision making. The constitution is published on the Council’s website and it was last updated and agreed at full Council in May 2024.</p> <p>The Council seeks to write and communicate reports and other information for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. The Council webcasts it’s Council, Cabinet, Strategic Development Committee, Development Committee and Overview and Scrutiny Committee meetings to ensure maximum transparency.</p>



	<p>The Council maintains an up-to-date website which provides a mechanism for the Council to publish information important in ensuring transparency of its actions.</p> <p>The Council's constitution sets out the terms of reference of all Committees to ensure information is presented to the appropriate Committees. Access to Information rules set out how the Council maintains good public access to information and reports.</p> <p>The Council updated its Code of Corporate Governance, and it was presented to the Corporate Leadership Team and the Audit Committee for approval in July 2023.</p> <p>The Head of Internal Audit, Anti-Fraud &amp; Risk provides an independent and objective annual opinion on the effectiveness of internal control, risk management, and governance. This is carried out by an in-house team in conformance with the Public Sector Internal Audit Standards. The Head of Internal Audit, Anti-Fraud &amp; Risk delivers a quarterly progress report to the Audit Committee setting out the outcomes of Internal Audit and Counter-Fraud activity.</p> <p>The Council responds to the findings and recommendations of External Audit, Scrutiny, and Inspection bodies. The Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control, risk management and governance.</p> <p>As senior Council decision making bodies, the Audit Committee, and any other relevant Non-Executive Committee including Scrutiny, can report any concerns they have regarding actions that have not been undertaken.</p>
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## Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole of the Council's activities. It is a requirement for the Head of Internal Audit to give an annual opinion on the adequacy and effectiveness of governance, risk management and internal controls within the Council. The Head of Internal Audit, Anti-Fraud & Risk will formally report the 2023/24 annual opinion to the Audit Committee in July 2024.

### 2023/24 Head of Internal Audit Annual Opinion

#### Basis of the Annual Opinion

The outcome of the audits undertaken during the year by Internal Audit forms the primary basis of the annual audit opinion over the adequacy and effectiveness of the governance, risk, and control framework. Additionally, there has also been recourse to the following sources of evidence and assurance:

- Anti-fraud and fraud investigations
- Follow up of management actions
- The Council's governance and risk management framework
- Inspections and external reviews, including work undertaken by the external auditor.

The Head of Internal Audit's Opinion for 2023/24 is that having considered the relevant evidence, it is my opinion that I can provide **Reasonable/Limited Assurance** that the Council has adequate systems of governance, risk management and internal control.

Head of Internal Audit, Anti-Fraud & Risk.

The full report will be made available on the Council's website.



## External Audit & Inspections

### External Audit

From 1 September 2018 Deloitte LLP was appointed as the Council's external auditor, this was following the decision of the Council to opt into the Public Sector Audit Appointments Limited (PSAA) arrangement. PSAA appointed Deloitte to audit the accounts of the Council for a period of five years (2018/19 to 2022/23).

During 2023/24, Deloitte completed its audit of the Council's 2018/19 or 2019/20 financial statements. The Council has published its draft financial statements for 2020/21, 2021/22 and 2022/23 – these are available from the Council's website. The external audit of these financial statements has been delayed as a consequence of issues affecting the finalisation of the 2019/19 and 2019/20 financial statements. This is a national issue and there is a significant number of delayed audit opinions across the sector.

During February 2024, DLUHC issued a joint statement (Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit) and a related consultation. The statement sets out a proposed three-phase approach to tackle the national backlog in the audited accounts of local authorities. Concurrently, the NAO has consulted on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements.

In October 2022, EY (also known as Ernst and Young LLP) was appointed by PSAA as the Council's external auditor for a period of five years, from 2023/24 onwards.

Progress on external audit activity has been reported regularly to the Audit Committee.



## Local Government Association – Corporate Peer Challenge

An expert team of independent reviewers was invited to inspect the Council as part of a Local Government Association Corporate Peer Challenge. A team of councillors and senior leaders visited the Council for a week during September 2023 to assess how the organisation operates and recommend areas for improvement.

Its report recognised that the Council ‘is still adjusting to changes and challenges’ after ‘going through a period of significant change in the last eighteen months, with a new Mayor and, a new Chief Executive, as well as a move to new Council offices.’ Despite these changes, the Peer Review found the Council was delivering at speed with the help of ‘highly skilled, dedicated people who are evidently committed to delivering the best outcomes for the borough’s residents.’

