Brent Council Annual Governance Statement 2016/17

1. Scope of Responsibility

1.1 Brent Council ('The Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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.

1.2 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, and which includes arrangements for the management of risk.

1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the International Framework: Good Governance in the Public Sector. A copy of the Council's code is contained in part 7 of the council's Constitution and can be found on our website at:
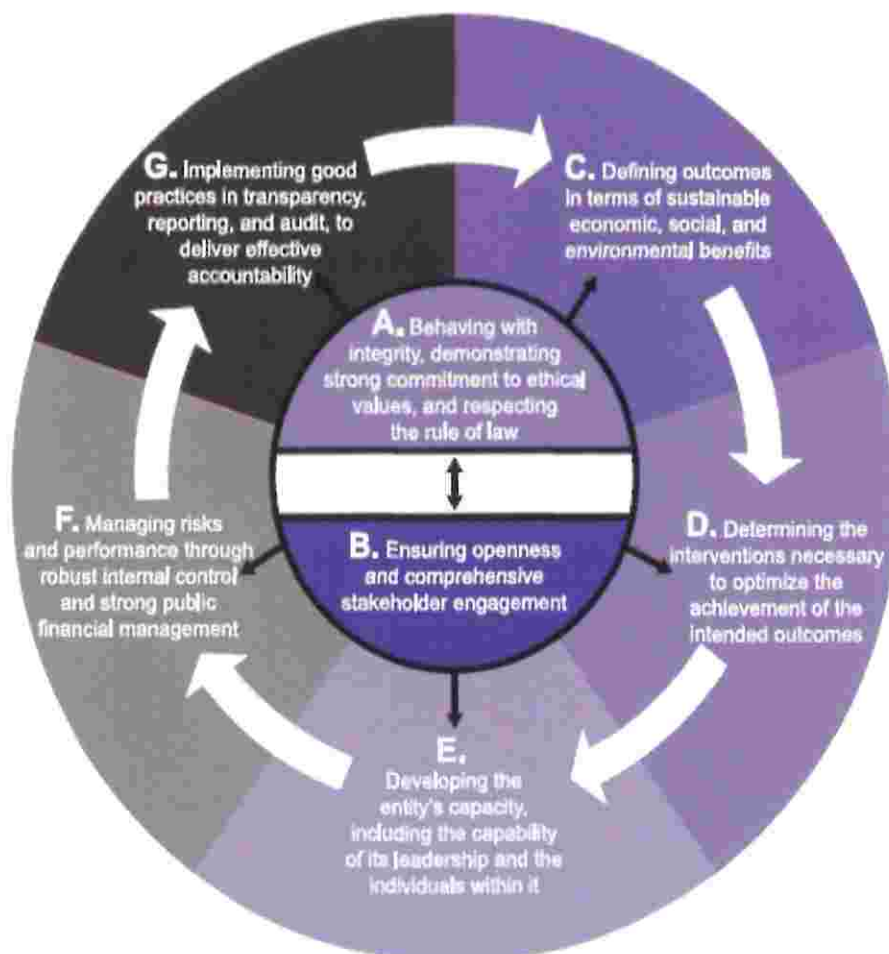
http://democracy.brent.gov.uk/ieListDocuments.aspx?Cld=584&Mld=3852&Ver=4&Inf o=1

1.4 This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1b), which requires all relevant bodies to prepare an annual governance statement. To ensure all statutory requirements have been met the statement has been produced in accordance with the CIPFA Delivering Good Governance Framework 2016.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.2 The governance framework has been in place for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3. The Governance Framework

3.1 The key elements of the systems and processes that comprise the Council's governance arrangements are based on the seven core principles of the CIPFA/SOLACE Governance Framework.

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

B. Ensuring openness and comprehensive stakeholder engagement

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

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

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

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

3.2 The arrangements for reviewing the effectiveness of the governance framework are detailed in section 4 of this statement.

3.3 **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

    3.3.1 The Constitution sets out how the council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution comprises eight parts which sets out the basic rules for governing the council's business, as well as detailed procedures and codes of practice.

3.3.2 The Constitution is regularly reviewed and was last updated in May 2017. The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following six statutory posts:

Legislation	Statutory Post	Officer
S4 Local Government and Housing Act 1989	Head of Paid Service	Chief Executive
Section 151 Local Government Act 1972	Section 151	Chief Finance Officer
S5 Local Government and Housing Act 1989	Monitoring Officer	Chief Legal Officer
S18 Children Act 2004	Director of Children's Services	Strategic Director Children and Young People
S6 Local Authority Social Services Act 1972	Director of Adult Social Services	Strategic Director Community and Wellbeing
Health and Director of Public Health Social Care Act 2012	Health and Director of Public Health Social Care	Director of Public Health

3.3.3 A Scheme of Delegation sets out the powers delegated to officers as part of the Constitution. The Financial Regulations are also part of the Constitution, together with the Code of Corporate Governance and the Contract Standing Orders. The Constitution is reviewed regularly, with all changes approved by the Council and published on the external website.

