

Annual Governance Statement

2019/2020

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.

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. The Council has adopted a Code of Corporate Governance that is based on the recommended guidance: *Delivering Good Governance in Local Government*.

We recognise our responsibility for ensuring that the Council conducts its business in accordance with the law and proper standards and that public money is safeguarded. We have reviewed our governance processes and how they have operated over the course of the last year. This report summarises our review and conclusions.

In summary, the Council has strengthened its governance arrangements in many areas which has included introducing a new consultation hub, appointing an independent person to the Audit Committee, actively pursuing and successfully prosecuting incidents of fraud, updating the financial regulations, introducing a budget managers handbook and providing more briefings for budget managers. Despite these positive improvements there have been some significant challenges over the course of 2019/20, which has included ensuring we are financially sound whilst still meeting growing community needs, closing our financial accounts, administering the pension scheme and consistently applying good risk management practices across the Council. We recognise the need to improve and are determined to do so. We have put action plans in place to address these issues and regularly report progress via the Corporate Leadership Team and relevant Committees.

Signed on behalf of the London Borough of Tower Hamlets

Will Tuckley, Chief Executive

John Biggs, Executive Mayor

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 continue 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 Ofsted, 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 2018/19 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.

Since the publication of this statement has been delayed, we have included some references to improvement in our governance arrangements that occurred after the 31 March 2020. These additions provide the reader with some detail of the progress we have made, further details will be provided in the 2020/21 Annual Governance Statement.

To conclude the assessment, we have provided an overall opinion 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 Ofsted, as well as the work of internal and external audit.

Principal	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 reviewed and updated and agreed at full Council in July 2019. 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 (Corporate Director, Governance) 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. All members</p>

	<p>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 a revised code will be published shortly.</p> <p>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 July 2020 the Monitoring Officer reported a summary of concerns raised and their outcomes to the Audit Committee.</p> <p>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. However, officer decisions are not routinely published. A recent audit identified that there have been only three officer decisions published on the Council's website since May 2017. The Corporate Leadership Team and their Divisional Directors have been reminded of the requirements for publication and supported to ensure decisions are published when appropriate.</p> <p>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 throughout 2020/21. 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.</p>
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	<p>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, it was last reviewed in 2011. We also recognise there has been a reduction in gifts and hospitality being declared by officers, whilst this may be because less gifts and hospitality have been offered or accepted, to ensure all gifts and hospitality are recorded we will be promoting the requirements for officers throughout 2020/21.</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 Monitoring Officer. In 2019 the Audit Committee adopted the terms of reference recommended by the Chartered Institute of Public Finance and Accountancy and in accordance with best practice has appointed an Independent Person to support the Committee. In July 2020 the Committee agreed its first annual report to be presented to full Council.</p> <p>The Council routinely provides training for its Member on ethics during their induction. Further member training on ethics and probity was planned for January 2020, but this was re-scheduled to April 2020, and then rescheduled again due to Covid-19. The training has now been provided.</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 consultation and engagement with citizens and service users. The Council recognises that its consultations could be improved and during 2019/20 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.</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.</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</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</p>

<p>environmental benefits</p>	<p>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 has been published on the Council's website.</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, Committees, 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>As a result of the Covid-19 pandemic the priorities and outcomes of the Council have been reviewed and presented to the Mayoral Advisory Board. The Corporate Leadership Team has agreed a recovery and reconstitution plan. Themed boards, such as 'Workforce and Wellbeing' and 'Back to Business' have been created and are led by Corporate Directors. The Council is focussed on managing and recovering from the impact of the pandemic and achieving the best outcomes for residents whilst maximising the opportunities presented through new ways of working.</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.</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</p>

	<p>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 on an annual basis. A new 'My Annual review' process has been adopted to improve the process and increase staff and management engagement.</p> <p>The Council has articulated its values and behaviours in 'TOWER values' which includes a behaviours framework to support officers.</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 to give them access to many useful documents and materials.</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>All staff 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</p>

