

The London Borough of Barking and Dagenham

Annual Governance Statement for 2017-18

**Local Audit and Accountability Act 2014 &
Accounts and Audit Regulation 2015**

Annual Governance Statement for 2017-18

Introduction

This document is a review of our governance framework and of the effectiveness of our systems of internal control and risk management. It enables the Council to monitor whether these have led to the delivery of appropriate, cost effective services producing best value and the achievement of its objectives. In doing this, it also considers the legal framework and responsibilities of the Council.

Part of this statement therefore explains how the London Borough of Barking and Dagenham (LBBD) currently meets the requirements of regulation 6(1) (a) and (b) of the Accounts and Audit Regulations 2015 in relation to the review of effectiveness of its systems of internal control and the production of an *Annual Governance Statement* (AGS).

Coupled with these requirements is the need for a wider statement which indicates the degree to which the Council's governance arrangements follow the proper practices in relation to accounts as set out in the revised document *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) ('the Framework') these are:

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Principle E - Developing the Authorities' capacity, including the capability of its leadership and the individuals within it.

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

This AGS enables stakeholders to be assured that decisions are properly made and public money is being properly spent on citizens' behalf. It is based on evidence obtained across the Council about the robustness of the Council's governance arrangements and its systems of internal control. This evidence builds on the assurance gathering process that has been in place since the requirement to produce a Statement on Internal Control began and the comments of the Council's senior leadership team (SLT) in relation to statements provided by their Senior Managers.

There are five Sections in this AGS:

- Section 1** Sets out the scope of responsibility and the purpose of the governance framework;
- Section 2** Describes and assesses the effectiveness of the key elements of the systems and processes that comprise the Council's governance arrangements;
- Section 3** Presents an opinion of the level of assurance of the Council's governance arrangements and the effectiveness of the Council's governance arrangements;
- Section 4** Sets out any significant governance issues that need to be addressed and how any issues from the previous years governance statement have been resolved;
- Section 5** The Conclusion – a commitment to monitoring implementation for the next AGS review.

Section 1

The scope of responsibility and the purpose of the Council's governance framework.

Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper public-sector standards, that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Purpose of the Governance Framework

The governance framework comprises the culture and values, coupled with its systems, processes and controls that the authority uses to engage with and lead the community. Its purpose is to enable the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk or a failure to achieve policies, aims and objectives (without a significant increase in resources and control functions) and so achieves a reasonable rather than an absolute assurance of effectiveness.

It is based on an ongoing process designed to identify and prioritise the risks to achievement of LBB's policies, aims and objectives; to evaluate the likelihood of those risks being realised; the impact should they be realised; and then to manage them efficiently, effectively and economically.

The Council has a local Code of Corporate Governance revised in spring 2017 to take account of the revised and new *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016).

The governance framework has been in place for the year ended 31 March 2018 and up to the date of approval of the audited Statement of Accounts.

Section 2

Key elements of the Council's systems and processes and their effectiveness - these are described in more detail below.

The Council's Governance mission is to ensure the business of the Council is carried out within the law and to proper standards ensuring that public funds and resources are used to the best effect economically, effectively and efficiently with the goal of continuous improvement.

a) The Councils Vision and Priorities

The vision and priorities for the London Borough of Barking and Dagenham (LBBD) represents the Councils shared vision for the borough with its priorities setting out its role in place shaping and enabling community leadership within the context of a significantly reducing budget.

Furthermore, the Council is obliged to establish statutory plans and strategies for Crime and Disorder, Transport, Licensing, Planning Local Plan, Community Strategy, Youth Justice and The Corporate Plan and Housing Strategy.

They have been developed to reflect the changing relationship between the Council, partners and the community. Furthermore, during the period of this AGS, a Borough Manifesto '*Barking and Dagenham-Together*' was being developed and launched in the Summer of 2017. The Manifesto is a shared, place-based, 20-year vision for the borough, owned and delivered collectively and collaboratively by the newly established Barking and Dagenham Delivery Partnership.

The Council has set the vision for the borough as being:

One borough; one community; London's growth opportunity

With the priorities being:

Encouraging civic pride

- Build pride, respect and cohesion across our borough
- Promote a welcoming, safe, and resilient community
- Build civic responsibility and help residents shape their quality of life
- Promote and protect our green and public open spaces
- Narrow the gap in attainment and realise high aspirations for every child

Enabling social responsibility

- Support residents to take responsibility for themselves, their homes and their community
- Protect the most vulnerable, keeping adults and children healthy and safe
- Ensure everyone can access good quality healthcare when they need it
- Ensure children and young people are well-educated and realise their potential
- Fully integrate services for vulnerable children, young people and families

Growing the borough

- Build high quality homes and a sustainable community
- Develop a local, skilled workforce and improve employment opportunities
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Work with London partners to deliver homes and jobs across our growth hubs
- Enhance the borough's image to attract investment and business growth

For more detail on the vision and priorities please visit the Council's website www.lbbd.gov.uk/visionandpriorities.

For 2017-18 the delivery of the vision and priorities was through the **Corporate Plan**.

The Corporate Plan also sets out the Council's performance framework. Progress against delivery of the Corporate Plan is monitored through the corporate performance framework, which is reported to the Corporate Strategy Group and Cabinet on a quarterly basis and to the Public Accounts and Audit Committee every six months (PASSC). The Cabinet Member for Performance also has the opportunity to provide constructive challenge to any Cabinet colleague via the Council's performance challenge sessions.

The 2017-18 financial year saw major organisational change and transformation. The Council has made significant progress in moving towards becoming a new kind of council, a commissioning-based organisation and has seen new service blocks go live. The new structure has four delivery options which include; directly managed services, commissioned services, contracted services, and external suppliers which are all supported by a strategic 'core'.

The Corporate Plan is a key document to ensure the Council has a co-ordinated approach to delivering the vision and priorities, and makes the best use of the resources available. The plan sets out 54 Key Accountabilities focused on the Council's priorities, alongside 43 Key Performance Indicators (KPIs) that are monitored as part of a quarterly report to Senior Leadership Team and Cabinet and every six months to the Public Accounts Audit Select Committee (PAASC). The Key Accountabilities have been identified in consultation with Cabinet Members and represent projects that are integral to the delivery of the overall priorities and running of the Council. Key Performance Indicators (KPIs) have also been developed to support delivery of our key priorities, as well as monitor performance of frontline services.