3.3.4 The Member Code of Conduct is set out in the Constitution, together with other codes. These have been reviewed and the updated codes of Conduct have been agreed by the Standards Committee. The council has a Standards Committee to deal with member conduct issues and this Committee is politically balanced and consists of five members and an independent co-opted member. An Independent Person has been appointed to be involved with complaints against members and the Council is seeking one or more additional appointments to this role. The Committee has an annual work programme and is supported by the Chief Legal Officer. There is a register of member interests and gifts and hospitality.

3.3.5 All councilors receive training on the requirements of the Code of Conduct and related issues. Monitoring Officer Advice Notes give advice to members on decision making and standards of conduct.

3.3.6 All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority's policies are implemented in practice. Strategic Directors, Operational Directors and Heads of Service are responsible for monitoring implementation of the council's policies.

3.3.7   The Council has a number of key governance related policies. Officers are made aware of their responsibilities through general communications, such as Weekly Round Up, manager briefings, staff events and via the induction process.

3.4   **Ensuring openness and comprehensive stakeholder engagement**

3.4.1   The Chief Executive's Department is responsible for supporting statutory local partnership arrangements (Health and Wellbeing Board, Safer Brent Partnership, Safeguarding Adults and Children Boards and Children's Trust) and some non-statutory partnerships such as Partners for Brent. The Strategic Partnerships Team co-ordinates a broad range of collaborative activities, which stem from the Council's engagement with local public, private and voluntary sector organisations.

3.4.2   Partners for Brent is an advisory body which facilitates wider involvement and engagement in the delivery of public services. The Partners for Brent Strategic Forum is made up of eight organisations including the Met Police, NHS partners and CVS.

3.4.3   At a service area level, the objectives of partnerships are documented in the Service Plans and within contract documentation. They are then reflected in staff's individual objectives.

3.4.4   Commitments to deliver against our responsibilities in relation to equality and diversity feature strongly in the Council's Borough Plan. Regard to equality, diversity and human rights duties is embedded in the budget setting and business planning process, and templates for each require that officers and members take into consideration in an appropriate manner the equality, diversity and human rights impacts of proposed decisions. The Council's approach is to embed equality and diversity within all of its work so that equality considerations are part of day-to-day management.

3.5   **Defining outcomes in terms of sustainable economic, social and environmental benefits**

3.5.1   The Council has a Borough Plan for the period of 2015 to December 2019 agreed by the Cabinet, the Local Strategic Partnership and Full Council. This document includes the corporate objectives of the Council and our shared partnerships priorities with other public agencies. Key performance indicators which relate to the targets in the plan are monitored on a quarterly basis and reported to CMT and the Cabinet. The Borough Plan references other key relevant documents, including the following:

   ➤ Housing Strategy
   ➤ Health and Wellbeing Strategy
   ➤ Property & Assets Strategy;
   ➤ Employment, Skills & Enterprise Strategy;
   ➤ Safer Brent Strategy

3.5.2   The priorities of the Borough Plan are regularly set out in The Brent Magazine, its website, press releases and targeted campaigns. Service priorities are extensively

consulted on with users and other relevant stakeholders. Departmental Service Plans are discussed annually with Lead Members prior to finalisation.

3.6 **Determining the interventions necessary to optimise the achievement of the intended outcomes**

3.6.1 The Borough Plan sets out the council's vision for the area, underpinned by a Corporate Plan which identifies the key tasks from which team plans and individual objectives are set.

3.6.2 In 2016, the Council developed a vision for Brent in 2020. The vision sets out how the Council will build on the successes achieved to-date while developing a much sharper focus on services designed around the individual and creating better outcomes for those residents with complex circumstances. It highlighted a smaller number of priorities which will influence how we prioritise our resources. These priorities are aligned to both the demographic and economic needs profile of the borough and the findings from the community engagement activities which underpin the priorities in our Borough Plan. A programme of activity is in place to support delivery of this vision with reports on progress provided regularly to CMT and elected councilors.

