

Annual Governance Statement

2021/2022

Our Annual Governance Statement

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

As has been the case in previous years, 2021/22 has been a challenging year, the COVID-19 pandemic continued to have a profound impact on everyone, alongside the backdrop of economic pressures and impact arising from the pandemic, reducing the amount of income that the Council received from business rates and council tax, as well as impairing the forecast income for future years. 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.

The pandemic required us to govern differently, to adapt and meet the needs of our community. Importantly, our arrangements continued to operate effectively as the organisation continued to deal with the challenges faced. The Council has continued to make progress in addressing areas of improvements previously identified, whether that was from lessons learnt during this period or improvements identified via reviews on our governance arrangements.

2021/22 has been no different than prior years where the Council have been recognised for a number of achievements when externally scrutinised:

- Our Legal Services were re-accredited with the Lexcel Standard.
- The results of our SEND Local Area Inspection, whilst identifying four key areas of weakness, were areas we had identified for improvement, and we had already developed a SEND Improvement Plan to address a number of these issues. Our Written Statement of Action issued in response to the outcome was deemed fit for purpose – demonstrating how we take on board feedback to influence improvements going forward.
- The LGA Corporate Peer Challenge Revisit also provided positive confirmation to the Council on the progress we were making on our improvement journey, that this remained on track and feedback from this visit would help inform future priorities.

Whilst we are pleased with our progress, there remains significant challenges, in addition to the long-term impact of the pandemic, global issues and greater economic pressures which is cultivating in a “cost-of-living crisis” for the entire nation, we still want to address issues around closing our financial accounts, budget management in areas such as Adult Social Care, and SEND performance.

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

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

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

Signed on behalf of the London Borough of Tower Hamlets

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.

Lutfur Rahman, Executive Mayor

Date:

Introduction

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

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

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

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

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

When evaluating our performance, we have taken into consideration reviews and inspections of the Council by others, as well as the work of internal and external audit. We have also reviewed our progress against improvement actions that were identified as part of the 2020/21 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 sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent, and accountable to local people, including the Financial Regulations. The Constitution is published on the Council's website. The constitution was last updated and agreed at full Council in March 2022. 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, but 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</p>

against Members, the Register of Interest/Gifts and Hospitality, Member Development, and reports from the work of the Committee on Standards in Public Life amongst other matters. The Committee provides full Council with an annual report on its activities which highlights areas of strength and concern; a report was last taken to full Council in July 2021, with the next expected at the meeting scheduled in July 2022.

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 new code was approved by Council in November 2021 and came into force following the 5 May 2022 local elections. A reminder of the new Member Code of Conduct was presented, as part of the Council's constitution, to full Council at its meeting held on 25 May 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. A similar report will be presented as part of the 2022/23 Audit Committee workplan.

Committee reports and key decisions are published online to ensure transparency and Executive decisions made by the Mayor and Cabinet are subject to the 'Call-In' process by backbench Councillors who can raise any concerns they may have.

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 will be requiring Members and officers to update their declarations following the 5 May 2022 local elections. A revised guide to declaring interests at meetings has been attached to all meeting agendas since May 2020. During the period when the Council operated using an on-line meeting

	<p>format (via MS Teams), attendants of the meeting that declare an interest were required to leave the virtual meeting room.</p> <p>The Council also maintains a Gifts and Hospitality register to ensure that Members and officers declare any gifts and hospitality in an open and transparent manner. The Gifts and Hospitality Policy has been reviewed during 2021/22 and has been launched in May 2022. Individual teams have been instructed to adopt the revised policy, hold details of any gifts and hospitality offered, accepted, and declined, whilst reporting up into a Directorate-held registers for completeness. There has been a continued reduction in gifts and hospitality being declared by officers, whilst this is likely to be related to the pandemic (less gifts and hospitality have been offered), there is an expectation that this may increase during 2022/23, therefore, to ensure all gifts and hospitality are recorded we will be promoting the requirements for officers throughout 2022/23.</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 Members, on numerous topics including financial management, risk, governance, and ethics. Given the results of the 5 May 2022 local elections has resulted in numerous Member changes, member training on ethics and probity, as well as other topics, will be provided during 2022/23.</p>
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<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. As the Council has exited the restrictions enforced by the pandemic, Council meetings and Committees have returned to face-to-face meetings, with the option to attend virtually to observe.</p> <p>An online library of meeting agendas, attendance, supporting papers, decisions and minutes is maintained on the Council's website. As a result, the decision-making process can be considered and reviewed by stakeholders and the public from inception through to final decision and any ultimate scrutiny.</p> <p>The Council has sought community views on a wide range of issues and has undertaken regular consultation and engagement with citizens and service users. During 2019/20 the Council launched a Consultations Hub to better facilitate consultations. Details of current, planned, and past consultations have been made available on the Council's website along with information on how the public/stakeholders can put forward their views. The Hub has had a positive impact on consultation resulting in increased transparency and accessibility providing the Council with a more balanced view of public opinion as this has continued throughout 2020/21 and 2021/22.</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,</p>
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	<p>residents, community groups and expert witnesses have been invited to participate in Scrutiny review and challenge sessions so the Committee can hear directly from those whose interests are represented.</p> <p>Social media channels have been used extensively to support the Council’s engagement with stakeholders. The Council has adopted a Social Media Policy to provide advice and guidance on the use of social media.</p>
<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</p>

