

# Annual Governance Statement 2018 – 19

**Date First Issued**  
May 2019

## What is Corporate Governance?

Corporate Governance refers to the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The *International Federation of Accountants / CIPFA 2014: International Framework Good Governance in the Public Sector*, further states that to deliver good governance in the public sector, both governing bodies and individuals working for them must try to achieve their entity's objectives while acting in the public interest at all times.

Acting in the public interest requires behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Our governance arrangements aim to ensure that we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

The governance framework comprises the systems, processes, cultures and values by which Tower Hamlets is directed and controlled, and through which we engage with and lead the local community. The framework brings together an underlying set of legal requirements, good practice and management processes.

## How do we know our arrangements are working?

To monitor the effectiveness of our corporate governance systems, we have approved and adopted a 'Code of Corporate Governance' which is consistent with the principles of the CIPFA / SOLACE 2016: *Delivering Good Governance in Local Government Framework 2016 Edition*.

This code is subject to review, challenge and endorsement by the Audit Committee or scrutiny panels as appropriate. A copy of the code can be located via [www.towerhamlets.gov.uk](http://www.towerhamlets.gov.uk) or can be obtained from the Monitoring Officer.

Each year we review our corporate governance processes, systems and the assurances on the governance framework to create an annual governance statement. We review our compliance with the approved code of corporate governance, consulting with and obtaining positive assurances from the corporate leadership team and governance officers.

In addition we also reflect and take into consideration the work of internal and external audit and other inspection bodies completed during the year. The issues identified during the review are highlighted in the action plan at the end of this statement.

This AGS builds upon those of previous years. It summarises the key governance framework which has been in place for the year ended 31 March 2019 up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively, and positively support our aims and objectives.

It is recognised that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

## How Tower Hamlets works

The Council comprises of a directly elected Mayor and 45 Councillors who are elected on a four year term. Councillors are elected to represent the 20 wards across the Borough with between one to three Councillors in each ward.

The Executive Mayor is Mayor John Biggs. The composition of the Council is:

Labour (42 seats)

Conservative (2 seats)

Aspire (1 seat)

Liberal Democrats (1 seat)

Councillors are democratically accountable to the residents of their Wards. The overriding duty of Councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Full Council consists of the Mayor and all Councillors. It meets to make major decisions including setting Council Policy, the Budget and Council Tax and considering any recommendations outside of the budget and policy framework. The Council appoints a number of Committees to carry out specific functions. These include: the Regulatory Committees, the Pensions Committee and a Standards (Advisory) Committee.

