

# **Annual Governance Statement**

## **2020/2021**

## Our Annual Governance Statement

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. For example, Ofsted rated our Children's Services as 'Good' in 2019, just two years after it was given an 'Inadequate' rating. Inspectors said the achievement represented 'Remarkable progress'. In 2020 Investors in People (IIP) acknowledged almost a third of the indicators are at the higher-level gold standard, a solid foundation to be built on even further in the coming year. Alongside this we have won a number of national awards demonstrating our excellent services, but we are not complacent and recognise the need to have a continued focus on improvement.

We are required to report publicly about how the Council has complied with the governance arrangements. We have reviewed our governance processes and how they have operated over the course of the last year. This Annual Governance Statement reports the outcome of our assessment.

In conclusion, 2020-2021 has been a challenging year, the COVID-19 pandemic has had a profound impact on everyone. The pandemic has required us to govern differently to adapt and meet the needs of our community. Our governance arrangements during the pandemic have included instigating our borough emergency plans, preparing and delivering a local outbreak plan, operating clear and robust governance made up of Gold, Silver and Bronze commands, a Partnership Health Protection Board and Local Engagement Board, we have also ensured visible professional and political leadership and collaborated extensively with the London Coronavirus Response Cell and North East London Incident Management Team. Our work with partners focused on

mobilising and encouraging partners towards a place-based response. It also involved lobbying government on a range of policy areas, to 'on-the-ground' visits and assisting at food distribution hubs and PPE distribution, to targeted messaging to get pandemic-related information and guidance out to residents and many more activities. We have led in the work to understand the impact of the COVID-19 pandemic in Tower Hamlets and attempted to predict the impact going forward. The first impact assessment was carried out in summer 2020 analysing the initial impacts of the pandemic in the first few months and focused on 13 core topics. This has supported our recovery plans and ensure our collective partnership focus on the areas we need to support our residents with.

During this difficult time there have been governance and leadership opportunities which we are keen to hold onto, and we are committed to delivering better outcomes for residents by using the opportunities from new ways of working and the efficiency and effectiveness learnt through our emergency response. The pandemic has compounded our financial challenges. The economic impact has reduced the amount of income that the council receives from business rates and council tax in 2020-21 and the forecast income for following years. The council has also incurred significant costs for the pandemic response, a decrease in income from fees and charges and slippage in previously planned savings. In response, we have updated both our Strategic Plan and the Medium-Term Financial Strategy to ensure our budget can support delivery of our priorities and address the significant financial challenges facing the council.

Whilst we have been able to quickly adapt our governance arrangements, there remains significant challenges, in addition to the long-term impact of the pandemic, which has included closing our financial accounts, budget management and SEND performance. 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 Leadership Team and relevant Committees.



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

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Steve Halsey, Chief Executive

Date:

I was elected the Mayor of Tower Hamlets in May 2022, and previous years' financial statements were prepared under the previous Administration. I am aware of the progress made by the Council's finance department and am content that it will continue in a positive manner in future years, with the controls that have now been put in place.

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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 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 of Corporate Governance sets out the commitment of the London Borough of Tower Hamlets 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.

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, such as CIPFA, 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 2019/20 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 by others such as CIPFA, 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 records the rules and laws under which the Council operates, including the Financial Regulations. The constitution is published on the Council's website. The constitution was last updated and agreed at full Council in 2021. 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. We have noted that some of the Council's policies and procedures are overdue for a review. Given the global pandemic, all overdue policies and procedures will be reviewed as soon as practicable.</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, 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</p>

Committee provides full Council with an annual report on its activities which highlights areas of strength and concern; a report was last taken to full Council in July 2021. All members positively acknowledge the Code when they join the Council. A consultation was launched in June 2020 to review the model code of conduct for Members and the code was last published as part of the constitution in June 2021. Work has begun to produce a new Code and it is anticipated the new Code will be adopted in 2021-2022.

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 April 2021 the Monitoring Officer reported a summary of concerns raised and their outcomes to the Audit Committee.

Committee reports and key decisions have been 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.

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. We recognise that the number of officers declaring interests via self-service has declined. We will be requiring officers to update their declarations. A revised guide to declaring interests at meetings has been attached to all meeting agendas since May 2020. Now that the Council is operating on-line meetings (via Teams) attendants of the meeting that declare an interest are required to leave the virtual meeting room.

The Council has also maintained a Gifts and Hospitalities register to ensure that Members and officers declare any gifts and hospitality in an open and transparent manner. The Gifts and hospitality policy needs to be reviewed. We also recognise there has been a reduction in gifts and



	<p>hospitality being declared by officers, whilst this is likely to be related to the pandemic (less gifts and hospitality have been offered) to ensure all gifts and hospitality are recorded we will be promoting the requirements for officers throughout 2021/22.</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.</p> <p>The Council routinely provides training for its Member on ethics during their induction. Further member training on ethics and probity was provided during 2020/21.</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. This technology has proven particularly effective during the Covid-19 pandemic and enabled critical Committees to continue and be available to the public.</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</p>