	<p>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 it.</p>	<p>The roles of all officers (including statutory roles) have been defined in agreed job descriptions and person specifications. Staff performance is reviewed twice during the year Start (1 April-31 May) and then Mid-Year (1 October to 30 November). An approach called 'My Annual Review (MAR)' was introduced during 2020/21 to improve the process and make it simpler to facilitate a two-way conversation. The MAR process has had a positive impact on staff, as it has become embedded across the Council, with metrics suggesting engagement has increased. Management will continue to monitor compliance with the process and address areas of weakness.</p> <p>The Council has articulated its values and behaviours in 'TOWER values' which includes a behaviours framework to support officers in the MAR process and when recruiting staff.</p> <p>The Council's transformation programme called SMARTER TOGETHER, which is led by CLT, is focussed 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 continues to be monitored, as it was previously low, although there are suggestions this 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 Wellbeing Plan, and the Workforce Development Strategies.</p>
<p>F. Managing risks and performance through robust internal control and strong public financial management.</p>	<p>The Council has adopted a risk management strategy and approach with the main priorities of providing robust systems of identification, evaluation, and control of risks which threaten the Council's ability to meet its objectives to deliver services to the community. 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</p>

	<p>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 levels of the business throughout the pandemic and this has continued in 2020/21. This risk register has since been retired, as the risks have been mitigated to an acceptable level as the Council moved out of the pandemic restrictions., and for those risks that have not reduced to an acceptable level, these were transferred over to business-as-usual risk registers to be monitored on an ongoing basis.</p> <p>In July 2021 the Audit Committee received the annual report for risk management for the 2020/21 period. The report concluded that <i>“Risk management remains an important feature of good governance and the Council’s approach to risk management had 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 has been and will continue to be a key focus of work during 2022-23.”</i> 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</p>
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have been able to scrutinise budget monitoring through the relevant Committee to ensure performance and risks are managed.

The Council has faced significant financial challenges throughout 2021/22 as costs associated with Covid and losses in income continued to impact the financial position, particularly in the first half of the year. The Council has applied £34m of COVID funding during the year and discharge funding received from the CCG to balance its budget, resulting in a slight underspend at outturn. Continued COVID recovery alongside a spike in inflation, fuel prices and the impacts of these on the cost of living will be key aspects for the Council to consider in its medium-term financial planning going forward.

Since 2019/20 Finance has been focussed 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.

Production and publication of the 2020/21 Statement of Accounts was also delayed and the statutory deadline to publish an audited set of accounts was not met (*the 2020/21 draft accounts were later published in January 2022*). Following sign-off on the 2018/19 and 2019/20 SoA, the 2020/21 and 2021/22 audits are expected to commence in parallel.

The Council 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>review of Financial Management reported in 2017 and a range of matters identified by officers of the Council that require rectification. Progress has been reported periodically to the Finance Improvement Board introduced to govern such improvements, with necessary reporting shared with the Mayor, Cabinet Members, CLT and the Audit Committee too.</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 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 were reduced. As restrictions eased during 2021/22, the number of referrals has fluctuated, and the backlog of investigation and Court work continues to be cleared. Most Court cases were relisted for hearings in 2021/22 and continue to be scheduled as we move through 2022/23.</p> <p>The positive outcomes achieved following the investigation of the above matters includes 35 social housing properties being recovered and £38,000 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</p>
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	<p>received a number of relevant reports such as annual internal audit plans, reports from external audit, anti-fraud and corruption initiatives and risk management.</p> <p>The Council's Internal Audit service undertakes an annual programme of audits which includes providing assurance over the Council's risk management processes. If any areas for improvement are identified Internal Audit makes recommendations for management to consider and implement. Progress against the plan and the outcomes of audits are reported to the Audit Committee.</p>
<p>G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.</p>	<p>The Council has a published constitution setting out how decisions are taken and how the public can get involved in decision making, including access to information, petitions, and ways of getting involved in decision making. The constitution was last agreed by Council and published in March 2022 and subsequently, May 2022 following the results of the 5 May 2022 local elections.</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 Licencing Sub Committee and the Audit Committee. As restrictions eased, meetings returned to "in-person" with a virtual option available.</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>

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.

