

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 at <https://www.harrow.gov.uk/council/governance>

This currently shows the 2018/19 statement and will be updated with the 2019/20 statement once it has been agreed.

Covid-19 Impact on Governance

As a result of the COVID 19 (Coronavirus) crisis, the Government instituted 'lockdown' on Monday 23 March 2020. All Member level meetings including Cabinet were either postponed or cancelled and the Civic Centre was closed to all staff, with the exception of those delivering priority services. The Council implemented its emergency planning arrangements which included daily key Member briefings, a gold, silver and bronze command structure, and telephone briefings to staff.

Decision Making

Due to the COVID 19 crisis and the instructions and directions of the Government, it was not possible for Members to meet and take decisions between 23 March 2020 and 21 May 2020 due to the 'lockdown' and the requirement to maintain social distancing. Officers therefore took a number of operational decisions to comply with the Government's instructions and directions that Members were asked to ratify at the first Cabinet meeting since the lockdown on 21 May 2020.

Given the nature of the crisis, decisions needed to be made as a matter of urgency with risks being assessed on a daily basis by Chief Officers meeting via a gold, silver and bronze command structure with daily key Member briefings, weekly Cabinet briefings and a range of additional briefings with other Members.

Whilst it was not possible to follow the Council's agreed decision making process the risk that decisions made by Chief Offices during this time would not be supported has been mitigated by these briefings to Members and by the Cabinet report to ratify these decisions.

Risk Management

Three risks relating to COVID 19 were included on the Quarter 4 Corporate Risk Register, covering the impact of the pandemic on the delivery of core services, a risk relating to the delivery of services to vulnerable people specifically susceptible to the virus and a risk that encompassed the financial impact on the Council, all of which were red rated.

Risks were assessed on a daily basis by Chief Officers meeting via a gold, silver and bronze command structure.

The on-going risks to the provision of services, to the financial impact on the Council as well as the risks associated with the recovery of Council operations post pandemic will be included in the Quarter 1/2 Corporate Risk Register.

Capacity & Capability

As the crisis developed, Harrow moved to ensure the resilience of its priority services to support vulnerable residents and to look after its staff. This response was influenced by concern about the impact of staff absences, the limitations of Harrow's IT system to allow staff to work remotely and its lean organisational capacity.

Managing the crisis, establishing the new services required by Government and ensuring priority service resilience absorbed considerable organisational capacity.

Accordingly, non-priority activities or projects were halted or postponed and a 'Talent Hub' established to facilitate the voluntary redeployment of staff into priority areas. This strategy was successful and priority services were maintained.

Residents and Members were advised that responses to service queries and complaints might be delayed.

Financial Impact

The Covid-19 emergency is having a significant financial impact on the Council's financial position both for 2020/21 and the subsequent financial years. Given the size and scale of the potential impact on the Council's finances this will remain a key focus for the organisation going forward as without adequate short and medium term financial support from the Government the impact on the Council's ability to deliver services in an ongoing way will be severely compromised. Prior to the Covid-19 crisis the Council was already facing substantial financial challenges as a result of ongoing annual reductions in funding received from Central Government as well as additional spending pressures caused by the increase in the cost of living and an increased demand for services in Adult Social care as a result of having an ageing population. The Council responded to these pre-Covid-19 challenges by identifying efficiencies and looking at ways to innovate service delivery in accordance with a savings programme agreed by Full Council in February 2020 for the Financial Years 2020-21 to 2022-23. Over this period, further savings of £12.2m have been included in the Medium-Term Financial Strategy (MTFS). Even with these savings already identified, the Council faces budget gaps of £11.4m in 2021/22 and £11.2m in 2022/23.

Qtr1 reporting does indicate that in the current financial year, as a result of receiving emergency funding, the co-payment mechanism and robust control of the in year budget, that the Council can manage a balanced budget position. However, there are continued grave concerns about the legacy impact of Covid-19 over the MTFS. Council Officers and Members are linked into numerous lobbying forums to ensure the Government fully understands the financial impact of the emergency on Harrow Council, not only in the current year but over the three years of the MTFS as current events will carry legacy issues into future years. These concerns are heightened by the lack of clarity on Council funding and the continuation of schemes, such as emergency funding and co-payment mechanism, to support the legacy issues.