	<p>protection, anti-fraud and whistleblowing.</p> <p>Staff are provided with opportunities for further development through the new My Annual Review process.</p> <p>The Council has adopted a range of supporting plans and strategies including the People Resource Plan, Corporate Training Programme and 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. 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. An action plan has been put in place to address these issues but progress has been delayed by the pandemic and a lack of risk resources. The Corporate Risk Register has now been reviewed and updated by CLT and presented to the Audit Committee for review. Progress against the remaining actions in the plan will be reported to CLT and the Audit Committee.</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 strong at all level of the business throughout the pandemic and this has continued in 2020.</p> <p>The Corporate Director, Resources is responsible for the proper administration of all aspects of</p>

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. During 2019/20 the Council adopted a new Scheme of Financial Delegation and updated its Financial Regulations. In addition, a new Budget Management Handbook has been published to support Budget Managers. An increased level of briefings for budget managers has also been put in place.

A Medium-Term Financial Strategy is in place. 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.

The Council has faced significant financial challenges (increased costs, significantly reduced income and undeliverable savings) throughout 2019/20 and the position worsened as a result of the Covid-19 pandemic. During the year the Council introduced a curb on non-essential spending and an Agency Panel (to review the use of agency staff). Whilst there was a reduction in agency staff costs, the initiatives did not result in significant improvement of the Council's overall financial position. In response the Council has reviewed its Medium-Term Financial Strategy, introducing enhanced budget management meetings and implemented a revised approach to capturing and approving savings and efficiency proposals to increase the level of confidence in their delivery. The Senior Leadership Team were tasked to prepare savings proposals.

Throughout 2019/20 Finance has been focussed on rectifying significant issues with the 2018/19 statement of accounts and producing the 2019/20 statements. A revised set of draft accounts for 2018/19 was published in May 2020, however a high number of additional adjustments have been required as the audit has progressed. This has resulted in the need to produce a further version of

the 2018/19 accounts which is planned to be presented to the January 2021 Audit Committee. Deloitte continue to audit the 2018/19 accounts. Publication of the 2019/20 accounts have similarly been delayed; they should be published in January 2021. The external auditors anticipate completing their audits over the course of 2021, but further adjustments will be required as well as a qualified value for money opinion (further details are in the External Inspection section of this Statement). The Corporate Director, Resources commissioned an independent review to identify the lessons that need to be learned to avoid similar issues in the future that was presented to the Audit Committee in November 2020.

The significant issues referred to above included serious failings in the administration and governance of pensions. As a result, the Council self-reported to The Pensions Regulator in 2019 and prepared a robust improvement plan. Issues included a failure to provide Annual Benefit Statements to 100% of members due to incomplete records, missing payroll data, back logs of work and a lack resources; outstanding scheme HMRC returns from previous years; failure to issue Annual Allowance Statements to all members and a lack of policy documents as well as data quality issues. Additional resources for the Pensions Administration team have been approved and an improvement plan established to tackle the issues highlighted. A number of these problems have now been resolved with the improvement plan subject to regular monitoring at the Pensions Board and Committee.

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. The Council has successfully prosecuted numerous incidents of housing fraud and recovered over £300,000 in compensation and costs as well as 40 social housing properties which can now be used by those in genuine need.

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>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 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 reviewed in early 2019 and agreed by Council in July 2019.</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 the Licencing 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</p>

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 2020.

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 2019/20 annual opinion to the Audit Committee in July 2020.

Head of Internal Audit Annual Opinion

*On the basis of the audit and anti-fraud activity undertaken during the year, in particular the audit of risk management, and taking into consideration external assurances and other relevant matters including the significant issues with the closure of the Council's 2018/19 Statement of Accounts and associated accounting procedures that have emerged throughout 2019/20, as well as the breaches of law in relation to Pensions Administration, it is my opinion that I can provide **Limited**¹ assurance that the authority has adequate systems of governance, risk management and internal control.*

Limitations of Scope

Internal Audit does not audit the Council's annual statement of accounts and this opinion does not cover the associated financial statements and disclosures. The Council's external auditors (Deloitte) are responsible for the audit of the annual statement of accounts and reporting whether, in their opinion, they present a true and fair view of the financial position of the Council. At the time of preparing this report neither the 2018/19 nor 2019/20 accounts have been audited, although as previously stated there were significant issues with the 2018/19 and 2019/20 accounts.