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.

There are governance arrangements for the partnership structure. The Tower Hamlets Plan identifies how the partnership will work together through the Partnership Executive Group to deliver cross-cutting activities.

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.

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.

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.

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 was provided to the Audit Committee in June 2022.

2021/22 Head of Internal Audit Annual Opinion Issued in June 2022

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 on-going issues with the Council's Statement of Accounts that have continued during 2021/22 but taking in to account the progress made in getting closer to obtaining external auditor sign-off on the 2018/19 and 2019/20 years.*
- *Assurance from third parties such as the Council's external auditors, and the results of recent external assessments such as Lexcel's Independent Legal Assessment, LGA's Corporate Peer Challenge Revisit, and the SEND Local Area Inspection Review.*
- *The consistent progress 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 2021-22.*
- *The fact that none of the internal audit assignments were rated as 'No Assurance' for the fourth consecutive year, and the increased use of internal audit as a consultative partner to support the Council on specific areas of concern or proposed change to inform the governance, risk and internal control environment.*

- *The impact on the Council resulting from the continued response to the Covid-19 pandemic during 2021/22, which continued to affect 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 Statement of Accounts, it is my opinion that I can provide **Limited¹ Assurance** that the Council has adequate systems of governance, risk management and internal control.*

Interim Head of Internal Audit, Anti-Fraud and Risk.

The full report from June 2022 is available on the Council's website.

External Audit & Inspections

External Audit

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

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 issues still outstanding.

The Council developed an action plan, additional resources were sourced to complete the plan and produce a revised set of accounts, and a dedicated finance improvement team has been created for additional support. To support this improvement, a

¹ 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.

Finance Improvement Board was created and chaired by the Interim Corporate Director of Resources (s151 Officer). Throughout 2021/22, the Board has monitored, challenged, and supported the delivery of the Finance Improvement Plan. Internal Audit has also been embedded in this process, performing specific reviews over process redesigns and improvements suggested to ensure they mitigate the risks posed and address the recommendations that derived from the initial review. Progress has been regularly reported to the Council's Statutory Officers, the Mayor, Cabinet Members, and the Audit Committee.

At the time of updating this draft statement and resubmitting it for approval (October 2023), the 2018/19 and 2019/20 audits remain incomplete. Draft accounts for 2020/21 were published in January 2022 and work has been started on the external audit of the 2020/21 statement of accounts.

Other Inspections and Review

Lexcel Independent Legal Assessment

The Council were subject to an independent assessment of their legal services during 2021/22. This was conducted against the Lexcel Standards, The Law Society's practice quality mark for client care, compliance and practice management. In order to assess the Council against these, an assessment was conducted via electronic and virtual means, and in accordance with the submitted Assessment Plan, Lexcel Scheme Rules and Assessment Guidance Notes as modified by The Law Society's temporary COVID19 procedures.

The visit covered all sections of the standard were covered and was conducted through three distinct elements, being:

1. A desktop assessment of all management documentation, with all documents supplied securely via electronic means.
2. Case files for review were selected from open and closed matter lists.
3. Interviews were held with key staff members.

The results of this assessment did not highlight any major areas of concern In Legal Services, however, there were some minor areas for improvement, these were around independent fee earner file reviews, Annual Risk Review, HR Induction Records for new staff and Lexcel Compliance training for new staff. The findings indicated a slight slippage in process rather than a fundamental

breakdown of quality systems. To counter this, the Assessor recorded a high number of Areas of Good Practice in Legal Services and these are spread across all areas of practice.

As a result, the Assessor recommended that Legal Service be re-accredited with the Lexcel Standard.

LGA Corporate Peer Challenge Revisit

Following a full Corporate Peer Challenge (CPC) visit by the LGA in June 2018, a follow up visit was conducted in September 2021. Drawing on their knowledge from the previous CPC, the peer review team met with Members, Officers, Partners, and residents, alongside a review of a range of key documents and information to consider progress since 2018.

