

London Borough of Islington

Annual Governance Statement 2017-18

1. Scope of responsibility

1.1. Islington Council is responsible for ensuring that its business is conducted in accordance with the law and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Additionally, the Council 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 and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council has approved and adopted a code of corporate governance which is consistent with the seven principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016. A copy of the code is on our website, included in the Council's Constitution.

1.3. This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment" of the Council's performance across all of its activities and:

- Describes the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible;
- Describes processes applied in reviewing their effectiveness, and
- Lists actions proposed to deal with significant governance issues identified.

2. The purpose of the governance framework

2.1. The governance framework comprises the systems, policies, processes, culture and values by which Islington Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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, cost effective services.

2.2. 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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3. The governance framework described in this document has been in place at Islington Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

3. The governance framework

This section describes the key elements of Islington Council's governance arrangements.

3.1. *Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.*

3.1.1. The Council expects the highest standard of conduct and behaviour from all its Members and officers. Responsibility for promoting, developing and maintaining these high standards lies with the Audit Committee, supported by the Standards Committee. The Standards Committee is responsible for considering complaints regarding alleged breaches of the Members' Code of Conduct. The Audit Committee received an annual report on Member conduct matters on 19 September 2017. In accordance with the Localism Act 2011, the Council has appointed Independent Persons who have statutory functions in relation to the process for dealing with complaints of breach of the Code.

3.1.2. Part 6 of the Constitution contains the revised Members Code of Conduct, which sets out the rules for registering and declaring interests; it also includes protocols on Member/Officer Relations, Financial Regulations and Procurement Rules, and the Members Call for Action.

3.1.3. Part 7 of the Constitution contains the Members' Allowance Scheme, which includes details on Members' eligible expenses. The scheme is reviewed annually taking into account advice and recommendations of the London Council's Independent Remuneration Panel.

3.1.4. An Employee Code of Conduct is reviewed, revised and publicised to staff.

3.1.5. The Council has established a whistle blowing policy in accordance with the requirements of the 1998 Public Interest Disclosure Act. This forms part of the Council's Anti-Fraud Policy. The Audit Committee reviews and updates the whistle blowing policy and receives a report concerning

whistleblowing bi-annually annually. The policy was updated in March 2014 and will be updated again in 2018-19.

- 3.1.6. The whistle blowing policy is publicised to staff via the corporate induction process, internal newsletters and on the Council's intranet and internet sites. The policy encourages employees to report inappropriate action by other employees, Members and external Council contractors, without fear of victimisation or retribution. Whistle blowing referrals are promptly investigated by Internal Audit, where appropriate, after initial referral to the Head of Internal Audit.
- 3.1.7. The Council has a formal two-stage process for managing complaints. Our aim is to ensure that when things go wrong, we respond quickly to put things right. The process is set out on the Council's website and copies are available from the Central Complaints Team.
- 3.1.8. The Council has a Corporate Complaints Team responsible for the overall management of complaints. Its aim is to ensure the Council learns and improves its performance as a result of customer feedback. Departmental Complaints Officers record and report on all complaints, and the service response is monitored.
- 3.1.9. Customers who are dissatisfied with how the Council has dealt with a complaint can contact the Local Government Ombudsman; an independent, impartial and free service. The Ombudsman has powers to independently investigate complaints about how the Council has acted.

3.2. Ensuring compliance with relevant laws, regulations, internal policies and procedures, and that expenditure is lawful.

- 3.2.1. Chief Officers are responsible for ensuring that their staff operate in accordance with human resources policies, and the Code of Conduct for Employees promote high standards of behaviour and are reinforced by appropriate training. As well as providing legal support on specific projects and issues, the Council's Legal Service provides proactive updates, training and advice to Chief Officers, staff and Members on new legislation and case law developments and changes to existing legislation and regulations. All decision making reports to the Council, its Committees and the Executive include appropriate legal implications. Legal Services also provide legal implication comments for reports to Chief Officers and to meetings of the Corporate Management Board. A representative of the Service attends all Council, Executive, Planning and Licensing meetings and other meetings when requested.
- 3.2.2. The Internal Audit service produces an annual plan, which identifies key strategic and operational risks facing the Council and sets out a programme of work designed to provide assurance to the Section 151 Officer, Management and Members that the Council complies with

relevant laws, regulations, internal policies and procedures. All internal and external audit reports are available to the Audit Committee, which also receives an annual report on the primary risks facing the Council.

3.3. Documenting a commitment to openness and acting in the public interest.

3.3.1. The Council's Constitution, through the Local Code of Corporate Governance sets out the Council's commitment to:

- Focus on the purpose of the authority and on outcomes for the community;
- Work effectively with officers to achieve a common purpose, whilst understanding the clearly defined different functions and roles;
- Promote the values of the authority and demonstrate the values of good governance by upholding high standards of conduct and behaviour;
- Take informed and transparent decisions which are subject to effective scrutiny;
- Develop their own capacity and capability;
- Engage with local people and other stakeholders.

3.3.2. The Council also sets out its commitment to Freedom of Information, Environmental Information Regulations and Data Subject Access Requests in its Access to Information Policy.