The internal audit plan cannot address all risks across the Council and the opinion is based on our best use of the available resources. The annual opinion draws on the work carried out by Internal Audit during the year on the effectiveness of managing those risks identified by the Council and covered by the audit plan. Not all risks fall within our audit plan.

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.

Paul Rock, Head of Internal Audit, Fraud and Risk.

The full report from July 2020 is available on request.

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 Annual Governance Statement (January 2021) Deloitte have been unable to complete their audit of the 2018/19 or 2019/20 financial statements. There were significant issues with the Council's 2018/19 statement of accounts, and it has taken 12 months for these issues to be largely resolved, similarly there have been issues with the production of the 2019/20 statement of accounts. The Council developed an action plan that was overseen by the S.151 Officer and the Deputy Section 151 Officer, additional resources were sourced to complete the plan and produce a revised set of accounts and a dedicated finance improvement team was created for additional support. Progress has been regularly reported to the Council's Statutory Officers, Mayor, Cabinet Members and the Audit Committee. The Council published a revised draft set of accounts for 2018/19 in May 2020 however a high number of additional adjustments have been required as the audit has progressed. This has resulted in the need to produce a further version of the 2018/19 accounts which is planned to be presented to the January 2021 Audit Committee. Deloitte continue to audit the 2018/19 accounts. It is anticipated that the external audits of both sets of accounts will be completed during 2021. It is likely further adjustments will be required, a qualified value for money opinion is also expected. The Corporate Director, Resources commissioned an independent review to identify lessons learned and avoid similar issues with the accounts in the future. The outcome of this review was presented to the Audit Committee in November 2020.

The Council has in parallel been working to produce the 2019/20 accounts. As a result of the Covid-19 pandemic the timetable for publishing the accounts was extended via new regulations. The final, audited accounts for 2019/20 were due to published by 30 November 2020. Due to ongoing issues with the 2018/19 and 2019/20 accounts, the statutory deadline for publishing the 2019/20

statement of accounts has been missed however it is now planned to also present these accounts to the January 2021 Audit Committee.

Other Inspections

During 2019/20 external inspectors from Ofsted have completed an inspection of Children's Social Care Services, summary details are as follows.

Ofsted

In June 2019 Ofsted inspected Children's Social Care Services. The report was published in July 2019. Ofsted rated the performance as Good in all areas and concluded the following:

Services for children in Tower Hamlets are now good and have substantially improved since they were found to be inadequate in 2017. Since then, leaders and managers have had a relentless focus to improve practice to deliver good experiences and progress for children and their families. At all levels, there is effective management oversight and a direct understanding of the quality of significantly improved frontline practice.

Effective and well-coordinated universal and early help provision means that children and families receive good help when they need it. Children in need, including those in need of protection, benefit from good assessments that inform plans to reduce risk and improve children's circumstances. The workforce reflects the diversity of the local population and staff sensitively take account of, and respond appropriately to, the cultural and religious needs of children and families in Tower Hamlets

Children in care and care leavers receive good support from workers who know them well and are appropriately ambitious for them. They live in stable homes, which helps them to do their best in all aspects of their lives.

The full report is available on request.

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 a Charitable Community Benefit Society which are detailed below. To support better governance going forward the Council will be provided with an annual report on each of the organisations to encourage openness and transparency over their activities and performance.

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 2019/20 about the governance, risk management and internal control arrangements. The opinion was as follows:

*On the basis of the audit work undertaken during the 2019/20 financial year, my overall opinion on the organisation's system of governance, risk and control is that **Substantial**² assurance can be provided that the internal control environment (including the key financial systems, risk and governance) is in the main well established and operating effectively in practice. However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give this assurance.*

Paul Rock, Head of Internal Audit, Fraud and Risk.

² A **substantial** assurance opinion means there was a generally sound system of governance, risk management and control in place.

PLACE Ltd (Pan-London Modular Temporary Accommodation)

This not-for-profit company limited by guarantee (CLG), set up by the Council in 2018 working collaboratively with the London Housing Directors' Group and London Councils. It is a collaborative enterprise between a group of London Boroughs (currently with five member local authorities). The company will purchase modular homes that can be delivered to 'meanwhile' sites across the capital and relocated several times over a minimum 40 year lifespan for the programme. The pilot site is likely to be in Tower Hamlets. The company has secured capital grant from the Greater London Authority, which will be administered by the Council. In addition, the Council is considering providing a capital loan facility to the company. As a CLG, the Council does not have an equity shareholding in the company. The council is one of 4 board members and in addition there is an independent chair.