The Council saw this time as an opportune moment to ensure its improvement journey remained on track and feedback from such visits would help inform future priorities, especially as the Council was beginning to rebuild from the COVID-19 pandemic.

The peer review team shared their final findings as part of a report shared with the Council in 2021. It acknowledged that the Council continued to make good progress on its improvement journey. It highlighted the Mayor's understanding of community needs and that, alongside Cabinet Members, there was provision of a stable and community focused political leadership. It also acknowledged good member-officer relationships, as well as strong and cohesive Senior Leadership Team.

The peer review team found partners are strongly committed to the ambitions of the borough. The findings recognised how partnership working came to the fore during the pandemic and continues to strengthen for the benefit of residents. The Council's response to the pandemic was praised by the peer review team along with the progress made to improve services for our communities and how the Council continually strive to improve the lives of residents in as many ways as is possible.

The findings also acknowledged several areas of priorities highlighted by stakeholders as important. Taking forward the recommendations of the Black, Asian and Minority Ethnic (BAME) and the Poverty Commissions was highlighted along with community safety, with a focus on dealing with gangs, knife crime, domestic violence, and the safeguarding of children. They also suggested job opportunities for young people and access to good quality employment at all levels, and the promotion of good employment practices to go with them.

The report stated the need for the Council to continue work to reduce health inequalities such as diabetes, child obesity and mental health and that climate change and pollution needs serious attention due to the rising levels of asthma. They highlighted the benefits of local traffic calming schemes and stated for some there is a perceived lack of youth provision and accommodation. The peer team acknowledged existing plans in place to address these issues.

The report highlighted six key recommendations to shape the future priorities of the Council. These included areas such as: ensuring a clear understanding of the Mayor's priorities for all and focus on delivering within clear timescales; to continue work to close previous years' accounts; to continue to improve and embed Council governance arrangements, including decision-making and scrutiny, the TOWER values and ongoing compliance with the Constitution; and the continued efforts to return to normal working practices following the COVID—19 pandemic.

The LGA Peer Revisit report can be found on the Council's website. And the actions which were outlined to Cabinet at its meeting in February 2022 will continue to be delivered as planned. Delivery against these actions will be monitored through existing boards such as the Performance Improvement Board. If Cabinet identify the need to undertake further work to implement the peer team's recommendations, then this will be taken forward. The Council will then look to undertake a full LGA Corporate Peer Challenge later in 2022 and consideration needs to be given as to how this process can be of most help to the Council's improvement journey.

SEND Local Area inspection 2021

During late June and July 2021, Ofsted and the Care Quality Commission (CGC) conducted a joint inspection of the local area of Tower Hamlets to judge the effectiveness of the area in implementing the special education needs and / or disabilities (SEND) reforms as set out in the Children and Families Act 2014.

Inspectors spoke with children and young people with SEND, parents and carers, and local authority and National Health Service (NHS) officers. They visited a range of providers and spoke to leaders, staff, and governors about how they are implementing the SEND reforms. Inspectors looked at a range of information about the performance of the area, including the area's self-evaluation. Inspectors met with leaders for health, social care, and education. They reviewed performance data and evidence about the local offer and joint commissioning.

As a result of the findings of this inspection and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, the inspection determined that a Written Statement of Action is required because of significant areas of weakness in the area's practice. HMCI has also determined that the local authority and the area's clinical commissioning group are jointly responsible for submitting the written statement to Ofsted.

Within the findings outlined in the letter issued by DfE following the completion of the inspection, a number of strengths were identified, alongside areas for further improvement, it was fair to say that the DfE considered the self-evaluation completed by the Council and its partners to be an honest assessment of the areas that required improvement.

There were four key areas of weakness highlighted - quality of education, health and care plans, waiting times for speech and language therapy provision, waiting times for ASD assessment and comprehensive engagement and communication with parents and carers were going to be the areas where the partners would be focussing their efforts.

The Council, working with its health colleagues, developed a joint Written Statement of Action, which was submitted to DfE and NHS England prior to the 24 December 2021 deadline. This accepts the findings and outlines the improvement plan to address such weaknesses, with progress already underway. The Written Statement of Action was accepted as "fit-for-purpose" in setting out how the Local Area will tackle the weaknesses identified in the published inspection letter.

A SEND Improvement Board was already operational within the Council prior to the inspection and its results, therefore, progress against this plan has been, and will continue to be regularly reviewed by the Board. Further reporting will be escalated up to the Children and Education Scrutiny Sub-Committee as required.