It went onto say that: ‘Both members and officers should be commended for the delivery against the election promises to date and in particular the speed of the implementation of universal free school meals for all children up to age 16, and the implementation of the Educational Maintenance Allowance for sixth form and college students.’

The 18 core recommendations contained within the report are the subject of a detailed action plan which the Council has published alongside the Corporate Peer Challenge Report on the Council’s website. It identifies all of the core recommendations and sets against them key actions that help to address the recommendations. It also sets out those actions that the Council has already undertaken relevant to the recommendations or that resolve them altogether.

## Other Inspections and Review

During the 2023/24 work by external review bodies/inspectors comprised the following:

- Investors in People - During 2023 the Council retained its Silver accreditation and continues its journey to Gold. The assessors gathered evidence through 100 staff interviews and a staff survey. They also attended events such as the Staff Conference and Awards ceremony, Chief Executive Roadshow and the Innovation POD session on creating award winning entries. The Council achieved Gold level in 11 of the 27 themes, three more than in 2020.
- Adult Social Care Peer Review - As part of the preparation for a Care Quality Commission inspection of Adult Social Care, the Council underwent a Peer Review by the London Association of Directors of Adult Social Services (ADASS) in

January 2024. The Peer Review Team included colleagues from adult social care departments from other local authorities in London, as well as a 'person with lived experience' of adult social care. Around 150 staff and partners spent time with the Peer Review Team as part of the on-site visit. The review highlighted many strengths, including the passion and commitment of our workforce; our reflective culture of learning and improving; our stable structure; and our strong partnerships with health services and the community.

- SEND LGA peer review – this review found progress and improvements across several areas. Most notably, it concluded that the commitment and drive to improve the outcomes for children and young people with SEND are visible across the partnership and also that the SEND Improvement Board has driven the improvements at a strategic level. Conversely, the report noted that there remains inconsistency of practice across the system which continues to impact on the lives of children, young people and their families, and that there is an opportunity to strengthen whole system connectivity, vision and joint ownership.
- Best Value Inspection - On Thursday 22 February 2024, the Department for Levelling Up, Housing and Communities notified the Council of an inspection to provide assurance of improvement progress in the Council. The Secretary of State decided to commission this inspection to provide him with direct, independent assurance that the Council is complying with its Best Value Duty. This duty requires the Council to make arrangements to secure continuous improvement in the way in which its functions are exercised, with regard to economy, efficiency and effectiveness. The Secretary of State has asked inspectors to report their findings to him by Friday 31 May 2024 or such later date as may be agreed with the Secretary of State. The inspection process is independent of government.

## Companies, Arms-Length Management Organisations and Charities

The Council is involved in a number of companies as well as an Arms-Length Management Organisations and Charities, the significant ones of which are detailed below.

### Tower Hamlets Homes

In February 2023, the Council agreed to transfer Tower Hamlets Homes (THH: the Council's Housing Arm's Length Management Organisation) back in-house – this took effect from 1<sup>st</sup> November 2023. Having reviewed the options for the future of housing management services, the Council has assessed that bringing services back in-house (and thereby ending the Management Agreement) will provide an opportunity to join up services, increase accountability to residents and the Regulator of Social Housing, and enable the Council to take a strategic approach to delivering good quality homes.

The decision to return THH to the Council was taken after a consultation last year, in which Council tenants and leaseholders overwhelmingly supported the proposal. Over 86% of Council tenants and leaseholders, who took part in the consultation, agreed that housing management services should be brought back in house under the direct control of the Council.

Whilst THH is now back in-house, integration work is ongoing and forming a key part of a wider review of the Housing & Regeneration directorate's governance structure.

### King George's Field Trust

The Council serves as sole trustee of the King George's Field, Mile End charity. The charity is governed by a Trust Deed, and is unincorporated, being established by a Scheme of the Charity Commission dated 28th February 2000. The Charity's objectives are set out in Trust Deeds, which are as follows "To preserve in perpetuity the covenanted land and to apply the land to such charitable purposes as are set out in the Recreational Charities Act 1958, including the construction of indoor recreational facilities, subject to the approval of the National Playing Fields Association and the Charity Commission in respect of any additional purposes".



The Trust has no employees of its own and is dependent on staff of the Council for its operations; its standing orders with respect to controls for procurement, expenditure and income are aligned to those of the Council.