	<p>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. During 2020/21 Internal Audit reviewed the arrangements for scrutiny and provided reasonable assurance. Areas that did require improvement were agreed with management and an action plan developed.</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>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>The Strategic Plan 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 which has been updated to reflect the impact of the pandemic.</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 Leadership 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 and other policies and procedures which demonstrate the level to which intended outcomes are being achieved and any interventions planned to address issues.</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 set sections for legal and finance comments to be recorded. Reports have been cleared by finance and legal officers before publication, although on some occasions finance and/or legal are given very little time to review and comment and we will seek to improve lead times.</p> <p>The Council’s Performance Management and Accountability Framework (PMAF) sets out how we establish whether performance improvement is necessary. The Performance Improvement Board is the main board responsible for identifying and determining interventions to bring about improvements and this board has met regularly.</p> <p>The Council’s Performance Improvement Board challenges services where there are identified concerns, takes a trouble-shooting approach, acts as a “critical friend” to drive improvement in performance, and makes recommendations about where to focus resources to drive improvement.</p>
<p>E. Developing the entity’s capacity, including the capability of its leadership and the individuals within</p>	<p>The roles of all officers (including statutory roles) have been defined in agreed job descriptions and person specifications. Staff performance is reviewed twice during the year Start 1 April- 31 May and then Mid-Year 1 October to November. A new approach called ‘My Annual Review (MAR)’ has been introduced to improve the process and make it simpler facilitating a two way</p>

<p>it.</p>	<p>conversation. Currently, metrics suggest that completion of the MAR is low across the Council, although conversely the recent staff survey reflects a higher percentage of staff saying they have objectives set with their manager. 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>The Council's transformation programme called SMARTER TOGETHER, which is led by CLT, is focused on ensuring the Council is more agile, leaner, and strategic to achieve the best outcomes with limited resources.</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, anti-fraud and whistleblowing. Completion of the mandatory training programme is low, although it has been improving over the last 12 months. Management will continue to monitor compliance with the process and address areas of non-compliance.</p> <p>Staff are provided with a wide range of development opportunities through the Learning Hub. The Council has adopted a range of supporting plans and strategies including the People and</p>
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	Wellbeing Plan, and the Workforce Development Strategies.
<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. The five-year Risk Management Strategy was reviewed and agreed by CLT at the end of 2019/20 and the Audit Committee in July 2020.</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. During the Covid-19 pandemic a bespoke risk register was created and closely monitored by the Gold and Silver groups to ensure that significant risks were acknowledged and mitigated. Engagement with risk management was much improved at all level of the business throughout the pandemic and this has continued in 2020/21.</p> <p>In July 2021 the Audit Committee received the annual report for risk management for the 2020/21 period. The report concluded that “Risk management remain an important feature of good governance and the Council’s approach to risk management has matured during 2020/21 which has been demonstrated through the proactive risk management during the response to Covid-19 pandemic. The current risk management arrangements are reasonable, but there is some room for improvement to better integrate risk management into the day-to-day operations and culture of the Council and this will be a key focus of work during 2021- 2022.” An improvement action plan for 2021/22 was agreed by the same Audit Committee.</p> <p>The Corporate Director, Resources 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 refreshed annually. Revenue and capital budget planning based on corporate priorities are led by the Corporate Leadership 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 performance and risks are managed.</p> <p>The Council has faced significant financial challenges (increased costs, significantly reduced income and undeliverable savings) throughout 2020/2021 and was forecasting an overspend, however the Council was able to recover and the outturn position for 2020/21 was an underspend resulting a lower than anticipated pressure on reserves. Covid-19 will continue to have an impact on the Council's finances over the next three years and will be critical to the medium-term financial planning</p> <p>Since 2019/20 Finance has been focused on rectifying significant issues with the 2018/19 and 2019/20 statement of accounts. The Mayor, Cabinet Members, CLT and the Audit Committee have been provided with regular updates on progress to finalise the accounts. The accounts continue to be subject to external audit review (by Deloitte). Further adjustments may be required through the audit process but these in themselves are unlikely to be sufficient to achieve an unqualified audit opinion.</p> <p>Production and publication of the 2020/21 statement of accounts have also been delayed and the statutory deadline to publish an audited set of accounts will not be met.</p> <p>The Council has established a detailed and far-reaching Finance Improvement Plan designed to address the significant issues that have been identified from the Independent Review commissioned following the initial production of the 2018-19 Statement of Accounts; the initial external audit feedback from Deloitte's on both outstanding Statement of Accounts; the CIPFA</p>
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	<p>review of Financial Management reported in 2017 and a range of matters identified by officers of the Council that require rectification.</p> <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>The Covid-19 pandemic significantly impacted on the anti-fraud team's ability to progress investigations. In line with the Council's strategy during the pandemic, only essential services were in operation. To minimise the risk to the investigators and the public, interviews, foot patrols and visiting were stopped, although desktop investigations have continued throughout. As a result, outcomes in comparison to previous years are reduced. As restrictions ease during 2021/22, the backlog of investigation and Court work will be cleared. Most Court cases are being relisted for hearings in late 2021 and 2022.</p> <p>The positive outcomes achieved following the investigation of the above matters includes 22 social housing properties being recovered and £17,000 was awarded to the Council in costs and compensation</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.</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</p>
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	<p>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 was last agreed by Council and published in May 2021.</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.</p> <p>The Council webcasts it’s Council, Cabinet, Strategic Development Committee, Development Committee and Overview and Scrutiny Committee meetings to ensure maximum transparency. As a result of the Covid-19 pandemic the Council introduced virtual meetings and has also webcast all committee meetings including the Licensing Sub Committee and the Audit Committee.</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 2021.</p> <p>There are governance arrangements for the partnership structure. The Tower Hamlets Plan</p>



