

REPORT TO: <b>Audit Committee</b>	DATE <b>15 December 2009</b>	CLASSIFICATION	REPORT NO.	AGENDA NO.
REPORT OF: <b>Corporate Director, Resources</b>		<b>Annual Governance Statement for the 2008/09 Accounts Update</b>		
ORIGINATING OFFICER(S): <b>Service Head Risk Management</b>				
		<b>Ward(s) Affected: N/A</b>		

## 1. Summary

- 1.1 This report updates the Audit Committee of the progress made in dealing with the significant issues identified within the annual governance statement.

## 2. Recommendation

- 2.1 The Audit Committee is asked to note the action in dealing with the issues raised on the annual governance contents of the report.

## 3. Background

- 3.1 The Accounts and Audit Regulations 2003 and its subsequent amendment by regulation 4(2) in 2006 require the Council to conduct an review, at least annually of the effectiveness of its governance arrangements and to publish an Annual Governance Statement (AGS) with the annual financial statements. The Statement of Recommended Practice 2008 required that the AGS be approved by the committee approving the accounts, which at Tower Hamlets is the Audit Committee.

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### LOCAL GOVERNMENT ACT, 2000 (SECTION 97)

#### LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

Name and telephone number of holder  
And address where open to inspection

*Minesh Jani – 0207 364 0738*

3.2 The statement for the year ending 30 June 2009 was presented at the CMT on 16 June 2009 and subsequently to the Audit Committee on 29 June 2009. The statement was signed by the Chief Executive and the Leader following completion of the external audit of the annual financial statement.

3.3 The table appended to this report outlines the governance issue raised on the AGS, the agreed action and progress to date. The table also refers to directorate or corporate plans to link the actions with the Council's performance management framework.

#### **4. Comments of the Chief Financial Officer**

4.1 These are contained within the body of this report.

#### **5. Concurrent Report of the Assistant Chief Executive (Legal Services)**

5.1 There are no immediate legal implications arising from this report.

#### **6. Equal Opportunity Considerations**

6.1 There are no specific Equal Opportunities issues arising from this report.

#### **7. Anti-Poverty Considerations**

7.1 There are no specific Anti-Poverty issues arising from this report.

#### **8. Risk Management Implications**

8.1 The revised control environment should pick up the areas identified as of concern and reduce the residual risk.

#### **9. Sustainable Action for a Greener Environment (SAGE)**

9.1 There are no specific SAGE implications.

## 10. Progress Update on Significant Issues from the Annual Governance Statement 2008/09

Governance Issue	Action taken and next steps	Progress Made To Date	CMT Lead
<p>Optimise asset management across public services to enable Council assets to be utilised in the most effective way.</p>	<p>In February 2009 Cabinet approved an approach to the development of a cross-public sector asset strategy and phase 1 will commence on Summer 2009. This will involve a gap analysis of all public sector property requirements and the generation of options to address these requirements. This work will be undertaken in parallel with the development of the Infrastructure Delivery Plan for the Core Strategy and it is expected the Asset Strategy will be a significant part of the Delivery Plan.</p> <p>The Council has broadened membership of its Capital and Asset Management Board to include the Metropolitan Police and NHS Trusts and representatives attend meetings quarterly to focus on long term asset strategy and other issues of mutual interest {Priority 1.2 (6) – Strategic Plan}.</p>	<p>Staff and consultant resources have been applied to the development of the Asset Strategy. Work has commenced on gathering data in the pilot area.</p> <p>The recommendations from the pilot study are expected in June 2010.</p> <p>Partners are attending meetings which has led to an improved understanding of both strategic and operational property requirements. Partners will also be involved in the pilot study for the asset strategy development</p>	<p>Corporate Resources Development and Renewal</p>