## Significant Governance Issues

Corporate Directors are required to consider whether there have been any significant governance issues. For the purposes of this review, we have defined a significant governance issue as something that:

- Seriously prejudiced or prevented achievement of one or more principal objectives
- Resulted in the need to seek additional funding to resolve the issue
- Required a significant diversion of resources
- Had a material impact on the accounts
- Resulted in significant public interest or has seriously damaged the reputation of the Council
- Resulted in formal actions by the Section 151 (Corporate Director of Resources) or Monitoring Officer
- Received significant adverse commentary in an external inspection report and was not or cannot be addressed in a timely manner.



## Progress against Significant Governance Issues Identified in 2022/23

The 2022/23 AGS included 11 significant governance issues which needed to be addressed. A summary of progress and outcomes against these actions follows:

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No.	Issue	Action	Progress / Outcome
1	<p>Issues have previously been identified with both the 2018/19 and 2019/20 Statement of Accounts (SoA) resulting in lengthy delays in external audit certification.</p> <p>Consequently, the external audit of the 2020/21, 2021/22 and 2022/23 accounts has been delayed and therefore the statutory deadline for publishing the accounts for these years has not been met.</p>	<p>Work is ongoing to finalise the 2018/19 and 2019/20 SoAs audits and revised accounts for these years will be presented to the Audit Committee in November 2023. Draft accounts for 2020/21 were issued in January 2022.</p> <p>The Council will now focus on producing and publishing its draft Statement of Accounts in relation to 2021/22 and 2022/23 at the earliest opportunity, and to therefore do so prior to progressing with the completion of the 2020/21 audit. Public inspection in line with the requirements of the Accounts and Audit Regulations (2015) will then commence as soon as draft accounts [for 2021/22 and 2022/23] are published on the Council's website.</p> <p>Whilst the external audits for prior years remain incomplete, there is a risk that the external auditor may identify adjustments which will have an impact on the 2021/22 and 2022/23 accounts. However, we consider this risk is outweighed by the</p>	<p>After much delay the 2018/19 and 2019/20 Statement of Accounts were signed off by the external auditor during November 2023, though they received qualified audit opinions.</p> <p>The Council has also published its draft financial statements for 2020/21, 2021/22 and 2022/23 – these are available from the Council's website. The external audit of these financial statements has been delayed as a consequence of issues affecting the finalisation of the 2019/19 and 2019/20 financial statements. The delay in finalising audits is acknowledged as a national issue and there is a significant number of delayed audit opinions across the sector. DLUHC is proposing to address this through a statutory 'system reset' and a backstop date of 30 September 2024.</p> <p>The Audit Committee has considered the planned accounts production and audit timetable to comply with the proposed backstop date, which is currently under consultation.</p>



		<p>benefit of the actions described above, which prioritise financial accountability and appropriate governance in the circumstances, and which we consider to be substantially in the public interest.</p> <p>Annual Governance Statements for 2020/21, 2021/22 and 2022/23 will be presented to the Audit Committee in October 2023 for approval.</p>	<p>The Council's finance team is well placed to complete the 2023/24 close-down and accounts production process on time.</p> <p>Annual Governance Statements in relation to 2020/21, 2021/22 and 2022/23 have been drafted, reviewed, signed-off and published on the Council's website.</p>
2	Weaknesses in completing reconciliations of the payroll system in a timely fashion.	<p>To be completed on a more regular basis and improvements to be picked up in outcome of decision re new financial system.</p> <p>Initial improvements were implemented during March 2023 and further system improvements are linked to timetable of implementation of new financial system.</p>	<p>All payroll reconciliations are completed monthly and shared as part of the Financial Control meeting dashboard.</p> <p>The payroll team also meets on a monthly basis with the Strategic Head of Finance and his team to review progress.</p>
3	Historic weaknesses in accounting for VAT and underlying compliance with HMRC requirements, leading to an estimated underpayment.	<p>Ongoing contact with HMRC to understand and urgently resolve the issues that have been identified.</p> <p>To deliver actions included in the action plan provided by HMRC.</p>	<p>Claims for retrospective VAT are still outstanding with HMRC. However, progress is ongoing, and the Council continues to liaise with officers of HMRC on a regular basis.</p> <p>The Council has engaged external tax advisors to carry out an independent review of the Council's monthly VAT returns, starting with the January 2024 claim.</p> <p>The Council has also commissioned an external review of its VAT policies and procedures and is in the process of reviewing and implementing initial recommendations.</p>