	<p>identifies how the partnership will work together through the Partnership Executive Group to deliver cross-cutting activities.</p> <p>The Head of Internal Audit 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 delivers a quarterly progress report to the Audit Committee setting out the outcome 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. However, management’s responsiveness to internal audit is inadequate for some audits with the implementation of agreed recommendations taking many months. The Head of Internal Audit has raised these concerns with the senior officers and the Audit Committee and has introduced new procedures to improve engagement with management.</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 reported the 2020/21 annual opinion to the Audit Committee in July 2021. The opinion for 2021/22 will be provided in July 2022. The full report from July 2021 is available on the Council’s website.

## 2020/21 Head of Internal Audit Annual Opinion Issued in July 2021

*In reaching my opinion this year I have taken the following into consideration:*

- *Outcomes of the internal audit and anti-fraud activity undertaken during the year, which forms the primary basis for the opinion.*
- *The significant issues with the Council's Statement of Accounts.*
- *Assurance from third parties such as the Council's external auditors, Investors in People, the Social Care Institute for Excellence (SCIE) and the Chartered Institute of Public Finance & Accountancy (CIPFA).*
- *The significant improvement in the implementation of management actions that were agreed during the course internal audit activity.*
- *The Council's risk awareness and risk culture which has matured further in 2020-21.*
- *The fact that none of the internal audit assignments were rated as 'No assurance' for the third consecutive year and one audit received 'Substantial Assurance'.*
- *The impact on the authority from the outbreak of Covid-19 which has affected many aspects of service provision, governance, risk management, internal control, financial resilience, and ways of working.*

*Primarily on the basis of the audit and anti-fraud activity undertaken during the year, but also taking into account external assurances and other relevant matters above including the significant issues with the closure of the Council's accounts, it is my opinion that I can provide Limited<sup>1</sup> assurance that the Council has adequate systems of governance, risk management and internal control.*

Head of Internal Audit, Anti-Fraud and Risk.

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<sup>1</sup> A limited assurance opinion means that significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives.

## 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. The PSAA Board appointed Deloitte to audit the accounts of the Council for a period of five years (2018/19 to 2022/23).

At the time of drafting this statement, Deloitte has been unable to complete its audit of the 2018/19 or 2019/20 financial statements. There have been significant issues with the Council's 2018/19 and 2019/20 statement of accounts, and it has taken many months for these issues to be investigated and resolved with some significant issues still outstanding.

The Council has developed an action plan, additional resources have been sourced to complete the plan and produce a revised set of accounts, and a dedicated finance improvement team has been created for additional support. Progress has been regularly reported to the Council's Statutory Officers, the Mayor, Cabinet Members and the Audit Committee. It is anticipated the audits for the 2018/19 and 2019/20 accounts will be completed during 2023. To support improvement moving forward a Finance Improvement Board has been created and is chaired by the Interim Corporate Director of Resources (s151 Officer). The Board will monitor, challenge, and support the delivery of the Finance Improvement Plan.

The Council is in the progress of producing a draft set of accounts for 2020/21. Due to amended regulations, laid by the Secretary of State for Housing, Communities and Local Government, the publication date for the accounts has been moved from 31 July to no later than 30 September 2021.

### Other Inspections and Review

#### Investors in People

In December 2020 the external assessor from Investors in People completed an assessment and, the Council was accredited with the Investors in People Silver Award. The assessor commented in his reports that almost a third of the elements were met at the Gold level and the organisational plans, if implemented as intended, would enable the Council to achieve Gold in the future. The key strengths recognised included a good momentum on the people agenda despite the Covid-19 pandemic; the new appraisal process "My Annual Review was successfully launched; a revised and updated organisational change policy and toolkit was put in

place; survey results revealed a friendlier culture; improvement in supporting wellbeing and inclusion were recognised; there were improved internal communications; there was also clear improvements in learning and development and more positive relationships between line management and their staff. The next assessment is due in May 2023.

### Social Care Institute for Excellence (SCIE) and the Chartered Institute of Public Finance & Accountancy (CIPFA)

Towards the end of 2020, SCIE and CIPFA were commissioned to undertake a finance and practice review of the London Borough of Tower Hamlets Adult Social Care Service with a view to exploring the drivers for behind its high net expenditure and to propose recommendations to bring these costs into line with the budgets required for a sustainable medium term financial strategy. The subsequent report identified numerous challenges faced by the service including the comparatively late introduction of charging and financial assessment for social care services; an unusually complex caseload; high community expectations and dependency on the Council's services; high attrition rates in senior Service management posts and amongst senior posts in the Council's finance department, and the disruption caused by the Covid-19 pandemic. The authors commented:

*Despite these challenges the Council is starting to make progress and has implemented a range of new initiatives to embed a strength-based philosophy and manage practice decisions. The Service has also developed a number of initiatives to control costs and has embarked on programmes to deliver significant costs savings. All of these initiatives have started to yield benefits but have not had the fully desired impact.*

The report authors identified 10 key areas for improvement which included the need for a clearer strategic vision and strategy; action to address the weaknesses in core data held on Mosaic; the need to align change and improvement initiatives; the need to develop grounded plans to deliver savings; embedding strength-based practice; a programme to educate and raise awareness of the benefits and objectives of strength-based thinking and to strike a "new deal" with the community; sourcing project and change management support; embedding stronger business discipline; improving the reporting and monitoring of budgets and ensuring that changes to working practices are seen through and sustained. The authors made a series of recommendations that need to be developed into a clear project plan with timelines and responsibilities. The recommendations have been reported to CLT accepted by the Corporate Director and an action plan developed, although its delivery is reliant on additional resources being made available.