3.4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

3.4.1. The Council regularly engages and consults with residents and the wider community on a diverse range of issues. Various communication channels are used, including council websites, social media channels, public meetings and the quarterly magazine delivered to residents. In 2014, 2015 and again in 2017, a survey of 1,000 residents was undertaken to test perceptions of the Council, its services, and the priorities for residents. The findings are used to shape policy and communications.

3.4.2. An annual Voluntary and Community Sector Conference, hosted by the Council, provides an opportunity for engagement with a wide number of local organisations that work closely with some of the most vulnerable residents.

3.4.3. Through its VCS Partnership Grants Programme, the Council has made commitments of £2.7 million per annum until March 2020 to 49 voluntary and community sector organisations. This includes £1.414 million for advice services (including Islington Law Centre, Citizens Advice Bureau, Islington People's Rights and Help on Your Doorstep advocacy service),

£220,000 to borough-wide infrastructure partners and networks, £395,000 to delivery partners, £597,000 to community hubs and £35,000 for a borough-wide volunteering offer.

3.4.4. Council meetings are open to the public; the only exception is for agenda items that are confidential. The time, date and location of public meetings are displayed on the Islington website.

3.4.5. Ward partnership meetings provide a means for councillors to engage with residents and organisations in their ward to discuss local issues. Those meetings are open to the public.

3.5. *Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning and translating the vision into courses of action for the authority, its partnerships and collaborations.*

3.5.1. The central aim of the Council's Administration is to make Islington a fairer place. In 2010, the Council set up a Fairness Commission which explored inequalities for residents and set out recommendations for a fairer Islington. This was followed in 2013 by a second commission – the Employment Commission – looking at how to tackle unemployment, a key driver in the poverty and inequality in Islington. In 2016/17, the Council set up a Fairer Futures Commission looking at young people's experience of growing up in Islington.

3.5.2. The Council's priorities to achieve 'A Fairer Islington' are set out in the 'Islington Commitment', our Corporate Plan for 2015-19. The five key priorities are:

- Providing more council housing and support private renters;
- Helping residents who are out of work to find the right job;
- Helping residents cope with the rising cost of living;
- Providing residents with good services on a tight budget; and
- Making Islington a place where our residents have a good quality of life.

3.5.3. These priorities and the intended outcomes have been communicated to staff, residents and service users in newsletters, on the Council's website (www.islington.gov.uk) and through a variety of other media. The Council also uses large print and translated documents to make the information accessible.

3.5.4. The Council has in place a robust Performance Management Framework to ensure effective delivery of services and priorities. Elements are:

- Corporate Performance Indicator Suite – performance measures covering key services, priorities and equalities objectives;
- Monthly Performance Panel – an internal mechanism for senior scrutiny of corporate priorities and of council services;

- Performance reporting to scrutiny committees, including more in depth scrutiny of specific topics, and
- Overall monitoring of corporate performance through the Policy and Performance Scrutiny Committee.

3.5.5. The Islington Commitment, Corporate Performance Indicator Suite, and Performance Management Framework are set out on the Performance page of the Council's website.

3.5.6. Housing and Adult Social Services uses feedback from surveys and complaints in its commissioning strategies and actively engages with service users and carers to co-produce plans for service development and service change.

3.6. Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

3.6.1. Part 3 of the Council's Constitution sets out the bodies or officers that are responsible for discharging the Council's executive and non – executive functions. The terms of reference of these bodies are set out in Part 5 of the Constitution. These include specific responsibilities for ensuring the Council has effective governance arrangements in place.

3.6.2. The Council's functions may lawfully be exercised by:

- Council;
- The Executive;
- The Leader;
- Individual members of the Executive (although only in very limited circumstances in Islington);
- Individual Ward Members (although not currently in Islington as the Council has not decided to delegate any such powers);
- Committees and Sub-Committees of the Council or the Executive;
- Joint Committees;
- Officers, and
- Other persons authorised under specific legislation.

3.6.3. The Executive is made up of the Leader of the Council and seven Executive members. The Executive is responsible for the Council's most significant decisions, which are made in line with Council policy and budget. Its functions and terms of reference are set out in Parts 3 and 5 of the Constitution. Executive agendas, minutes and summaries of decisions are available on the Council website.

3.6.4. Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet (Executive) model of decision making. Although some decisions are reserved for full Council, most are made by the Executive or by Committees, Sub-Committees or officers.

The limited powers delegated to individual portfolio holders are set out in the Constitution as is the process should the Leader decide to exercise any Executive functions personally. 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 Executive. These mechanisms involve the overview and scrutiny process, call-in and question time. The conduct of the Council's business is governed by the Constitution.

3.6.5. The Constitution includes formal delegation of responsibility and accountability, the Council's Procurement Rules and Financial Regulations. The Monitoring Officer and Section 151 Officer have overall responsibility for ensuring that standing orders, standing financial instructions, the scheme of delegation and supporting material are up to date and clearly communicated.