Governance Issue	Action taken and next steps	Progress Made To Date	CMT Lead
<p>To further enhance the authority's Business Continuity Plans, particularly in relation to disaster recovery.</p>	<p>The authority has a framework for business continuity planning and management. However, further enhancements will be made to ensure the authority can respond to any disaster around testing resilience at directorate level and scenario testing in case of a pandemic {Priority 1.2 - Communities Localities and Culture's Directorate Plan}.</p>	<p>The Council has had a BC plan in place since 2006, the plan is reviewed, tested and exercised annually. The Plan is published in two separate but inter-related parts: Part A: Impact risk assessments and Contingency Action Plans (updated annually in June each year) and Part B: Critical Incident Management Action Plan which is updated and refreshed on a 6-monthly basis (June and December). Part B of the plan contains Directorate specific plans which identify their key essential services, minimum staffing numbers and key contacts. Both parts of the plan are exercised as part of the Council's annual Civil Protection and Business Continuity exercise. With the next exercise (Exercise Sentinel) planned to take place in February 2010. It should be noted that the plans were independently audited in July 2009 (Deloitte and Touche audit) and were rated as of 'substantial assurance' – the second highest rating.</p> <p>Since April 2009, the Corporate Health and Safety and Civil Protection Unit have been actively involved in the Multi-Agency Pandemic Flu arrangements. The team attend meetings</p>	<p>Corporate Director, Communities Localities and Culture</p>

Governance Issue	Action taken and next steps	Progress Made To Date	CMT Lead
		<p>of the Multi – agency Influenza Planning Committee Meetings held each week and have also been instrumental in drafting a Council specific procedure for managing the impacts on Directorate services (during the pandemic) as a result of substantial staff absence.</p>	

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<p>Maintain an ongoing drive to deliver decent homes standard by ensuring the Council's ALMO achieves two stars.</p>	<p>A mock inspection of the Council's Arms Length Management Organisation (Tower Hamlets Homes) is planned for mid June 2009. This will allow the ALMO to focus key areas.</p> <p>From discussions that have taken place with the Homes and Community Agency and the Department of Local Communities and Local Government, funding for this scheme is programmed within their financial projections although the funding is not fully committed at this stage. The authority is also progressing other opportunities around regeneration {Priority 2.1 (15) – Strategic Plan}.</p>	<p>Following the indicative inspection a full report of the service improvement plan has been undertaken by THH. This has been reviewed by D &amp; R client and discussions about its effectiveness are ongoing. In addition progress has been made on identifying and implementing services provided to THH by the Council under SLA's which will both improve performance and reduce costs; this work is ongoing under the direction of D &amp; R client at the Quarterly Strategic Meetings with THH. The arrangements for preparing the 2010/11 delivery plan under the terms of the management agreement are also being reviewed such that the annual agreement will be fit for purpose and capable of being monitored effectively by the Council. The HRA stocktake undertaken as part of the 2010/11 budget process has identified areas for cost reduction and additional financial improvement which will also be driven forward via the QSM. The Government has recently decided to defer decent homes funding for all those ALMO's which have not yet reached 2* which include THH.</p> <p>The Council is part of a London wide Decent Homes Task Force charged with finding ways to fund the programme in the future although this is currently suspended by government. The Council has agreed funding for decent homes pilots in 2009/10 and 2010/11 from its own capital resources. These pilots will also provide important data for planning the ongoing</p>	<p>Corporate Director, Development and Renewal</p>

Governance Issue	Action taken and next steps	Progress Made To Date	CMT Lead
		<p>programme. A Capital Board has been established which will monitor progress on the decent homes and regeneration programmes to ensure they are properly managed.</p>	