## Companies, Arms-Length Management Organisations and Charitable Community Benefit Societies

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

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.

The Council's Internal Audit team provides internal audit services to THH. In keeping with the Public Sector Internal Audit Standards, the Head of Internal Audit issued an annual opinion for 2020/21 about the governance, risk management and internal control arrangements. The opinion was as follows:

*Internal Audit provides assurance over the organisation's systems of governance, internal control and risk management. On the basis of the audit work undertaken during the 2020/21 financial year, my overall opinion on the organisation's systems of governance and internal control is that **Reasonable** assurance can be provided. This is based on four of the seven core audits receiving Reasonable assurance, two receiving Substantial assurance and one receiving Limited assurance. However, in view of the Limited assurance on the organisation's Risk Management systems, I can only provide **Limited** assurance on the risk management arrangements.*

Head of Internal Audit, Anti-Fraud and Risk.

### 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, Resources) or Monitoring Officer (Corporate Director, Governance).
- 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 2019/20

The 2019/20 the AGS included 13 significant governance issues which needed to be addressed. A summary of progress/outcomes against these actions follows:

<b>No.</b>	<b>Issue</b>	<b>Action</b>	<b>Progress / Outcome</b>
1	<p>The Government imposed lockdown of the Country in response to the COVID-19 pandemic is anticipated to have a material impact on the Council's income sources and expenditure requirements.</p> <p>The pandemic impacts in a number of ways including the achievement of corporate objectives, the need for additional extraordinary government funding and has necessitated the diversion of resources into critical services.</p> <p>There is no guarantee that all additional costs will be reimbursed and indeed the government has raised the prospect of Council reserves being used to support some of the activity.</p>	<p>Modelling of impacts particularly in relation to the Council's tax bases for business rates and Council tax has been undertaken and MTFS modelling updated</p> <p>Review of Strategic Plan objectives and establishment and operation of GOLD and Silver management structures</p> <p>Production of returns to MHCLG setting out additional costs and utilisation of additional monies provided.</p>	<p>The outturn position for 2020-2021 was an underspend. The MTFS has been updated to reflect ongoing challenges resulting from the financial impact of COVID-19.</p>
2	<p>The issues identified with the 2018/19 Statement of Accounts (SoA) and reflected in the 2018/19 AGS have been worked on during the year. A revised SoA was presented to the Audit Committee in May 2020 and are now subject to external audit</p>	<p>A commitment was made to the Audit Committee for an independent review to be undertaken to understand and ensure that the lessons to be learnt from these issues have been fully identified and steps taken to address them.</p>	<p>The Council has established a detailed and far-reaching Finance Improvement Plan designed to address the significant issues that have been identified from the Independent Review commissioned following the initial production of the 2018-</p>

No.	Issue	Action	Progress / Outcome
	review (by Deloitte). Further adjustments will be required through the audit process.	The review was completed and presented to the Audit Committee in November 2020. An action plan is being prepared to address the issues.	19 SoA; the initial external audit feedback from Deloitte's on both outstanding SoA's; the CIPFA review of Financial Management reported in 2017 and a range of matters identified by officers of the Council that require rectification.
3	Budget Management remains a concern with overspending remaining a significant risk. Agreed action to mitigate budget pressures and savings slippage, such as the Agency Review Panel, the non-essential expenditure embargo and the production of Recovery Plans, have been largely unsuccessful.	<p>An additional set of budget challenge sessions base on an assessment of financial risk were held with budget managers and relevant Corporate Directors.</p> <p>Immediate measures were introduced to reduce future spending including a freeze on recruitment, a freeze on agency contracts, a review of staffing levels and a review of posts funded from reserves.</p> <p>In addition, the senior leadership team have prepared saving proposals to ensure a balanced budget.</p>	The outturn position for 2020-2021 was an underspend. The MTFS has been updated to reflect ongoing challenges resulting from the financial impact of COVID-19.
4	The reduction in General Reserves arising from the overspend has required a review of earmarked reserves in order to maintain an appropriate level of General Fund balances. This has impacted on delivery of other priorities and has led to a further reduction in the overall level of the	The level of usable reserves needs to be kept under review during the year and is clearly linked to the maintenance of robust budget management processes set out above.	The outturn position for 2020-2021 was an underspend which result in a lower draw on reserves than anticipated. The MTFS has been updated to reflect ongoing challenges resulting from the financial impact of COVID-19.