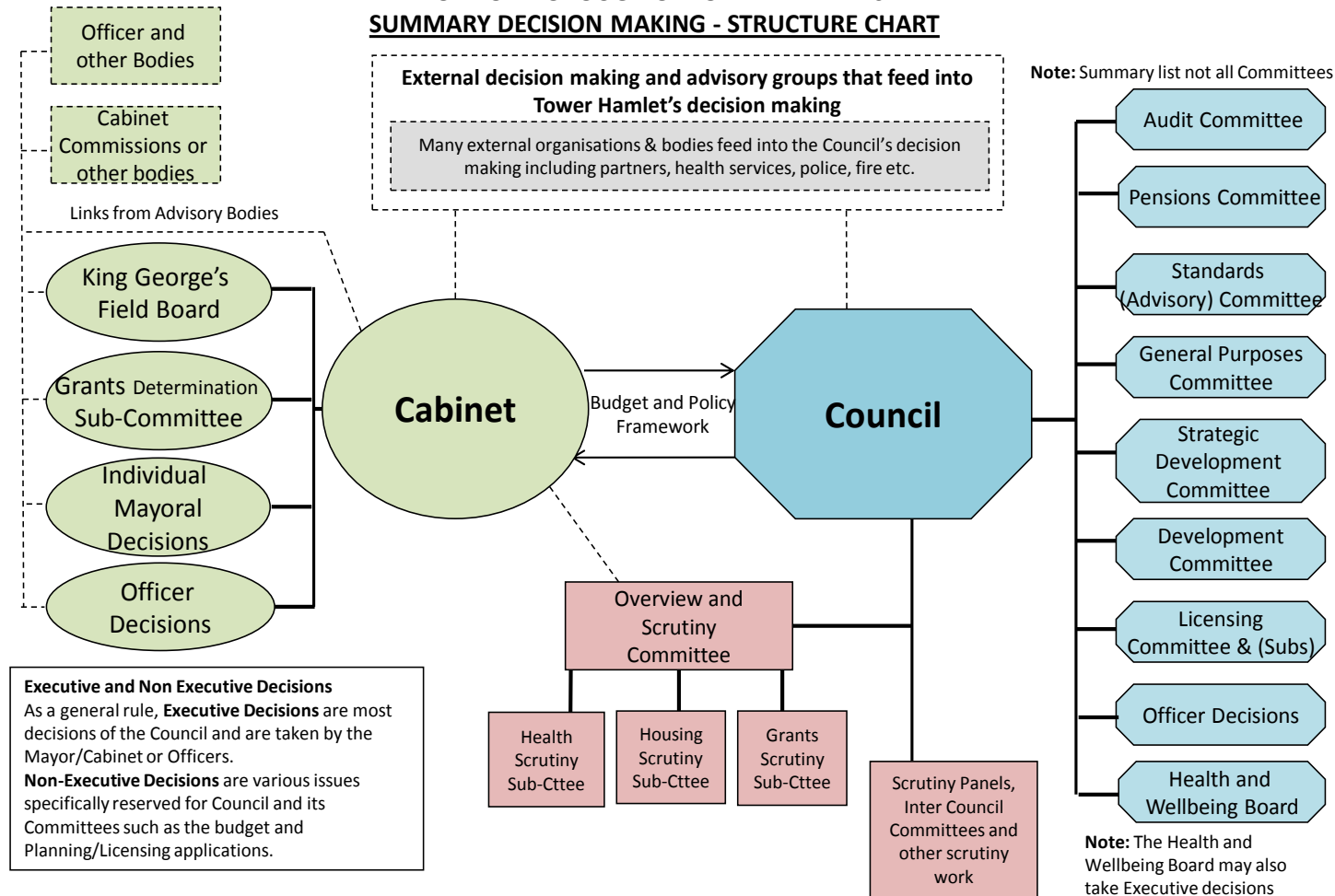
The Mayor appoints and is supported by a Cabinet. The Mayor in Cabinet is responsible for most regular decisions of the Council. This includes approving the budget and plans for the Council to consider, approving and monitoring other major decisions. The Mayor in Cabinet has to take decisions in line with Budget and Policy Framework set by Full Council. Any proposals outside this must be referred to Full Council to decide.

The public has wide access to Council meetings through attendance, submission of deputations, questions and opportunity to contribute to debates. The Council's website gives dates and times of meetings and access to documents.

The Council & Democracy page of the Council's main website provides a wide range of information in respect of how democracy works within the Council. This includes details of:

- Dates and times of all meetings;
- Full committee meeting papers;
- Contact details for each elected representative;
- Decision making process including the Forward Plan of Decisions to be taken by the Mayor in Cabinet, and Officer Decisions under delegation.

**LONDON BOROUGH OF TOWER HAMLETS  
SUMMARY DECISION MAKING - STRUCTURE CHART**



**Note:** Some bodies omitted for clarity

**KEY:**

Non-Executive Decision Making

Executive Decision Making

Scrutiny Bodies

Advisory Bodies

## Constitution

The constitution is available via [www.towerhamlets.gov.uk](http://www.towerhamlets.gov.uk) and this sets out how TH operates, how decisions are made and the processes that are followed to ensure that decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect best practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers for ensuring that processes are in place to ensure that TH meets its statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues. The statutory posts / are:

