

## 1. Introduction

Members and staff working for Harrow Council strive to achieve the Council's vision, priorities, values and outcomes as outlined in the Harrow Ambition Plan.

Arrangements are in place to ensure that the intended positive outcomes for residents are achieved. To ensure good governance these arrangements are agreed and documented and together form the authority's governance structure.

## 2. Responsibility

Elected members are collectively responsible for the governance of the council. The full council's responsibilities include:

- agreeing the council's constitution, comprising the key governance documents including the executive arrangements and making major changes to reflect best practice
- agreeing the policy framework including key strategies and agreeing the budget
- appointing the chief officers
- appointing committees responsible for overview and scrutiny functions, audit and regulatory matters and also for appointing members to them.

Under the *Local Government Act 2000* Harrow Council has adopted a leader and cabinet model and has established an overview and scrutiny function for members outside the cabinet through which they can question and challenge policy and the performance of the executive and promote public debate.

The authority's governance structure is comprised of a number of key documents that aim to ensure that resources are directed in accordance with agreed policy and according to priorities as set out in the Harrow Ambition Plan, that there is sound and inclusive decision making and that there is clear accountability for the use of resources in order to achieve the desired outcomes for Harrow service users and local communities.

The governance structure, details of the annual review of governance including management assurance and partnership self-assessments that feed into the review and the Annual Governance Statement can be found on the Council's website.

## 3. Effectiveness of Key Elements of the Governance Framework

Each year the Council undertakes a review of its governance arrangements to ensure the delivery of good governance in accordance with the requirements of the Accounts and Audit Regulations 2015 and in accordance with *Delivering Good Governance in Local Government: Framework 2016* published by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (Solace).

The 2017/18 annual review of governance comprised a review of governance arrangements in place against the core and sub-principles of good governance contained in the *CIPFA Framework*, Management Assurance provided by each Directorate on the operation of key elements of governance during 2017/18 and a review of a selection of joint working arrangements, undertaken during 2017/18. This was achieved via a self-assessment process co-ordinated and independently reviewed by the Council's Internal Audit Service. The effectiveness of key elements is covered below:

### **3.1 Behaviour of Members and Staff**

Codes of Conduct that define standards of behaviour for members and staff have been developed and are included in the Council's Constitution which was revised and updated during 2017/18. Mechanisms are in place to deal with member and staff transgressions from these codes and policies are also in place for dealing with whistleblowing and conflicts of interest.

The Council values were developed through workshops with staff and members and endorsed by Cabinet and Council in February 2016. They were launched and communicated to all staff in March 2016 and have been incorporated into the staff induction programme as well as the performance appraisal process and the staff are measured against these values annually. A staff awards scheme is in place and run annually to:

- Showcase, recognise and further embed the Harrow Ambition Plan and the corporate values
- Celebrate, reward, recognise and communicate individual and team achievements

### **3.2 Compliance with Laws and Regulations**

Responsibility to comply with relevant laws and regulations and internal policies and procedures rests with the Council's managers some of whom have specific statutory obligations e.g. the Head of Paid Service, Director of Children's Services, Director of Adult Social Services, the Chief Finance Officer (Section 151 Officer), the Monitoring Officer and the Director of Public Health which are outlined in Article 12 of the Council's constitution. The Statutory Monitoring Officer functions to report on likely contravention of any enactment or rule of law and the Chief Finance Officer is responsible for identifying any proposal, decision or course of action that will involve incurring unlawful expenditure. No significant contraventions of law or course of action that would involve incurring unlawful expenditure occurred in 2017/18.

From 25<sup>th</sup> May 2018 the main provisions of the Data Protection Act 2018 (DPA) will come into force to implement the EU General Data Protection Regulation (GDPR). This is an evolution of the data protection law rather than a revolution as many of the GDPR's concepts and principles are the same as under the DPA however, there are

new elements and significant enhancements of individual rights that we must take into account. Since September 2017 a series of staff communication and training has taken place in addition to a Members briefing session to prepare for the new legislation.