3.6.6. Forthcoming key decisions are published on the Forward Plan, which sets out all key decisions at least 28 days in advance of when it is anticipated they will be made, subject to urgency procedures. The Executive is responsible for the implementation of policy and ensuring the effectiveness of service delivery. The scrutiny function supports effective decision making and policy development by the Executive. The Policy and Performance Scrutiny Committee and Review Committees are responsible for overseeing a targeted work programme that can help support service improvement through an in-depth investigation of poor performance and the development of an effective strategy/policy framework for the Council and its partners. This includes consideration of medium term financial strategy. The Policy and Performance Scrutiny Committee and Review Committees are the scrutiny bodies responsible for monitoring the performance of the Council and its partners in relation to their stated policy and priorities.

3.6.7. All formal meetings are clerked by well-trained and experienced Democratic Services Officers and lawyers are present when appropriate to provide advice on law and constitutional procedure. Members are required to make sound decisions based on written reports, which are prepared in accordance with the Council's report writing guidelines, and have to be cleared by relevant officers including Finance and Legal Services and by portfolio holders. Reports must address the impact on residents, including equalities impact and environmental impact, together with financial and legal implications and risks.

3.7. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.

3.7.1. The Council's robust management processes enable it to measure the quality of services provided to Islington's residents and service users:

- Service, financial and corporate planning processes ensure that the Council's objectives are based on service commitments and strategic priorities;
- Directorates report monthly on their key financial, risk and service delivery indicators. Performance slippages are highlighted and remedial action taken;
- The Monthly Performance Panel, and the external reporting through scrutiny, both include a focus on the quality of services and on user feedback.

3.8. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.

3.8.1. The Council's Constitution sets out how the Council operates, how decisions are made transparently, and how the Council demonstrates its accountability to residents and local businesses.

3.8.2. The Constitution also sets out the roles and responsibilities of the Executive, other member level decision making bodies and officers. A Publicity Protocol governing Members' and Committees' communication is set out in Part 6 of the Constitution; compliance with this is supported by a specialist Communications Team.

3.8.3. The Constitution is updated at least annually to reflect any internal or legislative changes. Key amendments coming into effect in 2017/18 included an update to the Terms of Reference of the Joint Health Overview and Scrutiny Committee to expand its responsibilities for consultation and promoting joint working and the Members Code of Conduct was updated to increase transparency regarding gifts and hospitality offered to Members.

3.9. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

3.9.1. The Corporate Director of Resources (Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972) is responsible for leading and directing financial strategy and operations for 2017-18. In his role as Chief Finance Officer, he is responsible for:

- Ensuring lawfulness and financial prudence of decision-making;

- Reporting to full Council (or to the Executive if the matter to which the report relates is an Executive function) and the Council's external auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure; or is unlawful and is likely to cause a loss or deficiency; or if the Council is about to enter an item of account unlawfully, and
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to Members.

3.9.2. The Head of Internal Audit gives an objective based opinion on all aspects of governance, risk management and internal control, and reports quarterly to the Audit Committee.

3.9.3. The officer Corporate Governance Group also meets every two months to discuss and monitor compliance with corporate systems of internal control, data security and governance issues. The group includes the Corporate Director of Resources, (the Section 151 Officer), the Director of Law and Governance (the Council's Monitoring Officer) and the Head of Internal Audit. Representatives from each department are also included in the membership of this group.

3.10. *Ensuring effective arrangements are in place for the discharge of the monitoring officer function.*

3.10.1. The roles and responsibilities in respect of the democratic process are set out in detail in the Constitution. The Director of Law and Governance is responsible, as Monitoring Officer, for:

- maintaining and keeping under review the Constitution (setting out in particular the bodies and post holders able to exercise, the Council's functions, and the code of conduct for members) and making this widely available to Councillors, officers and the public.
- holding an up-to-date list of authorisations issued by the Directors to other officers under Part 3, paragraph 8.7 and Appendix 3 of the Constitution, authorising other officers to exercise functions delegated to them under the Constitution.
- reporting to full Council (or to the Executive if the matter to which the report relates is an Executive function) if they consider that any proposal, decision or omission has given, may or would give rise to unlawfulness or has given rise to any maladministration which has been investigated by the Ombudsman.

- contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee and by maintaining a Register of Interests of Councillors and voting co-opted members of the Council.
- receiving and acting on complaints that a member has breached the Islington Members' Code of Conduct.
- advising whether decisions of the Executive are in accordance with the Policy Framework and the Budget.
- advising Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

3.11. *Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.*

3.11.1. As Head of Paid Service, the Chief Executive works closely with elected members to deliver the following:

- Leadership: working with elected members to ensure strong and visible leadership and direction, encouraging and enabling managers to motivate and inspire their teams
- Strategic direction: ensuring all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected members
- Policy advice: acting as the principal policy adviser to the elected members of the Council to lead the development of workable strategies which will deliver the administration's objectives
- Partnerships: leading and developing strong partnerships across the local community to achieve improved outcomes and better public services for local people
- Operational management: overseeing financial and performance management, risk management, people management and change management within the Council

3.12. *Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.*

3.12.1. The Council is committed to the on-going professional development of Members and officers. Upon election, all Members are provided with a

corporate induction and offered access to an on-going training and mentoring programme. Details of all training provided to Members is reported to Audit Committee annually.