<b>Statutory Roles:</b>	<b>Allocated to:</b>
Head of Paid Service	Chief Executive
Chief Finance Officer (Section 151)	Corporate Director Resources
Monitoring Officer	Corporate Director Governance and Monitoring Officer
Director of Social Services (Adult Services Only)	Corporate Director Health, Adults and Community
Director of Children's Services	Corporate Director Children and Culture
Chief Education Officer	Corporate Director Children and Culture
Director of Public Health	Director of Public Health

The senior management structure within the Council has seen some personnel changes but has been largely stable throughout 2018/19. Following the departure of the previous postholder a new Corporate Director for Resources (S151 Officer) was appointed. The Corporate Director of Place was also appointed to during the year; in both cases acting arrangements were confirmed providing stability and continuity in respect of those postholders. The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

## Structure

### Scrutiny committees

Scrutiny is a key part of the democratic process, monitoring Cabinet policy decisions and with a key role in advising on the development of policy. Scrutiny also has a broader remit to examine issues affecting TH.

Within its terms of reference, the **Overview and Scrutiny Committee** shall:

- Review or scrutinise decisions made, or other actions taken in connection with the discharge of any functions which are the responsibility of the Executive;
- Advise the Mayor or the Executive of key issues / questions arising in relation to reports due to be considered by the Mayor or the Executive;
- Make reports or recommendations to Council and / or the Mayor or the Executive in connection with the discharge of any functions which are the responsibility of the Executive; and
- Review or scrutinise the decisions made or other actions taken in connection with the discharge of any functions which are not the responsibility of the Executive.



There are three Scrutiny Sub-Committees which support the work of the Mayor / Cabinet and TH as a whole. These relate to three specific themes, which are:

- **Grants Scrutiny Sub-Committee** established to support an objective, fair, transparent and co-ordinated approach to grant funding across the council. This committee meets on a bi-monthly basis with 6 meetings being held during 2018/19.
- **Health Scrutiny Sub-Committee** which has the role to scrutinise local health services in accordance with the Health and Social Care Act 2001. The committee meets on a quarterly basis with 4 meetings being held during 2018/19.
- **Housing Scrutiny Sub-Committee** undertakes the overview and scrutiny pertaining to housing matters including reviewing and / or scrutinise decisions made or actions taken in connection with the discharge of the Councils housing functions. The Committee met on 5 occasions during 2018/19.

In addition to the above, the **Inner North East London Joint Health and Overview & Scrutiny Committee** was established in 2018/19. This committee comprises of the London Boroughs: Hackney, Newham, Tower Hamlets and City of London Corporation. The Committees remit is to consider London wide and local NHS services developments and changes that impact all the authorities mentioned above. The Committee meets as required and has been established in accordance with Section 245 of the NHS Act 2006 and the Local Authority (Overview and Scrutiny Committees Health Scrutiny Function) Regulations 2002. The first meeting of the committee was held in February 2019.

### **Best Value Improvement Board (BVIB)**

As part of the final representation to the Secretary of State for MHCLG, the council submitted a Best Value Improvement Plan 2017/18, which proposed the creation of a Best Value Improvement Board (BVIB) to drive sustainable improvement across the organisation by providing oversight, support and challenge. The Board is chaired by the Mayor with both cross party and external representation to provide suitable challenge to improve all council activities.

In 2018/19, the BVIB continued to provide a council wide approach to setting, reviewing and implementing improvement activity. The BVIB met in public every quarter to ensure transparency and accountability in relation to progress being made, and ensure there was sustainable improvements across the council. The BVIB held cabinet members and officers to account, and provided focus, advice and challenge as a “critical friend” on the adequacy of the Council’s Improvement Plans, monitoring the pace and impact. Additionally, the BVIB submitted a quarterly progress report to the Ministry of Housing, Communities and Local Government.