Capital Letters (London) Ltd (Pan-London Temporary Accommodation Procurement Hub)

This not-for-profit company limited by guarantee (CLG) was set up by the Council in 2018 working collaboratively with the London Housing Directors' Group and London Councils. It is a collaborative enterprise between a group of London Boroughs (currently involving 17 boroughs). The company is leasing private properties for use as temporary accommodation and securing assured shorthold tenancies to prevent homelessness. The company has secured revenue grant funding from MHCLG, which will initially be administered by Tower Hamlets Council; a Chief Executive and Chief Finance Officer were appointed in 2019 and the company has adopted their own processes and procedures (approved by representatives of its member Councils through Capital Letters' formal governance arrangements) including for the payment of salaries and maintenance of accounting systems. The Council may provide a loan facility to the company to support positive cash flow. As a CLG, the Council does not have an equity shareholding in this company.

Seahorse Homes Limited

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

three Council officers. Following staffing changes within the Council the composition of the Board is being reviewed to minimise potential conflict of interests.

Mulberry Housing Society

Mulberry Housing Society is a not-for-profit charitable Community Benefit Society (CBS) established in 2017. The Council funds the CBS and holds two of five seats on the Board, the others being held by independent people initially appointed by the Council. The Board of Directors is comprised of two council officers and three independent members who are each shareholders. The society is seeking to acquire homes which will be let at sub-market rent levels in order to meet housing needs. There were no financial transactions through the CBS in 2019/20. As an independent CBS, the Council does not have any equity shareholding in the company but intends to fund activities through retained right to buy receipts and loan finance.

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 2018/19

The 2018/19 the AGS included 9 significant governance issues which needed to be addressed during 2018/19. A summary of progress/outcomes against these actions follows:

No.	Issue	Action	Progress / Outcome
1	Outstanding Payments to care providers end of year accrual process and implementation of Electronic Home Care Monitoring. Associated adverse end of year budget position in relation to adult social care.	<p>Outstanding Payments Hub established to recover position on monies owed to providers – external input to design (Socitm) and CPMO oversight and support.</p> <p>Review of accruals process and improvements to monthly budget process particularly around home care.</p> <p>Commissioned review of Electronic Home Care Monitoring from Socitm – final report now prepared and recommendations being discussed and implemented.</p>	<p>The contract with our electronic home care monitoring system ended March 2020. All outstanding monies owed to providers has been paid in 2021.</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 will need to be reviewed after the pandemic and a transition to more permanent arrangements.</p> <p>Longer term arrangements are also being explored as part of plans for homecare re-procurement.</p>
2	Adult Social Care Improvement – consistent practice and quality	<p>Improvement Board replaced by Quality Assurance Board during 2018/19.</p> <p>Independent input from LGA Care & Health Improvement Advisor. Internal audits & follow ups of relevant areas). Further actions include need for improved data to support performance & quality improvement and recruitment and retention of social</p>	<p>A restructure of adult social care has been completed and it was implemented on 1st September.</p> <p>Issues with practice and adult social care improvements are embedded in the restructure. Along with various methods introduced to improve practice across the service. (e.g. Risk panels, Care support</p>

No.	Issue	Action	Progress / Outcome
		workers.	<p>plan assurance meetings (CSPAM) etc). In addition, we have developed and implemented various practice guides and training / briefing to improve practice across the service.</p> <p>We have proactively responded to audits carried out in various teams to ensure services are practising in a safe and transparent way. (No recourse to public fund, Management of client fund CLDS)</p> <p>With the implementation of Mosaic, there is ongoing work happening to ensure we can maximise the benefits of Mosaic and improve our data input and performance reporting.</p> <p>ASC recruitment strategy aimed at filling the remaining vacant post across the service has been implemented and we are now in the process of interviewing those who were shortlisted.</p>
3	<p>There are significant issues with the 2018/19 accounts closure which continues to require extensive remedial actions. This has included:</p> <ul style="list-style-type: none"> Weaknesses in how accruals have been 	<p>An action plan has been developed and is being overseen by the S.151 Officer and the Deputy Section 151 Officer.</p> <p>Additional resources have been sourced to complete the plan and produce a revised</p>	<p>Progress against the action plan has been reported regularly to the Cabinet Member for Resources and the chair of the Audit Committee.</p> <p>The revised and updated 2018/19 Statement of Accounts were published in</p>