The Homelessness Reduction Act is another important piece of legislation that came into force from April 2018 to help tackle the significant problem of homelessness. The Act places new statutory duties on the Council and during 2017/18 the Housing Needs Service delivered an implementation plan to prepare for the Act including a refocusing of activities within Housing Needs and the introduction of new information communication technology (ICT). The Council's Homelessness Strategy was also refreshed and approved by Cabinet in March 2018 to take account of the new duties. New burdens funding allocation was received in 2017/18 from the Government to help support the implementation of the Act.

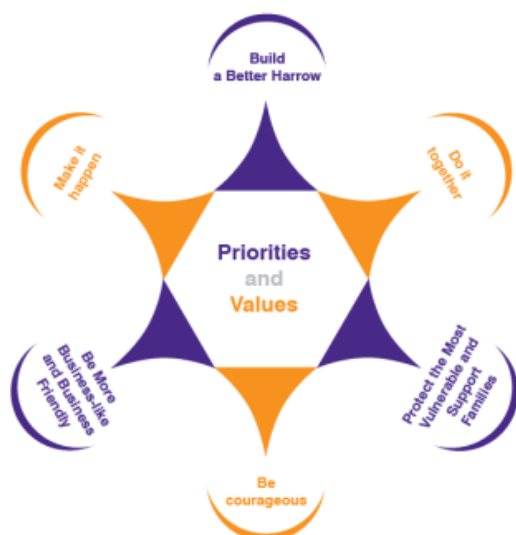
### 3.3 Acting in the Public Interest

The annual review of governance 2017/18 confirmed that the Council can demonstrate a commitment to openness and acting in the public interest. This is achieved via the implementation of a governance structure which includes codes of conduct, a corporate appraisal process, a Standards Committee, registers of interests, gifts and hospitality, a whistleblowing policy, a corporate complaints process, a Corporate Anti-fraud & Corruption Strategy, Financial Regulations and Contract Procedure Rules and a Scrutiny Function. A further review of the constitution is planned for 2018/19 and a refresh of the Financial Regulations and Contract Procedural Rules is currently in progress.

### 3.4 Communication and Consultation

A number of successful communication campaigns were run by the Council's Communication Team during 2017/18 to assist the Council in getting its core messages relating to its priorities out to all residents and local Businesses. In addition to these campaigns a number of consultations and engagements have been delivered across the organisation in order to gather residents views on Council policy and service deliver. An annual reputation tracker measures a standard agreed set of

performance outcomes for the effectiveness of communications as well as other resident perception measures.



### 3.5 The Council's Vision

The Council's vision, and intended outcomes for residents have been developed and are contained within the

Harrow Ambition Plan 2020 which was refreshed during 2017/18.

The original plan was communicated widely across the Council and the refreshed version is available on the Council's external website.

This diagram, included in the plan, illustrates the 'golden thread' between the Council's vision and the Council's plans.



Divisional service plans in place for 2017/18 include links to the Corporate Priorities contained in the Harrow Ambition Plan. The Corporate appraisal process requires all individual objectives to be aligned to the Harrow Ambition plan and its strategic aims.

### 3.6 Putting the Vision into Practice

The original Harrow Ambition Plan contains courses of action to be taken by the Council to implement the vision and the refreshed plan 2018 provides an update on the progress of these actions.

### 3.7 Decision-making

The Council's decision-making framework, including delegation arrangements, is outlined in the Constitution. Report templates are in use to ensure appropriate information is provided to decision makers including options considered, why a change is needed, implications of recommendations as well as risk management, legal, finance, and equalities implications. Decision reports are cleared by, or on behalf of, the Council's Monitoring Officer (legal) and the Chief Financial Officer before they are presented to the decision makers (Council, Cabinet, Committees).

### 3.8 Measuring Performance

The Council's Cabinet receives quarterly reports on strategic performance, revenue and capital expenditure and treasury management. Each Directorate also has an Improvement Board in place to which performance reports are made on a quarterly basis. Issues arising from the Improvement Boards are reported to the Corporate Strategic Board at quarterly performance mornings and to Cabinet.

An LGA Peer Review carried out by a panel of councillors and senior council officers from other local authorities in 2016/17 that found that the *'London Borough of Harrow is a good council that has been energised by the new values recently agreed for the authority'*. A number of recommendations were made and these were implemented throughout 2017/18 and progress monitored by the Overview & Scrutiny Committee.