In June 2018, the BVIB oversaw an LGA Corporate Peer Challenge. This was an agreed action coming out of the March 2017 Directions and represented a significant milestone in the Council’s improvement journey. It provided fresh insight into the opportunities for improvement and the organisations capacity and ability to deliver. Following the Corporate Peer Challenge, the Directions were lifted and the BVIB disbanded. A Transformation & Improvement Board (TIB) has been set up to ensure that the improvement journey the Council has undertaken in previous years is sustained in the long term. The TIB aims to support the council to be a modern and efficient organisation by delivering transformation and improvement that improves services and outcomes for local residents. It will also ensure the recommendations made by the LGA Corporate Peer Challenge are delivered.

### **Audit Committee**

This committee undertakes the core functions, and complies with best practice as detailed within the CIPFA 2018: Audit Committees – Practical Guidance for Local Authorities and Police and has oversight of the delivery (as the ‘Board’) of Internal Audit standards in accordance with the Public Sector Internal Audit Standards (PSIAS). As a consequence of the local elections held in May 2018, membership of the committee was formed largely by new Councillors both to the Council and to the Committee. This includes the Chair and Vice Chair of the committee. In order to support the effectiveness of the committee, all members received training in respect of Governance, Internal Control and Counter Fraud practices as part of the induction process. In addition, specific training was provided in respect of the CIPFA Guidance.

The committee takes a positive and proactive approach to governance and reviews progress on the AGS action plan, internal audit annual audit plan, anti-fraud arrangements including whistleblowing and risk management. Although not previously completed, the chair of the committee going forwards will provide an annual report to full Council which outlines the work and effectiveness of the committee during the year.

### **Corporate Parenting Board (CPB)**

The joint Member / Officer CPB will advise the Mayor in Cabinet to ensure that the services the Council provides to the children in its care are of the highest standard and that those services meet national and local government objectives for children and young people in public care.

Specifically the CPB will:

- Oversee the delivery of Tower Hamlets Children Looked After Strategy and ensure it is updated to reflect new policy, priorities and practice changes.
- Offers high level support and challenge to the implementation of the Council's improvement plan in relation to looked after children and care leavers.
- Acts as a monitor of performance by officers of the Council by receiving and reviewing regular performance reports
- Keeps abreast of new policy and legislation that affects looked after children and care leavers to ensure the council's offer is aligned with best practice and expected standards.
- Provides a forum for identifying and supporting the priorities of children looked after and care leavers Members, Officers and the council more widely.
- Provides a forum for communication and purposeful engagement between children looked after, care leavers, Members and Officers
- Seeks to influence policy and practice for the benefit of children and young people looked after and leaving care.

- Steer and advise the wider Council and partners on its role as a Corporate Parent.
- Ensure that the wider council and partners contribute effectively in providing the best offer for children looked after and care leavers.

### **Council Owned Companies / Partnerships**

#### Tower Hamlets Homes

The Council has in place a well-established Arm's Length Management Organisation - Tower Hamlets Homes, a wholly owned subsidiary limited by guarantee to manage the Council's housing stock. Tower Hamlets Homes has a formal governance structure and manages its internal affairs and delegated budgets through the Company Board. Performance is monitored through a formal review process with senior council officers and elected members. The company operates its own risk management strategy and is subject to internal and external audit and inspection activities in compliance with the Companies Act.

During 2018/19, the Council commissioned Altair to support it in exploring options for the delivery of its housing management services beyond the end of the current management agreement. The review was undertaken in two stages; consisting of a baseline assessment and an options review. The purpose of the baseline Assessment stage of the project was to review the current strategic, operational and financial context of LBTH, and to assess the effectiveness of THH as a housing manager, considering its strengths and challenges.

Overall, Altair assessed that THH is a generally well-performing housing manager in terms of both housing management performance and cost. There is room for improvement in some key areas of service delivery, but evidence of performance improvements over recent years and an extensive transformation programme currently being delivered are positive.

The review further found no performance or financial imperative to significantly change the housing management arrangements for the LBTH stock currently managed by THH

### Seahorse Homes Limited

Seahorse Homes Limited is a wholly owned company limited by shares established in 2017, to provide market rented homes and deliver a return on investment, both to cross-subsidise affordable housing and to fund wider General Fund services. The agreed business plan sets out its intention to acquire homes and then to develop homes. The Council holds 100% of the shares in this company and has initially committed £6m in equity. The company has yet to start trading. The Board of Directors is comprised of three Council officers. Following staffing changes within the Council the composition of the Board is being reviewed to minimise potential conflict of interests.

