

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 principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. A copy of the code is on our website and 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 4(3) of Part 2 of the Accounts and Audit Regulations 2011 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, processes, culture and values by which the authority 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 2013 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. *Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users*

3.1.1. The central aim of the Council's Administration is to make Islington a fairer place. This is defined as cutting the number of Islington people living in poverty and cutting the gap in outcomes between Islington's most affluent and the least affluent on the things that matter.

3.1.2. On 30 March 2011 the Islington Partnership Board, which comprises the main public sector organisations in the borough, agreed a Community Strategy Statement of Ambition and a Charter for Fairness and Equality. These formed the basis of the Council's Corporate Plan 2011-15 with six priorities linked by the overarching priority of fairness and incorporating the recommendations of the Islington Fairness Commission.

3.1.3. The six priorities are:

- Decent, suitable and affordable homes;
- Lower crime and anti-social behaviour;
- Cycle of poverty broken
- Best start in life for children
- Healthy, active and independent lives;
- Delivering basic services efficiently and well.

3.1.4. These priorities and the intended outcomes have been communicated to citizens 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 as accessible as possible to all of its citizens and service users.

3.2. *Reviewing the Authority's vision and its implications for the Authority's governance arrangements and translating the vision into objectives for the authority and its partnerships*

- 3.2.1. The Corporate Plan sets out the priorities and objectives for the period 2011-15. Underpinning the plan is a set of corporate performance indicators which help measure progress against the higher level objectives. Targets are set annually and performance monitored throughout the year. Equalities objectives have also been set and targets to measure progress against these have been incorporated within the corporate performance indicator suite
- 3.2.2. The Council's performance against its objectives and targets, including progress against Equalities targets, is reviewed quarterly by Policy and Performance Scrutiny Committee.
- 3.2.3. In addition to quarterly monitoring, a robust review of progress against Equalities objectives was undertaken in the final quarter of 2013-14. This included consultation with relevant voluntary and community sector organisations. The findings of the review will be used to inform equalities objectives for 2014-15.
- 3.2.4. Progress against the specific Fairness Commission recommendations is reported annually to full Council. The most recent update was considered by Council on 27 February 2014.
- 3.2.5. Each year, the Council publishes an Annual Report setting out progress in the past year in delivering the priorities set out in the Corporate Plan, and end of year performance against targets. The Annual Report includes an update on Equalities objectives and Fairness Commission recommendations. The Annual Report for 2012-13 was considered by the Policy and Performance Scrutiny Committee on 25 June 2013. The Annual Report for 2013-14 will be presented to Policy and Performance Scrutiny Committee on 21 July 2014.
- 3.2.6. The priorities set out in the current Corporate Plan, which runs to 2015, will be reviewed and refreshed during the coming year to ensure they remain relevant and continue to reflect the priorities of the administration. The review of Equalities objectives will form part of this process. A revised set of corporate priorities and performance indicators will be developed and agreed by autumn 2014.

3.3. Measuring the quality of services for users, to ensure they are delivered in accordance with the authority's objectives and that they represent best use of resources and value for money.

3.3.1. 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 Annual Report includes a summary of income for the past year and how this has been allocated across the Council to support key service areas and priorities. It also sets out income for the coming year. The Annual Report is reviewed by the Policy and Performance Scrutiny Committee. The report for 2012-13 was presented on 25 June 2013 (see para 3.2.2 above)
- Members regularly evaluate the Council's performance in meeting its key priorities through informal processes as well as through scrutiny, where recommendations such as those arising from the equality scrutiny in 2012, ensure that the Council's legal duties and priorities are given effect throughout the Council.

3.4. Defining and documenting the roles and responsibilities of the Executive, Non-Executive, Scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of authority and partnership arrangements

3.4.1. Islington Council's Constitution sets out how the Council operates, how decisions are made, how decisions remain efficient and transparent, and how the Council demonstrates its accountability to residents and local businesses.