Full Council approved the Medium Term Financial Strategy (2020/21 to 2022/23) in February 2020. The financial impact of the COVID 19 emergency is being worked through in detail alongside the published MTFS. As government announcements on the funding of local government are now not anticipated until very late in the calendar year, the work being undertaken around financial sustainability is intended to be presented to October Cabinet, in advance of the draft budget and MTFS being presented to Cabinet in December 2020.

Impact on the production of the Annual Governance Statement

Whilst the review of governance is an ongoing process there is an annual process that requires assurances from officers across the Council which usually takes place in April and May each year. This year's process was disrupted due to the Covid 19 crisis as staff working in priority areas were unable during April to contribute to the process, other staff were also seconded to priority areas or dealing with new priorities, the limitations of the IT system to allow staff to work remotely and Council's overall lean organisational capacity. The process was begun in May and although the majority of the assurances **were** received it **was** still not been possible to obtain assurance on some elements of the Council's governance structure in place during 2019/20 or to complete the analysis of the assurances and as a consequence a **1st draft AGS was produced to include in the Draft Statement of Accounts. This 2nd draft of the AGS has been produced now all the assurances have been obtained.**

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 2019/20 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 2019/20 and a review of a selection of joint working arrangements, undertaken during 2019/20. 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 during 2019/20 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. 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. Training on the Code of Conduct for Members took place after the local elections in May 2018 and was attended by 68% of Members, further training took place in January 2019 when a further 10% attended.

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 **although the annual appraisal process usually undertaken in April/May has been delayed due to the Covid-19 crisis.**

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 2019/20.

From 25th May 2018 the main provisions of the Data Protection Act 2018 (DPA) came 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 must be taken into account. In compliance with the requirements of the legislation a Data Protection Officer was appointed in August 2018 who during 2019/20 continued to embed the rights of data subjects and the requirements for the Council as a data controller. **The Data Protection officer reports to the Senior Information Risk Officer, currently the Corporate Director of Resources, who reports to CSB.**

In addition mandatory online training for all staff on information governance, cyber security and the new Data Protection legislation has been developed and was introduced across the Council in October 2018. The completion rates for this training at the end of 2019/20 were slightly higher than for 2018/19 however still disappointing at 65%. **Now that the workload to respond to Covid-19 is stabilising** consideration will be given to how the uptake of this training can be addressed. Members also received this training via a mix of face to face with the DPO and online training, 83% of all members have now had training within the last 12 months a significant improvement on the 2018/19 completion rate of 29%.

The Freedom of Information Act (FOI) is a key piece of legislation that the Council is required to comply with and during the first 3 quarters of 2019/20 94% of FOI requests were dealt with within the 20 day timescale (Q4 data is not currently available).

In January 2019 the Committee on Standards in Public Life published its report on local government ethical standards and this was presented to the GARMS Committee in July 2019. The report looks at the current framework governing the behaviour of local government councillors and executives in England and makes a number of recommendations to promote and maintain the standards expected by the public. The report recommends a number of changes to legislation that may come into force in due course and makes some best practice recommendations for local authorities to consider as a benchmark of good ethical practice which they expect all local authorities can and should implement. The Committee resolved that steps be taken to introduce all the best practice recommendations set out in the Committee on Standards in Public Life report subject to, in relation to best practice recommendation 14, officers providing guidance on an appropriate mechanism for accountability of the separate bodies established by the Council and intends to review the implementation of these in 2020. **Best practice 14 states that:** Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.

Paragraph 3.20 below outlines the separate bodies set up by the Council and their relationship with the Council however the annual review of governance has highlighted that not all of these bodies are yet publishing their board agenda, minutes and annual reports.