No.	Issue	Action	Progress / Outcome
	Council's usable reserves.		
5	<p>The COVID-19 pandemic has resulted in the potential failure of the Council's Leisure Services provider; with a request for financial support being made to avoid service failure once lockdown is ended.</p> <p>The refinancing of the Poplar Baths project has also been impacted by the pausing of the proposed project finance in the light of CV-19. This brings additional risk to the council from project failure in addition to provider failure on the leisure contract.</p>	<p>Detailed financial analysis of the position that the provider finds themselves in was undertaken on an open book basis to inform a decision about options for support and/ or provision of services in the future.</p> <p>Continued engagement with the project company and respective legal and financing specialists to minimize risk to the Council through the refinancing process.</p>	<p>Detailed financial analysis of the Council's Leisure Services provider's position has taken place on an ongoing basis and the issue of risk of failure has been largely mitigated through the following Cabinet decisions and funding secured:</p> <p>29 Jul 2020 - <b>Cabinet Report: The Safe &amp; Viable Reopening of Leisure Centre –</b></p> <ol style="list-style-type: none"> <li>1. Authorised the Corporate Director Resources to negotiate and agree a management fee sum of up to £181k for Poplar Baths.</li> <li>2. Authorised the Corporate Director Resources to negotiate and agree the removal of the Leisure Management service element from the main Poplar Baths PPP agreement, to bring it in line with the main leisure management contract or as a continuation of the current arrangements between LBTH and Folera.</li> <li>3. Approved a contract variation to the main leisure management contract to provide a management fee of up to £593k to GLL, pending further negotiation of the repayment schedule and share of surplus and following further</li> </ol>

No.	Issue	Action	Progress / Outcome
			<p>consultation with the Mayor and Lead Member.</p> <p>4. Approved increased pricing schedule</p> <p>5. Approved the phased restoration of safe and viable leisure centre activities in three phases with decisions upon implementation of each phase to be determined following a review of guidance, implementation, demand and lessons learned and following consultation with the Mayor and Lead Member in advance of each phase of restoration.</p> <p>January 2021 - <b>Cabinet Report: Procurement of the Leisure Management Contract</b> – Authorised the extension of the leisure management contract and Poplar Baths contracts to 2024</p> <p>March 2021 – <b>National Leisure Relief Fund (NLRF) funding £803k secured</b></p>

No.	Issue	Action	Progress / Outcome
6	<p>The COVID-19 pandemic has resulted in requests from Social Care providers for additional payments and for payments in advance of service delivery. This must also be seen in the context of the discontinued use of the electronic home care monitoring system in Adults Services and reversion to a manual system.</p>	<p>Alternative block payment arrangements have been put in place as a response to the pandemic. This was to ensure continuity of supply. These continue to be in place and are reviewed and adjusted accordingly on a regular basis.</p> <p>Longer term arrangements are also being explored as part of plans for homecare re-procurement which will begin in 2022.</p>	<p>Additional financial support measures were put in place to assist Social Care Providers by the use of the Government specific Covid-19 Grant funding, Adult Social Care Infection Control Fund, Adult Social Care Rapid Testing Fund and the Adult Social Care Workforce Capacity Fund. Adult Social Care Providers were allocated funding, within the grant conditions of these funding regimes, for specific items of expenditure they were incurring. This included providers with which the Local Authority does not have a contract with. Further funding to Adult Social Care Providers will continue for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2021 under the continued Adult Social Care ring-fenced Infection Control and Testing Grant.</p> <p>A new reporting template and homecare monitoring process is being piloted with Homecare providers as part of a programme of 4 workstreams that will be delivered during 2021/22, in line with the re- procurement of domiciliary care services.</p>

No.	Issue	Action	Progress / Outcome
7	<p>Towards the end of 2019/20 the Council engaged an external consultant to review the extent of video surveillance system usage and compliance with the relevant Code of Practice. The consultant concluded the following:</p> <p><i>...the London Borough of Tower Hamlets can be considered not to comply with the Council's obligations to show due regard to the provisions of the Protection of Freedoms Act 2012 (PoFA), thus failing to meet the Code of Practice compiled under that Act by the Home Office Surveillance Camera Commissioner (SCC) for the operation of video surveillance systems by the Council or on behalf of the Council.</i></p> <p><i>It can also be considered that the Council fails to meet the requirements to comply with the Data Protection Act 2018 Legislation and GDPR regulations the use and management of video surveillance systems. Considering the current situation, the risks to the organisation are three-fold – financial, legal and reputational.</i></p>	<p>A comprehensive action plan to improve compliance and reduce the risks has been agreed and implementation has begun.</p>	<p>Progress with the plan and project continues (led within the directorate but covering systems across the whole Council) to ensure compliance with standards.</p>