The KPI's were revised for 2017/18 to prepare for the Council's move to delivering services through an outcomes-based commissioning model. The 2017-18 Corporate Plan is available online via the Council's website. The next period 2018 onwards will see the introduction of a four-year Corporate Plan (2018-22).

b) Our Values

In the delivery of the Council's business, it has developed values which continue to be embedded across the organisation and underpin all Council activity. These values have been developed by staff and represent how the Council aims to conduct its business. The values are called '**DRIVE**' and they expect everyone to:

- **Deliver our best every day – and do what we have promised**
- **Respond in a prompt, positive way to our community's needs**
- **Inspire others with our attitudes and actions**
- **Value people for who they are and what they can do**
- **Engage with others to improve our resilience and flexibility**

c) Performance Management

Performance management is delivered by the corporate performance management framework which has been developed to ensure that we continue to monitor the effectiveness of our actions, whilst demonstrating how the Council's strategies are being translated into plans and outcomes. It also helps to identify if any risks are materialising where performance indicators are not showing the level of progression anticipated. Our performance management arrangements tackle underperformance and the process supports continuous service improvement. The corporate performance management framework is set out in the Corporate Plan; the key document to monitor progress and delivery of the vision and priorities. Progress for the KPIs and Key Accountabilities set out in the Corporate Plan are reported quarterly to Corporate Performance Group and Cabinet and every six months to the PAASC.

In addition to this, each service produces a business plan setting out the service level objectives, actions to achieve the objectives, contribution to the vision and priorities, budget and risks. The business plans, service level objectives and KPIs are monitored through each service block. In 2017-18 the focus changed to developing commissioning mandates which align to the Corporate Plan and Borough Manifesto priorities. The final element of performance management is individual objectives. The actions required to deliver business plan objectives are reflected in team and individual plans forming the basis of annual and interim appraisals. Appraisals are scored to reflect individual performance and the contribution towards the delivery of the Council's priorities. Regular team meetings and one-to-ones support the monitoring of delivery. Corporate quarterly monitoring provides senior managers and Members with an overview of the Council's direction of travel.

To further ensure effective performance delivery and value for money, internal audit assessments are carried out using in-house and external professionals.

There are a number of Corporate Groups/Boards, each chaired by the Chief Executive or a member of the Council's Senior Leadership Team, they are:

- Corporate Strategy Group
- Corporate Performance Group
- Assurance Group
- Leadership Group

In addition, the Council has the following boards to deliver on operational, Strategic and performance matters:

- Workforce Board
- Procurement Board
- Customer & Information Management Board

- Investment Panel

The Council operates an overview and scrutiny function, which allows Members to challenge decision makers, scrutinise performance, review important policies and advocate on behalf of the community.

The Council delivers its overview and scrutiny function through five Select Committees:

- Children Services Select Committee;
- Health and Adult Services Select Committee;
- Living and Working Select Committee;
- Public Accounts and Audit Select Committee;
- Safer and Stronger Communities Select Committee.

Select Committees consider topics that support the delivery of Council priorities. They contribute to Council policies during their development stage; and they hold key partners such as the health and police services to account for their local performance. Select Committees produce reports on their findings, submitting them to the appropriate committee or body for action.

External benchmarking is used extensively to compare the services delivered by the Council with others both in the private and public sector. This was used as a tool to assess the cost effectiveness and value for money of services provided by the Council. A key part was played by the Select Committees in the Council's comprehensive Budget Challenge process and agreeing savings.

In the previous year (2016/17) a Cabinet portfolio, Corporate Performance and Delivery, was established to look at how the Council is meeting its objectives and where there are areas for improvement. Alongside the Cabinet portfolio for Corporate Performance and Delivery, 2016/17 also saw the introduction of new quarterly performance challenge sessions and monthly 'deep dives'. The quarterly challenge sessions allow for performance to be effectively discussed with the consideration of actions to tackle underperformance. All portfolio holders attend the session and present the performance of the Key Performance Indicators (KPIs) and Key Accountabilities for their portfolios to the Cabinet Member for Corporate Performance & Delivery, the Leader and Chief Executive. Through the monthly 'deep dive' sessions, focus is given to specific areas of concern and used to discuss the reasons for underperformance and what actions are being taken to deliver improvements. These arrangements continued for 2017-18.

d) Council Constitution & Rules and Regulations

The Council's Constitution sets out the roles and responsibilities of officers and Members. It provides details about how decisions are made and who can make them. It also contains the rules for managing our finances and resources effectively. The Strong Leader and Cabinet model has been adopted. This enables the full Council (Assembly) to appoint a Leader who in turn appoints the Council's Cabinet and determines the portfolios. It provides clear accountability, effective leadership and decision making to drive forward service delivery. The Assembly retains strategic decision-making powers such as the budget framework.

In addition, the Council has a Health and Wellbeing Board established under the Health and Social Care Act 2012. It is an executive committee with a specific primary duty to encourage those who arrange for the provision of health or social care to work in an integrated manner. Membership is a combination of Cabinet Members and prescribed appointees. The board is a forum where key leaders from the Barking and Dagenham health and social care system work to improve the health and wellbeing of local residents and reduce health inequalities. It has an agreed set of priorities – these are outlined in the borough's Health and Wellbeing Strategy.

The Council has created a Shareholder Panel as an advisory board to support Cabinet decision making around the Council's role as Shareholder in any Company, wholly or partly owned by the Council. The Panel has the primary aim of managing the Council's shareholder interests in its commercial entities and to ensure the performance of the Companies against agreed Business Plans are satisfactory. The Shareholder Panel provides assurance that all legal Shareholder requirements are fulfilled and through its governance and reporting framework seeks to protect the delivery of the Council's strategic objectives.

Membership of the Shareholder Panel includes Members and Chief Officers and receives quarterly input and performance reports from each of the commercial entities. The Shareholder Panel will periodically report Company performance to Cabinet, with a minimum of one report per Company per annum or as otherwise requested by Cabinet.