No.	Issue	Action	Progress / Outcome
	<p>raised.</p> <ul style="list-style-type: none"> • Pension fund deficit and accounting. • Schools accounting. • Valuation of infrastructure and temporary accommodation assets. • Accounting processes for the collection and general funds. 	<p>set of accounts.</p> <p>A dedicated finance improvement team has been created for additional support.</p>	<p>May 2020 and will be re-presented to the Audit Committee in January 2021. The accounts will be audited by Deloitte over the course of 2021.</p> <p>An independent review was commissioned by the Corporate Director of Resources to determine lessons learned and avoid similar issues with the accounts in the future. An action plan is being developed to address the issues raised.</p> <p>The audited 2019/20 accounts were not published in accordance with the revised timescales. The 2019/20 draft accounts will be published by the end of January 2021 and audited thereafter.</p>
4	<p>The Council is in an overspend position. There has been significant slippage in the achievement of savings targets c. £10 million. The position may change (for the worse) as the accounts need to be restated.</p>	<p>The Corporate Leadership Team is committed to meeting the financial challenges. All directorates will monitor and find ways to proportionally respond to the increasingly challenging financial and demand position whilst delivering statutory duties and existing savings targets. The financial position will be closely monitored and reported to CLT and MAB.</p>	<p>The pandemic placed further financial strain on the Council and more than half of the planned savings for 2019/20 were not delivered. The provisional outturn for 2019/20 was overspent by circa £10 million for the General Fund and £7m for the Dedicated Schools budget.</p> <p>Measures were introduced in 2020/21 to reduce future spending including a freeze on recruitment, a freeze on agency contracts, a review of staffing levels, a</p>

No.	Issue	Action	Progress / Outcome
			<p>review of posts funded from reserves and a non-essential spending freeze.</p> <p>In addition, the corporate leadership team initiated a programme to identify savings proposals and ensure a balanced budget.</p>
5	Budget Management needs to be improved across the Council	<p>A new budget handbook has been produced and will be launched imminently.</p> <p>Finance will provide training and guidance to budget managers. The finance improvement team will provide additional support.</p> <p>CLT will adopt a more challenging approach to the delivery of Recovery Plans and discretionary spending decisions.</p>	<p>A new Budget Handbook was published.</p> <p>Training was provided to budget managers.</p> <p>Detailed budget challenge meetings have been introduced for high risk budgets.</p> <p>A new savings proposals process for scrutiny and approval has been adopted.</p> <p>Although it was necessary to postpone the Agresso upgrade planned for 2020, work is underway to improve the processes undertaken within Agresso and this is part of the Council's finance improvement plan currently progressing. Once completed, this should ensure improved budget reporting to support budget managers.</p>
6	There are a number of performance, administration and governance issues, some of which are breaches of law and it is necessary that the Council informs The	<p>The actuary is completing urgent reviews of annual allowances.</p> <p>Additional interim resources are being</p>	<p>The actuary produced Annual Allowance statements for 2018/19 apart from one case which was delayed due to information awaiting from the scheme employer. The</p>

No.	Issue	Action	Progress / Outcome
	<p>Pensions Regulator of these breaches and provide the Regulator with a robust improvement plan and work programme. These issued include:</p> <ul style="list-style-type: none"> • Failure to provide Annual Benefit Statements to 100% of scheme members. • Outstanding scheme tax returns from previous years. • Failure to issue Annual Allowance Statements to all scheme members who require one. • A lack of policy documents and data quality issues. 	<p>recruited to current establishment as a matter of urgency.</p> <p>The software provider has completed a review of scheme member data in line with guidance notes set down by The Pensions Regulator (TPR). Results have been quantified to provide guidance on corrective action required.</p> <p>TPR was notified of key breaches identified.</p> <p>Remediation plan to be submitted to Pensions Board in March 2020.</p>	<p>actuary has also been commissioned to complete 2019/20 statements.</p> <p>Resources issues remain critical for the team. Lack of interims in this area is a continuous problem. Although a new structure which increases capacity has been approved it takes time to attract and appoint the right level and number of staff.</p> <p>Identification of outstanding returns commenced.</p> <p>On going problem due to data received from employers and the council. Pensions staff continue to work through existing data to ensure that close to 100% of active scheme members are issued statements.</p> <p>The remediation plan was submitted to the Pensions Committee in June 2020 and the Pensions Board in June 2020.</p> <p>Work is underway on a program of drafting policy documents and procedures as required. 4 policy documents have been drafted and submitted to the Pensions Committee for approval, admin strategy, risk register and a host of Fund documents have been updated and were presented to</p>