<b>Governance Issue</b>	<b>Action taken and next steps</b>	<b>Progress Made To Date</b>	<b>CMT Lead</b>
<p>To improve the management for sickness absence.</p>	<p>Compliance to ensure that managers are taking responsibility for managing sickness cases, reducing absence and effective reporting and monitoring is in place at corporate, directorate and service levels to reduce sickness absence (both long-term and short-term) is taking place. Over 2008/09, further arrangements are planned to reduce sickness by ensuring compliance.</p> <p>The authority also plans to adopt a health and wellbeing strategy, in partnership with NHS Tower Hamlets to promote positive health and self-awareness of individual levels of health and risks attributed to the workplace, home and lifestyle {Priority 1.2 (3) – Strategic Plan}.</p>	<p>Directorate Human Resource Teams routinely ask managers to confirm they have held meetings under the Sickness Management Procedure once records show one of their employees has reached a trigger point.</p> <p>Corporate Human Resources carried an audit of a random sample of the management of 10 employees absence during 2008/9. This confirmed that in all cases examined managers had applied the Sickness Procedure and were keeping appropriate records.</p> <p>Monitoring reports are produced for PRG and CMT on a quarterly basis with PRG identifying Service Heads with the highest levels of sickness in their team and requiring them to attend to explain how they are managing absence in their service. Names of managers who fail to complete their absence returns are circulated to CMT to instruct managers in their Directorate to complete it. The Chief Executive raises any concerns with members of CMT during their 1-1s.</p> <p>Occupation Health has also been restructured to ensure a good level of service, staffed by permanent employees, is available to support managers. A Healthy Workplace Manager has been recruited to work across the Council and NHS tower Hamlets.</p>	<p>Corporate Management Team</p>



<b>Governance Issue</b>	<b>Action taken and next steps</b>	<b>Progress Made To Date</b>	<b>CMT Lead</b>
<p>Enhance the benefits derived from implementation of SX3 and improve management of Major Works for Leaseholders.</p>	<p>A number of systems related issues arising from the implementation of SX3 to account for leaseholder charges have been identified. A project team created to deal with the issue has developed an action plan and is working to cleanse data, provide user training, and improve systems and control around the software {Priority 2.1.4.1 – Development and Renewal's Directorate Plan}.</p>	<p>More than 99% of accounts have now achieved Level 1. Cleanliness i.e. the transactions within the accounts are balanced. However, there are still cash misallocations within some accounts. The IT solutions to this problem are being scoped and the solution monitored by the Joint IT Board which is overseeing the IT developments, agreeing the prioritisation of the work and ensuring that both Corporate IT and THH IT client work together effectively. There is also cross accountability to the Joint Leasehold Service Charge Debt Board established to provide a more focussed approach to reducing leaseholder debt. Both work streams report into the overall D &amp; R client monitoring process to ensure actions are captured, prioritised and reviewed and agreed outcomes are achieved to time.</p>	<p>Corporate Director, Development and Renewal</p>

<b>Governance Issue</b>	<b>Action taken and next steps</b>	<b>Progress Made To Date</b>	<b>CMT Lead</b>
<p>To review and ensure the arrangements for safeguarding children.</p>	<p>Following national scrutiny of safeguarding issues, and the publication of Laming report, the Council is reviewing referral and safeguarding arrangements with social care and where necessary strengthening current arrangements and adopt the DCFS / Laming recommendations.</p> <p>Some key recommendations have already been implemented, for example the appointment of an independent chair for the Safeguarding Board, carrying out audit and assurance on cases within Children's Services and enhancing the use of Framework 1, the Council's case management system {Priority 1, Stay Safe, CYPP}.</p>	<p>Children schools and families service continue to focus and respond to the emerging requirements of the Laming review.</p> <p>There are very significant financial implications for the council emerging, as for all local authorities initially</p> <p>Focus of our early work remains on going, the initial audit work has been completed and appropriate action taken. We are developing a Tower Hamlets well being model to capture in one place our multi-agency assessment, threshold, and intervention regime. Both the LSCB and the Children's Trust are working on specific components in light of guidance which is in the process of being produced by central government.</p>	<p>Corporate Director, Children, Schools and Families</p>

<b>Governance Issue</b>	<b>Action taken and next steps</b>	<b>Progress Made To Date</b>	<b>CMT Lead</b>
<p>Improve information governance across the authority.</p>	<p>Following loss of personal data by an employee, a number of steps are being taken to mitigate against future losses and to protect the information held by the Council. Some of the initiatives already taken include the use of BIOS passwords and the development of projects that look to encrypt data and information {Priority 1.7, point 7 – Chief Executive's Directorate Plan}.</p>	<p>The Council, following extensive analysis and discussion with industry experts, has prepared a solution which will ensure that all portable media such as laptops and data sticks, are encrypted. The procurement of the product has just been completed and the solution is being rolled out.</p>	<p>Assistant Chief Executive</p>