- 3.12.2. Since the local elections in May 2014, training and development has been provided to Councillors on both a group and individual basis. This has included personal development skills based work as well as specific knowledge. Councillors have also attended various conferences and away days as well as specific events put on by the LGA and London Councils.
- 3.12.3. There is an annual performance appraisal scheme for employees, which links targets to service objectives, underpinning the Council's vision. Through these processes, employees are able to identify their development needs, which are logged on individual development plans that they are encouraged to maintain.
- 3.12.4. New employees attend the Council's corporate induction programme, in addition to which directorate and role specific training is provided where needed. Information on staff training, development programmes and courses available are regularly publicised on the Council's intranet website, IC Bulletin and News Roundup, which includes an induction training course for all new Islington staff and Managers. There is compulsory training for staff on key issues such as equality, data security and health and safety.
- 3.12.5. The Executive and the Corporate Management Board have a number of 'away days' each year that help them to improve their performance collectively through ideas sharing and looking at improved ways of working.

3.13. *Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.*

- 3.13.1. The Council continues to improve the risk maturity of the organisation, moving towards a more risk aware culture and embedding risk management into business as usual practices. The risk management framework has been enhanced to define materiality and provide guidelines for risk escalation, and risk management continues to be embedded through workshops.
- 3.13.2. The Council's Principal Risk Report is reviewed and updated bi-annually and updates are presented to the Audit and Corporate Governance Committee. The process is led by the Council's Risk Manager and Head of Internal Audit, in consultation with risk owners, DMTs and CMB.
- 3.13.3 The work of Internal Audit, in accordance with their Annual Audit Plans, continues to be directed towards the high-risk areas as identified within the Principal Risk Report and local risk assessments.

- 3.14. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).**
- 3.14.1. The Council's Anti-Fraud Strategy is refreshed at regular intervals. The strategy incorporates the Council's whistleblowing guidance and fraud response plan, and promotes a zero tolerance approach to fraud. The Council's whistleblowing policy provides a mechanism for suspected fraud including breaches of law, procedure or policy to be confidentially reported.
- 3.14.2. The Council operates a Fraud Forum which was established as part of the governance arrangements within the Anti-Fraud Strategy. The forum is chaired by a Corporate Director and attendance at the forum ensures that each directorate is represented by officers involved in anti-fraud work. The purpose of the forum is to:
- monitor the anti-fraud framework,
 - consider any new or increased exposures to fraud and corruption,
 - escalate serious concerns as appropriate, and
 - ensure that the action taken to address fraud and corruption in the Council is adequate and effective.
- 3.14.3 The Council investigates reported or suspected fraud in a timely manner. The Head of Internal Audit, Investigations and Risk Management has overall responsibility for anti-fraud related activity and reports outcomes of whistleblowing investigations teams bi-annually to the Audit Committee.
- 3.14.4 Completed anti-fraud work in 2017-18 produced reports in a number of areas with recommendations to strengthen controls and further mitigate fraud risk.
- 3.14.5 The Council participates in the National Fraud Initiative. In 2017-18, the Council participated in London Counter Fraud Hub workshops as one of four pilot authorities involved in the proof of concept.
- 3.15. Ensuring an effective scrutiny function is in place.**
- 3.15.1. The Policy and Performance Scrutiny Committee and the theme based scrutiny committees enable Councillors to scrutinise the performance of the Council and its partners and decisions made by the Executive.
- 3.15.2. Scrutiny Committees have responsibility for overseeing performance of the service area within their remit. There are four Scrutiny Committees, closely aligned with Council departments as follows:

- Children's Services Scrutiny Committee;
 - Health and Care Scrutiny Committee (to cover Public Health and Adult Social Care);
 - Environment and Regeneration Scrutiny Committee, and
 - Housing Scrutiny Committee.
- 3.15.3. Policy and Performance Scrutiny Committee acts as the Scrutiny Committee for those areas not covered above i.e. Crime, Employment, Finance and Resources and is initially responsible for all Councillor Calls for Action.
- 3.15.4. Each Executive Member is required to report annually to the relevant scrutiny committee on delivery of services and priorities within their portfolio. The Executive Member is accompanied by the relevant Corporate Director. Details are set out in the performance management framework.
- 3.15.5. Accountability and effectiveness of other service providers is addressed through relevant partnership arrangements, including the Safer Islington Partnership, Children and Families Board and the Health and Wellbeing Board.
- 3.15.6. The Council's scrutiny committees can undertake more in depth research into particular challenges or concerns, and request evidence from other service providers and external organisations.
- 3.16. *Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2013).***
- 3.16.1. The Audit Committee's terms of reference are set out in Part 5 of the Constitution and are in accordance with recommendations from CIPFA. Its key responsibilities include approval of the annual Internal Audit work plan, review and approval of the annual Statement of Accounts and monitoring the effectiveness of the Council's corporate governance activities and promoting high standards of member conduct.
- 3.16.2. The Committee meets on at least a quarterly basis. Since its inception, it continues to review and report on the Council's auditing processes, with particular regard for performance, value for money, and governance issues. The Committee includes independent members.
- 3.16.3. The Audit Committee and its two Sub-Committees deal with a range of matters including Council accounts and audit functions, personnel and pension functions.
- 3.16.4. The regular training of the Audit Committee's members helps ensure the Committee is able to effectively its responsibilities.

