

REPORT TO: Audit Committee	DATE 12th December 2011	CLASSIFICATION Unrestricted	REPORT NO.	AGENDA NO. 5.4
REPORT OF: Corporate Director, Resources		Annual Governance Statement for the 2010/11 Accounts Update		
ORIGINATING OFFICER(S): Head of Risk Management and Audit				
		Ward(s) Affected: N/A		

1. Summary

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

2. Recommendation

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

3. Background

- 3.1 The Accounts and Audit Regulations 2003 and its subsequent amendment by regulation 4(2) in 2006 require the Council to conduct a review, at least annually of the effectiveness of its governance arrangements and to publish an Annual Governance Statement (AGS) with the annual financial statements. The Statement of Recommended Practice requires the AGS to be approved by the committee approving the accounts, which at Tower Hamlets is the Audit Committee.
- 3.2 The statement for the year ending 30 June 2011 was presented at the Audit Committee on 28th June 2011. The statement was signed by the Chief Executive and the Leader following completion of the external audit of the annual financial statement.
- 3.3 The table appended to this report outlines the governance issue raised on the AGS, the agreed action and progress to date. The table also refers to directorate or corporate plans to link the actions with the Council's performance management framework.

4. Comments of the Chief Financial Officer

- 4.1 The comments of the Chief Financial Officer are contained within the report of which he is the author.

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

- 5.1. The Council is required under the Accounts and Audit Regulations 2003 to ensure adequate and effective financial management and a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. This must be reviewed at least once each year and a report provided to committee, which must approve a statement on internal control. It is consistent with the maintenance of a sound system of internal control, that the Council should produce an Annual Governance Statement and monitor performance against that.
- 5.2. The Council's Constitution provides that it is the function of the audit committee to be satisfied that the annual governance statement properly reflects the risk environment and any actions required to improve it. It is entirely proper that the audit committee should receive reports on progress against issues identified in the statement.

6. One Tower Hamlets Considerations

- 6.1 This progress update on significant issues from the Annual Governance Statement on 2009/10 Financial Year should allow the Audit Committee to focus on management action taken to date to improve risk management and control in order to provide strong leadership and inclusive services.

7. Anti-Poverty Considerations

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

8. Risk Management Implications

- 8.1. The progress update on significant governance issues should provide assurance to members that key risks associated with progressing these issues are being addressed and managed.

9. Sustainable Action for a Greener Environment (SAGE)

- 9.1 There are no specific SAGE implications.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

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

N/A

Minesh Jani, 0207 364 0738

10. Progress Update on Significant Issues from the Annual Governance Statement 2010/11

Governance Issue	Action taken and next steps as at June 2011	Progress Made To Date	CMT Lead
<p>To model an efficiency programme to take account of the reduction in revenue funding for the Council over the next three financial years.</p>	<p>Cabinet approved savings proposals of £55M in the last financial year. A further saving is required of approximately £17M in 2012/13 to create a balanced budget. The officer member process for identifying and delivering this saving is in place. The delivery of the £55M is being overseen by the Corporate Transformation Board and monitored by the Benefit Realisation Officers in the Programme Management Office, supported by the Council's normal monitoring processes.</p> <p>The government spending review period cover 4 years from 2011/12 to 2014/15, and the Medium Term Financial Plan has been rolled forward and savings for the period up to the end of 2014/15 will be considered as part of the officer member process.</p>	<p>Over £26m of the £55m approved has been delivered with a further £3.6m secured against requirements for future years.</p> <p>A further £20m worth of savings is required to balance the MTFP over the same period. This has been identified and we will be seeking cabinet approval in Jan 2012.</p> <p>Governance arrangements are in place to monitor savings delivery, which continue to be overseen by the Corporate Transformation Board and monitored by the corporate transformation delivery group comprising finance officers and directorate delivery managers.</p>	<p>Corporate Management Team</p>

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
<p>Improve information governance across the authority, including paper based records.</p>	<p>The Council has embarked on a number of projects to ensure it manages all personal information it holds properly. The encryption project, which focused on the security of electronic information, is substantially complete and further arrangements are being made to roll out enhancements that will allow the Council to deliver its diverse range of services securely.</p>	<p>Action is ongoing to implement the recommendations in the report –</p> <p>On 20 July 2011, the Information Governance Group (IGG) considered revised versions of the following: records management policy; information security policy; information handling policy; corporate information risk policy; and incident register.</p> <p>On 31 August 2011, the IGG considered the revised scheme documents for a second time.</p> <p>On 4 October 2011, CMT agreed the Council's new records management policy and revised information security policy. CMT requested that a further report be prepared addressing implementation of the information governance framework and a proposed protective marking scheme.</p> <p>On 23 November 2011, IGG discussed a draft implementation report to go to CMT on 13 December 2011.</p>	<p>Corporate Directors, Resources and Assistant Chief Executive (Legal)</p>

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
		<p>The IGG meets monthly and Facilities Management attends. Both records management and information security are standard items of business at the meetings.</p> <p>Further action will be taken after CMT consider the implementation report on 13 December 2011.</p>	

Governance Issue	Action taken and next steps - June 2010	Progress Made To Date	CMT Lead
<p>Directorate operational guidance on contract management; retention and filing of contract documentation and unauthorised extension of contracts.</p>	<p>The authority has already taken a number of steps to improve governance around contacts and contract management.</p> <p>A purpose built storage system has been installed in a dedicated room to create a contract repository. A full inventory of all key contracts will be created and an audit trail maintained between the Contract Register and the Repository to ensure contracts are accounted for.</p> <p>Training is continuing to enhance officer skills in managing contracts.</p>	<p>Considerable efforts have been made in recent months to ensure that for all significant contracts, the arrangements for the management of contracts are strengthened. The team is also reviewing its current procedures to make the process more robust.</p> <p>The next steps involve getting instilling good practice in the management of smaller contracts.</p>	<p>Corporate Director, Resources</p>