### Mulberry Housing Society

Mulberry Housing Society is a not-for-profit charitable Community Benefit Society (CBS) established in 2017. The Council funds the CBS and holds two of five seats of the Board, the others being held by independent people initially appointed by the Council. The Board of Directors is comprised of two council officers and three independent members. The society is seeking to acquire homes which will be let at sub-market rent levels in order to meet housing needs. There were no financial transactions through the CBS in 2018/19. As an independent CBS, the Council does not have any equity shareholding in the company but intends to fund activities through retained right to buy receipts and loan finance.

### PLACE Ltd (Pan-London modular TA)

This not-for-profit company limited by guarantee (CLG) was set up by the Council in 2018 is a collaborative enterprise between a group of London Boroughs. The company will purchase modular homes that can be delivered to 'meanwhile' sites across the capital and relocated several times over a minimum 40 year lifespan. The pilot site is likely to be in Tower Hamlets. The company has secured capital grant from the Greater London Authority, which will be administered by the Council. In addition, the Council is

considering providing a capital loan facility to the company. As a CLG, the Council does not have an equity shareholding in the company.

Capital Letters (London) Ltd (Pan-London TA procurement hub)

This not-for-profit company limited by guarantee (CLG) was set up by the Council in 2018 and is a collaborative enterprise between a group of London Boroughs. The company will lease private properties for use as temporary accommodation and tenancies to prevent homelessness. The company has secured revenue grant funding from MHCLG which will initially be administered by the Council; a Chief Executive and Chief Finance Officer have been appointed in 2019 and they will be adopting their own processes and procedures including for the payment of salaries and maintenance of accounting systems. The Council may provide a loan facility to the company to support positive cash flow. As a CLG, the Council does not have an equity shareholding in this company.

## **Tower Hamlets Strategic Plan 2019 – 2022**

The rolling three-year Strategic Plan reflects on the progress made during 2018/19 and reflects the promises made in the Mayor's Manifesto to make the borough a cleaner, safer and fairer place to live.

Since the May 2018 election, the council has focused on realising the ambitions with new initiatives to make Tower Hamlets safer, support and protect our young people, tackle the housing crisis, reduce poverty and inequality, improve health outcomes, clean up our streets and improve air quality in the borough.

The plan reaffirms the Council's commitment to delivering on the manifesto promises made, and sets out the wider vision for Tower Hamlets.

The Strategic Plan remains an important precursor to the Council's Performance Management and Accountability Framework and 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 measure that will help us determine whether we are achieving the outcomes.

The Council is therefore looking to deliver the following priorities over the next three years:

**Priority 1** – People are aspirational, independent and have equal access to opportunities;

**Priority 2** – A borough that our residents are proud of and love to live in; and

**Priority 3** – A dynamic, outcome-based Council using digital innovation and partnership working to respond to the changing needs of our borough.

## Review of Effectiveness

Tower Hamlets has a responsibility to conduct an annual review of the effectiveness of its governance framework, including the system of internal control.

This is informed by:

- Annual assurance opinion of the Head of Internal Audit.
- Performance against targets.
- Annual assurance statements from Corporate Directors.

- A review of the progress made with regards to the implementation of the previous year's AGS action plan.

The review of effectiveness of our governance framework is informed by the work of the Corporate Leadership Team who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report, and also by comments made by the external auditors and other agencies and inspectorates. The Statutory Officers Group considers the draft Annual Governance Statement, prior to formal review of the AGS by the Audit Committee.

## **Planning**

The Council's Performance Management and Accountability Framework (PMAF) ensures that the vision and priorities are translated into clear plans and measurable outcomes which are appropriately monitored and delivered by officers and elected members. The PMAF sets out corporate expectations for managing performance, and informs the design and operation of performance management processes within individual Directorates and services.