3.4.2. The Constitution also sets out the roles and responsibilities of the Executive, Non- Executive, Scrutiny and officer functions. A Publicity Protocol governing Members' and Committees' communication is laid out in part 6 of the Constitution; compliance with this is supported by a specialist Communications Team.

3.4.3. The Constitution is updated at least annually. Key amendments coming into effect in 2013/14 included clarifying changes to reflect the coming into force of provisions of the Police Reform and Social Responsibility Act 2012 the specific position in respect of the extent of Corporate

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Director responsibility for approving allocation of section 106 monies and changes to reflect the new requirements for recording of votes in respect of the Council's budget report decisions.

3.5. Developing, communicating and embedding codes of conduct; defining the standards of behaviour for Members and staff

- 3.5.1. The Council expects the highest 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 which is responsible for considering complaints of breach of the Members Code of Conduct. In accordance with the Localism Act 2012, during 2012/13 the Council appointed Independent Persons who have statutory functions in relation to the process for dealing with complaints of breach of the Code.
- 3.5.2. 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.
- 3.5.3. Part 7 of the Constitution contains the Members' Allowances 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.
- 3.5.4. An Officer Code of Conduct is reviewed, revised and publicised to staff from time to time. An exercise to review the classification of posts as requiring a DBS has been undertaken following changes in the relevant legislation.

3.6. Reviewing the effectiveness of the authority's decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

- 3.6.1. 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 powers 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.

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- 3.6.2. The Constitution includes formal delegation of responsibility and accountability, procurement rules and the Council's Financial Regulations. The Monitoring Officer and Section 151 Officer have overall responsibility for ensuring standing orders, standing financial instructions, the scheme of delegation and supporting material are up to date and clearly communicated.
- 3.6.3. Forthcoming Executive 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 the corporate plan and the 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.
- 3.6.4. 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 pay due regard to equalities and environmental issues, together with financial and legal implications and risks. Joint Board (an officer and Executive member group) meets about a month before each Executive and has included on its agenda all items planned for the next Executive meeting. Not all items are proactively briefed on but they are available for members to ask questions about.

3.7. Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

- 3.7.1. In order to ensure that the Council's objectives are effectively managed, the Council has in place arrangements to deliver a strategic approach to managing risk. Operational, divisional and departmental risk registers are used to feed into the corporate risk register. In 2014/15, the Council will be refreshing the risk framework to proactively ensure threats are minimised and opportunities are maximised in a

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consistent and proportionate manner. This will include a framework encompassing strategic, operational and programme risks resulting in a more enterprise-wide and dynamic approach. Further developments will be made in terms of defining the Council's risk appetite to ensure a more objective approach to prioritising risks and opportunities and assigning clear accountability.

3.8. Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

- 3.8.1. Islington Council's Anti-Fraud Policy reflects current fraud legislation. The Council investigates reported or suspected fraud, and participates in the National Fraud Initiative. The Council's whistle blowing policy provides a mechanism for suspected breaches of law, procedure or policy to be confidentially reported.
- 3.8.2. Completed anti-fraud investigation work in 2013/14, while not identifying any significant fraud highlighted control weaknesses in a number of lesser areas. Investigations reports with recommendations to mitigate fraud risk were issued to service management on completion of these investigations.

3.9. Ensuring effective management of change and transformation

- 3.9.1. At a strategic (tier one level) the Council ensures effective management of change and transformation through the auspices of CMB (Corporate Management Board) who also operationalize this responsibility through the newly formed Corporate Transformation Programme Board (tier 2) whose role it is to provide assurance through positively challenging, supporting and critiquing not only the seven themed Corporate Transformation Programme but also other large pieces of organisational change including for example large scale insourcing. Directorate Management Teams (DMT's) are the (third tier) of the governance structure and provide localised assurance driven by Corporate Directors under the umbrella of a strong and coherent performance management culture.
- 3.9.2. Complimentary to this is the creation of a centralised Programme Management Office (PMO); created at the recommendation of Internal Audit. The responsibility for this sits with the Corporate Transformation & Efficiency Team. The PMO will become operational from 1st September 2014. This has been created to improve portfolio control and governance over the large body of transformation and change management activity in which LBI is currently engaged, and which is likely to increase over the coming years. The proximate aim is to raise success likelihood of current transformation/change programmes – success being as an example, outcomes delivered on schedule, money cashed, and positive change implemented.