3.6.3 The Cabinet consider risks as part of their decision making role on corporate policies, including the annual budget setting processes, major policy decisions and major projects. The Corporate Management Team review corporate risks through regular monitoring reports. Risks are identified within Service Plans and considered on a regular basis within departmental management teams and key operational risks are reported through to the Corporate Management Team.

3.7 **Developing the entity's capacity, including the capability of its leadership and the individuals within it**

3.7.1 A full member learning and development programme is in place and there is a comprehensive induction programme for all councilors within the first few weeks of their election to office. Training on the Council's Code of Conduct for Councilors is compulsory. The council has adopted specific codes of conduct for councilors involved in planning or licensing decision-making and these councilors receive additional training in these areas as a pre-condition of their participation. A bespoke annual learning and development programme is provided for Councilors appointed as Members or Substitutes on the Scrutiny, Planning and Alcohol and Entertainment Licensing committees.

3.7.2 There is a corporate induction programme in place for staff, which is largely e-learning based, and one for new managers, supplemented by various internal training courses. Within the New Manager Essential Programme the key objectives are for delegates to understand the roles and responsibilities (core standards and expectations) of the Brent Manager and the Management competencies. Key information and policies are highlighted to new staff and managers and held on the intranet.

3.8 **Managing risks and performance through robust internal control and strong public financial management**

3.8.1 Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet model of decision making. Although some decisions are reserved for Full Council, most are made by the Cabinet or by committees, sub-committees or officers. There are currently no decision making powers delegated to individual Members.

3.8.2 All forthcoming Key decisions by Cabinet are published in the Council's Forward plan and published every month on the Council's website.

3.8.3 Reports and minutes of meetings are also published on the council's website and are available through the Libraries. This includes urgent decisions, which are reported to the next formal meeting of Cabinet.

3.8.4 The council has an Audit Committee which meets at least four times during the year, with clear terms of reference and an annual work programme for internal audit and risk management. The committee has an independent chair and an independent member to help ensure it is effective in performing its duties.

3.8.5 In order to enhance the effectiveness of the Committee, it is to be re-constituted as an advisory committee for most of its activities. This will enable the independent Members to be equal voting members of the committee.

3.8.6 The Council maintains an Internal Audit service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Head of Internal Audit has direct access to the Chief Executive, the Section151 Officer and the Chair of the Audit Committee and now the Chair of the Audit Advisory Committee.

3.8.7 Robust business continuity management arrangements exist within the council, with all critical services having business continuity plans in place.

3.8.8 The Council has a three year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council's corporate priorities. The budget and policy framework outlines the process and timetable to be followed each year when setting the council's budget. The financial management framework includes regular budget monitoring reports to departmental management teams, Corporate Management Team and Cabinet.

3.9 **Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

3.9.1 The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met and, where required under Standing Orders, appropriate agreement of the Chief Executive or the relevant Chair of Scrutiny is obtained. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.

3.9.2   Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing guide and have to be cleared by both Finance and Legal. The Cabinet receives a briefing (Leader's Briefing) three weeks prior to the Cabinet meeting when members can ask detailed technical questions of officers. All reports must be reviewed and signed-off by or on behalf of the Chief Finance Officer and the Chief Legal Officer and contain clear financial and legal advice to help members arrive at decisions.

3.9.3   In accordance with the Local Government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Cabinet. These mechanisms involve the Scrutiny process including call-in. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.

3.9.4   All members and chief officers are required to complete an annual statement relating to third party transactions and a register of members' interests, which is updated by members, is maintained and published on the Council's website.

3.9.5   The Brent Council Code of Conduct for Members, revised in 2015, defines the standards of conduct expected of elected representatives, based on the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

3.9.6   In addition, the following codes, protocols and systems are well established within the council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government.

These include:

➤   A declaration of interest process for members and senior officers as described above;
➤   Rules and protocols are in place and are being further developed for all partnership working;
➤   Organisation-wide performance appraisal and employee development schemes are in operation;
➤   There is a corporate complaints procedure in place in line with Ombudsman good practice requirements;
➤   Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised in compliance with the national transparency agenda; senior officers' remuneration is published on the council website.

4. Review of Effectiveness

4.1 The Governance Framework is subject to on-going review as part of the everyday business of the organisation. The reduction in resources within the public sector has increased the attention on ensuring that governance frameworks remain efficient and effective. The Council also has responsibility for conducting, at least annually, a formal review of the effectiveness of its governance framework including the system of internal control.