<p>4</p>	<p>Ongoing challenges to the sector’s medium term financial sustainability. For the Council, this relates particularly to challenges around the budget gap, delivery of savings targets, alongside persistent overspends in demand led services, such as Housing &amp; Homelessness and Adult Social Care.</p>	<p>Boards have been set up to drive the transformation programme, add rigour to financial management and ensure that the efficiencies detailed in the MTFS are achieved. These arrangements include the Budget Board, which is chaired by the Section 151 Officer and leads on approving budget efficiencies, including saving targets, budget growth requests and in-year variances.</p> <p>Directorates have been issued with £40m savings targets to achieve and proposals will progress through the Board governance framework to ensure they are deliverable, and all potential savings are identified.</p> <p>A savings target has been attached to Corporate Restructure Initiative.</p> <p>One-off use of reserves to smooth any budget gap over the medium-term.</p> <p>Service specific action plans are in place which include, for example, continued implementation of the Adult Social Care Transformation Programme, and work in the Housing Options service to enable upstream work designed to prevent homelessness occurring, bringing homeless people into employment and utilising cheaper accommodation.</p>	<p>The Council approved a revised balanced and sustainable MTFS in February 2024.</p> <p>A strengthened budget board with updated terms of reference chaired by the Section 151 officer remains in place for the monitoring of the delivery of the now identified savings in the MTFS comprising a budget.</p> <p>All Corporate Directors have signed assurance statements confirming their accountability for delivering the respective savings,</p> <p>The new MTFS has reduced reliance on reserves and making positive contributions throughout the period.</p> <p>Significant provision has been made to accommodate financial risk including those presented by demand led services.</p>
<p>5</p>	<p>Quality Assurance in Adult Social Care.</p>	<p>Implement further developments to Mosaic (IT system) and further improve</p>	<p>Improvements have been made to Mosaic including:</p>

		<p>the quality of data (also part of the Adult Social Care Transformation Programme).</p>	<ul style="list-style-type: none"> <li>• Simplification of the Core Adults workflows to streamline processes and reduce time spent working through system pathways.</li> <li>• Implementation of Adults Services changes to support plans to align with outcome-based commissioning.</li> <li>• Improving the hand-offs between practitioners and brokerage.</li> <li>• Improvements to the finance configuration making it easier for practitioners to navigate purchasing, easier for the brokerage team to manage and easier for the support team to maintain.</li> </ul>
6	<p>Financial sustainability and budget management – there is an underlying overspend in waste and street cleansing services following insourcing and budget management needs further strengthening.</p>	<p>Implement a waste improvement plan targeting illegal waste through increased enforcement activity; improve commercial waste offer and increase market share (whilst also targeting over production of waste by existing commercial waste customers through targeted enforcement activity to drive compliance and increase sales); reduce contamination through identification of hotspots followed by targeted communication (education/advice/enforcement); target rogue landlords through policy change/intervention; workforce: recruitment of permanent staff to replace temps, overtime reduction; route optimisation and increased staff training to reduce vehicle damage/insurance claims.</p>	<p>An interim commercial waste manager has now been appointed and a revised business plan has been created with temporary recruitment to support staff to assist with managing aged debt, administering financial data and streamlining processes that will assist with increased revenue. Moreover, an additional sales officer was appointed in late 2022 to increase sales. A growth bid has been submitted that proposes an increase in income by £500,000 in 2025-27. This income may be exceeded with the right facets in place.</p> <p>An improvement plan is now in place to guide operations including</p> <ul style="list-style-type: none"> <li>• Commercial waste being segregated from household waste collections in 2024, as a precedent to the creation of a self-serving commercial waste service.</li> <li>• Time bands will be introduced to assist with controlling illegal dumping on high footfall</li> </ul>





