

# London Borough of Islington

## Annual Governance Statement 2018-19

### 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 2019 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 15 October 2018. 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 updated policy was approved by Audit Committee on 31 January 2019.

- 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 and residents who are dissatisfied with how the Council has dealt with a complaint can contact the Local Government Ombudsman and Social Care Ombudsman or the Housing 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 in its Access to Information Policy. The Council sets out its commitment to complying with Individual Rights, as set out in the General Data Protection Regulation, in the Individuals Rights Policy.

3.3.3. A comprehensive Data and Information Management policy suite is in place to ensure staff are aware of their obligations to keep personal data secure. All staff are also briefed on Data Protection and Information Governance responsibilities via 'pop-up' training, and must complete two mandatory eLearning courses on GDPR and data handling.

3.3.4. The Council has an Information Asset Register and a Record of Processing Activity in place to ensure that it manages its information and identified and mitigates any risks efficiently.

3.3.5. The ICO carry out compulsory audits or ask organisations to participate in a 'consensual' audit. The Council participated in a consensual audit by the ICO in 2015. The Council are required by law to refer data breaches to the ICO where they meet the threshold for reporting. The Council reported two incidents in 2018-19 and both were closed with no further action as the ICO were satisfied with the remediation actions undertaken. Individuals are also entitled to escalate complaints to the ICO, these arise either from an Freedom of Information (FOI) or Data Protection (DP) concern (late/incomplete subject access request), alleged data breach etc. The ICO can issue a decision notice in response to an FOI complaint (this can be for or against the council). The Council had one against the organisation for timeliness of response in 2018/19. The ICO can also issue practice recommendations or fines in relation to breaches of DP legislation (e.g. breach of data or another breach of

legislation such as failing to respond to a subject access request in one month). No practice recommendations have been issued in 2018-19.

**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, email, social media channels, public meetings and the quarterly magazine delivered to residents. In 2014, 2015, 2017 and again in 2018, 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, delivered in partnership with Voluntary Action Islington, provides an opportunity for engagement with a wide number of local organisations that work closely with some of the most vulnerable residents. Alongside this, a range of communications networks and network meetings are organised with specific sections of the borough's voluntary and community sector.

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. Alongside this, the council runs small grants programmes, including the Islington Council Community Chest fund and Local Initiatives Fund which facilitate clear communication channels with all sections of the community.

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 its vision of a fairer Islington’ are set out in ‘Building a Fairer Islington’ our Corporate Plan for 2018-22.

3.5.3. The council’s seven key priorities are:

- **Homes** - Delivering decent and genuinely affordable homes for all
- **Jobs and Money** – Delivering an inclusive economy, supporting people into work and helping them with the cost of living
- **Safety** – Creating a safe and cohesive borough for all
- **Children and young people** – Making Islington the best place for all young people to grow up
- **Place and environment** – Making Islington a welcoming and attractive borough and creating a healthier environment for all
- **Health and independence** – Ensuring our residents can lead healthy and independent lives
- **Well run council** – Continuing to be a well-run council and making a difference despite reduced resources

3.5.4. 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](http://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.

3.5.5. 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;
- 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.
- Over the next six months the performance framework will be reviewed to align it with the Programme Management Office.

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

3.5.7. The Council 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. 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)***

The S151 Officer (Director – Financial and Asset Management) is responsible for leading and directing financial strategy and operations for 2018-19; and 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.

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

3.9.2. The Corporate Governance Group meets at regular intervals to discuss and monitor compliance with corporate systems of internal control, data security and governance issues. The group includes the Interim 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 role of 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. The Head of Paid Service 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 development programme.

3.12.2 Since the local elections in May 2018, training and development has been provided to Councillors on both a group and individual basis. There is an ongoing development programme with a number of dates scheduled for planned training each year. 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.

### **3.13 *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 make efforts to improve the risk maturity of the organisation and move towards a more risk aware culture by embedding risk management into business as usual practices. In 2018-19, the Principal Risk Report was enhanced to include the cause and consequence of each principal risk. Workshops were conducted at DMT level and the Council's Risk Manager also supported the Brexit working group. Work is underway to ensure that key service risk registers are more regularly updated.

- 3.13.2 The Council's Principal Risk Report is reviewed and updated annually and 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 incorporates promotes a zero tolerance approach to fraud and incorporates the Council's fraud response plan. The Council's whistleblowing policy provides a mechanism for suspected fraud including breaches of law, procedure or policy to be reported confidentially.
- 3.14.2 The Head of Internal Audit has overall responsibility for anti-fraud related activity and reports outcomes of whistleblowing investigations bi-annually to the Audit Committee.
- 3.14.3 Completed anti-fraud work in 2018-19 produced reports in a number of areas with recommendations to strengthen controls and further mitigate fraud risk.
- 3.14.4 The Council participates in the National Fraud Initiative. In 2018-19, the Council participated in London Counter Fraud Hub workshops as one of four pilot authorities.