Companies, Arms-Length Management Organisations and Charities

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

Tower Hamlets Homes

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 2021/22 about the governance, risk management and internal control arrangements. The opinion was as follows:

*Primarily on the basis of the internal audit and anti-fraud activity undertaken during the year, but also taking into account external assurances and other relevant matters, it is my opinion that I can provide **Reasonable** assurance that Tower Hamlets Homes has adequate systems of governance, risk management and internal control. This is based on one of the eight core audits receiving Substantial assurance and seven audits receiving Reasonable assurance. Two audits were advisory audits and as such had no audit opinions attached to them.*

Interim Head of Internal Audit, Anti-Fraud and Risk.

Furthermore, in 2020/21, limited assurance was attributed to THH's Risk Management systems, however, through the internal audit work performed in 2021/22, it has enabled us to confirm identified improvements have been taken forward by THH to aid the maturity of such systems.

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 2020/21

The 2020/21 AGS included 13 significant governance issues which needed to be addressed. A summary of progress/outcomes against these actions follows:

No.	Issue	Action	Progress / Outcome
1	<p>Issues have been identified with 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 SoAs 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.</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 SOA; the initial external audit feedback from Deloitte’s on both outstanding SOAs; the CIPFA review of Financial Management reported in 2018 and a range of matters identified by officers of the Council that require rectification.</p>	<p>Draft audit reports (known as ISA 260 reports) were presented by Deloitte for both 2018/19 and 2019/20 to Audit Committee in January 2022. The Council is restating the SoA for those two years by the end of May 2022 for final external audit review. The authority sign-off the final versions of the SoAs upon completion of agreed amendments has been delegated to the Chair of Audit Committee and the s151 Officer (with the only exception being if, subsequent to the January 2022 meeting, significant and material matters arise).</p> <p>Deloitte will then issue a final ISA 260 report to the Council.</p> <p>The Audit Certificates for those years will only be released (which is the final stage in the Audit process) after KPMG carry out a review and release their Audit Certificates for the two previous years, 2016/17 and 2017/18, as the Certificates for both of those years remain outstanding. The Council is actively working with KPMG to expedite that process.</p>

			<p>The Council will then re-present the 2020/21 SoA to Deloitte to include Group Accounts. The External Audit will commence when Deloitte resources become available.</p> <p>The Council is on track to produce the 2021/22 SoA as per its internal timetable, but the External Audit will take place after the External Audit for the 2020/21 SoA has been completed, so there is a high probability that the Council will still miss the statutory deadlines for 2021/22. There is a national context regarding delayed completion of audits, where 91% of Local Authorities did not have audited accounts by the statutory deadline for the 2020/21 financial year.</p> <p>The Council has completed most of the actions identified in the Finance Improvement Plan (FIP) and will update the Audit Committee in a separate report on 28th June 2022. It is planned that future Audit Committee FIP reports will contain an update only for those actions not yet complete by that point.</p> <p><i>At the time of updating this draft statement and resubmitting it for approval (October 2023), the 2018/19 and 2019/20 audits remain incomplete. Draft accounts for 2020/21 were published in January 2022 and work has been started on the external audit of the 2020/21 statement of accounts.</i></p>
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2	<p>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.</p>	<p>Implement savings programme and the recommendations in the forthcoming report by SCIE/CIPFA (this action sits alongside the practice recommendations and work on quality).</p> <p>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.</p> <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).</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>The Council has continued to focus their efforts on addressing adult social care budget challenges, and work has continued throughout 2021/22 in monitoring performance against financial targets, which has been helped through short term and one-off grant funding, including COVID-19 related grants.</p> <p>However, there is recognition that work still needs to continue to address underlying budget pressures and overspends, that will require the actions outlined in 2020/21 to continue as an action from 2021/22.</p>
3	<p>Impact of Covid-19 pandemic</p>	<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>The Council proactively responded to all aspects of the pandemic, but since infections fell and restrictions have eased, working and living with Covid-19 has transitioned into business-as-usual activity.</p> <p>Specific Covid-19 governance and risk management structures and mechanisms have</p>