3.3 Acting in the Public Interest

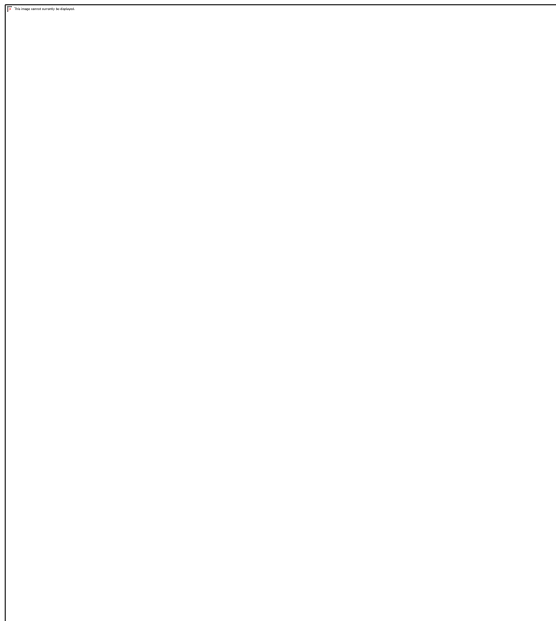
The annual review of governance 2019/20 confirmed that the Council can demonstrate a commitment to openness and acting in the public interest. This is achieved via the implementation of a governance structure which includes codes of conduct, a corporate appraisal process, a Standards Committee, registers 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. The Council's Financial Regulations were refreshed during 2018/19, agreed by Council and included in the constitution in February 2019. Staff was made aware of the refreshed regulations in the May 2019 staff newsletter and a training scheme is currently in development.

The Constitution was updated in July 2019 in respect of the following:

- Changes required to put in place a disciplinary procedure for statutory chief officers
- Inserting terms of reference for the Corporate Strategic Board and the Building a Better Harrow Board
- Principles of Decision Making
- Code of Conduct for Members
- Officer Employment Procedure rules
- Chief Officers Employment Panel

3.4 Communication and Consultation

Whilst a Communication Strategy/Plan was again not in place for 2019/20, the Council’s Communications Team worked with all parts of the Council and a wide range of partner organisations and external stakeholders on media relations, marketing, campaigns, consultations, events, publications and social media in order to assist the Council in improving its relationship with its public. This includes keeping residents informed of Council activities, engaging them in dialogue around service delivery and soliciting their views to drive change.



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.

The majority of the Council’s Divisions had service plans in place for 2019/20 linked to the Corporate Priorities contained in the Harrow Ambition Plan and the corporate annual appraisal process requires all individual objectives to be aligned to the Harrow Ambition plan and its strategic aims.

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 for 2019/20 with no significant changes. In February 2020 the Council adopted its Borough Plan, and a new Council Delivery Plan will succeed the Harrow Ambition Plan for 2020/21 onwards.

The original plan was communicated widely



3.6 Putting the Vision into Practice

The original Harrow Ambition Plan 2020, 2019 refresh, contains courses of action to be taken by the Council to implement the vision during 2019/20. Usually an annual update on progress against the plan is reported to Cabinet and Council however due to the Covid-19 Pandemic the Policy Team, who undertake the review, were re-deployed to the Community Hub and thus there was no capacity to undertake the

review. A report on the new Council Delivery Plan is due to be presented to Cabinet in November 2020 and will cover progress during 2019/20 against the Harrow Ambition Plan.

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 and also by the relevant Corporate Director before they are presented to the decision makers (Council, Cabinet, Committees).

3.8 Measuring Performance and External Assurance

Throughout 2019/20 the Council's strategic performance has been tracked through a quarterly cycle of:

- Performance Briefings
- CSB performance discussions
- Joint Cabinet/CSB discussions
- Strategic Performance Report to Cabinet

Capital and revenue financial performance was also reported quarterly to the Corporate Strategic Board, Cabinet and all Members with Treasury Management reported to Cabinet three times during the year.