No.	Issue	Action	Progress / Outcome
			the Pensions Board in March 2020.
7	There is an overspend on the Dedicated Schools Grant. In addition, there is demand and budget pressure on SEND and the associated transportation.	<p>The financial position will be closely monitored and reported to CLT and MAB.</p> <p>A financial recovery plan has been produced and submitted to the Department for Education.</p> <p>A wider review of SEND is being undertaken and will be focussed on demand and funding management.</p> <p>SEND Transportation has recently been reviewed by Grant Thornton and options to manage demand and costs have been presented to the Directorate for their consideration and implementation.</p>	<p>The High Needs Block (HNB) of the DSG is being monitored and the pressure reported through the Monthly Budget monitoring cycle.</p> <p>The HNB recovery Plan is being monitored as part of the monthly monitoring cycle.</p> <p>Top up funding for schools has been reduced. Demand management is being managed through the development of guidance for schools on expectations of mainstream schools regarding inclusion of children with additional needs and appropriate requests for an EHCP.</p> <p>The level of retained funding will be decreased once the restructure of the Support for Learning Service is completed and the newly formed service will be able to be deployed more flexibility to speed up the completion of EHCPs.</p> <p>A Transport Review Board has now been set up which is focusing on demand management in SEND transport across children's and adults; and the TSU also attend. The Board is chaired by the</p>

No.	Issue	Action	Progress / Outcome
			Divisional Director Youth and Commissioning. The Board oversees the 2019/20 Children's Services SEND Audit Action Plan.
8	Internal Audit has been under resourced as a result of vacancies, misaligned work force and no external delivery partner. There is a risk that the current and future annual opinions will be limited in scope and/or unsafe.	<p>All vacancies to be filled as a matter of urgency.</p> <p>Existing temporary staff, where appropriate, to be moved to permanent contracts. External delivery partner to be sourced urgently.</p>	<p>An external delivery partner was sourced (BDO) for internal audit and specialist IT audit services until 2021.</p> <p>All temporary staff vacancies across the service were advertised and recruited to permanently.</p> <p>Recruitment to internal audit posts was unsuccessful and alternative service delivery models are now being explored for 2021.</p>
9	<p>The Council's consultation and engagement activities with the community and stakeholders are currently managed by individual services and departments, with significant differences in process. Although some very good practice exists, the quality of the community involvement activities across the council is variable. Issues include:</p> <ul style="list-style-type: none"> An absence of accepted set of standards or guidance on conducting consultation and engagement activities. 	<p>In line with our Community Engagement Framework 2018-21, a Transforming Consultation and Engagement programme has been set up to deliver:</p> <ul style="list-style-type: none"> Guidance for staff on conducting consultation and engagement activities which will provide a standardised, streamlined approach to community involvement activities as well as enable compliance with standards. <p>An online hub to facilitate community involvement which will provide central</p>	<p>To improve the council's consultation and engagement approach, we launched our new platform, Let's Talk Tower Hamlets, and published our consultation and engagement handbook on the intranet for staff.</p> <p>Both key milestones were delivered in February 2020 and are already significantly helping us to ensure there's a consistent standard of consultation and that we are using new digital tools to engage our residents. The consultation handbook was quality assured and supported by the</p>