- 3.16.5. The Audit Committee has independent members suitably qualified and trained to support the committee in an advisory capacity.
- 3.17. *Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.***
- 3.17.1. The External Audit is factored into the work plan of the Finance Department and adequate resources are devoted to this. The Council's support to and co-operation with External Audit has been commended in the annual ISA260 Report to Those Charged with Governance.
- 3.17.2. Internal Audit closely monitors the implementation of recommendations and reports bi-annually to CMB, Corporate Governance Group and Audit Committee where actions remain outstanding and/or where assurance has not increased from limited or no assurance on follow up. The External Audit is factored into the work plan of the Resources Directorate. Information needed by the External Auditors is responded to promptly and the Council remains in regular dialogue with the External Auditors throughout the year.
- 3.18. *Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.***
- 3.18.1. The Council works in partnership with a wide range of organisations from the statutory sector, third sector and business to deliver services for local people and drive forward improvements in Islington. Partnership working includes different types of relationships – from contractual arrangements between the Council and other organisations to deliver services or projects through to strategic forums (some of which are required by statute, others voluntary) which bring partners together around the table to agree how best to tackle key challenges and shared priorities. Some have funding to allocate and targets to meet, others provide a steer to inform individual partners' priorities and commissioning.
- 3.18.2. The governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership remains appropriate, effective and fit for purpose. In addition, the Council's Financial Regulations provide guidance on best practice in managing partnership arrangements.
- 3.18.3. Where the relationship is a contractual one i.e. funding to deliver an agreed service, the contract or service level agreement will set out requirements around use of funding, what is to be delivered, targets,

measurable outputs and how the contract is to be monitored, reviewed and evaluated. Contracts and budgets are managed by the relevant department with the Corporate Director having overall responsibility.

- 3.18.4. Where the relationship is a strategic one, for instance membership of a partnership such as the Safer Islington Partnership, the Terms of Reference will set out governance and accountability arrangements.
- 3.18.5. Generally speaking, most partnerships and forums are not legal entities - partners are there on a voluntary basis and the Council is usually the formal accountable body in terms of any targets or funding that falls within the remit of the partnership.
- 3.18.6. Where a partnership is a mandatory requirement, e.g. the Safer Islington Partnership and Children's Trust Boards, there will be an expectation set out in legislation on named partners to attend. Even in the case of non-mandatory partnerships such as the Children and Families Board or the Islington Partnership Board, partners may agree 'mandatory' membership from key organisations.
- 3.18.7. Over the past decade, the Council has worked closely with its partners through the Islington Partnership Board (IPB). The IPB discusses priorities for the borough, shares information about key issues affecting individual organisations and agrees joint working arrangements for cross cutting challenges such as youth unemployment and welfare benefit reforms.
- 3.18.8. Where the partnership involves sharing data then either a contract of an Information Sharing Agreement will be in place
- 3.18.9. The Health and Wellbeing Board, which includes membership from the Council, Islington Clinical Commissioning Group and Healthwatch Islington provides the mechanism for leadership of the local health and wellbeing system, maintaining an overview of account for improvement in health and wellbeing outcomes, and ensuring effective coordination and integration of commissioning plans to secure best use of resources and population health outcomes.

4. Review of Effectiveness

- 4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, the Council's self-assessment (as per 4.2

below) and also by comments made by the external auditors and other review agencies and inspectorates.

4.2. Self-assessment

- 4.2.1. In line with section 5 of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 (guidance notes), a comprehensive self-assessment was completed in 2017-18 to assess the Council's effectiveness in applying principles of good governance in practice.
- 4.2.2. The self-assessment was completed by key officers across the Council and indicated that the Council had achieved a sound level of implementation of good governance principles.

4.3. External Audit and Inspectorates

- 4.3.1. The annual external audit of the Statement of Accounts has consistently produced an unqualified opinion with little or no material or immaterial adjustments. The same also applies to the audit of grant claims and returns.
- 4.3.2. Adult Social Care is subject to a regular Peer Review which functions as an external audit of departmental effectiveness. This is coordinated by London ADASS and the LGA and carried out by peers from other London Authorities.
- 4.3.3. Children's Services are subject to the statutory inspection regime from Ofsted.

4.4. Internal Audit

- 4.4.1. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit provides an annual audit opinion and report that can be used by the organisation to inform its governance statement.
- 4.4.2. The Internal Audit plan is developed using a risk-based approach. Internal Audit provide assurance on the actions to mitigate key potential risks through delivery of the audit plan.
- 4.4.3. The audit plan is delivered by the in-house team across the Shared Internal Audit Service (with LB Camden) and a co-sourced partner. The full summary of the work that Internal Audit has undertaken during the 2017/18 financial year (which provides detail on the high risk and priority issues which could impact on the effectiveness of the internal control environment across the Authority), will be provided in the 2017/18 Internal Audit Annual Report to the Audit Committee.
- 4.4.4. Audit recommendations made in 2017/18 will be scheduled for follow up in 2018/19 to ensure that management action has been implemented

within agreed timescales. This will provide senior management and the Audit Committee with a direction of travel in the internal control environment across the Council and will identify areas where further improvement is required.