<b>Governance Issue</b>	<b>Action taken and next steps</b>	<b>Progress Made To Date</b>	<b>CMT Lead</b>
<p>To model an efficiency programme to take account of the likely reduction in revenue funding across the public sector.</p>	<p>The authority's medium term financial strategy has been refreshed and sets out the funding needs to deliver the Council's priorities for three years from 2009/10 to 2011/12. The strategy recognises the need to make efficiency savings in coming years and sets out the level of savings for each of the three years. The authority is taking active steps to continue to provide its services with reduced funding {Priority 1.2 (5) Strategic Plan and priority 8 – Resource's Directorate Plan}.</p>	<p>Efficiency measures for 2011/12 which need to be delivered through project or programme management have been identified and incorporated in the efficiency programme. The current budget process is identifying similar proposals for 2012/13. Individual projects and programmes are being monitored through the relevant Board and an overall dashboard approach to monitoring the efficiency programme is also being developed, which will also ensure that progress towards the financial deliverables of projects are monitored.</p>	<p>Corporate Management Team</p>

<b>Governance Issue</b>	<b>Action taken and next steps</b>	<b>Progress Made To Date</b>	<b>CMT Lead</b>
<p>Enhance the benefits derived from effective contract management of key contracts with the private sector.</p>	<p>The council delivers a number of its services in partnership with the private sector. The authority has recognised the scope to enhance current arrangements to improve the value it attains from its legal agreements and as such, is developing a contract management toolkit to achieve enhanced outcomes {Priority 9 – Resource’s Directorate Plan}.</p>	<p>The Contracting Toolkit is now available on the intranet. Additionally, contract management is included as a core module of the internal procurement training programme, and the tollgate project assurance process provides a scrutiny of contract management proposals.</p>	<p>Corporate Management Team</p>

Governance Issue	Action taken and next steps	Progress Made To Date	CMT Lead
<p>To review and ensure the delivery of additional housing to reduce overcrowding.</p>	<p>The council is committed to providing high quality housing in line with the needs of the community. To achieve this, a programme is being developed to acquire and new build properties to reduce overcrowding {Priority 2.1 (1) – Strategic Plan}.</p>	<p>The council aims to reduce overcrowding through a programme of new build and acquisitions. This is being done principally through 5 routes. 1) New build negotiated from private developers, 2) Building Council Housing itself, 3) Building family housing on infill developments with a preferred partner, 4) Buying back ex-council RTB 3 bed plus properties 5) Reviewing the sub-regional nominations agreement.</p> <p><b>Progress:</b></p> <p>1) In 2008/9 2,839 net additional units were built of which 1,076 were affordable and 159 were socially rented family housing. In 2009/10 so far we have built 661 new units of which 476 were affordable of which 176 were large family sized socially rented housing.</p> <p>2) The council has secured funding to start building council housing itself from the HCA. We will build 17 units, housing 86 persons over 5 sites. The Council have put in a bid for a second wave of funding for 88 units housing 464 people. Outcome of the second wave funding bid will be announced in December 2010.</p> <p>3) The Council wish to carry out an initial pilot to build 31 units of family sized housing with a preferred development partner on small plots of council land. They will be a mixture of 3 bed, 4 bed and 5 beds. Sites have been identified, a preferred pilot partner is on board and the sites are now going through planning.</p>	<p>Corporate Director, Development and Renewal</p>

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		<p>4) Buying back ex-council 3 bed plus Right to Buys properties. So far this year we have completed 25 sales which will benefit 50 overcrowded households. We have another 52 offers accepted. This will benefit a further 104 overcrowded households.</p> <p>We are actively pushing for a review of the sub-regional nominations agreement to maximise housing for local residents.</p>	