No.	Issue	Action	Progress / Outcome
8	Failure to adequately maintain Chater House resulting in inadequate insurance, increases in premiums and a breach of the lease conditions.	Programme put in place to review the stock condition of community shops portfolio and undertake any necessary repairs and maintenance. Fire Risk Assessments to be being undertaken on all commercial portfolio.	The Council continues to review the stock condition of community shops portfolio and undertake any necessary repairs and maintenance.
9	Weaknesses or non-compliance regarding the system of governance, risk management and control in the Capital Programme ( <i>Recommendation from Audit report on governance of the capital programme</i> ).	<p>Undertake a 'fundamental review' of the current year's Capital Programme plus two years and report funding to Cabinet for oversight.</p> <p>Ensure the capital programme has adequate profiling of expenditure to capture any slippage / overspend over more than one year.</p> <p>Ensure Capital Growth Bids and Project approvals are completed and authorised by the originating officer prior to approval of the capital scheme.</p>	<p>Capital programme reviewed including profiling of expenditure in full and agreed at Cabinet.</p> <p>Capital monitoring and compliance with procedures has now improved. Capital budgets are now incorporated into Agresso. Slippage can be identified quickly and appropriate action taken.</p> <p>Bids are reviewed and approved at the Capital Delivery Board which is Chaired by the Corporate director of Place and includes representation from key officers.</p>
10	A need to improve the financial governance of capital programmes ( <i>Recommendation from Audit Report on governance of acquisition of properties for Temporary Accommodation</i> ).	Governance arrangements for the acquisition programme to be reviewed and aligned to the Council's Programme and Project Management Office (PPMO) requirements	Capital programme reviewed in full and agreed at Cabinet.

No.	Issue	Action	Progress / Outcome
		Plan to be put in place to ensure property acquisitions are financially assessed for value for money and the Officer's Authority for properties and accord to the scheme of delegation	Financial analysis of housing procurements to identify yields and if yields are insufficient purchase does not proceed.
11	Outdated governance (Directors) and purpose of traded companies in particular Seahorse Limited & Mulberry Housing Society.	Undertake a review and refresh of governance and purpose of traded housing companies (Seahorse Limited & Mulberry Housing Society)	Review of company governance arrangements completed. Future governance arrangements and purposes of companies to be considered.
12	Stronger client monitoring of capital expenditure of LBTH over Tower Hamlets Homes to mitigate risks of breaches in procurement guidelines.	<p>THH Management Agreement to be strengthened to include an operational subgroup on procurement and management of contracts.</p> <p>Programme of training for project managers to be delivered to raise awareness and understanding of the governance arrangements.</p>	<p><b>Management Agreement:</b> The Management Agreement was reviewed, agreed, and signed off by both THH and LBTH in July 2020.</p> <p><b>Project Managers:</b> All Project Managers have had training on Framework, procurement, governance, contract management (JCT Contract). Follow up training will be arranged once the contract has been mobilised.</p> <p><b>Client Capital Monitoring:</b> A Capital Programme and Community Safety Delivery group was created to enhance monitoring of capital and fire safety works delivery. The group is fully functioning, meets bi-monthly, and among other things, agrees in principle the detailed profile and configuration of the Housing capital, fire safety and FRAs programmes for</p>

No.	Issue	Action	Progress / Outcome
			<p>consideration prior to formal approval by the Council.</p> <p>In addition, the group regularly reviews reports on the spend against budget/ forecasts for all the capital and fire safety schemes, monitors expenditure against budgets of the agreed Capital Programme ensuring that schemes are within approved budgets and variances appropriately addressed.</p> <p><b>Improved Procurement and Contract Management by THH:</b> THH has set up a dedicated procurement team to improve its procurement approaches and ensure compliance and accountability for the activities delegated via the MA. THH has also strengthened the governance arrangements that support procurement and contracts. Some of the improvements made include:</p> <ul style="list-style-type: none"> <li>▪ <b>Improved visibility and procurement planning:</b> This is provided by THH procurement plan, which captures all procurement activity delivered on behalf of the Council (and the company). The plan details procurement projects earmarked for the next 12-24months and tracks the progress of each project to ensure compliance with the council's procurement rules.</li> </ul>

No.	Issue	Action	Progress / Outcome
			<p><b>Early engagement on procurement strategy:</b> The Client Team are sighted on all PIFs, Appendix 1's, Tollgate 1 and Tollgate 2 reports as they are submitted to the Council's procurement team.</p> <ul style="list-style-type: none"> <li>▪ <b>Enhanced procurement and contract governance:</b> A THH procurement Board has been set up with representatives from LBTH (procurement and Client teams). This supports and provides oversight of THH's procurement. The Board meets monthly and monitors progress against the plan. THH's Executive Management Team also receives quarterly reports on the progress of the plan.</li> <li>▪ <b>THH/LBTH procurement SLA:</b> The SLA was re-negotiated in June 2020 and is working well. THH works closely with the Councils procurement team to ensure that the council's procedures are followed, and all procurement projects are compliant.</li> </ul>



<b>No.</b>	<b>Issue</b>	<b>Action</b>	<b>Progress / Outcome</b>
13	An audit of Risk Management in 2019/20 identified that whilst the framework, strategy and procedures were well documented, directorate and service level compliance with the procedures was variable. The audit also found that, for the Corporate Risk Register, there was insufficient management review and challenge by the Corporate Leadership Team.	Work to improve Risk Management is ongoing and will continue during 2022/23.	<p>Ongoing work to identify and record new risks across the Council.</p> <p>Quarterly reporting to/review by DMTs, CLT and the Audit Committee of Directorate level and Corporate risks.</p>