**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 discharge 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 Internal Audit assesses the level the implementation of audit recommendations and reports bi-annually to CMB and the Audit

Committee. The External Audit is factored into the work plan of the Resources Directorate and adequate resources are devoted to this. Information needed by the External Auditors is responded to promptly and the Council remains in regular dialogue with the External Auditors throughout the year. The Council's support to and co-operation with External Audit has been commended in the annual ISA260 Report to Those Charged with Governance.

**3.18 *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 arrangement 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**

- 4.1.1 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 2018-19 to assess the Council's effectiveness in applying principles of good governance in practice.
- 4.2.2 The self-assessment, having been completed for the first time in 2016-17 by key officers across the Council; has been annually updated since. The self-assessment was updated in 2018-19 and indicated that the Council had achieved a sound level of implementation of good governance principles in a number of areas, with some areas requiring improvement. Directorate level self-assessments were also completed.

#### **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 Adult social care reablement and residential services are subject to statutory Care Quality Commission regulation and inspection.
- 4.3.4 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 2018-19 financial year, will be provided in the 2018-19 Internal Audit Annual Report to the Audit Committee.
- 4.4.4 Audit recommendations made in 2018-19 will be scheduled for follow up in 2019-20 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 and 2017-18 was Moderate Assurance.
- 4.4.7 The work undertaken during 2018-19 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 2019, 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. Revision to assurance ratings and residual risks will be closely monitored through follow-ups in 2019/20. 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 and 2018-19, 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). Audit Committee also commission an Internal Audit deep dive, in one area of risk annually. In 2018-19 this area focussed on programmes and transformation.

## **5 Other areas of Governance and Assurance:**

### **Resources**

- 5.1.1 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 2017/18 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 was used in 2018/19 to help develop the 2019/20 budget.
- 5.1.2 The Council's in-year budget monitoring process routinely monitors service financial performance and key risks against the budget and looks to put management action in place to deliver the council's financial outturn within the overall budget. The experience during 2018/19, was that only one department, Environment and Regeneration faced a material spending pressure that could not be contained within the budget. Management action taken in the year did get the net overspend down in the department from £1.5m to £0.6m over the course of the year. As in 2017/18 all departments were asked to look to see what short term actions could be taken to help mitigate the Environment and Regeneration overspend. The result of this concerted action was by the provisional outturn reported in May 2019 the net overall financial position for

services in the General Fund was a £1.4m underspend resulting on no need to use the contingency budget.

- 5.1.3 Since 2010, the Council's budget has been subject to major funding cuts which has resulted in the Council having to make £225m in savings. The Council estimates it will need to close a budget gap of £50m over the three years 2019/20 to 2021/22. As a consequence, the Council in February 2019 approved a 2019/20 budget that included £13.8m savings for 2019/20 together with savings of £8.5m for 2020/21 and £11.4m for 2021/22. The 2019/20 budget included the maximum permissible increase in Council Tax of 2.99%. The Council Medium Term Financial Strategy also includes a further £8m of service efficiency savings which will need to be identified in 2020/21 and 2021/22. There is currently no certainty over local authority funding beyond 2019/20. The government is expected to conduct a spending review during the year and is currently reviewing the funding formula for local authorities and the operation of the business rates retention system.
- 5.1.4 Delivering robust financial management including financial control and providing high quality financial advice is a key contributor to the Council's strong financial standing. The 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 are reviewed regularly 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.
- 5.1.5 The Council's Housing Revenue Account (HRA) has benefited over a number of years from a robust and funded 30-year business plan and this continues to be the case over the short/medium & long term. The Welfare Reform and Work Act 2016 imposed a requirement for Local Authorities to reduce rents year on year by 1% over a 4 year period commencing in 2016-17, this had a significant adverse financial impact on HRA, to mitigate against this a number of measures were implemented principally involving rescheduling current borrowing over the term of the 30-year business plan,. 2019-20 is the final year of the 1% rent reduction after which the Government have indicated that Local Authorities will be able to increase rents by CPI + 1% at least for a period of 5 years. In October 2018 the Government abolished the HRA debt cap. Whilst this has afforded the Council much greater opportunities to plan to increase the build of more genuinely affordable homes the level of borrowing must be such that it is both prudent and affordable.

## **People**

- 5.2.1 In March 2019 the Children, Employment and Skills directorate and Adult Social Services (formerly part of the Housing and Adults Social Services directorate) were brought together to form one combined directorate, now known as the People Directorate.