Where key decisions are due to be made the Council publishes details in the Forward Plan prior to the decision-making meeting. Those meetings are open to the public unless exclusion is necessary for reasons of confidentiality under the Local Government Act 1972.

The Council Constitution continues to be kept under constant review and the Assembly has agreed a number of amendments in February and May 2018 which sees an overhaul of the framework of committee meetings and the scheme of delegation. In the AGS period April 2017 - January 2018 changes were principally administrative in nature and carried out by the Monitoring Officer and included a revised Officer Scheme of Delegation to clarify responsibility for making decisions following significant changes to the Council's senior management structure and revised statutory responsibilities.

Alongside the Council's Contract Rules and Officer Scheme of Delegation, the Council has financial regulations which provide details of officers' responsibilities relating to income, expenditure, internal control, risk management and partnerships. To support officers when they made purchases, the Council developed a code of procurement practice. These were all kept under review with a number of mechanisms in place to ensure compliance.

The Council has the following statutory officers: Chief Executive (Head of Paid Service), the Chief Operating Officer (Section 151 Officer / Chief Financial Officer) and a Director of Law and Governance (Monitoring Officer), each of whom has the power to refer matters to Assembly if a breach of any regulation has occurred or is anticipated. By law the Council must also appoint a Director of Children's Services and a Director of Adult Services and during the period both roles were served by the Deputy Chief Executive and Strategic Director of Service Development and Integration. Due to the retirement of the postholder this role will now be called the Director of People Services from June 2018. The Deputy Chief Executive will be the councils Chief Operating Officer. A Director of Public Health is in

post and this has been a statutory position since April 2013 with the transfer of the Public Health function to the Council.

The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The COO is responsible for the proper administration of the Council's financial arrangements and leads a suitably qualified finance team of officers. The COO was actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long-term implications, opportunities and risks, were fully considered and in alignment with the Council's Medium Term Financial Strategy.

e) Risk Management

Risk management is essential for the Council to be effective in realising its priorities and was well embedded within the Council in 2017/18. It promoted innovation in support of strategic objectives - opening the door to the possibility of taking risks to achieve positive outcomes. Proper risk assessment enabled informed decisions about the challenges and risks to be taken and the mitigation of any impacts. It also helped the Council to target its resources to achieve the best possible results with value for money in resources used.

The management of risk was embedded throughout the Council's key governance frameworks in such areas as:

- Key decision making;
- Planning processes;
- Programme and Project management;
- Procurement processes;
- Partnership working arrangements;
- Capital Programme management;
- Change management processes.

In January 2012, the Risk Management Policy, Strategy and Framework were revised to be more explicit about Cabinet responsibilities. The strategy stated that 'the Council will maintain a culture of risk awareness across the organisation driven by a 'top down and bottom up' approach and raise the awareness of the need for risk management by all those connected with the delivery of services.' The Public Accounts and Audit Select Committee PAASC is responsible for 'monitoring the effective development and operation of risk management', as defined in the Council's Scheme of Delegation. The Risk Management Policy and Strategy was reviewed and agreed by Public Accounts and Audit Select Committee. This approach continued in 2017/18.

Risk management was undertaken via a quarterly Corporate Risk report from the Senior Leadership Team (SLT). The Chief Operating Officer is the risk management champion, signalling the importance of risk management, underpinning good governance. SLT provided strategic leadership of corporate risk management, setting the tone for the whole risk management framework. This supported the expectation that effective management of risk was 'part of the day job' underpinning day to day decision making, service delivery and ultimately delivery of outcomes and benefits for the community.

Risks were assessed in terms of likelihood and impact, with ratings from 1 to 4 being used to measure both values, and this methodology was used consistently across the Council registers. This solid foundation of Risk Management principles helped to protect staff, the Council's reputation and enabled delivery in a way that allowed the Council to move forward. Finally for the financial year 2018-19 with the changes in the Council structure taking place the a new role of Head of Assurance is being created which will be responsible for monitoring the risk register and audit plan.

f) Codes of Conduct

Corporate and Organisation

The Council developed a major revised *Local Code of Corporate Governance* to take account of the CIPFA/ SOLACE 2016 Framework. The Council has an Employees' Code of Conduct supported by a requirement to make declarations of interest and to declare gifts and hospitality. Interests have to be declared by officers above a certain grade and those in certain decision making and procurement positions. Officers are generally recommended to decline gifts and hospitality to ensure that officers were not inappropriately influenced. These codes and processes were made available to staff at their induction, they are on the intranet and online training was available to ensure every staff member understood their responsibilities.

Members Codes of Conduct

The Council, within the timescales, duly adopted a local code of conduct which is drafted in accordance with the Nolan Committee's recommendations for standards in public life and revised codes for Planning and Licensing committees have also been introduced to take account of the changes. These have been incorporated into the Constitution and the Register of Members Disclosable Pecuniary Interests successfully established and completed. This has been supported by a Dispensation regime which enables Members to seek Dispensations to take part in meetings where they may have a declarable interest. The Members Code has specific guidance on the issues of gifts and hospitality.

The Localism Act 2011 required that the Council must have in place 'arrangements' under which allegations that a member or co-opted member of the authority or of a Committee or Sub-Committee of the authority who has failed to comply with the Code of Conduct can be investigated and decisions made on such allegations. The arrangements required the Council to appoint at least one Independent Person, that is someone whose views must be sought by the Council before it takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the authority at any other stage, or by a member against whom an allegation has been made.

The Council furthers the arrangements required under the Localism Act by its Standards Committee chaired by an elected Member and composed of elected Members. Complaints are managed by the Monitoring Officer who determines according to the Complaints Procedure whether matters should be reported to the Standards Committee for full investigation. Complaints are then considered by a Hearing Sub-committee established by the Standards Committee for that purpose.

The Council's Standards Committee continued to oversee adherence to the Councillors' Code of Conduct, handled any complaints under this and also monitored compliance with employee related Codes of Conduct. The Standards Committee receives annually a report from the Monitoring Officer setting out the declarations of gifts and hospitality received by both Members and Officers. All policies and protocols relating to Members and officers as well as members of the public who volunteer to undertake Council activities were reviewed on an annual basis.