			<p>streets and also to aid with enforcement activity that will be increased.</p> <ul style="list-style-type: none"> <li>• Optimisation of household and commercial collection rounds will be concluded in 2024, with the desktop exercise on household waste already completed. This will see rebalanced rounds with a segregation of commercial and household waste collections. With the advent of new routes, overtime will be drastically reduced.</li> <li>• A recycling policy has been drafted and a review of how contamination is managed is also being undertaken. This will lead to targeted action on how contamination is tackled from education to collection, with responsibilities shared with landlords and managing agents.</li> </ul> <p>Finally, approximately one hundred and twenty agency staff have been transitioned to full time LBTH employees with a start date of 18<sup>th</sup> March. This change will reduce agency spend on waste budgets with a minimal reliance on agency in the future if necessary.</p>
7	<p>SEND Local Area Inspection 2021 – requirement of the Council and the CCG for a Written Statement of Action in relation to four areas of weakness.</p>	<p>Written Statement of Action approved by Department for Education (DfE) and NHS England – to be termly monitored</p> <p>SEND Improvement Plan overseen by SEND Improvement Board</p>	<p>Following a challenging Local Area SEND Inspection in 2021, we have continued our improvement focus; a LGA SEND peer review in October 2023 found evidence of progress. Our most recent meeting with the DfE Advisers, who monitor our progress against the Written Statement of Action, provided useful positive feedback about our strengthened reporting arrangements; the DfE also noted improvements and an increase in pace from 2023. In March 2024 we were successful in our bid for £1million in additional funding from the DfE’s Delivering Better Value scheme. We will</p>

			continue to utilise the SEND Improvement Board to carry forward this work across the partnership.
8	Youth Offending Inspection 2022 – Requires Improvement judgement.	Youth Justice Improvement Plan overseen by Youth Justice Management Board	Following a challenging Youth Justice Inspection in 2022, we continued our improvement focus by inviting the Youth Justice Sector Improvement Partner (YJSIP) to undertake a Peer Review. This was particularly focused on our improvement journey. The initial feedback indicated a positive trajectory, and we await the final report. The outcome of this will support the improvement of services for children known to Youth Justices Services in Tower Hamlets and City of London.
9	The Annual Risk Management report for 2022/23 stated that ‘Risk Management practices are established but not fully embedded and mature. Moreover, there are inconsistent levels of engagement in the underlying processes (reviewing risk articulation, updating controls, removing redundant risks), and consequently there is limited confidence that the underlying risk data held on JCAD is accurate and useful as a tool for managing risk.	Implementation of the Action Plan included in the report to Audit Committee at its July 2023 meeting.  To further strengthen Risk Management and corporate governance across the Council, an Internal Control Framework will be developed and embedded.	A number of actions have been taken and improvements made during 2023/24. Most notably, these include: <ul style="list-style-type: none"> <li>• The recruitment and appointment (from 1 February 2024) of a permanent Risk Officer.</li> <li>• Deployed upgrades to the JCAD risk management software to enhance functionality.</li> <li>• Undertaken a data cleanse and update of JCAD users.</li> <li>• Enhanced reporting of risks to DLTs and CMT and follow up.</li> </ul> Additionally, a new Risk Management Strategy will be drafted and published during 2024/25.
10	2022-23 saw a significant downturn in development activity in the borough, an issue seen across London due to the housing market and issues in the wider economy. LBTH relies on a buoyant development sector in a number of ways. Fees charged as part	Continue to develop our understanding the development pipeline and barriers to development coming forward.  The Council’s budget setting process for 2024/25 will include specific actions to	Planning and Building Control Division has been monitoring development activity in the borough and collecting data from multiple sources to better understand development pipeline and issues affecting the development industry and the impact this has had on development in the borough. With this understanding the division is proactively

	<p>of the planning and development process fund the Planning and Building Control Service. Funding secured via the Community Infrastructure Levy plays a key role in delivering the capital program and S106 secured also support the delivery of a number of services within the Council. A slowdown in development impacts all these income streams and can impact the pipeline of income for a number of years. In respect of the Planning and Building Control service, requests for a reserve account to smooth the cyclical nature of the development pipeline have not previously been supported but would help ensure the service can manage its own pressures across the development cycle.</p>	<p>mitigate the effects of annual fluctuations in planning and development income.</p>	<p>monitoring and tracking development, supporting development pipeline with a ‘fast track’ service to expedite the planning process for strategic schemes and engaging with developers through a developer’s forum to understand challenges and reaching out to those developers/landowners with stalled sites with planning consent to help unlock issues.</p> <p>Planning and Building Control has raised a concern around fluctuating income from the market and has requested that a reserve be created to utilise any additional planning fees.</p>
<p>11</p>	<p>Cyber Security and Resilience</p>	<p>Ongoing active monitoring of cyber risks and the IT control environment.</p> <p>Deployment of the Zero Trust Network Architecture.</p> <p>Continuing to raise awareness and train staff in Cyber Security.</p> <p>Aligning the Cyber Security Strategy with the NCSC Cyber Assessment Framework.</p>	<ol style="list-style-type: none"> <li>1. We have implemented 24/7 managed cyber security operations centre (CSOC) covering proactive monitoring and response.</li> <li>2. Zero trust architecture for incoming network traffic is implemented. Active monitoring of outgoing traffic is in place. Work to enforce data loss prevention (DLP) is ongoing.</li> <li>3. Actively using ‘Redflags’ for creating real time awareness of risky activities.</li> <li>4. The strategy is aligned to the Cyber Assessment framework (CAF). However, compliance is an ongoing activity as the NCSC CAF keeps updating based on changing security posture.</li> </ol>