4.4.5. Head of Internal Audit's Annual Opinion

4.4.6. The annual opinion categories range from No Assurance, Limited Assurance, and Moderate Assurance to Substantial Assurance. The annual opinion given for 2016/17 was Moderate Assurance.

4.4.7. The work undertaken during 2017/18 has enabled the Head of Internal Audit to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. For the year ended 31st March 2018, the Head of Internal Audit's opinion is that the adequacy and effectiveness of the Council's arrangements is Moderate Assurance – overall the Council's systems for control, risk and governance are generally adequate with some improvement required. Weaknesses identified in individual assignments (including those rated as critical) are not significant in aggregate to the system of internal control; high/critical risk rated weaknesses identified in individual assignments are isolated to specific systems or processes. Where Internal Audit has concluded "no assurance" in 2017/18, robust action plans have been agreed with services and a high level of implementation of recommendations is expected. Revision to assurance ratings and residual risks will be closely monitored through follow-ups in 2018/19. Further detail on audit outputs is provided in the Internal Audit Annual Report.

4.4.8. Regulation 6 of Part 2 of The Accounts and Audit Regulations 2015 requires that relevant bodies conduct, at least once in each year, a review of the effectiveness of the system of internal control. The findings of the review must be considered by the body to ensure that it has the system of internal control required by Regulation 3.

4.4.9. The Head of Internal Audit also concluded that the Internal Audit service continues to be effective, complies with PSIAS, and provides the necessary skills and expertise to deliver a cost effective, value added, service to the Council, its partners and stakeholders. LB Croydon undertook an independent peer review of Camden's Internal Audit service in May 2016 to comprehensively review the effectiveness of the Shared Internal Audit Service with LB Islington. It concluded that the audit shared service 'fully conforms' with PSIAS which is the highest rating available. In 2017-18, a PSIAS self-assessment was conducted to ensure continued compliance with standards. The Internal Audit service also benefits from ongoing networking and benchmarking across the Cross Council Assurance Service (a consortium of London boroughs drawing on the same framework agreement for co-sourced assurance services).

5. Significant governance issues and areas for improvement

5.1. A key element of the annual governance review process is to identify any significant internal control issues. The Council has adopted the approach recommended by the CIPFA, which has identified what may be considered generally as a significant issue. These include:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved;
- The issue has resulted in significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The Audit Committee, or equivalent, has advised that it should be considered significant for this purpose, or
- The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

5.2. There were no significant governance issues that met these criteria during 2017-18. However, the following general issues have been highlighted and, in line with good governance arrangements, will be monitored during the year ahead. These include:

- Development and delivery of the savings programme – the Outcomes Based Budgeting (OBB) initiative is underway to ensure that the Council balances the budget over the medium term,
- Compliance with the General Data Protection Regulation (GDPR) requirements. The Council has been undertaking a programme of work in line with the Information Commissioner's Guidance on GDPR and will continue to track compliance in the coming year. The Council is also preparing for the UK Data Protection Bill (2018) to become law in the coming months,
- Strong relationships and governance underpin the Wellbeing Partnership. However there remains a risk that health and social care models are financially unsustainable or do not provide adequate quality of care from the Council's point of view and this will continue to be tracked in the coming year,
- There is a risk IT projects, which will enable/optimize business transformation across the Council, are not delivered. To this end, baseline analysis of the portfolio of work, service specification, budget due diligence and resource availability will continue to be monitored,
- Business continuity arrangements will continue to be monitored,
- Uncertainties and emerging implications surrounding Brexit will be considered.

6. Other areas of Governance and Assurance:

Resources

- 6.1.** The Council has a sound process for setting its budget that ensures that estimates are robust and in particular, savings proposals are fully scrutinised to ensure political, managerial and financial deliverability. During 2017 an Outcome Based Budget approach was introduced that identified the seven key outcomes the Council seeks to achieve, allocated resources to those outcomes and introduced a framework for future budget setting. This approach will be further developed in 2018.
- 6.2.** The Council's budget monitoring process during the year routinely monitors service financial performance and key risks against budget and looks to put management action in place to deliver the council's financial outturn within the overall budget. During the financial year 2017/18, the Council's budget was faced with the biggest spending pressure to date. In September 2017, the Council General Fund was projected to overspend by £9.4m. Through a management focus and action across the Council that projected overspend had reduced to £5.7m by March 2018. That £5.7m almost exclusively being the result of significant cost and demand pressures on children's social care services, experienced at Islington but also across London.
- 6.3.** Since 2010, the Council's budget has been subject to major funding cuts. The Council has had to make £210m in savings over the past eight years including £32m for the 2018/19 budget. The Council budget for 2018/19 included the maximum permissible increase in Council Tax of 2.99% together with the Government's 3% social care precept. Looking over the medium term, the Council forecasts it will need to find a further £50m of savings. Work is ongoing through the Outcome Based Budget programme to identify a range of options to meet that financial challenge.
- 6.4.** Delivering robust financial management including financial control and providing high quality financial advice is a key contributor to the Council's strong financial standing. Additionally, financial management is supporting the extensive work being undertaken by the Outcome Based Budget programme. This unprecedented ask of financial management professionals should be considered in the context of a reduction in financial management resources of over 50% since 2010. This inevitably adds more risk to financial management processes. Processes and the organisation of those resources have been reviewed to mitigate the risk as much as is possible and focus the reduced resource where they are needed most. Any further material reduction in resource, indeed the loss of key personnel would present a significant corporate risk.
- 6.5.** The Council's Housing Revenue Account has benefited over a number of years from a robust and funded 30-year business plan. Since the 2015 General Election, the Government has passed two pieces of legislation, which will have a significant impact on the Housing Revenue Account in Islington. The Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016. The key financial impacts have been the requirement on