The Complaints procedure has changed substantially in terms of process with the requirement to appoint independent persons as advisors in assisting on questions of Members conduct to apply to officers as well. Three appointments have been made. An opportunity has been taken to make early improvement to the Complaints process by establishing case management rules which have been approved by the Assembly and incorporated into the Complaints Procedure.

g) Whistle-blowing and Members Complaints Process

The Council has a robust whistle blowing procedure which was actively promoted within the Council. The whistle blowing policy was reviewed and updated during the previous year. Complaints against Members were handled in confidence and according to a strict timetable and procedure. There were four complaints against Members, one related to one Member and the other against three members. The first complaint related to a Council meeting but without any evidence and so was dismissed as being vexatious and without merit. The other three complaints related to a Ward issue and were also not upheld as being vexatious with no reasonable prospect of success.

The Standards Committee (soon to be the Audit and Standards Committee from June 2018) maintains an ongoing review of complaints made, patterns and outcomes which are considered as a regular business item at each meeting.

h) Training and Development

Member Induction

The Council has an Induction Programme, based around the key priorities identified by Members and senior officers. This includes a pre-election event for prospective candidates to ensure they understood in advance, the role and responsibilities of being a councillor and the training support they can expect.

Extensive Induction handbooks are produced for all Members, and there is a tailored version for Cabinet Members. There is training for Development Control, Licensing and Personnel Boards and members of Select Committees at the beginning of each municipal year with update sessions as required. Bespoke training for members of the Pensions Panel is also arranged.

There are all-Member training programmes for internal events. External learning events and mentoring is supported particularly for holders of key positions such as Cabinet and Chairs of Boards and Select Committees. The Induction programme for the new Members includes an intensive training programme and written information on a range of topics including standards and promoting democracy.

The Member Development Programme

The Council has a Member Development Programme based around the key priorities identified by Members and senior officers.

Two thirds of members took part in detailed personal development planning for their councillor role in 2017/18. In addition, the Member Development Group (which includes nine Members) meets quarterly to review member training needs, and officers review requirements with the Organisation and Member Development Officer. The Members Role Profiles list the knowledge and skill requirements for different positions and expected areas of learning and development.

The Member Development Programme is overseen by the Member Development Group. This is comprised of Members from Cabinet and a range of back bench Members from different boards and committees to ensure any new learning needs are quickly noted and addressed including the Council's Monitoring Officer. A full programme of Induction and follow-up training and briefings are arranged for all Members. There are a mix of skills-based and knowledge-based sessions. There is a detailed process for inducting the newly-elected Cabinet Members. This includes the use of Peer Mentors for the Cabinet and the opportunity for all members to develop a bespoke personal development plan.

Cabinet Members, Committee Chairs and Deputies are offered the opportunity to attend the full Local Government Association (LGA) Leadership Academy Programmes which are designed specifically for councillors. Newly-elected councillors are offered the opportunity to attend introductory Leadership Academy residential weekends. There is a designated officer who co-ordinates the development programme and assesses training needs. Training is supplemented through weekly electronic Member Briefings, information from London Councils as well as the Council and LGA's suites of e-learning programmes.

All Select Committee members have training as part of their induction agendas and agreed specific training during the year to remain current and to address identified needs. Induction training was provided for newly appointed Members of all quasi-judicial boards, some of which was assessed.

The Council was accredited with the London Charter Plus for Member Development in April 2017. Charter Plus is a nationally recognised structured quality framework which assesses the processes, impact and effectiveness of member development. Following extensive desktop and interview assessments with councillors and chief officers, the Council were shown to have met Charter Plus criteria: commitment to councillor development and support, strategic approach to councillor development and that learning and development is effective in building councillor capacity.

An on-line Members' handbook (Members App) was introduced in February 2018. This is uploaded onto their iPads and provides easily updateable information on the councillor role, the Council and Borough, media and communications, Member learning, support and ward resources.

i) Communication and Engagement

The Council published numerous documents on its website as well as providing a media service to engage with and inform members of the public.

Consultation exercises were publicised and enabled via the website, as well as through more traditional routes such as surveys and focus groups.

The Council also publishes a fortnightly newsletter aimed at local residents and which goes out to over 69,000 people. This carries details of consultation exercises, job vacancies as well as other council and partner news.

j) Partnerships

In addition to the executive functions of the Health and Wellbeing Board, the Council utilises partnership boards, which are aligned to the borough manifesto targets and the priorities set out in the corporate plan. The partnership boards each have their own plans, identifying their aims to deliver these priorities and contribute to delivering the vision for the borough. They are responsible for monitoring performance, ensuring appropriate partnership representation and where relevant meeting legislative requirements. These boards are:

Health and Wellbeing Board – The Health Wellbeing Board brings together key health partners in order to deliver the priorities set out in the Health and Wellbeing strategy. It is chaired by the portfolio holder for Health and Social Care and plays a driving role in ensuring residents lead healthy, independent lives and have choice over the care they receive.

The Council has worked with a range of NHS partners, including the Clinical Commissioning Group (CCG) to develop proposals to integrate further health and social care services. Key to this was work through our Integrated Care Partnership which brings together 3 neighbouring local authorities, 3 Clinical commissioning Groups and 2 NHS provider Trusts. As part of the devolution “ask” for London a proposal for an accountable care system has been put forward.

Community Safety Partnership - Together the partners address complex issues and have worked openly to develop and implement solutions to create a safer, stronger and more cohesive borough with reduced levels of crime.

Through the Community Safety Partnership the Council together with the other ‘responsible authorities’ (NHS, Police, Probation, LFCDA, MOPAC) discharged its responsibilities for reducing crime and disorder and making Barking and Dagenham a safer and stronger community.

The Council entered into a formal partnering arrangement with Agilysis in December 2010 to form the Elevate East London joint venture. Elevate run a number of key council services and has been a hub for further services. Governance arrangements are in place for the partnering agreement including a Strategic Partnering Board influencing the strategic direction of the partnership and a Client Function responsible for managing the performance of the contract for each of the services being delivered by Elevate to the Council.

The Council is also part of Local London, a group of eight London Boroughs working together on a sub-regional level mainly around devolution in a number of areas. Local London membership includes; Barking and Dagenham, Bexley, Enfield, Greenwich, Havering, Newham, Redbridge and Waltham Forest. The group is overseeing the devolution of the Work and Health Programme (WHP) and driving the skills workstream including devolution of the Adult Education Budget (AEB).

More information on Local London can be found online:

<https://modgov.lbbd.gov.uk/Internet/documents/s100886/Local%20London%20Committee%20Report.pdf>

k) The Borough Manifesto and the Barking and Dagenham Delivery Partnership

Borough Manifesto

In February 2016, the Councils Independent Growth Commission published its final report, it included 109 recommendations to ensure improvements of outcomes for residents and to capitalise on the borough's growth opportunities. One such recommendation was to develop 'a borough manifesto setting out a shared vision for the borough and owned by residents, partners and key stakeholders in the borough'.

Consequently, Council officers began work in partnership with all local stakeholders on the development of '*Barking and Dagenham Together: The Borough Manifesto*'; a shared, place-based, 20-year vision for the borough, owned and delivered collectively and collaboratively by the Barking and Dagenham Delivery Partnership (BDDP). The Borough Manifesto sets the roadmap of what collectively the Council and partners need to deliver. Progress against the targets will be monitored by the BDDP.

The Manifesto was agreed by Cabinet in July 2017 and launched in the same month at an event hosted by Coventry University London. The launch was well attended by partners and other stakeholders. Partners fully supported the vision and targets set out in the manifesto and spoke about the need for everyone to play their part. The manifesto forms the top layer of the Council's strategic framework which informs all other strategies.

Since the launch, the portfolio holder has been engaging residents through roadshows in each ward asking them for their views on the manifesto aspirations and targets.

Barking and Dagenham Delivery Partnership

In parallel with the development of the Manifesto's vision, the Cabinet approved the establishment of the Barking and Dagenham Delivery Partnership (BDDP) in November 2016. The BDDP is comprised of local partners from across the public, private and third sectors, and will collectively be responsible for providing oversight, direction, and leadership in order to achieve the aspirations for the borough. BDDP meets on a quarterly basis and part of its role is to monitor and analyse progress towards delivering the Manifesto vision. Progress towards achieving the targets will be publicly reported on an annual basis.

Work is also underway to develop the partnership in order to enable it to deliver effectively. *Lankelly Chase Foundation* have funded Collaborate CIC to work with LBBDD and in particular explore effective partnership working in Barking and Dagenham. The initial focus is on supporting the development of the delivery partnership with the aim of ensuring partners are working towards shared aims, that those aims are clearly articulated and understood, and that the relationships and infrastructure are ready for new forms of collaboration and place-based working. Developing effective 'place' based collaboration.

l) Schools

The governance of maintained Schools is the responsibility of appointed Governing Bodies. The Governing Body role involves setting, monitoring and evaluating progress toward achievement of strategic aims and objectives, whilst optimising their use of financial and other resources.

The Council's role is to champion children and intervene where necessary or alert the regional schools commissioner for academy schools e.g. where there are concerns about performance or safeguarding.

The November 2014 Ofsted inspection of the local authority confirmed that the Council knows the strengths and weaknesses of governing bodies well.

The quality and performance of schools and governance has improved year on year in the borough and, as of March 2018, 91% of schools are judged 'Good' or 'Outstanding' by Ofsted. This is above the national average. Governance and leadership arrangements are a key part of this judgment.

m) Counter Fraud

The Authority has a dedicated Corporate Fraud team that follows the latest best practice including implementing the national counter fraud standards. Their work is underpinned by Council policies to promote and enforce fraud prevention and ensuring robust mechanisms are in place to acknowledge the risks of fraud, prevent its occurrence and pursue cases, apply appropriate sanctions & recover any losses through proceeds of crime legislation.

n) Audit Committee

The Public Accounts & Audit Select Committee (PAASC) is tasked with the functions of the Council's Audit Committee. It is to oversee and improve the Council's governance and regulation, assurance and risk management, fraud and corruption prevention, performance and compliance, sound financial management to achieve value for money and transparency and open government. In the 2018-19 financial year post the May elections a revised Audit and Standards Committee will take forward the PAASC function with broader terms of reference including standards and governance.

o) Information Governance

Annually each spring an Information Governance Report is produced for PAASC by the Chief Operating Officer. Training in information handling is a key priority with professional development of Members and officers an essential requirement, not least as a control mechanism to help prevent data breaches. A revised i-learn course has been developed with all staff and managers required to complete the 'Data Protection' course by no later than 30th June 2018. This is a mandatory course and is an annual requirement and incorporates changes brought about by the GDPR legislation. Completion rates will be monitored and will form part of the staff annual appraisal process and staff are also provided with a link to a number of information governance policies that they must read as this was a recommendation required by the ICO following the audit.

During 2016, the Council recognised the scale of the task of preparing itself for forthcoming legislative changes, in the form of the new General Data Protection Regulation (GDPR) and,

As a result, deleted the post of information governance officer and recruited a senior Information Governance Manager. The GDPR is the first major set of changes to the Data Protection Act since 1998, and will place additional responsibilities upon the council. These range from how we give people access to their data to reducing the time period for compliance and the current charging system.

In October 2016, the Council undertook a voluntary Data Protection Audit carried out by the Information Commissioner's Office (ICO). The levels of reported breaches have increased mainly due to staff awareness and training on reporting all security incidents and data breaches. However, we have not felt the need to report any breaches to the ICO and have investigated and managed breaches through internal processes. All breaches are logged and reported to the Assurance Group.

Eight cases were reported to the ICO in 2017 direct by members of the public and in all cases the ICO took no further action. There have been two data breach cases reported to the ICO by members of public for 2018 and although the ICO agreed that one case was a breach no further action was taken by the ICO.

P) Transformation Programme

In relation to the Transformation programme current governance process operates through regular reporting to CPG and Cabinet. Confirmation that this process is sound was received in a recent audit conducted by external auditors – Mazars.