The 2019/20 Management Assurance exercise confirmed that key performance indicators were in place for all Divisions within the Community, People and Resources Directorates and that these were reported in the quarterly Strategic Performance reports to CSB and Cabinet throughout 2019/20.

Her Majesty's Passport Office, General Register Office – Compliance & Performance Unit issued two reports during 2019/20, a Stock and Security Assurance Assessment of the Council's Registrars Service in May 2019 that concluded that overall Harrow Council maintains 'High' security in relation to the security arrangements around the receipt, storage and use of the secure certificate stock (marriage, birth and death certificates) and an Annual Report 2018/19 issued in June 2019 that concluded that 'It is pleasing to note the very high level of service achieved by the local authority during the past year'.

The Law Society issued a report in February 2020 entitled Lexcel - Excellence in Legal Practice Management and Client Care that concluded that HB Public Law are to be commended in that 19 areas of good practice were identified during the assessment. These evidence either a diligent approach to complying with the requirements or identify areas in which the minimum Lexcel requirement has been

exceeded and are also to be commended as no non-compliances were identified during the assessment.

In Adults Service a Harrow Peer Review – Commissioning for Better Outcomes was undertaken during 2019/20. This was a light touch review of the micro commissioning practices and wider intentions of the Directorate. Overall the practice and commitment was judged to be well embedded and evidenced. There was encouragement that Harrow's draft plans for change were on the correct track to further improve the commissioning processes.

Two reports from Ofsted were received during 2019/20 one on The Firs short Breaks Unit giving an outstanding assurance rating and the other on the Inspection of Local Authority Children Services giving a GOOD in all graded areas. Two further reviews were carried out in the Children and Young People Division during the year one from Ofsted and Care Quality Commission on SEND **identifying 36 strengths and 18 areas for development** and the other carried out by the London Innovation and Improvement Alliance on Adolescent Safeguarding Peer Review **copy outstanding**.

3.9 External Audit

During 2019/20 the authority provided timely support, information and responses to the Council's external auditors, Mazars, and properly considered their audit findings in relation to the 2018/19 accounts completed in May 2019. An unqualified opinion was given on the 2018/19 accounts and no recommendations were made by the auditors in relation to these accounts.

3.10 Roles and Responsibilities

The roles and responsibilities of Members, the most senior managers and statutory officers have been defined and documented in the constitution. After the local elections in May 2018 the new Leader of the Council made a number of changes to the roles and responsibilities of the Portfolio Holders and these were updated and included in the Constitution in May 2018. The roles and responsibilities of other managers and staff are defined and documented in Role Profiles attached to each post.

3.11 Financial Management

The Council's financial management arrangements during 2019/20 conformed with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)*. **During 2019/20 the Council delivered its services within the approved budget of £167.1m, contained the pressures arising from the challenging financial environment and managed the risks around demand pressures. This resulted in a balanced outturn position after contributing just under £6.1m into reserves, which after allowing for £3.2m which has been carried forward to be spent in 2020/21, leaves the remainder of £2.9m earmarked to help fund the**

2020/21 budget and to fund capacity needed to implement future savings and organisational transformation.

3.12 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 2019/20 to discharge these duties and no reports were made on any contraventions.

3.13 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 throughout 2019/20.

3.14 Development Needs

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

During 2019/20 member training was also conducted on how to use social media, homelessness and rough sleeping and EU settled status.

The Council runs Corporate Induction sessions to ensure all new members of staff, including Agency staff, are inducted in a timely manner. HR policy has been changed to ensure that new members of staff should not pass probation unless they have attended induction.

For 2019/20 there were 7 Induction sessions held and 107 staff attended.

The Corporate Induction covers:

- Welcome from Leader and Chief Executive (their expectations from staff)
- Vision and priorities
- Values and Behaviours for both Staff and Managers
- Organisation structure
- Equalities and Diversity
- Completion of Mandatory training (for staff who do not have IT access)

The organisational Development agenda has been an area of focus during 2019/20 with work to build line manager capabilities a priority. Work to develop effective metrics and measures for the new in-house Human Resources and Organisational Development service and to develop a People Strategy is also underway.