Evidence and analysis have been used to identify our priorities and outcomes for local people, and these are outlined in our Strategic Plan, along with the actions we will take to make these happen, and the performance measures we will monitor in order to review and challenge whether what we are doing is achieving the desired results.

Strategic performance monitoring is undertaken publicly on a quarterly basis at Cabinet. The Council takes an outcomes based approach to performance management: identifying the outcomes we want to achieve for local people and taking actions which will support the delivery of these outcomes. Our strategic performance measures enable us to understand the impact of our actions. Members and officers are supported in their work to improve performance through Dashboard reporting. This allows a greater breadth of data to be provided within reports, and tailored to individual audiences. Mayor and Cabinet Member Dashboards are designed to encourage dialogue between Members and Directors regarding performance, challenges, associated risks and improvement plans, and support accountability. Senior managers receive performance and organisational health dashboards which report by exception and focus on areas of under-performance, high risk and high cost.



The Council has formal procedures in place to challenge where there are identified performance concerns: taking a trouble-shooting approach to improving performance, acting as a 'critical friend', and making decisions about where to focus improvement work. Therefore, areas of identified concern are referred to our Performance Improvement Board for further examination. Areas of under-performance may also be referred to the Council's Overview and Scrutiny Committee for further review.

### **Delivery of Projects**

LBTH has developed a Smarter Together portfolio which brings together the various programmes and projects with the council. The management of these projects complies with recognised industry best practice within the public sector.

The portfolio has been set up in accordance with Management of Portfolios (MoP) best practice guidance to ensure the optimisation of investment. A programme and project methodology has also been established - based on Managing Successful Programmes (MSP), Management of Risk (MoR) and Management of Benefits (MoB) - to apply best practice principles throughout the delivery lifecycle. There are clearly defined roles and responsibilities for all decision-making forums set out in agreed Terms of Reference, supported by discussion/decision logs, actions lists and a suite of registers to ensure effective management of risks, issues, assumptions and dependencies.

An internal gateway process has been put in place to ensure sufficient rigour is applied before new change initiatives are commissioned. This includes assessing (against agreed criteria) whether the change initiative is suitable for investment before production of a business case. Business cases are developed using HMT's business case guidance to make sure information allows reliable and evidence-based decision making wherever possible. During the programme and project lifecycles, go/no go decision points have been built into plans to validate benefits before commencing key stages, such as design, procurement, build, development and implementation as appropriate.

A high level PMO technical competency framework has been developed and a learning and development programme is being delivered to ensure PMO staff are trained and qualified in key areas of expertise.

### **The Audit Committee**

A well-established Audit Committee provides independent, effective assurance on the adequacy of the governance arrangements within TH. All major political parties are represented on the committee.

The Audit Committee has formally defined terms of reference as outlined within Part A3 – Responsibility for Functions of the Constitution. The remit of the Committee includes:

- To consider the Internal Audit plan and review the performance of Internal Audit against this target
- To review internal audit findings and the annual report of the Head of Internal Audit and seek assurance that action has been taken where necessary
- To act as a forum for the external auditors to bring issues to Members' attention including both specific reports and general items as the Annual Audit Letter and the Annual Governance Report.
- To be satisfied that the authority's assurance statement including the Annual Governance Statement properly reflects the risk environment and any actions required to improve it.
- To enable the Council to demonstrate a response to its fiduciary responsibilities in preventing fraud and corruption.
- To monitor the Authority's Risk Management arrangements and seek assurance that action is being taken on risk related issues identified by auditors and inspectorates.
- To meet the obligations of the Accounts & Audit (England) Regulations 2015, and the various statutory requirements in respect of the duty to approve the Authority's Statement of Accounts, income and expenditure and balance sheet or record of payments and receipts (as the case may be).

The Audit Committee met regularly throughout 2018/19 and considered all reports consistent with those outlined within its terms of reference. This specifically included reports of the External Auditor, and the Annual Internal Audit Report of the Head of Internal Audit.