There are many risks and dependencies in relation to achieving the savings from the programme and these are regularly reported through CPG and to the relevant portfolios. In addition, The Transformation Director meets with each Programme Sponsor monthly and each Programme Manager fortnightly to ensure the plan is on track and the financial targets are being achieved. A dashboard is produced containing comments and red, amber, green ratings from the PMO, Finance, the Programme Manager and the relevant Sponsor, ensuring full ownership of the content being reported.

The original budget for the programme was agreed by Cabinet in July 2016. These costs are tracked each month and reported through both CPG monthly and quarterly through Cabinet. The spend remains well within the budget limits set per year. All requests for staffing are put through the workforce governance procedures and procurement rules are followed. Each role is tested against the HMRC IR35 tool and this is then sent to the agency prior to recruitment. A copy is also retained for our records.

Looking forward to 2018-19 and 2019-20 work will continue consolidating the programme and ensuring the change is happening across the Council. The success of establishing and embedding cultural change in the organisation is a key consideration for SLT. Work continues to encourage Staff to work differently and create a new relationship with our residents and stakeholders to support them to help themselves and reduce demand where possible. This is a vital objective to avoid overspend and achievement of the forecasted savings.

Section 3

Presents an opinion of the level of effectiveness and assurance of the Council's governance arrangements.

In the light of evidence reviewed in relation to 2017/18 it is confirmed that the Council's governance arrangements are fit for purpose, that the Council's values, ethical standards, laws and regulations are being complied with, that financial statements and other published performance information are accurate & reliable, and that human, financial, environmental and other resources are managed efficiently and effectively.

The Council has embarked on a programme to transform the borough and how the Council works. To achieve this, the Council will need to be innovative and efficient in-service delivery, adopting commercial practices where the business case supports this approach. The Council recognises that robust governance and embedded risk management processes will be fundamental to underpin the successful delivery of the programme. In addition workforce policies are an essential element to bring about the cultural change required over the next four years. Accordingly, comprehensive programme management arrangements are operating, ensuring that risk management and governance structures continue to be fit for purpose, as part of the organisational change that is proposed and has been implemented. The Council undertook a strand of work titled 'Relentless Reliability' championed through training sessions by the Chief Executive and Monitoring Officer on compliance across the organisation on business as usual activity. The Council underwent the Investors In People review in spring 2018 and was awarded Silver Status to recognise the progress that has been made since the last assessment.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. Assurance on the review of effectiveness is informed by a range of evidence, both internal and external, including: the work of the Senior Leadership Team and Senior Managers responsible for the development and maintenance of the governance environment; the Head of Audit's annual report; comments made by the external auditors; and comments by other review agencies and inspectorates.

For this Governance Statement the Strategic, Operational, Commissioning, Service and Transformational Directors were invited to complete standard statements addressing governance issues in their areas. These were collated, with observations and recommendations and presented to the Assurance Group, for their comments and feedback. This ensured that the full span of the Council's management team were consulted.

PAASC undertook the functions of the Council's Audit Committee. Principally, this was to oversee and improve the Council's governance and regulation, assurance and risk management, fraud and corruption prevention, performance and compliance, sound financial management to achieve value for money; and transparency and open government.

A consolidated Audit & Counter Fraud Report is presented to PAASC periodically to assist it in undertaking these functions:

As part of the Head of Audit's annual report, an opinion was given on the Council's internal control framework. The Head of Audit drew upon a wide range of assurance sources to help inform this opinion; including testing of the key controls in the Council's major financial systems and the wider programme of audit and corporate counter fraud work. The Head of Audit reported the opinion that based on the audit work undertaken their conclusion was that the organisation's control framework is operating generally satisfactory with some improvements required.

It is a statutory requirement that the Council must "undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

The 2017/18 Internal Audit Plan, approved by the Public Accounts and Audit Select Committee, included 50 audits, consisting of 34 risk and compliance audits and 16 audits of schools. 40 audits were delivered, consisting of 24 risk and compliance audits and 16 audits of schools.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is in conformance with the Public Sector Internal Audit Standards.

Only one Audit report has been issued for 2017/18 as "no" assurance, this being Adaptations Grant Scheme. The actions for this report are planned to be completed by the end of April 2018 outside this AGS time frame. Nevertheless it will be followed up to confirm implementation as planned. There was no overspend.

Within the period nine reports (including two schools) were issued as "limited" assurance being:

- Housing rents – action plans have been devised and have been implemented
- IT security framework – a need identified to establish a recovery plan since the migration of the Council's servers to the cloud. Work has commenced to remedy the risk and vulnerability
- Licensing – the three "high" risk rated issues related to documentation including the public register of licence application and document storage.
- Community Infrastructure Levy and S.106 fees.
- Planning enforcement – the two "high" risk rated issues related to policies and procedures and unassigned cases.
- Housing service contracts
- Responsive repairs – there were no "high" risk findings, the limited assurance was due to the high number of medium risk findings.

The two schools audits issued with "limited" assurance were William Bellamy Primary School and Manor Junior School. The school's audits are outsourced to Mazars who use different ratings of priorities 1, 2 and 3. Neither school had any priority 1 recommendations, the limited assurance was due to a high number of priority 2 findings, in both cases, these were primarily in the area of income and expenditure.

The Councils Monitoring Officer has a responsibility under the Local Government and Housing Act 1989 to maintain and ensure consistent lawful processes and decision making and that arrangements secure effective and efficient working of the Council, its meetings, committees and working groups with the required officer support. They report that they are not aware of any specific governance concerns for the period.

Complaints

Ombudsman

During the period there were 44 complaints referred to the Council by the Ombudsman 5 were upheld and 0 was partially upheld.

Complaints by the Public

During the period there were 3104 complaints. Of these 1372 were upheld. The complaints predominately related to domestic waste collection and parking penalty charge notices.

Whistleblowing

During the period of 2017/18 there were 2 cases formally accepted as whistleblowing. One of which is currently ongoing.

Of those investigated, one merited action and was referred to management for action.

Section 4

Sets out any significant governance issues that need to be addressed and how any issues from the previous years' governance statement have been resolved.

Previous Year 2016-17.

We are pleased to report that for the period of that AGS, no significant governance issues emerged after the AGS was published nor was there any legacy governance issues from the previous period 2015-16. The 2016-17 AGS had identified the following themes:

- staff retention,
- the introduction of the new tax regime IR 35, and
- data protection (awareness and compliance).

As was observed these concerns can be addressed through improvement in our practices. Staff retention and turnover reoccurred as a theme for 2017-18. The new tax regime had little impact. Data protection awareness has been raised in preparation for the new Data Protection General Regulations becoming active on 25 May 2018.

Feedback from Directors for 2017-18

The picture that emerged for the AGS period 2017-18 is of sound governance throughout the organisation. As is the standard practice for this Borough all the Directors and Service Heads were required to complete a Governance Assurance Statement. They were given an opportunity to highlight any specific governance issues/themes these are set out below:

Joint Working

Health and Well-Being - Devolution to London of health responsibilities has provided an opportunity to take forward more integrated arrangements for health and care but progress has been limited by considerable organisational change within the NHS and very significant financial challenges both in terms of funding and financial management in local health trusts. Governance reviews are underway to look at arrangements that could progress the integration agenda whilst ensuring the Council's interests are protected and its responsibilities effectively discharged.

During 2017/18 the Council resumed direct management of mental health social work (it previously had a S.75 National Health Service Act arrangement with North East London Foundation Trust) to strengthen confidence about the delivery of the statutory responsibilities. Going forward into 2018/19 the current statutory Director of Children's Services and Director of Adult Social Services (both roles were served by the Deputy Chief Executive and Strategic Director of Service Development and Integration) will be retiring, and a successor for the statutory roles has been appointed. The new role will be called Director of People Services.

Crisis Intervention Service - There has been a significant increase in discharges of patients requiring care and support from the 2 local Hospitals since the middle of 2017. This development follows a national trend. The Council is currently managing hospital discharges without delays (one of the lowest figures in London). As a result, the pressure on the Crisis

Intervention Service has increased notably. This is likely to continue into the new Financial Year and will become a challenge unless the NHS Partners are offer more financial support.

Crime and Public Safety: An effective community safety partnership requires key organisations such as the police and council to agree shared priorities. The merger of the MPS borough commands to an East BCU has meant that some of the priorities and allocation of key Police resources for Barking and Dagenham have not been maintained. This will be an ongoing challenge for the council in 2018/19.

Rising levels of serious youth violence and the subsequent remand in custody of a number of young people charged with murder impact negatively on the budget for children's social care. The community safety partnership strategy and commissioning functions now sit within the Enforcement service area.

Staff Recruitment and Retention

Feedback was mixed with some reporting that senior posts were receiving quality applications, however Recruitment and retention of social workers particularly in Children's social care remains difficult despite the introduction of an attractive recruitment and retention package during the year. This has had a positive impact and agency staffing has reduced to 28% from a high of 55%. This is an area that requires continuing focus and effort. Finally, the recruitment and retention of skilled legal practitioners continues to present a challenge with the competitive earnings that the London jobs market presents. As a result, scarcity of suitable candidates will mean they will command a premium, and at times as a last resort retention needs to be made to external law firms and counsel.

Budget

The previous year's assurance statement feedback was that budgetary pressure itself was not widely identified, however 2017-18 the financial call on available resources did manifest itself.

The Corporate Director reported that during the 2016/17 accounting period considerable progress was made in strengthening managerial arrangements to bring the budget under control, reducing the overspend in that year. 2017/18 therefore started in a better position. Throughout the year there was considerable pressure on all care budgets in part offset for adult social care by additional government grant and the 3% council tax precept. Rising levels of serious youth violence and the subsequent remand in custody of a number of young people charged with murder impact negatively on the budget for children's social care. At outturn it became clear that the in-year forecasting had not been sufficiently robust. Work is in hand to remedy this which will be aided by a new enhanced reporting system (Liquidlogic), the new electronic social care record system which was implemented in part from March 2018 .

The adult College faced budgetary pressure caused by a combination of cuts in grant funding and number, with a budgetary pressure of £300k predicted for 2018/19. To date pressures have been well managed with almost annual restructuring to accommodate cuts. To reduce the pressure going forward, the Adult College is being integrated into Community

Solutions from April 2018. This should enable further reductions in management, back office and accommodation costs and provide greater value for money.

Further the Education and Skills Funding Agency and the purchase order cleansing exercise on Oracle has generated further funds, reducing the predicted 2018/19 deficit to £150k. It is planned that the 2017/18 Education underspend of £150k will be carried over into 2018/19 and transferred to the Adult College/Community Solutions budget to remove in-year projected deficit.

The 'High Needs' Budget, which forms part of the Dedicated Schools Grant (DSG), continues to experience severe pressures, resulting from insufficient growth in grant funding over a number of years coupled with increasing and more complex SEND needs in the borough. The Director observes that while this pressure is being felt by many Councils, however, due to LBBB's demographic profile of rapid population growth, the borough is affected more acutely. The pressure for 2018/19 is forecast at £1.5 million. To help manage this pressure, in March 2018, a 2% reduction in SEND top-up allocations was agreed through the Schools Forum

For the Council's enforcement services, the Director reported significant increases from Fixed Penalty Notices for street enforcement and the private Sector Housing Team has achieved a higher level of licenses than anticipated. Budget pressures within Parking Services remain a challenge for the service. While the net contribution to the Council from Parking is over £3million this is lower than the overall budgetary figures. A review of the service has been carried out through the delivery unit and a plan for 2018/19 agreed.

The picture from the Strategic Leadership and Operational & Commissioning Directors feedback was that they were successfully managing in a period of change and achieving the change management and outcomes set by the Councils plan, though the changing nature of the Borough in terms of need for services was creating additional pressures on financial planning.

AGS Forward Issues

Staffing - As last year there appears to be pressure in terms of recruitment and retention of specialised staff particularly social workers and legal practitioners. This challenge is not exclusive to the borough and illustrates the point that unless the overall employment proposition is competitive and attractive the churn inevitably leads to technical skills and organisational knowledge being lost to the organisation

The new General Data Protection Regulation (GDPR) regulatory regime - This important change was highlighted in last years' AGS and with the date for implementation as 25 May 2018 will impact outside this AGS, nevertheless preparations are in hand. The evidence is that the Council is compliant with the Data Protection Act 1998 principles and so intends the same with the GDPR, which is intended to harmonise data protection laws across Europe. There are some important changes, which may impact on resources, such as enhanced subject access to information and the scrapping fees connected with this. Furthermore there is to be power for regulators to impose substantial fines for non-compliance. In the UK, the focus has been on enhancing protection of private and sensitive data relating to children and safeguarding. The information commissioner's view on fines is that these would be utilised when the ICO are unsuccessful in ensuring

compliance through other means. The need for effective data management control is also highlighted, and is probably the most difficult challenge as the Council progresses to a digital platform foundation.

The identified challenges and measures are set out in Table A. This does not mean that in a period of change further challenges will not emerge, nevertheless this AGS sets a scene of optimism for the following year.

Table A

Headline Governance Challenges for the AGS 2018-19

Item	Potential Issue	Measures	Notes and Indicators
<p>Turnover of Staff</p>	<p>During the Assurance Survey several Directors report having experienced issues regarding a shortage of skilled staff.</p> <p>Periods of radical change can be unsettling, and leadership is more essential than ever. The LGC recognised the Council as 'Council of the Year' in relation to the ambitious change programme particularly its design and implementation. Such recognition ensures the council's reputation is evidences across the sector and will also attract employees. The issue of having sufficient competent well performing staff is key to sound governance. Once experienced staff have left, they may prove to be difficult to replace in times of upheaval and fiscal uncertainty.</p> <p>This pressure has been further aggravated by the recent changes to taxation treatment of expenses and the revised IR 35 rule and how this affects the commissioning of project agency support/ locums.</p>	<p>This issue is being managed by careful recruitment to roles, redesigning the service and continuous improvement, good induction and training.</p> <p>It is recommended that all staff are encouraged to take up training opportunities to broaden their skills base, thus enabling existing colleagues to take up new challenges.</p> <p>Managers can by exercising sensible flexibility and discretion ensure staff are able to balance their work / life responsibilities and in doing so promote the new ways of working without being tied to a specific location. The Council is moving to outcomes-based delivery.</p> <p>It is becoming more important than ever that equal opportunities and fairness are well rooted in practice to ensure the Council is an employer of choice.</p>	<p>2017-18 saw a new management development programme and a review of the current appraisal system</p> <p>Trend of unplanned vacancies to be noted</p> <p>Invite feedback on why some roles are difficult to fill posts</p> <p>Ongoing measurement of the total number of temporary staff through the Workforce Governance Group</p> <p>Measurement of impact of IR 35 and numbers affected</p> <p>IIP Silver award under the new IIP performance framework with a detailed plan which includes staff retention.</p>
<p>Data Handling and revisions to the regulatory regime.</p>	<p>The issue of the need to comply with the new General Data Protection Regulation (GDPR) will require enhanced Data Protection awareness in all practices was identified as a concern and requiring further training.</p>	<p>Continued assessment of the completion of Data Protection training and other compulsory training is carried out at Workforce Board and Assurance Group.</p> <p>In preparation the Council has appointed a senior information management officer.</p>	<p>Monitoring of compliance by management tools:</p> <ul style="list-style-type: none"> • Training log • Staff briefing • Supervision • Team briefings

Elevate Joint Venture	Elevate is a joint venture with Agilysis. It provides the Council's information technology platform and manages the councils, revenue, benefits and rental income and debtors	The Transformation Programme has identified the need to plan for fusing of the functions carried out by the joint venture in the event that the contract is not extended or renewed. Key issues will be staffing and TUPE, Pension obligations and provision of robust arranges for ongoing finance management and statutory functions	Engagement of staff with clear messages regarding their future. Planning continuity of information technology platforms. Necessary contractual and procurement planning commenced.
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The Councils Joint Venture – Elevate - The Councils joint venture with Agilysis, Elevate provides the information technology platform and key revenue collection functions. The Councils Core programme, looking at the centre of the organisation and the arrangements to be put into place post end of the Elevate venture, poses the Council some risk. The transformation programme has identified savings attached with potentially £3.8m due in 20/21. To achieve the saving, negotiations with Elevate must establish a clear transition pathway. Current planning envisages new governance arrangements to manage the transition, outside of the current Elevate board arrangements.

Next Years AGS

Finally work will commence earlier for the 2018-19 AGS as the Account and Audit Regulations 2015 going forward for 2018-19 require approval of the statement of accounts and AGS by no later than 31st July of the financial year following the financial year to which the statements relate

Section 5

The Conclusion – a commitment to monitoring implementation for the next review by the Leader of the Council and the Chief Executive

This statement is intended to provide reasonable assurance. It is based on the evidence available. It is stressed that no system of control can provide absolute assurance, and in a period of transformation and transition to a new delivery model, items may be misstated or be of varying accuracy. As a result, the processes operate to carry out reviews and the forums of Audit and Standards Committee and the Assurance Group receive and monitor performance of the Councils Governance Framework. Looking forward the Councils new Scrutiny arrangements will focus on key risks which will dovetail with the AGS.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the ongoing work to ensure continuous improvement of the systems is in place.

We look forward to working more closely with our partners and all organisations in the community, public, private and voluntary sectors to strengthen our local communities and increase prosperity. This year sees a period of transition to the Council's traded companies.

Where issues have been identified in preparation of this report we will ensure that they are effectively addressed and we will monitor their improvement as part of the next annual review.

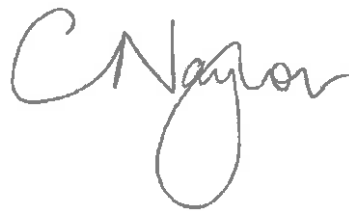
Signed:



**Councillor Darren Rodwell
Council Leader**

July 2018

Signed:



**Chris Naylor
Chief Executive**

16 July 2018