local authorities to dispose of high value vacant council houses and the reduction of social housing rents by 1% a year for four years. While the disposal of high value voids requirement has been delayed by government, the 1% reduction in social rents has had a significant impact on the Housing Revenue Account. The Housing Revenue Account business plan is estimated to be balanced over the medium-term, accommodating the impact of the Housing Act and the Welfare Reform and Work Act. The mitigations principally involve rescheduling current borrowing over the term of the 30-year business plan, ending the subsidy for the New Build Capital Programme through revenue contributions and instead, funding primarily from open market sale receipts, Right-to-Buy receipts and other receipts from disposals and finally a robust programme of savings.

Children, Employment and Skills

- 6.6.** Children's Service was expanded in 2017/18 to include employment and skills competencies and a dedicated service director has been appointed for the new areas. The revised structure and organisational arrangements provide strong accountability, scrutiny, leadership and management grip on the Council's statutory duties for children in need of help and protection, children in care and care leavers, including early help and benefitting from high educational standards locally. Cultural opportunities for children and young people and employment and training pathways are being strengthened as a result of the new services integration into the directorate.
- 6.7.** The Corporate Director of Children Employment and Skills reports directly to the Chief Executive and the span of control allows the work to be given due priority. Assurance checks are integral to the decision-making processes of the Council. The quality of work for children in need of help and protection, children looked after and care leavers is scrutinised through Islington's Quality Assurance Framework. Professional leadership is challenged by the Chief Executive and Leader of the Council who hold the Corporate Director, the Lead Member for Children and Families and the Director of Specialist and Targeted Services to account on a quarterly basis. Progress on themes arising from audit and performance data is reported at these meetings.
- 6.8.** As part of this quality assurance, external and highly qualified professionals in the field carry out service reviews to benchmark against inspection expectations. There are research links with universities that inform practice, and this has led to an Innovation Grant from the DfE on Motivational Social Work, Doing What Counts, and Measuring What Matters.
- 6.9.** An annual self-assessment is carried out. Social worker caseloads, timeliness of interventions and outcomes for children are monitored at all levels and management oversight is good. The quality, value for money and sufficiency of placements for children is kept under review. An evaluation of Early Intervention has been undertaken, and early findings indicate good impact. Only evidence-based programmes are in use.

6.10. The Islington Safeguarding Children Board (ISCB) has an independent chair who meets periodically with the Corporate Director as part of the accountability framework outlined in paragraph 5.4.7. The ISCB annual report is discussed by the Health and Wellbeing Board (HWB), Children and Families Board (CFB) and the Children and Families' Scrutiny Committee. Both the HWB and CFB reflect on the learning and build ISCB recommendations into their respective strategies. There continues to be a strong focus on Child Sexual Exploitation through the ISCB's sub group that leads the partnership on this work, complemented by the Council's elected member working group on CSE. The ISCB also oversees multi-agency audits of practice, training and compliance with safeguarding requirements set out in legislation. The Children and Families' Scrutiny Committee have looked at the effectiveness of alternative educational provision, support for vulnerable adolescents and post 16 pathways over the last year, in addition to the annual report on learning and education standards.

6.11. The Joint Strategic Needs Assessment includes sections on vulnerable children and those in need of help and protection, and is used to determine priorities for both the safeguarding board and for services for children and families. Educational outcomes for Children Looked After and care leavers are scrutinised at the Corporate Parenting Board.

6.12. The Corporate Parenting Board is chaired by the Lead Member for Children and Families. It has strong representation from the Children's Active Involvement Service, and the voice of the child is well evidenced in individual casework. Budget and change management proposals are scrutinised for impact on the quality of work with children in need of help and protection, children looked after and care leavers and this is included in Equality Impact Assessments.

Housing and Adult Social Care

6.13. HASS Corporate Director is the statutory DASS, (Director of Adult Social Services) for Islington. The DASS is responsible for providing professional leadership for all staff involved in delivering the Council's social services functions for adults and across local networks and partnerships involved in the provision of adult social care services. The DASS is also accountable for ensuring that relevant professional and occupational standards and standards of conduct are maintained across adult social care services provided by, or commissioned by the DASS. The DASS is responsible for market shaping and continuity: commissioning effectively and ensuring the availability and quality of services that people want in order to be in control of their lives. The DASS holds responsibility for Safeguarding adults needing care and support: from abuse or neglect; when doctors are considering compulsory treatment or admission to psychiatric hospital and/or when people lack capacity to decide and may be restricted of their liberty

6.14. The current structures and organisational arrangements provide a strong accountability scrutiny, leadership and management grip on Islington's

statutory duties for vulnerable adults including the duty to provide information, advice and guidance.