4.2 The review of effectiveness is informed by the work of the Directors and senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the work of the Head of Internal Audit & Investigation's Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

4.3 The Council's review of the effectiveness of its system of internal control is informed by:

> ➢ Annual Assurance Opinion of the Head of Internal Audit
> ➢ Performance against targets
> ➢ Annual Assurance Statement
> ➢ LGA Peer Review
> ➢ A review of the previous year's Annual Governance Statement

4.4 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is described below:

4.4.1 Performance Management

The Council has a Performance Management Framework, overseen by the Corporate Performance Team (CPT), within the Chief Executive's Department. The CPT works with Departmental Management Teams to strategically align all the Council's performance monitoring and reporting and coordinate the production of three main reports:

> ➢ The Quarterly Performance Report for Cabinet
> ➢ Portfolio Performance Packs
> ➢ CMT Monthly Dashboard

Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have weekly meetings with Executive Directors and review finance and performance indicators each month.

4.4.2 Management

The Corporate Management team meets fortnightly to oversee the operations of the organisation and receives reports for both challenge and comment prior to formal decision making processes, reports will also be presented, to provide the required assurances regarding the strategic risks the organisation faces. These include periodic reports from the groups and Boards established in the identified

high risk areas such as Health and Safety; IT Governance; Business Continuity; Corproate Risk and Contracts and Procurement. As noted above the role and contribution that these groups make is reviewed on an on-going basis however in 2016 a more formal review was undertaken to ensure the terms of reference were clear and remained current for all groups.

As part of the process to produce this statement all Senior Managers have been asked to complete a self-assurance statement in respect of 2016/17, that:

> They fully understand their roles and responsibilities;
> They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
> They have made an assessment of the significant risks to the successful discharge of the Council's key priorities; and
> They acknowledge the need to develop, maintain and operate effective control systems to manage risks.

One of the key elements in obtaining the required internal controls assurance for the Annual Governance Statement is the completion of the Annual Assurance Statement by senior officers. The Statement noted that for the year ended 31 March 2017, senior officers were aware of their responsibilities and had complied with the council's policies and procedures.

4.4.3 The Cabinet

The Cabinet makes key decisions in accordance with the Budget and Policy Framework. They conduct joint planning sessions with the Corporate Management Team to consider the council's policy priorities and its linkages with the medium term financial strategy. The Cabinet meets regularly with the Corporate Management Team to develop policy and to receive operational and financial performance information.

4.4.4 The Standards Committee

The Standards Committee receives reports from the Council's Monitoring Officer on issues concerning member conduct and would consider reports referred from the Monitoring Officer which require investigation and/or determination. The role and effectiveness of the Standards Committee has recently been enhanced by the addition of new co-opted members.

4.4.5 Scrutiny Committees

In 2016, Full Council approved a new structure for scrutiny at Brent Council. This was to replace the Scrutiny Committee with the Community and Wellbeing Scrutiny Committee and the Resources and Public Realm Scrutiny Committee. The new dual committee system came into effect on 18 May 2016. Each of the committees has discrete responsibilities for scrutinising the council's executive and covers different parts of the local authority's services. Policy is reviewed by reports discussed at committee as well as task groups set up to review a particular issue. In addition, a Budget panel, which is chaired by the chair of Resources and Public Realm Scrutiny Committee, was set up. In addition, there is scrutiny of Cabinet

members and decision-making at individual committee meetings of the two committees. The two committees have a statutory role in scrutinising policy and decision-making of external organisations and agencies.

In April 2017 the decision was taken to bring Brent's ALMO, Brent Housing Partnership, back in house. As part of this decision Council agreed to establish a Housing Scrutiny Committee.

4.4.6 The Audit Advisory Committee

The Audit Committee met five times during 2016/17 and has considered the work of Internal Audit during the year, the Head of Internal Audit's annual report and opinion and the External Auditor's annual letter. The Committee monitors the effective development and operation of risk management. It reviews the annual statement of accounts specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from audits that need to be brought to the attention of the Council. The Audit Committee also considers the Treasury Management Strategy and the Annual Investment Strategy and reviews treasury management activity during the year

In order to enhance the effectiveness of the committee, it is to be re-constituted as an advisory committee for most of its activities. This will enable the Independent Members to be equal voting members of the committee. Those matters which come before the committee will require a formal exercise of council functions (e.g. approval of accounts) will continue to be made by the Audit Committee, which will consist of the councilor membership of the Audit Advisory Committee.

4.4.7 Corporate Governance Group

Set up 2016, this is an informal, but significant, meeting of the Council's three corporate Statutory Officers together with the Head of Audit and Investigations and the Strategic Director of Resources. It reviews key governance issues, the results of recent sensitive investigations and similar material in order to update policy and practice as appropriate.