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3.9.3. This will be accomplished by:

- Benefits realisation – ensure benefit realisation activities are carried out following project closure. This includes assuring cashable savings are concluded.
- Risk and issue tracking – supporting programmes in ensuring risks and issues are escalated appropriately and mitigation and contingency plans are agreed and bought into. Monitoring progress of risks and issues and assessing their impact on the deliverability of the portfolio as a whole, including resource implications.
- Assurance/Quality control - establishing good/consistent practice and standards for governance including project-programme planning, reporting, analysing risks and issues and maintaining and updating the risk log for the programme.
- Analysing dependencies across the portfolio of programmes, bringing together programme managers to highlight cross-programme dependencies and opportunities and ensure related actions are concluded.
- Information management – holding master copies of project-programme information, generating quality management documentation, controlling and updating programme documentation.
- Ensuring post project reviews are carried out and actions arising from lessons learned are embedded into future practice.

3.10. *Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and CIPFA Statement on the Role of the Head of Internal Audit (2010)*

3.10.1. The Corporate Director of Finance and Resources (Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972) was the Council's most senior executive role charged with leading and directing financial strategy and operations for 2013/14. 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 responsibility) 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,

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probity and budget and policy framework issues to Councillors

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

3.10.3. A 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 Finance and Resources, (the Section 151 Officer) the Assistant Chief Executive (Governance and HR) (the Council's Monitoring Officer), and the Head of Internal Audit.

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

3.11.1. The roles and responsibilities in respect of the democratic process are set out in detail in the Constitution. The Assistant Chief Executive (Governance and HR) is responsible, in her role as monitoring officer, for:

- Maintaining and keeping under review an up-to-date version of the Constitution (setting out in particular the bodies and post holders able to exercise, the Council's functions, and codes of behaviour for members and officers) 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, permitting other officers to exercise powers 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 responsibility) if she considers 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

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- 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.

3.12. *Ensuring effective arrangements are in place for the discharge of the head of paid service function*

3.12.1. As head of the 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 political objectives set by the Councillors
- 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

3.13. *Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities*

3.13.1. The Audit Committee and its associated Sub-Committees exist to deal with a range of matters including Council accounts and audit functions and personnel and electoral registration functions.

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- 3.13.2. The regular training of the Audit Committee's members helps ensure the Committee is able to effectively discharge its responsibilities.
- 3.13.3. The Audit Committee has independent members suitably qualified to support the committee in an advisory capacity.

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

- 3.14.1. Chief Officers are responsible for ensuring that their staff operate lawfully and that human resources policies and the Code of Employee Conduct promote high standards of behaviour and are reinforced by appropriate training. As well as providing support on request on specific projects and issues, the Council's Legal Service provides proactive updates, training and advice to all Chief Officers and Members on new legislation and case law developments and changes to existing legislation and regulations. Legal Services explain the legal implications in all reports to the Council, its Committees and the Executive. The service also provides 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, Policy and Performance Scrutiny Committee, Planning and Licensing meetings and other meetings when appropriate.
- 3.14.2. The Internal Audit function 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.

3.15. *Whistleblowing and for receiving and investigating complaints from the public*

- 3.15.1. 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 is responsible for reviewing and updating the whistle blowing policy and receives a report concerning it annually. The policy was updated in March 2014.
- 3.15.2. The whistle blowing policy is publicised to staff via the corporate induction process, internal newsletters and on the Council's intranet and internet sites. At the time of the launch of the new policy it was also publicised to staff in IC News. The policy encourages officers to report inappropriate action by fellow employees or Members, also by

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external 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.