Good progress has been made on many of the recommendations relating to finance, scrutiny, regeneration and commercialisation, with a range of procedures and processes having been reviewed and amended as a result of the Peer Review findings. The task going forwards will be for the new Chief Executive and Leader (post local elections in May) to ensure that leadership, governance and working relationships between members, and members and officers continue to improve and the changes put into place following the peer review are embedded. An Ofsted inspection of our Children's Services was also undertaken in 2016/17 that concluded '*Children's services in Harrow are good and children in harrow receive services that are well matched to their needs, reduce risk and improve their outcomes*'. The report made ten recommendations all of which were implemented during 2017/18.

Service plans linked to Corporate Priorities contained in the Harrow Ambition Plan, key performance indicators and key projects and initiatives reported in the quarterly Strategic Performance reports to CSB and Cabinet throughout 2016/17 and also through quarterly improvement boards and benchmarking and other options are used to ensure that services and projects are delivered in accordance with defined outcomes, that they represent best use of resources and value for money.

### **3.9 Roles and Responsibilities**

The roles and responsibilities of members and the most senior managers and statutory officers have been defined and documented in the constitution. The roles and responsibilities of other managers and staff are defined and documented in Role Profiles attached to each post.

The annual review of governance confirmed that clear protocols for effective communication in respect of the authority and partnership arrangement were in place for 2017/18.

### **3.10 Financial Management**

The Council's financial management arrangements during 2017/18 conformed with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)*. A balanced budget was set for 2017/18 with an underspend at year-end enabling £3.2m to be transferred to reserves to support the 2019/20 budget. In the context of a significantly reduced Revenue Support Grant from Central Government and increasing demand on services, particularly social care, this demonstrates focused financial control in place throughout 2017/18. However the advice of the s151 Officer (Director of Finance) is that whilst the budget for 2018/19 is sufficiently robust there are budget gaps for 2019/20 and 2020/21 which will require robust proposals (currently in development) to address.

### **3.11 Monitoring Officer Function**

The Statutory Monitoring Officer functions to report on likely contravention of any enactment or rule of law. The duties of the Monitoring Officer are outlined in Article 12 of the Council's constitution and are undertaken by the Council's Director of Legal and Governance Services. Effective arrangements were in place during 2017/18 to discharge these duties.

### **3.12 Head of Paid Service Function**

The requirements of the Head of Paid Service function are also outlined in Article 12 of the Council's constitution and effective arrangements were in place for the discharge of these duties by the Chief Executive until January 2018 and from January 2018 by the Interim Chief Executive whose substantive post of Corporate Director of Resources & Commercial has also been covered by internal interim arrangements. The use of managers in substantive posts to cover vacancies on an interim basis helps to provide continuity and budgetary savings however it does reduce capacity which will need to be kept under review.

### **3.13 Development Needs**

New members receive a Members Induction pack and regular training sessions are held for members covering their strategic roles. In 2017/18 member training sessions covered safeguarding children, General Data Protection Regulations as well as specific training for members who sit on committees such as planning and licensing. A Corporate Development Programme is also in place for officers.

Following the local government election in May 2018, a welcome evening was arranged for all elected members on 8 May, to cover Council values, conduct and member interests plus a Members Marketplace on the 15 May to explain key Council services together with a programme of Member training in May/June 2018.

Whilst the uptake of Member training fell during 2017/18 the uptake since the recent local elections has significantly improved.

### **3.14 Managing Risks**

The framework for identifying and managing risks was updated during 2016/17 and consists of a series of Directorate risk registers that feed into an overarching Corporate Register that clearly identifies the owner of each risk. The Corporate Risk Register was updated three times during 2017/18 for Q1, Q2 and Q3/4. Each update was presented to the Corporate Strategic Board for review and challenge and Q1 and Q2 were also presented to the Governance, Audit, Risk Management & Standards Committee. However the April meeting of the GARMS Committee was cancelled due to local elections and as a consequence the Q3/Q4 Corporate Risk Register could not be presented to the Committee. A refresh of the Corporate Risk Register is planned for Q1 2018/19 and the intention is to update the Corporate Risk

Register within each quarter throughout 2018/19, rather than as previously after the end of each quarter, making the register more current.