In line with Practical Guidance for Audit Committees published by CIPFA and to aid the promotion of effective public reporting, the Chair of the Audit Committee will publish an annual report from the committee.

### **Management**

Each Corporate Director has provided a self-assurance statement in respect of 2018/19, supported by assurance received from their direct reports, that:

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of TH which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of THs' key priorities; and
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks.

All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority's policies are implemented in practice. The Monitoring Officer and the Legal Services Team monitor compliance with, and awareness of, key laws and regulations. Corporate Directors, Divisional Directors and Service Heads are responsible for monitoring implementation of the Council's policies.

One of the key elements in obtaining the required internal control assurance for the Annual Governance Statement is the completion of the Annual Positive Assurance Statement by senior officers. Corporate directors were asked to compile their statements after taking assurance from their senior / departmental management teams.

## Internal Audit

TH takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of THs' activities. It is the duty of the Head of Internal Audit to give an opinion, at least annually, on the adequacy and effectiveness of internal control within TH. This opinion has been used to inform the AGS.

The Internal Audit Service has been, in the main, managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS). There is some further work required to fully embed the standards including the Quality Assurance and Improvement Programme.

One of the key assurance statements TH receives is the annual report and opinion of the Head of Internal Audit. A new Head of Internal Audit was appointed at the end of 2018/19; he took up post on the 3 June 2019. As outlined within annual report of the Head of Internal Audit, the following assurance opinion was provided:

*On the basis of the audit and counter fraud activity undertaken during the year, and taking into consideration external assurances provided by Ofsted and the Local Government Association Corporate Peer Challenge as well as management's progress in addressing governance, risk and control weaknesses, it is my opinion that I can provide **reasonable assurance** that the authority has adequate systems of internal control and that they have, in the main, been operating effectively in practice.*

*The framework of governance, risk management and control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.*

## External Audit & Inspections

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

KPMG, the previous external auditor, completed their audit of the 2017/18 financial statements. Within the Annual Audit Letter 2017/18, the auditor issued an unqualified opinion in relation to the Council's 2017/18 statutory financial statements. This means that KPMG concluded that the financial statements gave a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

However, the 2017/18 value for money (VFM) work, KPMG issued a qualified conclusion on the Council's arrangements to secure value for money for 2017/18. KPMG specifically concluded that "the authority had not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources throughout 2017/18. KPMG remained satisfied that none of the outstanding issues have an adverse impact on the 'sustainable resource development' criterion. KPMG therefore issued a qualified VFM conclusion on an 'except for' basis, which is consistent with the VFM opinion given in 2016/17.

During 2018/19 external inspectors from Ofsted and the Local Government Association have completed a number of inspections and reviews, summary details are as follows.

### Ofsted

As a follow up to the April 2017 report published by Ofsted in respect of Tower Hamlets' Single Inspection of Children in need of help and protection, children looked after and care leavers and the Local Safeguarding Children Board, all of the scheduled Ofsted monitoring visits have now been completed. The full inspection of the service was completed during June 2019. The majority of the

monitoring reports have highlighted areas of improvement across Children's Social Care. They have also helpfully pointed out areas where further work is required, and we have focused much activity on strengthening these aspects of practice in order that we can present a strong and positive account of practice throughout the upcoming inspection. The final judgement from the full inspection in June will be published at the end of July 2019.

#### Local Government Association (LGA) – Corporate Peer Challenge

During June 2018, the council took part in a four day Local Government Association led Corporate Peer Challenge. The LGA Peer Challenge team were asked to review the following:

1. How the Council adequately addressed the directions issued by MHCLG and the expectations of the departed commissioners;
2. Whether the Council is addressing its chosen priorities and delivery continued improvements to local residents and businesses: and
3. Whether the Council is identifying key challenges and setting realistic and ambitious targets for the future.

The final feedback report issued to the Mayor and the Chief Executive concluded that:

1. The directions of MHCLG and the expectations of the departed Commissioners were to consider to improvements in the areas of: Grants; Procurement; Property; Election and Communication and Culture. In summary the peer team believes that there have been significant improvements in all of the areas identified;
2. The Council set priorities were adopted from the Mayor's Manifesto. These priorities are now being incorporated in a refreshed Strategic Plan.