- 3.15.3. Islington Council has a formal process for managing complaints which has recently been reviewed and streamlined, with a view to "getting it right first time". The process is set out on the Council website and is available from Council offices and libraries.
- 3.15.4. The Council has a corporate complaints officer responsible for ensuring that the Council learns from complaints and improves its performance as a result. Departmental complaints officers record and report on all complaints, and the service response is monitored.
- 3.15.5. Complainants 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.

3.16. Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

- 3.16.1. Islington Council is committed to the on-going professional development of Members and officers. Upon election, all Members are given a corporate induction and offered access to an on-going training and mentoring programme. All training provided to Members is reported to Committee annually.
- 3.16.2. The Member training and development programme will be reviewed following the local elections in June 2014.
- 3.16.3. There is an annual performance appraisal scheme for officers, which links targets to service objectives, underpinning the Council's vision. In addition, an Audit Commission review concluded that Islington staff received regular feedback on their performance. Through these processes, officers are able to identify their development needs, which are logged on individual development plans that they are encouraged to maintain.
- 3.16.4. Newly employed officers attend the Council's corporate induction programme, after which directorate and role specific training is provided where needed. Information on staff training and development programmes and courses available are regularly publicised on the Council's intranet website which includes an induction training course for all new Islington staff and Managers. An extensive induction

programme was developed to support staff transferring to the Council from Homes for Islington as part of the reintegration of housing management services. Similar support has been provided to staff transferring in in respect of other functions and services. There is compulsory training for staff on key issues such as equality, data security and health and safety.

3.16.5. 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.

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

3.17.1. The Council regularly engages and consults with residents and the wider community on a diverse range of issues. It uses various communication channels such as Islington Life (the Council magazine), public meetings and the Council's website. There are also forums such as the Islington Business Board and Empower Islington Group which engage with specific communities of interest, and a series of VCS dialogue sessions delivered in 2013-14 have enabled local voluntary and community sector organisations to identify issues and help shape policy around key challenges and priorities. An annual VCS Conference, hosted in November, provides an opportunity for engagement with a wider number of local organisations.

3.17.2. In December 2011 the Council launched a new online Citizens Panel which sought views from residents about every six weeks. As membership of the Citizens Panel needed refreshing, this year the Council reviewed options for the most effective means of collecting perception data from Islington residents. It identified an annual telephone survey as providing the best combination of robust data and low costs. The survey will be conducted in the first quarter of 2014-15.

3.17.3. Council meetings are open to the public; however exceptions are made for matters that require confidentiality. The time, date and location of public meetings are displayed on the Islington website.

3.17.4. In 2011-12 the Council introduced ward partnerships as a means of Councillors engaging with local residents and organisations and seeking views on matters of local interest. Meetings are open to the public and dates are published in advance on the Council's website.

3.18. *Enhancing the accountability for service delivery and effectiveness of other public service providers*

- 3.18.1. Each Executive Member is required to report annually to the Policy and Performance Scrutiny Committee on delivery of services and priorities within their portfolio. The Executive Member is accompanied by the relevant Corporate Director.
- 3.18.2. 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.
- 3.18.3. The Council's scrutiny committees can undertake more in depth research into particular challenges or concerns, and request evidence from other service providers. In 2012-13 the Policy and Performance Committee undertook a scrutiny of safer neighbourhood policing and progress on implementing its recommendations was reported back to the Committee in 2013-14.
- 3.18.4. 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.

3.19. *Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements*

- 3.19.1. The Council works in partnership with a wide range of partners 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.
- 3.19.2. The governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership

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remains appropriate, effective and fit for purpose. In addition, the Council's Financial Regulations provide guidance on best practice in managing partnership arrangements.

- 3.19.3. 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.
- 3.19.4. 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.
- 3.19.5. Generally speaking, most partnerships and forums are not legal entities - partners are there on a voluntary basis and the Council is the formal accountable body in terms of any targets or funding that falls within the remit of the partnership.
- 3.19.6. Where a partnership is a mandatory requirement, e.g. the Safer Islington Partnership, 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.
- 3.19.7. Over the past decade, the Council has worked closely with its partners through the Islington Partnership Board (IPB) and its precedents to allocate funding to deliver priorities and targets agreed with government. The IPB agrees the overall priorities for the borough, shares information about key issues affecting individual organisations and agrees joint working arrangement for cross cutting challenges such as youth unemployment and welfare benefit reforms.