### 3.15 Counter Fraud and Anti-corruption Arrangements

The Council's Corporate Anti-Fraud Team undertook a self-assessment against the *Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)*, during 2017/18, that reviewed progress against the five main principles within the code to improve the Council's arrangements. The result was a compliance level of 75%, an improvement from 54% in 2015/16, indicating that the authority has reached a 'good level' of performance against the code. Further actions have been built into the 2018/19 Corporate Anti-Fraud plan to improve fraud risk resilience and progress against the actions contained within the Fraud Strategy will be reported to the GARMS Committee in July 2018.

### 3.16 Scrutiny

The scrutiny function comprises an Overview and Scrutiny Committee, a Performance and Finance Sub-Committee, a Health Sub-Committee and lead members for key areas. A clear structure has been developed to enable constructive challenge of the Council's performance to take place; however a Peer Review of the Council undertaken in 2016/17 concluded that 'there is opportunity to review the role of overview and scrutiny to enable the council to benefit from constructive challenge and policy development from non-executive councillors'. As a result a review of the Council's scrutiny function was commissioned from the Centre for Public Scrutiny. The report was issued in October 2017 and concluded that '*Harrow demonstrates some extremely positive ways of working. The authority can demonstrate outcomes from some excellent recent task and finish working. The long-standing scrutiny leads system provides an opportunity for dialogue between scrutiny and executive members, and senior officers. By and large, scrutiny is valued and there is a shared commitment to making it work.*' Ten recommendations were made to help build on its success and achieve more. An action plan was put in place which brought all of the recommendations together into six specific areas. An officer/member working group was set up in January 2018 to progress the implementation of the action plan (which will need to be refreshed to reflect the changing roles of members involved since the elections) and work will continue with the implementation of the recommendations into 2018/19.

### 3.17 Internal Audit

Assurance arrangements during 2017/18 conformed with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and a peer review of the Internal Audit service undertaken across 2016/17 – 2017/18 confirmed that the service 'generally complies' with the Public Sector Internal Audit Standards i.e. with a few minor exceptions. An action plan to address

these minor exceptions has been developed and reported to CSB and will be presented to the GARMS Committee at the next meeting in July 2018.

### 3.18 Audit Committee

The duties of the audit committee are undertaken by the Governance, Audit, Risk Management & Standards Committee and are broadly in-line with the core functions of an audit committee as identified in *Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2017)*. A detailed review against the new 2017 guidance is planned for 2018/19.

### 3.19 External Audit

During 2017/18 the authority provided timely support, information and responses to the Council's external auditors, KPMG, and properly considered their audit findings and recommendations. All four of the recommendations made by the external auditors in 2016/17 have been addressed as demonstrated in the committee papers and reports presented to the Governance, Audit, Risk Management & Standards Committee.

### 3.20 Joint Working

Joint working, working in partnership with other local authorities and other bodies, and the use of alternative delivery vehicles has increased over recent years as local government generally and Harrow Council specifically has coped with less resources.

The importance of good governance within these arrangements has been recognised and as part of the annual governance review the governance arrangements for the shared legal service (HBPL), the shared procurement service, the authority owned trading company Smart Lettings and partnership arrangements with IBM for adult social care (Project Infinity) have been reviewed during 2017/18 and assurance obtained that reasonable governance arrangements are in place.

During 2017/18, following the collapse of Carillion, the Library service was successfully brought back in-house. All Libraries remained open throughout this period. The Council entered into a Procurement Shared Service on the 1<sup>st</sup> September 2016 with Brent Council, this was, however terminated by mutual agreement on 31<sup>st</sup> March 2018.

### 3.21 Health & Safety

Following on from the peer review of Health & Safety Management undertaken during 2016/17 a Corporate Health & Safety Strategy was developed for 2017/18 with the stated purpose to implement the findings of the peer review to ensure that the aims, objectives and outcomes are met. The strategy contains an action plan setting out how, when and by whom this will be achieved. The latest update of the



action plan shows good progress in the implementation of a new governance structure for Health & Safety with the implementation of actions to embed sound Health & Safety processes across the Council still ongoing.

The Corporate Health & Safety Board was re-established in December 2017 chaired by the Corporate Director of Community and comprising of Divisional Directors, representatives from UNISON and GMB trades union, and Corporate Human Resources. The Board has met monthly since December. During 2017/18 the Board's Terms of reference was reviewed and agreed giving it a clear focus on implementing the Council's Health and Safety policy through agreed best practice, as well as developing Health and Safety management systems and procedures.