Significant Governance Issues Identified in 2020/21

All four Corporate Directors submitted their returns for 2020/21 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	Issues have been identified with both the 2018/19 and 2019/20 Statement of Accounts (SoA) and reflected in the 2018/19 and 2019/20 AGS respectively. These significant issues continue to be addressed. The SoA's continue to be subject to external audit review (by Deloitte). Further adjustments may be required through the audit process but these in themselves may not be sufficient to achieve an unqualified audit opinion.	The Council has established a detailed and far-reaching Finance Improvement Plan designed to address the significant issues that have been identified from the Independent Review commissioned following the initial production of the 2018-19 SoA; the initial external audit feedback from Deloitte's on both outstanding SoA's; the CIPFA review of Financial Management reported in 2017 and a range of matters identified by officers of the Council that require rectification.	As at May 2021:- Interim Corporate Director of Resources Succeeded by (once appointed):- Corporate Director of Resources and Governance	Phase 1 July 2021  Phase 2 August 2022
2	Budget management – there is a persistent overspend in adult social care and budget management (including the closure of account process) needs further strengthening across the directorate.	Implement savings programme and the recommendations in the forthcoming report by SCIE/CIPFA (this action sits alongside the practice recommendations and work on quality)  All budget managers and senior staff to work with and support Finance Team to deliver an accurate and timely outturn and closure of account process with a particular focus on accruals.	Corporate Director, Health, Adults & Community and Divisional Director, Adult Social Care and Joint Director of Integrated Commissioning  Corporate Director, Health, Adults & Community and all Divisional Directors and budget holders in the directorate	2021/22 and 2022/23  April – May 2021 and annually

No.	Issue	Action	Responsible	Timescale
		<p>Reduce levels of debt including charges for care services and NHS debt (including implement recommendations in the internal audit of the Financial Assessments of Contributions to Social Care internal audit).</p> <p>Further strengthen budget management across the directorate and particularly in Adult Social Care with a particular focus on the quality and accuracy of forecasting</p>	<p>Corporate Director, Health, Adults &amp; Community, Divisional Directors, Financial Assessment Team, Finance Business Partners (Corporate Director, Resources)</p> <p>Corporate Director, Health, Adults &amp; Community and all Divisional Directors and budget holders in the directorate, Finance Business partners.</p>	<p>2021/22</p> <p>2021/22 ongoing</p>
3	Impact of the Covid-19 pandemic	<p>Public Health continue to focus on response to the pandemic and this will continue for some time – manage the risk to business as usual activity alongside response to the pandemic and recovery from the pandemic.</p> <p>Manage increases in demand caused by the pandemic including in adult social care, substance misuse services and commissioned domestic violence services.</p>	<p>Corporate Director, Health, Adults &amp; Community &amp; Director of Public Health</p> <p>Corporate Director, Health, Adults &amp; Community and all Divisional Directors in the directorate</p>	<p>2021/22</p> <p>2021/22</p>

No.	Issue	Action	Responsible	Timescale
4	Commissioning, re-procurement and contract management of domiciliary care services	<p>Consider future options in relation to electronic home care monitoring.</p> <p>Re-procure domiciliary care services worth c£30m pa and deliver savings opportunity identified within SCIE/Cipfa report</p>	<p>Joint Director of Integrated Commissioning</p> <p>Joint Director of Integrated Commissioning</p>	<p>April – June 2021</p> <p>June 2021 – March 2022</p>
5	Compliance with standards in relation to video surveillance systems across the Council	Continue with project (led within the directorate but covering systems across the whole Council) to ensure compliance with standards	Divisional Director, Community Safety, Head of Information Governance & all Divisional Directors across the Council with responsibility for the use of surveillance systems	2021/22
6	Improvements in consistency and quality of work in Adult Social Care	<p>Implement improvements identified in forthcoming SCIE/Cipfa report regarding practice (alongside financial/savings opportunities) as part of a comprehensive transformation and improvement programme</p> <p>Implement further developments to Mosaic (IT system) and improve the quality of data</p>	<p>Corporate Director, Health, Adults &amp; Community (statutory Director of Adult Social Services), Divisional Director Adult Social Care, Principal Social Worker &amp; Joint Director of Integrated Commissioning</p> <p>Divisional Director, Adult Social Care and</p>	<p>2021/22 and 2022/23</p> <p>2021/22 and 2022/23</p>

No.	Issue	Action	Responsible	Timescale
		<p>on the system as part of the above programme.</p> <p>Implement the recommendations in the internal audit of Client Financial Affairs (service managed within Resources Directorate)</p>	<p>Divisional Director, IT</p> <p>Corporate Director Health, Adults &amp; Community, Corporate Director, Resources</p>	<p>2021/22 and 2022/23</p>
7	SEND Performance – weaknesses in performance and provision. Will be subject to a Local Area Inspection by Ofsted & CQC.	SEND Improvement Board driving detailed SEND Improvement Plan.	Director of Education	March 2022
8	King George Fields Trust – Charities Commission investigation into delayed submission of accounts.	Urgent resolution of accounts. Review of governance arrangements.	Director of Sports and Leisure	March 2022
9	Ensure that the council is well prepared to meet the provisions contained within the Building Safety Bill to ensure Fire Safety in residential dwelling	<p>Review the Council's Management Agreement (MA) with THH and ensure clear delegated functions are in place with THH including Fire Safety responsibilities</p> <p>Put in place a shadow structure to meet provisions contained within the bill in advance of legislation</p> <p>Put in place adequate resource, including ICT infrastructure to meet the demands of the Building Safety Bill and mitigate any risks reading THH housing stock.</p>	Director Housing and Regeneration	<p>May 2021</p> <p>August 2021</p> <p>May 2021</p>
10	Continue to progress remedial fire safety	Monitor, report and continue to progress	Director Housing and	March 2022