## Significant Governance Issues Identified in 2023/24

All Corporate Directors have submitted their returns for 2023/24 to the Chief Executive. The following table summarises the most significant issues raised and the proposed actions to address them:

No.	Issue	Action	Responsible	Timescale
1.	Overspending in Housing & Homelessness. This main risk area relates to the Housing Options service where homelessness continues to be high, resulting in the use of expensive nightly booked accommodation.	Whilst much of the pressures on spend relates to factors which are outside the direct control of the Council, mitigating actions have been identified and include: <ul style="list-style-type: none"> <li>• Proactive and earlier interventions to prevent Homelessness occurring</li> <li>• Putting in place help people to quickly recover from and exit homelessness</li> <li>• Utilising the Housing Revenue Account to support an additional 300 homes rather than placing households in non-Council owned housing.</li> </ul>	Corporate Director of Housing & Regeneration and Director of Housing	Ongoing
2.	THH integration – whilst THH is now back in-house, integration work is ongoing and forming a key part of a wider review of the Housing & Regeneration directorate's governance structure.	THH integration work is ongoing.	Corporate Director of Housing & Regeneration	Ongoing
3.	The new Regulator for Social Housing is a key consideration for Housing & Regeneration, with significant impacts across the directorate, including ensuring that the right training and development is in place to ensure that staff are equipped with the skills	Housing & Regeneration are working at pace to ensure compliance with the new Social Housing (Regulation) Act.	Corporate Director of Housing & Regeneration	Ongoing



No.	Issue	Action	Responsible	Timescale
	and qualifications required under the Social Housing (Regulation) Act.			
4.	Financial sustainability of Waste Service further to additional investment and continuation to delivery service improvements within budget	Further develop and implement the Mayor's Waste Improvement Plan with targeted action around <ul style="list-style-type: none"> <li>• Introduction of Time banding</li> <li>• Communication and Consultation</li> <li>• Engagement</li> <li>• Parks Service Enhancement</li> <li>• Street Cleansing Enhancement</li> <li>• Waste Systems Review</li> <li>• Commercial Waste Review</li> <li>• Recycling Reduction Plan.</li> </ul>	Director of Public Realm / Head of Waste Operations	March 2025
5.	Cessation of funding for Crime Reduction Team which requires service realignment in order to deliver on local crime and safety priorities within budgets. This exposes the Council to significant reputational risk from external stakeholders due to deletion of services and withdrawal of safeguarding services.	<ul style="list-style-type: none"> <li>• Redesign of the Crime Reduction team in conjunction with staff, HR and TU's and in line with corporate change management processes</li> <li>• Consultation with all relevant stakeholders (NHS, Police, Probation, ELFT, VRU)</li> <li>• Develop relevant external comms lines in event of media interest</li> <li>• Review current caseload to ensure no escalation of risk with vulnerable individuals and signpost/handover to other services</li> </ul>	Director of Community Safety / Head of Leisure Operations	July 2024