- 6.15.** The Corporate Director of Housing and Adults Social Services reports directly to the Chief Executive and the span of control allows Adult Social Care to be given due priority. Assurance checks are integral to the decision making processes of the Council. Professional leadership is challenged by the Chief Executive and Leader of the Council who hold the Corporate Director of Housing and Adult Social Services, the Deputy Leader (who is also Lead Member for Health and Social Care) and the independent Chair of the Safeguarding Adults Partnership Board to account on a quarterly basis. Progress on themes arising from audit and performance data is reported at these meetings.
- 6.16.** The Council has a Safeguarding Adults Partnership Board that meets the current and new requirements for its scope and inclusiveness, chaired by an independent expert in the field.
- 6.17.** The Council has partnership agreements (known as section 75 agreements) with the Camden and Islington Mental Health Foundation Trust, Whittington Health and Islington NHS Clinical Commissioning Group, for the provision and commissioning of health and social care services. The purpose is to ensure cost effective, outcome focused, joined up services for vulnerable people. There are regular meetings between the Chairs and Chief Executives of these organisations and the Council Leader and Chief Executive, and an annual report to the respective Boards and the Council's Executive to ensure that the day-to-day arrangements for collaborative working are meeting the aims of the partnerships and the objectives of the Council. These arrangements have been strengthened in the light of the Better Care Fund and greater inter-dependency of health and social care funding. The partnership agreements have been reviewed. The Council and the CCG have also reviewed their respective commissioning structures to ensure better integration and accountability. These arrangements have been formally agreed by the Health and Wellbeing Board in line with national guidance. In light of the requirements by NHS England to develop and implement a sustainability and Transformation plan (STP) across North Central London with effect from April 2017. Islington NHS Clinical Commissioning group have re-offered their commitment to joint commissioning with the Council.
- 6.18.** HASS is responsible for managing council residential tenanted and leasehold properties in the borough, either directly or through Partners for Improvement in Islington as part of the Council's two street properties PFI contracts. A Homes and Estates Safety Board, oversees the particular fire and property-related risks to people in these dwellings. This is part of the overall corporate health and safety arrangements.
- 6.19.** In recognition of the learnings from Grenfell, a new risk surrounding a serious health and safety incident in the Council's housing stock has been included in the Council's principal risk list. In 2017-18, we reviewed our fire

safety measures and published fire risk assessments on the Council's website. A Tall Building Fire Safety meeting is convened monthly to ensure that we actively track our response to the risk of fire. The Homes and Estates Safety Board, with an independent chair, continues to monitor compliance with fire regulations and scrutinises our approach to health and safety.

- 6.20. HASS Property Services have effective arrangements to monitor equipment and stock. Arrangements are in place to actively manage the risk of fraud through prevention and detection techniques. Stock control within the repairs service has been audited, with a moderate assurance rating, in April 2017.
- 6.21. The two long term PFI contracts to manage street council housing are managed by a clienting team with governance via senior management meetings with the PFI board and scrutiny via a range of annual audits carried out by the Council's Internal Auditors. In the last year, performance has improved and deductions have been applied where properties have not been up to standard.
- 6.22. The relationship with the 23 Tenant Management Organisations in the borough is managed by the TMO compliance team supported by internal audit who run an annual programme auditing TMO financial and governance controls.
- 6.23. Residents are involved in the prioritisation and governance of the Housing Service via reference groups and representation on Housing Scrutiny Committee.

Transformation

- 6.24. At a strategic level, the Corporate Management Board (CMB) owns the change management process for the Council. The Council's change programme is being refocused to support the delivery of key outcomes, deliver necessary savings over the MTF5 period and beyond, and embed the organisation's guiding approach of building resilience through prevention and early intervention
- 6.25. Project and programme governance is proportionate to the complexity, impact and risk profile of the initiative. CMB will sign off all the key outcomes to be delivered by the refreshed change programme, and assigns ownership to a Project Sponsor at Service Director level or higher; a SRO will also be assigned from the Corporate Management Board. Each project has governance arrangements, which report to CMB on progress, issues and risks. Departmental Management Teams review projects falling within their service area to ensure delivery.
- 6.26. The Strategy and Change team, in the Chief Executive's Department, will provide project support to these change initiatives and maintain an overview of key areas of change to ensure that appropriate progress is made and

linkages and dependencies between projects are picked up. This draws on a wider support network, including financial, ICT, HR, Legal and risk management advice to ensure that barriers to success are identified and addressed.

6.27. The project planning process has a strong emphasis on return on investment and service managers are asked to sign off on the level of savings potentially achievable before committing them into spending plans. These are then monitored following project completion to ensure they are delivered.

Signed by: Richard Wray 5/6/18
Leader Date

Signed by: Lesley Stump 5/6/18
Chief Executive Date