No.	Issue	Action	Responsible	Timescale
	measures for residents in tower blocks in the borough to improve fire safety	<p>ACM remediation with London Fire Brigade, GLA, MHCLG</p> <p>Continue to collect information on External Wall Systems, working with stakeholders (LBF, GLA, MHCLG) to identify and mitigate buildings identified as high risk</p> <p>Put in place adequate resource, including ICT infrastructure to support fire safety within the private sector</p>	Regeneration	<p>March 2022</p> <p>March 2022</p>
11	Continue to review the stock condition of community shops portfolio and undertake any necessary repairs and maintenance.	<p>Undertake a programme of reviews of community shops, including tenant's fire and safety management, property owner's liability guidance and maintenance.</p> <p>Put in place a protection measures for unoccupied units and undertake valuations on buildings ensuring the correct level of cover.</p> <p>Undertake communications to make tenants aware of risks and obligations around fire safety and the terms of their lease, taking action on shop tenants who fail to adhere to their lease.</p>	Director, Property and Major Programmes	<p>March 2022</p> <p>March 2022</p> <p>March 2022</p>

No.	Issue	Action	Responsible	Timescale
12	<p>In its annual letter, relating to 2020/21, the LGSCO stated some positive elements relating to its interaction with the council such as its satisfaction that the Council complied with 95% of recommendations within a set timeframe. However, the LGSCO also highlighted some negative elements such as 83% of complaints against the Council it investigated resulted in the complaints being upheld and in only 4% of upheld complaints, it found the Council had provided a satisfactory remedy before the complaint reached the LGSCO.</p> <p>The number of LGSCO cases is reducing and the numbers are less than most of our neighbouring councils. The performance rate of percentage of cases responded to on time has also continued to increase year on year, however, the response-on time-performance rate of 69% needs to improve further.</p>	<p>Work is ongoing with services to ensure cases are dealt with sensitively and effectively. The improvement work mentioned below will continue at pace with individuals, teams and services. More emphasis has been put on the fact that if the Council wishes to challenge the LGSCO, extensions must be agreed with the LGSCO and appropriate reasons given for the challenge in consultation with Senior Management.</p> <ul style="list-style-type: none"> <li>• Better use of technology.</li> <li>• IG Service is actively encouraging all services to set up their own reporting mechanisms from iCasework.</li> <li>• A new Outcomes Based LGSCO Protocol has been initiated by the IG Service.</li> <li>• Improved reporting for Directorate Leadership Teams</li> <li>• Improved functionality in iCasework</li> <li>• Targeted internal training programmes.</li> </ul>	Director of Customer Services	Summer 2022

13	Continue to develop the Council's Risk Management framework and related arrangements at the Corporate, Directorate and Service level.	Implement improvements including recruitment of a Risk Officer, reinvigorate strategy, enhance quarterly identification and monitoring of risks at the Corporate and Directorate levels, and roll-out training across the Council.	Corporate Director, Resources	2022/23
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## Conclusion for 2020-2021

2020-2021 has been a challenging year, the COVID-19 pandemic has had a profound impact on everyone. The pandemic has required us to govern differently to adapt and meet the needs of our community. Our governance arrangements during the pandemic have included instigating our borough emergency plans, preparing and delivering a local outbreak plan, operating clear and robust governance made up of Gold, Silver and Bronze commands, a Partnership Health Protection Board and Local Engagement Board, we have also ensured visible professional and political leadership and collaborated extensively with the London Coronavirus Response Cell and North East London Incident Management Team. Our work with partners focused on mobilising and encouraging partners towards a place-based response. It also involved lobbying government on a range of policy areas, to 'on-the-ground' visits and assisting at food distribution hubs and PPE distribution, to targeted messaging to get pandemic-related information and guidance out to residents and many more activities. We have led in the work to understand the impact of the COVID-19 pandemic in Tower Hamlets and attempted to predict the impact going forward. The first impact assessment was carried out in summer 2020 analysing the initial impacts of the pandemic in the first few months and focused on 13 core topics. This has supported our recovery plans and ensure our collective partnership focus on the areas we need to support our residents with.

During this difficult time there have been governance and leadership opportunities which we are keen to hold onto, and we are committed to delivering better outcomes for residents by using the opportunities from new ways of working and the efficiency and effectiveness learnt through our emergency response. The pandemic has compounded our financial challenges. The economic impact has reduced the amount of income that the council receives from business rates and council tax in 2020-21 and the forecast income for following years. The council has also incurred significant costs for the pandemic response, a decrease in income from fees and charges and slippage in previously planned savings. In response, we have updated both our Strategic Plan and the Medium-Term Financial Strategy to ensure our budget can support delivery of our priorities and address the significant financial challenges facing the council.

Whilst we have been able to quickly adapt our governance arrangements, there remains significant challenges, in addition to the long-term impact of the pandemic, which has included closing our financial accounts, budget management and SEND performance. 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 Leadership Team and relevant Committees.