An annual H&S report is currently being drafted and will be presented to the Corporate Health & Safety Board at the end of May, CSB in June and to the next GARMS Committee meeting in July 2018.

The Corporate Director of Community (Chair of the Health & Safety Board) sent a letter to all staff in March 2017 outlining the importance of Health and Safety, the Council's commitment to it and the importance of everyone's contributions to the health and safety of ourselves, our colleagues and our residents. The letter highlighted the intention to put in place Directorate Health & Safety Forums and service-specific Safety Circle meetings to engage and involve staff directly at operational level and a shared action plan and implementation timescales.

Additional funding of £80,000 has been agreed for 2018/19 as a one-off to create additional capacity and expertise required to lead the implementation of the Corporate Health & Safety Strategy and action plan across the council.

#### **4. Level of Assurance**

The 2017/18 annual governance review has provided assurance that a reasonable level of governance is in place across the Council and that, other than the two significant gaps identified in paragraph 6, arrangements continue to be fit for purpose in accordance with the governance framework.

The Head of Internal Audit's overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control is 'good' based on the assurance work of Internal Audit throughout 2017/18. The rationale for this assurance is detailed in the Internal Audit Year-end report 2017/18.

#### **5. Previous Governance Issues**

A significant governance gap was identified in the 2016/17 statement in relation to the Corporate Health & Safety arrangements.

To address this it was agreed with the Divisional Director of Environment & Culture that, in addition to implementing the agreed actions from the 2016/17 peer review, from October 2017:

- the remit/terms of reference of the Corporate H&S Board will be reviewed and consideration given to whether a separate board is required;
- that quarterly reports will be prepared and presented to the 'board', and to GARMS Committee and ;
- an annual report will be prepared for the 'board', GARMS Committee and Cabinet.

As detailed in paragraph 3.21 the implementation of the actions from the peer review is ongoing, the terms of reference for the Corporate Health & Safety Board have been reviewed and the Board re-established and an annual report is currently being drafted. Quarterly reporting will commence in 2018/19.

### **6. Significant Governance Issues**

#### **6.1 Health & Safety**

Although action has been taken during 2017/18 to reduce the governance gap identified in 2016/17 by improving the governance structure for Health & Safety further action is required during 2018/19 to embed best practice both corporately and within directorates, as one Council. Consequently, at this time, it is recognised that there remains a significant governance gap in the Council's Health & Safety arrangements.

This will be addressed by the full implementation of the action plan contained within the Health & Safety Strategy document.

#### **6.2 Regeneration Governance**

During 2017/18 CSB identified governance weaknesses relating to the oversight, agreement and monitoring of regeneration projects within in the Council's regeneration programme. To address these a Building A Better Harrow Board was formed with the main purpose being to provide an overarching strategic view of regeneration in its broadest sense across the Council e.g. including regeneration of Council assets, schools, housing development plan and development of the new Council depot, and a clear understanding of the links between investment, performance and outcomes. The Board is chaired by the Corporate Director of Community and comprises the Chief Executive, Interim Corporate Director People, Director of Adult Social Care, Director of Finance, Monitoring Officer, Divisional Director Planning and Divisional Director People Services, it has an agreed Terms of Reference and meets monthly. A cross council working group consisting of officers with appropriate skills, knowledge and responsibility has been established to further develop and implement the organisational change programme required to fully implement the new governance structure during 2018/19.

In addition to this an external review of the Regeneration Strategy has been commissioned and is currently in progress.

To close this gap the new governance structure will be fully implemented by September 2018 and any recommendations from the external review will be addressed.

**7. Conclusion**

Updates on the implementation of the agreed actions to address the significant governance gaps identified in paragraph 6 above will be provided to the Governance, Audit, Risk Management and Standards Committee throughout 2018/19 until fully implemented and will be formally reported upon as part of the next annual review of governance.

**8. Declaration**

This annual governance statement is based on a self-assessment of the authority's governance arrangements supported by evidence provided by management and independent assurance provided by the Head of Internal Audit, Ofsted and external peer reviews and is signed on behalf of the authority by:

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Graham Henson  
Leader

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Tom Whiting  
Interim Chief Executive

Date: .....