No.	Issue	Action	Progress / Outcome
	<ul style="list-style-type: none"> • Consultation responses often being held by the consulting team and thus inaccessible to colleagues – who may then go out to consult on similar issues. <p>The lack of a standard means of providing feedback to the community on the impact of their contributions.</p>	repository of all engagement and consultation activities undertaken by the Council and open a range of innovative and engaging multimedia tools and reporting.	<p>Consultation Institute, which also provided core training and advice to relevant staff across the council. Consultation activity was largely paused at the end of 2019/20 as a result of coronavirus but resumed during quarter one 2020/21.</p> <p>The communications and SPP teams together continue to focus on embedding our new way of working between our teams and across the council.</p>

Significant Governance Issues Identified in 2019/20

All five Corporate Directors submitted their returns for 2019/20 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
	<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</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>Divisional Director, Finance, Procurement and Audit.</p> <p>Divisional Director, Strategy, Policy and Performance, CLT & Chief Executive</p>	<p>July 2020</p> <p>September 2020</p>

No.	Issue	Action	Responsible	Timescale
	<p>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>Production of returns to MHCLG setting out additional costs and utilization of additional monies provided.</p>	<p>Divisional Director, Finance, Procurement and Audit.</p>	<p>Monthly from April 2020 and on-going.</p>
	<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 review (by Deloitte). Further adjustments will be required through the audit process.</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 review was completed and presented to the Audit Committee in November 2020. An action plan is being prepared to address the issues.</p>	<p>Corporate Director, Resources</p>	<p>March 2021</p>
	<p>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>	<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</p>	<p>Corporate Director, Resources and Divisional Director, Finance, Procurement and Audit.</p>	<p>March 2021</p>

No.	Issue	Action	Responsible	Timescale
		<p>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>		
	<p>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 Council's usable reserves.</p>	<p>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.</p>	<p>Corporate Director, Resources</p>	<p>On-going</p>
	<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>Divisional Director, Sports, Leisure and Culture & Divisional Director, Finance, Procurement and Audit.</p> <p>Corporate Director, Resources</p>	<p>September 2020.</p> <p>September 2020</p>

No.	Issue	Action	Responsible	Timescale
	<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 will need to be reviewed after the pandemic and a transition to more permanent arrangements.</p> <p>Longer term arrangements are also being explored as part of plans for homecare re-procurement.</p>	<p>Head of Strategic Finance Adults</p>	<p>31 March 2021 and throughout 20/21</p>
	<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</i></p>	<p>A comprehensive action plan to improve compliance and reduce the risks has been agreed and implementation has begun.</p>	<p>Senior Responsible Officer (SRO) in consultation with Council's Data Protection Officer (DPO) and Single Point of Contact (SPOC) for Video Surveillance Systems</p>	<p>31 March 2021 and ongoing 2021/22.</p>

No.	Issue	Action	Responsible	Timescale
	<p><i>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>Failure to adequately maintain Chater House resulting in inadequate insurance, increases in premiums and a breach of the lease conditions.</p>	<p>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.</p>	<p>Divisional Director Projects and Major Programmes</p>	<p>March 2021</p>
	<p>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 capital programme).</i></p>	<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>Divisional Director Projects and Major Programmes</p>	<p>September 2020</p> <p>September 2020</p> <p>September 2020</p>

No.	Issue	Action	Responsible	Timescale
	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>).	<p>Governance arrangements for the acquisition programme to be reviewed and aligned to the Council's Programme and Project Management Office (PPMO) requirements</p> <p>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</p>	<p>Divisional Director Housing and Regeneration</p> <p>Divisional Director Housing and Regeneration & Divisional Director Projects and Major Programmes</p>	<p>October 2020</p> <p>October 2020</p>
	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)	Divisional Director Housing and Regeneration	October 2020
	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>	Divisional Director Housing and Regeneration	September 2020

Conclusion

The Council has strengthened its governance arrangements in many areas which has included introducing a new consultation hub, appointing an independent person to the Audit Committee, actively pursuing and successfully prosecuting incidents of fraud, updating the financial regulations, introducing a budget managers handbook and providing more briefings for budget managers. Despite these positive improvements there have been some significant challenges over the course of 2019/20, which has included ensuring we are financially sound whilst still meeting growing community needs, closing our financial accounts, administrating the pension scheme and consistently applying good risk management practices across the Council. We recognise the need to improve and are determined to do so. We have put action plans in place to address these issues and regularly report progress via the Corporate Leadership Team and relevant Committees.