No.	Issue	Action	Responsible	Timescale
		<ul style="list-style-type: none"> <li>Support staff in finding redeployment opportunities.</li> </ul>		
6.	Exposure to significant financial and operational risk through insourcing of Leisure Centre management which requires robust management to minimise service disruption and improved service outcomes.	Deliver a number of actions through the Leisure Insourcing Board to <ul style="list-style-type: none"> <li>Improve the leisure offer for residents.</li> <li>Deliver improved customer service and increase engagement and participation.</li> <li>Manage key risks, including budgetary control to ensure expenditure does not exceed income.</li> <li>Transition staff and ensure the workforce is sufficient in scale and expertise to manage the estate.</li> <li>Embed processes (inc. health and safety) to robustly manage and mitigate operational risks and implications of running the leisure centres.</li> </ul>	Head of Leisure Operations	March 2025
7.	Significant increase (+£1m) to transport expenditure due to extra insurance premiums or payment of increased excess charges (due to worsening claims history).	Develop and Implement a Fleet Safety policy and procedures to ensure that all aspects of the Council's fleet operations, including the use of vehicles, plant, and equipment, comply with relevant statutory provisions related to health and safety, road transport operations, as well as construction and use regulations.	Director of Public Realm / Business Manager Operational Services	March 2025
8.	Financial sustainability/overspend in Adult Social Care	Medium Term Financial Strategy contains significant invest to save programme of technology enabled care. The capital programme supports the first phase of the 10-year housing with care strategy that will	Corporate Director Health & Adult Social Care / Director of Adult Social Care / Joint Director of	2024/25 and beyond – 5 and 10 year programmes respectively.



No.	Issue	Action	Responsible	Timescale
		<p>be presented to Cabinet shortly. These are both crucial to future financial sustainability.</p> <p>In year controls on spending and robust oversight of costs of care packages put in place to meet our statutory duties under the Care Act. Reduce levels of debt.</p> <p>Work to simplify the budget construction and reporting to further improve forecasting. This has progressed in line with corporate approach however would still benefit from more integration of performance and activity data.</p>	<p>Integrated Commissioning</p> <p>Director of Adult Social Care</p> <p>Finance Business Partner &amp; Head of Strategy, Performance &amp; Improvement</p>	<p>2024/25</p> <p>2024/25</p>
9.	Financial sustainability/overspend in Childrens	<p>Children Services face significant pressures to the SEND General Fund due to the high number of children being assessed for an EHCP, which requires more caseworkers and educational psychology time. Additionally, SEN transport costs have risen. The Medium-Term Financial Strategy contains some investment towards addressing these issues.</p> <p>Other mitigations include tighter budgetary control and monitoring, working groups and the provision of independent travel training where practicable to reduce demand. Additionally, we are implementing a range of measures funded through investment secured as a result of our engagement in the Delivering Better Value program.</p>	<p>SEND Team</p> <p>Director of Education</p> <p>Finance Business Partner Education</p>	2024/25





No.	Issue	Action	Responsible	Timescale
10.	Emerging concerns regarding contract monitoring and management	Finalise updated contract management guidance	Joint Director of Integrated Commissioning	End June 2024
		Ensure implementation across all contracts	All Directors	2024/25
		Ensure that shared records are in place across the Directorate/Legal/Procurement containing all relevant procurement documentation and copies of sealed contracts.	Joint Director of Integrated Commissioning in collaboration with Procurement & Legal	End June 2024
		Internal audit of contract management across Integrated Commissioning and Public Health	Internal Audit, Directors of Integrated Commissioning & Public Health	2024/25: Q3/Q4



## Conclusion for 2023/24

2023/24 has been another challenging year, with the continued rising cost-of-living alongside the long-term effects of the pandemic having a profound affect. The Council has continued to continue to support our most vulnerable residents during challenging times and worked tirelessly to tackle inequality, though the cost-of-living crisis also means that people will need more from the Council at a time when we expect future funding from central government to decline.

In response, we have updated Medium-Term Financial Strategy in which we further committed to securing a sustainable balanced position across the medium term, and ensured our budget can support delivery of our priorities and address the significant financial challenges facing the Council – these include, completing the insourcing of Tower Hamlets Homes, further funding and expanding our Education Maintenance Allowance programme, and launching a Council Tax Cost of Living Relief Fund to protect households with an income of below £49,500.

Whilst we are pleased with our progress, there remains significant challenges, in addition to the long-term impact of the pandemic, geo-political uncertainty and greater economic pressures such as the continuing “cost-of-living crisis” for the entire nation, we still want to address issues around service performance and budget management in key areas.

We recognise that good governance requires a culture of continuous improvement and challenge, we will continue to seek improvement and will be self-critical in doing so to ensure we uphold the highest possible standards of good governance.

We have put action plans in place to address any issues and regularly report progress via the Corporate Management Team and relevant Committees.