		Manage increases in demand caused by the pandemic including in Adult Social Care, substance misuse services and commissioned domestic violence services.	retired and consumed into the Council's standard governance and monitoring arrangements.
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 p.a. and deliver savings opportunity identified within SCIE/CIPFA report.</p>	<p>Future options in relation to the electronic home care monitoring have been assessed during the period April 2021 to June 2021, and subsequently, a programme of work to replace the current systems has been added to the capital programme for 2022/23 and beyond.</p> <p>At the time of publishing this report, the re-procurement of the domiciliary care services contract was underway, with learnings taken from the SCIE/CIPFA report built into the specification and procurement approach accordingly.</p>
5	Compliance with standards in relation to video surveillance systems across the Council.	Continue with project (led within directorate but covering systems across the whole Council) to ensure compliance with standards.	Recognising this was a Council-wide issue, a two-year programme commenced in 2021/22 to complete an action plan to address areas of non-compliance. As progress continues, this action has been carried forward as outlined in the action plan for 2021/22 below.
6	Improvements in consistency and quality of work in Adult Social Care.	Implement improvements identified in forthcoming SCIE/CIPFA report regarding practice (alongside financial/savings opportunities) as part of	Improvement plan has been developed following the SCIE/CIPFA report regarding practice, is funded and underway, with progress reported periodically. This, alongside implementing specific internal audit recommendations for audits

		<p>a comprehensive transformation and improvement programme.</p> <p>Implement further development to Mosaic (IT system) and improve the quality of data 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>conducted previously, and throughout the year, is contributing to significant improvements.</p> <p>Whilst progress has seen significant improvement in the areas of consistency and quality, there is recognition that data quality issues do remain, especially as further development to Mosaic is needed.</p> <p>As a result, work will remain in progress and therefore, this action has been carried forward as outlined in the action plan for 2021/22 below.</p>
7	SEND performance – weaknesses in performance and provision. Will be subject to a Local Area Inspection by Ofsted and CQC.	SEND Improvement Board driving detailed SEND Improvement Plan.	The SEND Improvement Plan was developed, monitored and delivered throughout 2021/22, however, following the SEND Local Area Inspection, whilst the content of this improvement plan covered a number of the areas identified, further work has been added, and will continue to be an area of focus for 2022/23, as such, an action remains to be followed up as outlined in the action plan for 2021/22 below.
8	King George Fields Trust – Charities Commission investigation into delayed submission of accounts.	<p>Urgent resolution of accounts.</p> <p>Review of governance arrangements.</p>	<p>The 2018/19 and 2019/20 accounts and annual reports have now been filed with the Charity Commission satisfied.</p> <p>The 20220/21 accounts and annual report remain on track to filed by July 2022, which will be late, but the Charity Commission remain aware.</p> <p>These remain an area of focus, along with ongoing governance improvements, and as such, an action</p>

			remains to be followed up as outlined in the action plan for 2021/22 below.
9	Ensure 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 resources, including ICT infrastructure to meet the demands of the Building Safety Bill and mitigate any risks reading THH housing stock.</p>	<p>The LBTH/THH MA sets out THH’s responsibilities to ensure that the Council meets all its regulatory and statutory duties including building and fire safety duties. Schedule 1 of the MA sets out THH’s repairs and maintenance duties (including fire safety).</p> <p>The MA states: In section 25.1 ‘THH will comply with all relevant legislation (including but not limited to legislation relating to health and safety, fire safety and equality and diversity)</p> <p>In Section 26.2 ‘THH and the Council acknowledge that following the Government’s 2019 publication (Building a Safe Future), new legislation is expected to be brought into force which will change the regulatory framework and statutory requirements for the maintenance and management of residential premises of 18 metres (six stories) or more.’</p> <p>The shadow structure was approved by Cabinet on 24 November 2021. The new Council role of Building Safety Lead was appointed to on 23 May 2022, with THH appointing their interim Fire Safety Manager on March 2022. Further recruitment at THH is underway; a Fire Safety officer and Building Safety Officers. There have been some delays in</p>

			<p>recruitment due to a wider restructuring underway in Asset Management.</p> <p>There are roles for 7 Building Safety Officers and 1 Building Safety Team leader that are due to be filled.</p> <p>Meetings have been held with LBTH ICT and the LBTH's Building Safety Lead to look at resourcing adequate ICT to support delivery of the building safety regime. The required ICT is pending secondary legislation being published.</p> <p>THH have procured a 12-month contract with 'Active Plan' for the storage of key building information and the 'Golden Thread' this has allowed time for a more permanent solution.</p> <p>As part of preparing for the requirements of the Building Safety Act a growth bid was submitted to build a Building Control Team that is fit for purpose to deal with the new requirements and responsibilities. While some growth has been approved, the level of funding will be insufficient to deal with the full requirements of the Act in relation to building control functions. A phased approach will be taken, with the new structure developed and put in place in 2023/4 and additional growth funding bid for in year two, informed by up to date understanding of the cost recovery process and any new burdens funding from government.</p>
10	Continue to progress remedial fire safety measures for residents in tower	Monitor, report and continue to progress ACM remediation with London Fire Brigade, GLA, MHCLG.	Monthly meeting with DLUHC, LFB, GLA continue as an exchange of information and to inform enforcement action. The Council recently hosted a