In 2016/17 it was identified, through the work of this group, that there is a need to ensure that there is consistent awareness, at all levels of Management, regarding expectations and requirements to declare conflicts of interest. This is in part due to the changing environment in which officer's work and ensuring the risks are managed. It should be noted proactive audit work focused on high risk roles in the establishment, was completed in 2016/17 and identified no concerns arose from this work. To ensure controls are robust in the future some actions have been agreed between Human Resources and the Audit & Investigations Team that will be implemented early in 2017/18. These include:

➢ Reminders to officers of the requirements of the Council Policy and of ensuring that declarations are kept up to date.
➢ Refresh of Council Policy with more focus on the spirit of the policy to enhance awareness and understanding of requirements.
➢ Monitoring of compliance in year to gather assurance.
➢ Internal Audit assurances.

4.4.8 Internal Audit

The council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Head of Audit and Investigations to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

The Head of Audit & Investigations has provided an annual report which will be presented to the Audit Committee on the 26th June 2017. This report outlined the key findings of the audit work undertaken during 2016-17, including areas of significant weakness in the internal control environment.

An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the objectives at risk. The level of non-compliance puts the objectives at risk.
None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.

It is the opinion of the Head of Audit and Investigations that, taking into account all available evidence, there is Reasonable Assurance over the adequacy and effectiveness of the council's overall internal control environment during the financial year 2016-17.

An area of focus identified in 2016/17 is Schools Finance and Governance there have as a result been changes to the approach to schools audit proposed and agreed, by Corproate Management Team and Members, for 2017/18. There will also be additional time dedicated to engagement with colleagues across the Council, who also work closely with schools, to enhance the information used for risk assessing and targeting audit resources.

The Audit and Investigation Service, as part of the shared service arrangements lead by the London Borough of Ealing, was subject to review in 2016 and a decision taken to bring the service back in house. This took effect as of 01 April 2017 and a new Head of Audit and Investigations has been appointed. Work to ensure the service fully meets the needs of the Council and adheres to the Public Sector Internal Audit Standards commenced in 2016 and will continue into 2017/18.

4.4.9 External Audit

KPMG LLP is currently the Council's appointed external auditor. As well as an examination of the Council's financial statements, the work of the council's external auditor includes an assessment of the arrangements the Council have in place to deliver value for money in its use of resources.

4.4.10 Risk Management

The Council managed its risks during 2016-17 in accordance with the approved Risk Management Policy. The Corporate Management Team formally considers risks, with quarterly reports also being presented to the Audit Committee. A review has been undertaken during 2016/17 and the outcomes reported and discussed at both CMT and Audit Committee. During 2017/18 there will be a plan to further embed risk management into the business processes and decision making of the organisation.

4.4.11 Developing Capacity

The Council has operated procedures during the period covered by this statement to ensure the training needs of staff are assessed against core competencies and any key training needs are met. Additionally the Council has provided and makes available ongoing training opportunities to councilors to enable them to effectively fulfil their duties.

4.4.12 Engagement

Regular consultation is also undertaken with residents to ensure that the authority makes decisions based on resident requirements and feedback regarding general provision and quality of service.

5. Significant Governance Issues

5.1 Set out below are the prior year significant governance issues, for which actions plans were in place during 2016/17. As part of the on-going effort to strengthen governance arrangements all actions within the plans have been completed and this has been confirmed through the 2016/17 formal review of effectiveness undertaken as part of the process to produce the Annual Governance Statement.

Year	Issue	Status
2014/15	Contractor Management	Closed
2015/16	Financial Service Centre – Internal Control Failure	Closed
2015/16	Statutory Compliance - Health & Safety	Closed
2015/16	Brent Housing Partnership – Integrated Asset Management Partnership	Closed
2015/16	Relationship between Officers and Members	Closed

5.2 No significant governance issues have been identified during 2016/17.

5.3 We propose to continue the focus on the principles of governance and ensuring they remain embedded within the governance framework. All the areas for development identified as part of the 2016/17 review of effectiveness will be monitored and closed during 2017/18. This will be confirmed as part of the 2017/18 review of effectiveness and reported within the Annual Governance Statement.
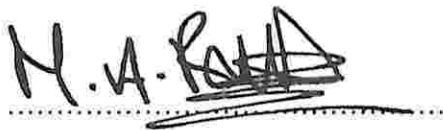
6. Conclusion and Evaluation

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Brent to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.

Signed:

Muhammed Butt

Leader of the Council

Carolyn Downs

Chief Executive

Date: