



Annual Governance Statement 2018-19

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

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.

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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 year's 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 LBBDD'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 Council's Vision and Priorities

The vision and priorities for the London Borough of Barking and Dagenham (LBBDD) represents the Council's 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.

The understanding that everyone has a part to play in the future of the Borough fuelled the creation of the Borough Manifesto, the Council's aspirational, community-led and community-owned vision for the future of the Borough over the next twenty years. The Manifesto will be delivered by strengthened local partnerships and new relationships to collaborate and take a place-based approach to overcome our biggest challenges. In order to realise that twenty-year vision by 2037, the Council must first build the foundations and make certain progress by 2022. The Corporate Plan sets out how that journey is started. The foundations in the redesign of the Council have now been created and changes now need to be made to culture, thinking and approach to service delivery, commissioning and partnership working

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

One Borough; one community; no-one left behind

With the priorities being set-out under 4 themes:

Theme 1: A New Kind of Council

Priorities:

1. Build a well-run organisation
2. Ensure relentlessly reliable services
3. Develop place-based partnerships

Theme 2: Empowering People

Priorities:

1. Enable greater independence & protect the most vulnerable
2. Strengthen our services for all
3. Intervene earlier

Theme 3: Inclusive Growth

Priorities:

1. Develop our aspirational and affordable housing offer
2. Shape great places and strong communities through regeneration
3. Encourage enterprise and enable employment

Theme 4: Citizenship and Participation

Priorities:

1. Harness culture and increase opportunity
2. Encourage civic pride and social responsibility
3. Strengthen partnerships, participation and a place-based approach

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

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 periodically to the Audit and Standards Committee. 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 2018-19 financial year saw continued organisational change and transformation. The Council has made significant progress in moving towards becoming a new kind of council, a commissioning-based organisation based on service blocks that went live in 2017-18. The new

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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 62 Key Accountabilities focused on the Council's priorities, alongside 52 Key Performance Indicators (KPIs) that are monitored as part of a quarterly report to Senior Leadership Team and Cabinet. 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 2018/19 in the four-year Corporate Plan 2018-22 as the Council moves further towards delivering services through an outcomes-based commissioning model. The 2018-22 Corporate Plan is available on the Council's website.

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.

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. The focus has changed in recent years 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

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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.

Following changes to the Council's constitution in May 2018, the Council's Overview and Scrutiny functions are fulfilled by the Overview and Scrutiny Committee, except for health-related matters which are the responsibility of the Health Scrutiny Committee. The Overview and Scrutiny Committee supports the work of the Cabinet and the Council as a whole by considering and making recommendations through the scrutiny review process; scrutinising key decisions made by the Cabinet and other decisionmakers; and holding them to account and reviewing matters relating to a wide range of partner organisations.

In 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 2018-19, but with the change in portfolios are being lead by the Cabinet Member for Finance, Performance and Core Services.

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 the finances and resources effectively. The Council has adopted the strengthened Leader model and, under this model, the Council's executive functions are discharged by the

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Cabinet as a collective body, by the Leader of the Council or delegated to officers. 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 May and September 2018 which sees an overhaul of the framework of committee meetings and the 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 majority of the period both roles were served by the Director of People Services although the Deputy Chief Executive and Strategic Director of Service Development and Integration undertook the role until their retirement in June 2018. 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 Chief Operating Officer is responsible for the proper administration of the Council's financial arrangements and leads a suitably qualified finance team of officers. The Chief Operating Officer

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 2018/19. 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 Audit and Standards Committee is responsible for 'receiving reports and making appropriate recommendations concerning...risk management', as defined in the Council's Scheme of Delegation.

A new Head of Assurance was appointed in January 2019 and is responsible for setting the risk management framework and monitoring the Corporate Risk Register. A fundamental review of risk management is currently underway, and the progress of this review is reported monthly to the Assurance Group.

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

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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) Whistleblowing and Members Complaints Process

The Council has a robust whistle blowing procedure which is actively promoted within the Council. The whistleblowing policy was last reviewed and updated in June 2018. Complaints against Members were handled in confidence and according to the strict timetable and procedure set out in the Code of Conduct and Complaints Procedure. There were seven complaints against individual Members, six of these relating to Code of Conduct matters and one relating to a Planning Committee item. One of these complaints resulted in a Standards Hearing and all seven cases are now closed.

The Audit and Standards Committee 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

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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. 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.

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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 an online newsletter 'One Borough' carrying news, events and jobs as well as having a presence on numerous social media platforms including Facebook, Twitter YouTube and Instagram.

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 Agilisys 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.

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

Borough Manifesto

In February 2016, the Council's 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 Cabinet Member for Community Engagement 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 LBBD 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.

I) 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.

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The quality and performance of schools and governance has improved year on year in the Borough and, as of March 2019, nearly 90% 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

One function of the Audit and Standards Committee 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. The Audit and Standards Committee took over this function from the Public Accounts and Audit Select Committee in June 2018 and functions with broader terms of reference including standards and governance.

o) Information Governance

Annually each spring an Information Governance Report is produced for the Audit and Standards Committee 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 'Data Protection' course has been developed that is mandatory for all staff and managers. The course must be completed annually and it incorporates changes brought about by the GDPR legislation. Completion rates are 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.

Following an audit of the Council in 2017 by the Office of the Information Commissioner (ICO), work continued in 2018/19 to implement the actions arising from the action plan sent to the Council in September 2017. Information data breaches continue to be reported and investigated internally to ensure that lessons are learnt, the likelihood of breaches is reduced and arising risks are mitigated.

The levels of reported breaches have shown a noticeable increase over the past few years because of greater awareness of the need to report even minor breaches, in part as a result of the annual data protection training which is mandatory for staff. Critical breaches still occur, on average, about twice a year and it is these that are the main focus of the Council's prevention / management activity. One critical case was self-reported to the Office of the Information Commissioner (ICO) in 2016, none in 2017 and 4 in 2018. In all cases the ICO felt that the council took sufficient steps to mitigate, and accordingly no further action

was taken.

p) Transformation Programme

In relation to the Transformation programme current governance process operates through regular reporting to Corporate Performance Group (CPG) and Cabinet.

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 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 2018/19 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 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

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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 Assurance'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.

One of the functions of the Audit and Standards Committee 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.

Audit and Counter Fraud Reports are presented to Audit and Standards Committee periodically to assist it in undertaking these functions.

As part of the Head of Assurance's annual report, an opinion was given on the Council's internal control framework. The Head of Assurance 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 Assurance 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 2018/19 Internal Audit Plan, approved by the Audit and Standards Committee in June 2018, included 28 audits consisting of 27 risk and compliance audits and 1 schools' risk assessment project. 39 audits were delivered, consisting of 23 risk and compliance audits and 16 audits of schools, with reasons for variations in the plan being reported quarterly to the Audit and Standards Committee.

Internal audit work was performed in accordance with the Council's Internal Audit Charter and Strategy in accordance with the Public Sector Internal Audit Standards.

Only one Audit report was issued in 2018/19 as with a "No Assurance" audit opinion, this being the Adoptions audit. The agreed actions that arose from this work were followed-up later in the year and sufficient improvements had been made to internal control to increase the audit opinion to "Reasonable Assurance"

There were a further four audits whereby a "Limited Assurance" audit opinion was given, these are listed below with any high risk findings identified:

- Recruitment
 - Recruiting managers were not always attending training and refresher courses
 - Key documents supporting the recruitment process could not always be located
- Cyber Security

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- Owners of Cyber Security risks did not have sufficient oversight of Cyber Security operations
- My Place BDMS Contract Management
 - There was no Business Continuity Plan in place to ensure that critical services could continue in the event of major disruption.
- Direct Payments
 - Files did not always contain the appropriate legal agreements, supports plans and associated documents.

The Council's 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 20 complaints referred to the Council by the Ombudsman and 16 were upheld.

Complaints by the Public

During the period there were 3718 complaints. Of these 2193 were upheld. This represents a 20% increase in the number of complaints from 2017/18, primarily due to reported missed domestic waste collections for which the Council now always accepts liability.

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 2017-18

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 2016-17. The 2017-18 AGS had identified the following themes:

- Turnover of staff;
- Data Handling (in advance of GDPR); and
- Elevate Joint Venture.

As was observed these concerns can be addressed through improvement in our practices. Staff retention and turnover has recurred as a theme for 2018-19. Data Handling risks are being effectively managed via compulsory training and the Elevate Joint Venture with Agilisys is due to end by December 2019.

Feedback from Directors for 2018-19

The picture that emerged for the AGS period 2018-19 is of sound governance throughout the organisation. As is the standard practice for this Borough all the Directors and Service Heads were

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required to complete a Governance Assurance Statement. They were given an opportunity to highlight any specific governance issues/themes these are set out below:

High Needs Budget

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. This pressure is being felt by many Council's, however, due to LBBD's demographic profile of rapid population growth, the Borough is affected more acutely.

If the new national funding formula were applied in full to the 'High Needs' element of the DSG, the Borough would have had an extra £4m from 2018/19. Instead this is being phased in over 3-4 years and the actual amount awarded for 18/19 was less than £1m. The Council's officers are working with the Schools Forum and are in the 5th year of a programme to manage the pressure and demand in High Needs.

Risk Management

Some Directors reported that risk management was not well developed in their areas of responsibility and that risk registers were not as up to date as they would like them to be. Directors have not received a strong corporate steer in this regard and the risk management strategy has not been updated for some time. The appointment of the Head of Assurance during the AGS period has triggered a review of the Risk Management Framework and this will in time feed through to all Directors and service risk registers.