	<p>blocks in the borough to improve fire safety.</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>	<p>visit from the Director General from DLUHC, further visits are scheduled. Each visit focusses on buildings that need remediation and the cause of the delay.</p> <p>The Council attends and inputs into DLUHC meetings on specific issues such as EWS collection, Delta Updates, BSF application. As well as exploring different ways of working. For example, DLUHC will hold an all-day case conference at Tower Hamlets on the 17th of January to look at new ways of working and collaborating to speed up remediation, how to get information on hard-to-reach building owners, enforcement and data collection and address the shortage of qualified building control surveyor and environmental health and enforcement officers for us to complete this work.</p> <p>Database project in progress. Estimate Live date: April 2023</p> <p>Recruitment for Environmental Health and Housing Officers and Building Control Surveyors are in progress. These posts will increase our ability to carry out inspections.</p> <p>Joint working with LFB continues buildings that still have waking watch. A letter was recently has been sent to all private and housing providers who still have a waking watch to enquire about remediation timelines.</p>
11	<p>Continue to review the stock condition of community shops portfolio and</p>	<p>Undertake a programme of reviews of community shops, including tenant's fire</p>	<p>A programme of Fire Risk Assessment of the shops was undertaken and largely completed in 2022. A</p>

	<p>undertake any necessary repairs and maintenance.</p>	<p>and safety management, property owner's liability guidance and maintenance.</p> <p>Put in place 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>	<p>routine inspection is carried out by the Estate Officer and Management surveyors to ensure compliance of tenant lease obligation. A planned programme of annual inspection of the shop units is currently being put together to ensure continued inspection of tenant's repairs and maintenance obligation of the units, health and safety including FRA documentation.</p> <p>Unoccupied properties are secured and safeguarded from vandalism and illegal occupiers. Fortnightly inspections are carried out to ensure security measures put in place are intact.</p> <p>Reinstatement valuations across the portfolio for insurance purposes are carried out on an on-going basis in liaison with the Insurance team.</p> <p>Tenants are made aware and advised of the general risks and obligations around fire safety and the terms of their lease at the start of a tenancy and during routine inspection by officers. Persistent breach of tenant lease obligations could lead to forfeiture of the lease.</p>
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</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</p>	<p>A review of the Information Governance service commenced in January 2022 and is nearing completion by the end of July 2022. Improvement work has continued to take place and the service will be restructured in accordance with the findings of the review and analysis of demand.</p>

	<p>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>with the LGSCO, and appropriate reasons given for the challenge in consultation with Senior Management.</p> <ul style="list-style-type: none"> • Better use of technology • IG Service is actively encouraging all services to set up their own reporting mechanisms from iCasework. • A new outcome based LGSCO Protocol has been initiated by the IG Service. • Improved reporting for Directorate Leadership Teams. • Improved functionality in iCasework. • Targeted internal training programmes. 	<p>We have had no further cause to challenge any LGSCO cases and can report a reduction in cases being investigated by the LGSCO.</p> <p>Specifically in response to the action areas identified in the AGS in 2020/21:</p> <ul style="list-style-type: none"> • <u>Better use of technology</u> – The iCasework System has now been upgraded and rolled out. The upgrade consisted of improved functionality and users are seeing the benefits of this. Discussions are taking place with the supplier to enhance and improve the system further in line with our local requirements • <u>IG Service is actively encouraging all services to set up their own reporting mechanisms from iCasework</u> – Work is in progress to support better reporting from the system and will form part of the Council’s wider Business Intelligence and reporting roll out. • <u>A new outcome based LGSCO Protocol has been initiated by the IG Service</u> – This has been completed and is live. • <u>Improved reporting for Directorate Leadership Teams</u> – This is in progress as per bullet point 2 above. • <u>Improved functionality in iCasework</u> – Completed per update provided to bullet point 1 above.
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			<ul style="list-style-type: none"> • <u>Targeted internal training programmes</u> – IG is part of the Mandatory training all staff are required to undertake. There has also been specific training provided on the system where requested.
13	Contemporaneously acknowledged (rather than in the earlier drafts of this document), 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.		<p>In progress</p> <p>At the last update provided to Audit Committee, in November 2022, it was stated that some progress had been made in identification and review of risks, but also that some of the underlying processes that underpin a robust risk register are targeting a delivery date of June 2023.</p>

Significant Governance Issues Identified in 2021/22

All four Corporate Directors submitted their returns for 2021/22 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 previously been identified with both the 2018/19 and 2019/20 Statement of Accounts (SoA) and reflected in the 2018/19, 2019/20 and 2020/21 AGS' respectively.	Through the completion of the Council's Finance Improvement Plan (FIP), the Finance Team's ongoing work to address	Interim Corporate Director of Resources	Ongoing

No.	Issue	Action	Responsible	Timescale
	<p>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.</p>	<p>audit queries, and finalise the 2018/19 and 2019/20 SoAs audits.</p> <p>Build on learnings from the process, and implement the effective improvements from the FIP, prepare draft versions and complete the audits of both 2020/21 and 2021/22 SoAs.</p>		
2	<p>Financial sustainability and budget management – there is a persistent underlying overspend in adult social care and budget management (including the closure of account process) needs further strengthening</p>	<p>Implement the Adult Social Care Improvement Programme (this programme covers finances, practice, and quality (and includes re-procurement of domiciliary care services (underway) and implementation of electronic home care monitoring)</p> <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). Progress in 2021/22 and work ongoing.</p>	<p>Corporate Director, Health, Adults & Community and Divisional Director, Adult Social Care and Joint Director of Integrated Commissioning</p> <p>Corporate Director, Health, Adults & Community, Divisional Directors, Financial Assessment Team, Finance Business Partners (Corporate Director, Resources)</p>	<p>2022/23 and 2023/24</p> <p>2022/23</p>

No.	Issue	Action	Responsible	Timescale
		Further strengthen budget management across the directorate and particularly in Adult Social Care with a particular focus on the quality and accuracy of forecasting and the outturn and closure of accounts process. Significant progress in 2021/22 – focus on adult social care continues.	Corporate Director, Health, Adults & Community and all Divisional Directors and budget holders in the directorate, Finance Business partners (Corporate Director, Resources).	Ongoing
3	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	2022/23
4	Quality Assurance in Adult Social Care	<p>Implement further developments to Mosaic (IT system) and improve the quality of data on the system as part of the Adult Social Care Improvement Programme</p> <p>Strengthen the governance in relation to implementation of recommendations from Safeguarding Adults Reviews.</p>	<p>Divisional Director, Adult Social Care and Divisional Director, IT</p> <p>Divisional Director, Adult Social Care</p>	<p>2022/23</p> <p>2022/23</p>

No.	Issue	Action	Responsible	Timescale
5	SEND Local Area Inspection 2021 – requirement of the Council and the CCG for a Written Statement of Action in relation to four areas of weakness	<p>Written Statement of Action approved by Department for Education (DfE) and NHS England – to be termly monitored</p> <p>SEND Improvement Plan overseen by SEND Improvement Board</p>	<p>Director of Education</p> <p>Corporate Director, Children’s & Culture</p>	<p>Termly Monitoring</p> <p>Ongoing – bi-monthly throughout 2022/23</p>
6	<p>King George Fields Trust – Charities Commission investigation into delayed submission of accounts – continued action to submit accounts and annual report in a timely manner.</p> <p>2020/21 accounts and annual report on track to file by July 2022, however, notification this will be late, with Charities Commission aware of progress.</p>	<p>Urgent resolution of 2020/21 accounts and annual report.</p> <p>Completion of review of governance arrangements.</p>	Director of Commissioning & Culture	July 2022
7	Contemporaneously acknowledged (rather than in the earlier drafts of this document), 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	At the update provided to Audit Committee, in November 2022, it was stated that some progress had been made in identification and review of risks, but also that some of the underlying processes that underpin a robust risk register require further work.	Head of Audit, Anti-fraud, and Risk	Ongoing

No.	Issue	Action	Responsible	Timescale
	and challenge by the Corporate Leadership Team.			

Conclusion for 2021/22

As has been the case in previous years, 2021/22 has been a challenging year, the COVID-19 pandemic continued to have a profound impact on everyone. The pandemic required us to govern differently in order to adapt and meet the needs of our community. Importantly, our governance arrangements continued to operate effectively as we continued to deal with the challenges the pandemic brought, especially as an organisation, but also, the wider borough learned to live and work with the COVID-19 pandemic as restrictions were eased and it became a more “business-as-usual” environment.

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 2021-22 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 in areas such as Adult Social Care, 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.