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

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4.2. The Annual Governance Statement has adopted the six core principles of good governance as recommended by CIPFA/SOLACE. The Council has a number of mechanisms in place to ensure that its partnership governance arrangements are appropriate, fit for purpose and effective.

4.3. The process and activities that have been applied in maintaining and reviewing the effectiveness of the governance framework are set out below.

4.3.1. The Authority

Part three of the Council's Constitution sets out which bodies or officers are responsible for which functions, whether Executive or Non-Executive. The terms of reference of bodies referred to in this Constitution are set out in part 5 of the Constitution. These include specific responsibilities for ensuring the Council has effective governance arrangements in place.

The Authority's functions may lawfully be exercised by:

- Council;
- The Executive;
- The Leader;
- Individual members of the Executive;
- 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 properly authorised under specific legislation.

4.3.2. The Executive

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 terms of reference are clearly defined in Parts 3 and 5 of the Constitution.

The Executive also has an important role in the risk management process, reviewing the corporate risk register on a quarterly basis. Executive agendas, minutes and summaries of decisions are available on the Council website.

4.3.3. Audit Committee

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

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governance activities and promoting high standards of member conduct.

The Committee meets on a quarterly basis. Since its inception in November 2008 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.

4.3.4. Overview and Review Committees

The Policy and Performance Scrutiny Committee and Review Committees enable Councillors to develop policy and to scrutinise the performance of the Council and decisions made by the Executive.

The Policy and Performance Scrutiny makes policy recommendations and co-ordinates the work of the four review committees, which are Health Scrutiny, Regeneration and Employment, Children and Young People's Education and Communities. The responsibilities of the Policy and Performance Scrutiny Committee are set out in parts 2 and 5 of the Constitution.

The Policy and Performance Scrutiny Committee is initially responsible for all Councillor Calls for Action. The Communities Review Committee is the Council's Crime and Disorder Committee. This includes anti-social behaviour or other behaviour adversely affecting the local environment and complaints about substance.

4.3.5. The Standards Committee

The Standards Committee is responsible for considering complaints of breach of the Members Code of Conduct referred by the Monitoring.

The Committee has the support of Independent Persons appointed under the Localism Act 2012 in respect of its consideration of complaints.

4.3.6. Internal Audit

The Council's internal audit service is delivered via a shared service with LB Camden.

The Internal Audit plan is developed using a risk-based approach. Internal Audit provide reports on the control of key potential risks identified from risk registers and reports and also comments on operational risks found in services which could impact on the achievement of business objectives. Audit's assurance opinion is

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further informed through a "Service Assurance Statement" process which involves an on-going self-assessment within the year by Corporate Directors of the extent to which their services comply with expected controls and processes operating across their Service Directorates. The outputs from the completed self-assessments are mapped against Internal Audit's independent assessment of the internal control environment as well as the departmental risk registers. This assurance process provides the Council with greater assurance to support and embed a robust governance framework. Audit's assessment is derived from this work for the 2013/14 year is that services' governance and internal control arrangements are generally sound.

Section 6.3 (Part 2) of The Accounts and Audit Regulations 2011 require that relevant bodies conduct, at least once in each year, a review of the effectiveness of its internal audit function. The findings of the review must be considered, as part of the consideration of the system of internal control referred to in the regulations by the body or relevant committee of the body.

4.3.7. We concluded that the internal audit service continues to be effective, complies with the Public Sector Internal Audit Standards (PSIAS), and provides the necessary skills and expertise to deliver a cost effective, value added, service to the Council, its partners and stakeholders.