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
<p>Maintain an ongoing drive to deliver decent homes standard.</p>	<p>Funding allocations from the Decent Homes Backlog Programme for 2011-15 were announced on 15 February 2011 including £94.5m for Tower Hamlets. Tower Hamlets Homes are conducting an 'affordability' review of works scope & costs included in the original bid to HCA. The tender for a decent home contractor will begin shortly with a view to a contractor being in place for the start of April 2013.</p>	<p>Decent Homes works began in Oct 2011 as scheduled.</p> <p>LBTH has also brought forward an additional £1.5m offered by the HCA into year 1 delivery, extending the programme to £12.5M.</p> <p>The Decent Homes Governance Framework has been agreed by the Capital Programme Board and the Decent Homes Board (chaired by the Corporate Director). The Council and Tower Hamlets Homes are currently progressing Year 2 procurement via the Citywest Framework however MAB have requested a review of that process with further reporting scheduled for 14th Dec 2011. A Tollgate Review is scheduled in respect of year 3, year 4 and year 5 procurement</p> <p>A robust monitoring process for the programme is in place across LBTH/THH/contractors.</p>	<p>Corporate Director, Development and Renewal</p>

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
<p>The delivery of sufficient affordable housing over the next year, particularly within the context of central government's welfare reform agenda.</p>	<p>The Council already has a programme to deliver 1,000 affordable homes per annum for the next four years. Work is underway Registered Social Landlords to develop regeneration schemes for the 2015 programme.</p>	<p>The programme for new affordable homes continues to show at least 1,000 p.a. as an average figure over the 3 years 2010-2013. Units produced in 2013-14 are likely to depend on the new HCA grant programme and now that funding contracts are signed, work is under way to ensure that partner Registered Providers (RP) get schemes on site to enable supply levels to be maintained. A number of partner RPs are working up details of substantial local regeneration schemes e.g. Brownfield and Aberfeldy Estates and the Blackwall Reach area. Work has been done to establish the impact of the new affordable rent product with regard to average local income levels and future welfare reforms. The council continues to examine each new scheme delivering affordable housing to try to ensure a range of rent levels are provided to meet the full range of housing needs in the borough.</p>	<p>Corporate Director, Development and Renewal</p>

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
<p>Arrangements for Safeguarding Children / Child Protection (implementation of actions arising from the Munro Report)</p>	<p>Action taken already includes a review of the recommendations raised in the Munro Report; (March / April); financial understanding of the budget requirements; and reporting to the Children's Schools and Family Directorate Management Team in place.</p> <p>The next steps are, Implementation of recommendations and assessing potential increase in social worker requirements; and new authority requirements for Children in Care.</p>	<p>Final report published in July 2011. 15 recommendations made, with full government acceptance of 11, 3 accepted in principle and 1 (regarding the statutory framework for conducting serious case reviews) to be considered further. Additional funding has been made available to local authorities to assist with local implementation of the Munro Review recommendations. Tower Hamlets allocation is £100,401 with 50% recommended for support to the LSCB. The grant will be administered via the CWDC Social Work Improvement Fund and whilst (at present) it is for this financial year only CWDC has indicated that carry forward is permissible, subject to satisfaction of local financial arrangements.</p> <p>CWDC is also planning a series of training and support events focusing on workforce development and the reconfiguration of services and a separate series of events</p>	<p>Corporate Director, Children Schools and Family</p>

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
		<p>for LSCB Chairs.</p> <p>Ofsted is reviewing its inspection framework in line with Munro and has proposed a new inspection framework from May 2012. Progress has been made in the following areas – revision of assessment framework, with new assessment method in place from July 2011, operating alongside existing framework pending anticipated review of Working Together framework; establishment of Family Wellbeing Model with review of operation planned; reconfiguration of Children’s Centres; reconfiguration of social work teams; establishment of intensive family support services. We have shifted existing resources to achieve these changes, making savings in the process.</p> <p>We are investing in social work training and support (including coaching) using Social Work Improvement Fund income.</p> <p>With regard to children in care the new</p>	

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
		<p>Care Planning regulations were implemented in April 2011. The additional responsibilities incurred have not to date required any additional investment in staff or additional direct financial support to care leavers. Briefings on the Munro recommendations have been provided to Social Care staff, DMT and SMT. Proposal is to focus on implementation via a working group, led by a Service Manager within CSC.</p>	

Governance Issue	Action taken and next steps as at June 2010	Progress Made To Date	CMT Lead
<p>Pupil Place Planning - expanding school provision to meet rising demand for places.</p>	<p>The action taken already include identification of short term primary place needs (2011/12 school year) and development of technical feasibility of temporary school expansion; strengthening our pupil projections modelling to ensure our planning is based on robust data; continuation of implementation of medium term expansion plans to 2014/15 year and early involvement of head teachers in planning.</p> <p>The next steps are to, report to Cabinet in June 2011 to the Cabinet on Estate Strategy; Work with the Development and Renewal directorate to integrate two planning models to provide one single comprehensive projection model by September 2012 and strategic provision of additional primary school places in 2019/20 school year by March 2012.</p>	<p>Significant review of the pupil place projection methodology undertaken and engagement of GLA projection service.</p> <p>Agreed projections which are now informing needs for both capital and estate strategy to be reported jointly with Development and Renewal by March 2012.</p>	<p>Corporate Director, Children Schools and Family</p>