3. The Council clearly understands its population, their needs and the challenges in addressing these needs. These are reflected in the revised Strategic Plan and its improvement work.

As a result of the feedback received improvement actions were developed with the delivery of these monitored by the Transformation & Improvement Board.

### **Risk Management**

All councillors and managers are responsible for ensuring threats and opportunities are considered in the decisions they take. TH has in place a formally approved risk management strategy which is subject to annual review. That strategy sets out a corporate risk appetite that is not risk averse but seeks to support decision making that consider threats, identifies mitigations etc. in order to ensure opportunities are seized and delivered.

In support of the delivery of effective risk management arrangements, a corporate risk management system 'JCAD' is used to capture all relevant corporate / directorate and project related risks. In addition, directorate Risk Champions oversee the continued development and review of the council's approach to risk management, acting as risk specialists to continually review existing risk and to consider emerging risk matters.

### **Information Governance**

Two formal groups oversee information governance risks to ensure that robust governance arrangements are in place and are maintained across the council. An Information Governance Group meets six weekly. In addition, the established Information Governance Strategy Board is chaired by the Head of Legal Services and is represented by Divisional Directors from each directorate.

## **Update on the 2017/18 Significant Governance Issues**

The 2017/18 AGS included three significant governance issues which were to be implemented and addressed during 2017/18. Action 1 is complete and closed. The implementation of actions 2 and 3 has progressed significantly with elements remain on-going.

Action 1 – To continue to effectively deliver the commitments outlined and defined within the Best Value Improvement Plan as a response to the findings of the Commissioners.

Outcome: This outcome has been delivered with the improvement plan outcomes being delivered.

Action 2 – To continue to deliver improvements in Children’s Services that respond to the Ofsted findings.

Outcome: This outcome remains ongoing however significant progress has been and continues to be made as outlined within the earlier relevant text within this document. The required improvements are continuing to be delivered across both years.

Action 3 – The 2017/18 Internal Audit of the Leaving Care Service governance and control arrangements received a Nil assurance rating to this audit and which recommended that a full service review is undertaken.

Outcomes: This action has largely been delivered however work remains ongoing which is the subject of ongoing input from the Internal Audit team.



### Significant Governance Issues 2018/19

Based on THs' established risk management, the issues detailed in the following action plan have been assessed as being significant for the purpose of the 2018/19 AGS.

It is proposed over the coming year that steps will be taken to address the issues identified to further enhance THs' governance arrangements.

No.	Issue	Action	Outcome	Lead Officer(s)	Completion Date
1	Lack of robust budget management leading to large budget overspends being reported at the year-end / Period 11.	<p>To undertake a review of the current budget management process with the aim of introducing a new protocol and revised process which clearly identifies accountability.</p> <p>Improvements to Agresso, as part of the latest upgrade due in 2019, to make the budget management process more user-</p>	Improved budget management	Corporate Director of Resources	31 March 2020

		friendly, which will promote greater uptake, as the Council rolls out 'self-service'.			
2	Indications that role based access has not been fully implemented, particularly amongst staff who have moved within the Council.	<p>Immediate review of existing arrangements to implement and recommended short term remediation.</p> <p>This will include future migration to Office 365 to improve the control of data sharing and provide data owners with the ability to manage access to shared resources.</p>	Improved Data Governance / Compliance arrangements.	Divisional Director of IT.	31 March 2020
3	Management's implementation of agreed actions arising from Internal Audit reviews is below expectations; to date around 65% of high priority actions have been implemented.	Internal Audit will evaluate why management have been unable to implement agreed actions with the aim of identifying improvements and	90% of high priority management actions to be implemented within agreed timescales.	Head of Internal Audit and Corporate Directors.	31 March 2020

		report its findings to CLT. A revised target will be agreed with Corporate Directors and reported to the Audit Committee.			
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