4.3.8. Key Improvements and overall performance of the service in 2013/14 include:

- Continued working with LB Camden to further develop the shared audit service providing more timely reporting and assurance to management;
- Key Performance Indicators showed that internal audit meets set targets for delivering the audit plan, maintaining staff productivity targets, and following up on implementation of agreed audit recommendations;
- Audit Quality Surveys received following each completed audit project revealed that all surveys showed good or very good satisfaction with the audit service provided;
- We independently reviewed the operating procedures for both sides of the shared service against the PSIAS to provide assurance on compliance with best practice and procedures were harmonised and effective;
- External audit continue to place reliance on the work of internal audit through their review of audit work on key financial systems and other key risk areas, and

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- The shared service has been working with four other London boroughs to re-procure the contracted element of the service. This will provide opportunities both to enhance the value from the provider but also to work more closely with these boroughs to develop the shared service benefits even further.
- 4.3.9. All planned audits from 2013/14 and going forward will be scheduled for follow up reviews to ensure that management action plans for implementation of agreed audit recommendations have been fully implemented within agreed timescales. This will provide DMTs, Corporate Governance Group, CMB and the Audit Committee with a direction of travel in the internal control environment across the Council and areas where further improvement is required.
- 4.3.10. Key messages arising from Internal Audit's work in the 2013/14 year regarding areas where the Council's controls and Governance need to be strengthened are included in section 5 below. More details of these issues are reported separately in Internal Audit's Annual Report 2013/14 end of year report to the June 2014 Audit committee.
- 4.3.11. The Council have been advised on the implications of the result of the review of the effectiveness of the governance framework by the audit committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5. Significant Governance Issues during 2013/14

- 5.1. A key element of the annual governance review process is also 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. Our work within Departments over the year has not identified any significant issues with the Council's overall governance framework. However, continued rigour is important in the following areas:

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- 5.2.1. The Council prior to setting its budget has a sound process that ensures that estimates are robust and in particular savings proposals are fully scrutinised to ensure managerial and financial deliverability. The Council's budget monitoring process during the year routinely monitors service financial performance against budget and looks to put management action in place to deliver the council's financial outturn within the overall budget. Whilst the Council's budget has been under pressure since the major cuts started in 2010, in each of the financial years to date the council has delivered its overall spending within budget, demonstrating the robustness of the process. Further cuts to financial staff numbers will add more risk to the process, however processes are being reviewed to mitigate the risk as much as is possible and focus the reduced resource where they are needed.
- 5.2.2. The Council has partnership agreements ("section75") 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, 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.
- 5.2.3. Islington has a Safeguarding Adults Partnership Board that exceeds current and proposed national guidelines for its scope and inclusiveness, chaired by an independent expert in the field. The Chair and the Director of Housing and Adult Social Services report quarterly to the Leader, Executive Member for Health and Social Care and Chief Executive on safeguarding matters.
- 5.2.4. The current structures and organisational arrangements provide a strong accountability and leadership of Islington'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. The Corporate Director of Children's Services 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 of Children's Services, 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

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reported at these meetings. 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. 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 only evidence based programmes are in use. The Safeguarding Children Board has an independent chair and the annual report is discussed by the Health and Wellbeing Board and by the Health Overview and Scrutiny. The JSNA 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. 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.

- 1.1.1. The council's contract with Kier as the sole provider of housing repairs services will come to an end in August 2014 and a decision to reintegrate service delivery has been made. Accordingly, since the commencement of the reintegration lead-out period in July 2013, project work has commenced to ensure a seamless transition of agreed staff, assets, processes and services back to the council. This will be subject to further review in 2014-15.
- 1.1.2. Completed anti-fraud investigation work in 2013/14, while not identifying any significant fraud highlighted control weaknesses in a number of lesser areas. Investigations reports with recommendations to mitigate fraud risk were issued to service management on completion of these investigations.
- 1.1.3. Internal audit continue to work with the officers in the data security team to further develop the control framework around data security and information governance more widely. Significant developments have happened around awareness and compliance.

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Signed by: Richard Wootts 17 JULY 2014
Leader Date

Signed by: Lesley Sney 17 JULY 2014
Chief Executive Date