Mandatory Training

A number of Directors expressed concern over the levels of mandatory training undertaken in their areas of responsibility, although there are in fact very reasonable levels of compliance for the staff mandatory training, with the exception of new mandatory training for Mental Health Awareness. Manager-level training is being followed up with individual managers to increase the level of compliance and achieve 100% by 1 June 2019 which may explain the concern that some Directors have.

Headline Governance Challenges

Staffing

As in previous years there again 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. This is particularly is governance issue at the higher levels.

Periods of radical change can be unsettling, and leadership is more essential than ever. The Council currently has silver accreditation from Investors in People' and was recognised by the LGC as 'Council of the Year' in 2018 in relation to the ambitious change programme particularly its design and implementation. Such recognition ensures the council's reputation is evidenced 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 financial uncertainty.

Inclusive Growth Strategy

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The Council in the process of producing an Inclusive Growth strategy, setting out the council's goals, positions and commitments in relation to this core area of focus for LBBB. The aim is for this to be agreed by Cabinet towards the end of the year. The strategy will serve the purpose of clarifying where responsibility sits for different functions and objectives relating to inclusive growth. It will also set out the desired role for partners. In addition, the strategy will establish and frame a comprehensive outcomes and performance framework in relation to inclusive growth, encapsulating the wholly owned companies and in-house service blocks that are responsible for delivering on this agenda for LBBB.

Alongside the production of the strategy, the Council are undertaking an inclusive growth 'system review' which aims to resolve significant issues emerging from LBBB's distinctive structure – in particular where the different commissioned entities (whether wholly owned companies or in-house service blocks) interface and interact. This includes issues related to where decisions are taken, where accountability sits and how conflicts are resolved. One of the key governance issues within the area defined by inclusive growth in LBBB relates to planning and specifically the council's responsibilities as the local planning authority whereby a process of codifying these arrangements is underway

Ofsted Inspection of Children's Services

In February the Council was subject to a Standard Inspection under the Ofsted Inspection of Local Authority Children's Service (ILACS) framework. Following initial feedback provided at the conclusion of the inspection the final 'Ofsted Letter' formally setting-out their findings was published on 1st April 2019.

Ofsted determined that services for children in Barking and Dagenham require improvement in all judgement areas, as they did at the last inspection in 2014, although the judgement is consistent with the Council's annual self-evaluation to Ofsted and inspectors did report that strong and effective senior leadership was now in place under the recently appointed Director of Children's Services.

Six specific recommendations were made by Ofsted and in the short amount of time since the report was published, the Council have developed a first draft improvement plan, started to discuss the corporate response to areas for improvement that require a corporate leadership response and outlined an approach that sets out how this will be delivered as part of the wider improvement programme.

Phased Transition of Elevate Services

The Elevate East London LLP (Elevate) joint venture between the Council and Agilisys was formed on 10th December 2010 and at the same time the Council entered into a seven-year contract with Elevate for a range of services including ICT, Revenues and Benefits and Customer Services (B&D Direct), Procurement and Accounts Payable. The contract was extended by 3 years to December 2020 and the decision was made during 2018/19 to end the agreement and transfer services back to the Council in a phased manner.

There is also a requirement to transform the current in-house Core services as well as the services currently being delivered through the Elevate joint venture, to address the structural changes achieved by the successful implementation of Ambition 2020 Transformation Programme and the creation of a new kind of Council.

Whilst a budget of £9.7m to be spent on the proposed exit of the Elevate contract and the implementation of the new operating models for all Core Support Services has been agreed, the decision to reintroduce the services into the Core during a period of continued transformation has created a governance challenge that will continue into the next financial year.

Transformation – Creating a 'New Kind of Council'

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LBBB have already made a great deal of progress towards delivering a new kind of council. Municipal entrepreneurialism has been embraced, working with the flexibility of the private sector and the ethos of the public sector and the Council has established wholly owned companies in the areas of sustainable energy, housing and regeneration, home and traded services and school improvement (Barking and Dagenham School Improvement Partnership is owned by the Council and schools). These companies pursue the priorities of the community but, by operating in the private sector, they have independence and the ability to innovate, take risks and do things differently. In-house services have also been transformed, breaking down traditional siloes and rebuilding the organisation to act as an enabling and collaborative council, in doing so creating a structure that is quite different to a traditional Council organisation.

This however marks only the beginning of the transformation and with £48m of savings still to be made by 2021, the New Kind of Council really needs to deliver; improving the life chances and independence of residents, accelerating our growth and becoming financially sustainable. Vital to this success is the performance of the new council-owned companies. By 2022 each of these organisations must be independently delivering the expected outcomes and this is a challenge that has been closely monitored during 2018/19 and will continue to be so moving forward.

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 Council's Governance Framework. Looking forward the Council's 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:

Signed:

Councillor Darren Rodwell
Council Leader
July 2019

Chris Naylor
Chief Executive
July 2019