- 5.2.2 The Corporate Director of People holds the statutory Director of Children's Services (DCS) role. The DCS is supported by a structure which allows the effective discharge of statutory duties with appropriate seniority and experience held at senior management level.
- 5.2.3 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 strengthened as a result of employment, skills and culture services integration into the directorate. Strengthened arrangements between children's services and adults services are being developed at pace to ensure there is ever greater consistency and continuity for young people as they become adults.
- 5.2.4 Accountability meetings with the leader of the Council and the Chief Executive who hold the lead member for Children and Family Services and Service the chair of the Children's Safeguarding Board . These assurance checks are integral to the decision-making processes of the Council.
- 5.2.5 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.
- 5.2.6 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.
- 5.2.7 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.
- 5.2.8 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 and Criminal Exploitation through the ISCB's sub group that leads the partnership on this work. 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 exclusions in schools and how to achieve best practice in this area to support the health and wellbeing of all children and young people, in addition to the annual report on learning and education standards, an annual safeguarding report and quarterly performance reports are also scrutinised by the Committee.

5.2.9 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.

5.2.10 The Corporate Parenting Board is co-chaired by the Lead Member for Children and Families and the Chair of the Children Active Involvement Service. 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.

### **Adult Social Care**

5.2.11 The Director of Adult Social Care is the statutory DASS, (Director of Adult Social Services) for Islington and reports to the Corporate Director for People. 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 Islington.

5.2.12 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.

5.2.13 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.

- 5.2.14 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 Director of 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.
- 5.2.15 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 who meets with the DASS.
- 5.2.16 The Safeguarding Adults Board oversees Safeguarding Adults Reviews and the implementation of recommendations arising from these reviews across the partnership.
- 5.2.17 The quality of social care practice in Adult Social Care is scrutinised through the quality assurance framework. Themes arising from this are reviewed by senior leaders and used to inform training programmes. Islington is a member of the North London Social Work Teaching Partnership, a consortium working to raise standards of social work education and continuing professional development and staff access continuing opportunities.
- 5.2.18 Approved Mental Health Act Professionals, (AMHPs) are warranted and supervised in line with statutory requirements.
- 5.2.19 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 (CCG), 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.
- 5.2.20 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 and governance have been reviewed and refreshed. 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.

## **Housing**

- 5.3.1. Housing 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, with an independent chair, oversees the particular fire and property-related risks to people in these dwellings. This is part of the overall corporate health and safety arrangements.
- 5.3.2. Housing 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.
- 5.3.3. 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.
- 5.3.4. The PFI Integration Board has been setup to oversee the programme of work anticipating the PFI2 contract coming to an end 2022.
- 5.3.5. 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.
- 5.3.6. Residents are involved in the prioritisation and governance of the Housing Service via reference groups and representation on Housing Scrutiny Committee.

## **Transformation**

- 5.4.1 The council is adopting a new programme management framework to ensure organisation change is well planned and delivers at pace. The approach is based on MSP methodology, using a gateway process to develop business cases for change. A Programme Delivery Board (PDB), chaired by the Corporate Director, Resources has been established, supported by a Design and Compliance Authority ensuring that new initiatives are technically deliverable and are robust in their proposition. This is where due diligence takes place prior to presentation to the Programme Delivery Board.
- 5.4.2 All major change projects have a CMB sponsor and an SRO at Service Director level. Highlight reports are produced and reviewed at DMTs or the appropriate cross cutting board, with PDB taking a corporate overview and reporting to CMB.
- 5.4.3 The Strategy and Change team will provide project support to these change initiatives together with project managers embedded in departments 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.

5.4.4 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.

## **6 Significant governance issues and areas for improvement**

**6.1** 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.

**6.2** There were no significant governance issues that met these criteria during 2018-19. 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 anticipated shared digital service arrangements with Haringey and Camden was ceased in 2018/19 to allow all three boroughs to focus on local priorities. There remains a risk that 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. A restructure is underway to ensure an appropriate management team is running the service and a new Strategy is being developed,
- Corporate HR currently has interim leadership arrangements in place provided by the substantive Head of Schools HR. It had been recognised that the service required modernisation with service improvements now taking place to redesign the function to allow for better availability of management information, greater automation and self-service. This progress, including enhancements to the payroll function, will be monitored by the Resources Directorate DMT and routine updates will be provided to CMB,

- The Council undertook a programme of work in line with the Information Commissioner’s Guidance on preparing for GDPR. The Council has created an Information Governance Strategy that sets out its commitment to ensuring the Council’s continued compliance to legislation and this will continue to be tracked in the coming year,
- 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.
- Business continuity arrangements will continue to be monitored.
- Uncertainties and emerging implications surrounding Brexit will be considered.

**6.3** In conclusion, it should also be noted that the Council’s Chief Executive retired in April 2019. The process of recruiting a permanent Chief Executive is underway and in the interim, the Council’s Corporate Management Board will provide the necessary senior officer leadership across the organisation. The statutory designation of Head of Paid Service is being undertaken by a member of the senior leadership team.

Signed by:  \_\_\_\_\_  
 Leader 17 July 2019  
 \_\_\_\_\_  
 Date

Signed by:  \_\_\_\_\_  
 Head of Paid Service 17 July 2019  
 \_\_\_\_\_  
 Date