3.15 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 reviewed and updated four times during 2019/20 for Q1, Q2, Q3 and Q4 with updates undertaken within each quarter. Q1, Q2 and Q3 updates were presented to the Corporate Strategic Board (CSB) for review and challenge and Q2 and Q3 updates were presented to the Governance, Audit, Risk Management & Standards (GARMS) Committee to assist the Committee in monitoring progress on risk management in accordance with their Terms of Reference. The reporting of the Q4 Corporate Risk Register to both CSB and the GARMS Committee was disrupted due to the COVID-19 crisis.

3.16 Counter Fraud and Anti-corruption Arrangements

The Council has a Corporate Anti-Fraud Strategy 2016-19 outlining its approach to tackling fraud that is reviewed annually. However no changes were made to the strategy in 2019/20. The refreshed Local Government Fighting Fraud & Corruption Locally Strategy (FFCL) was published online on 26th March 2020 and during 2020-21 the authorities' own strategy will be reviewed and updated to reflect any changes and best practice that the new FFCL Strategy recommends. 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 2019/20, that reviewed progress against the five main principles within the code to improve the Council's arrangements. The result was a compliance level of 78%, unchanged from 2018/19, indicating that the authority has reached a 'good level' of performance against the code. Further work is currently being undertaken to determine the barriers preventing further improvement.

3.17 Scrutiny

The scrutiny function comprises an Overview and Scrutiny Committee (O&S), a Performance and Finance Sub-Committee (P&F), a Health and Social Care (H&SC) Sub-Committee and lead scrutiny councillors for:

- Health
- Community
- People
- Resources

The function is driven by the need to hold the Council and our partners to account for their performance and the establishment of the performance and finance sub-committee as the driver of scrutiny is a key component in ensuring that the function is focused on the issues of the greatest importance to the Council. The lead

Members ensure that expertise to tackle particular areas of service delivery is maintained.

The structure is subject to regular review and is supported by meetings of the scrutiny leadership group, comprising the leads and the chairs and vice chairs of the committees, which considers agenda and review programmes, provides strategic direction for the function and overall co-ordination between the leads and committees.

During 2019/20 O&S met 9 times, P&F 2 times (with one meeting cancelled in March 2020 due to the Covid-19 crisis) and H&SC 4 times.

3.18 Internal Audit

A new Statement on the Role of the Head of Internal Audit was issued by CIPFA in 2019. It states that ‘ *The head of internal audit (HIA) occupies a critical position in any organisation, helping it to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance. The aim of this Statement is to set out the role of the HIA in public service organisations and to help ensure organisations engage with and support the role effectively.*’ The Statement contains 5 principles with organisational and HIA responsibilities attached to each one.

Overall throughout 2019/20 these principles were complied with however a small number of the organisational responsibilities need to be clarified and strengthened. The Internal Audit Service is also required to comply with the Public Sector Internal Audit Standards and to be reviewed externally against these standards every five years and internally regularly. An external peer review in June 2017 confirmed that the service ‘generally complies’ with the Public Sector Internal Audit Standards and the 2019 internal review against these standards confirmed this assessment.

3.19 Audit Committee

The duties of the audit committee are undertaken by the Governance, Audit, Risk Management & Standards Committee and an Internal Audit review undertaken during 2018/19 has established it generally operates in-line with the core functions of an audit committee as identified in *Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2017)*. Two key actions coming out of the review was the update the Committee’s Terms of Reference which were approved by Council and included in the constitution in February 2019 and the introduction of an Annual Report describing the work of the Committee throughout the year and demonstrating that the Committee has undertaken its role effectively, the first of which, for 2018/19 was presented to Council in January 2020.

3.20 Joint Working/Council Trading Companies

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.

Throughout 2019/20 the Council’s trading structure consisted of five separate legal entities as shown in the table below:

Harrow Council trading Structure		
Name	Legal Structure	Date Started Trading
Concilium Group Limited (Holding Company)	UK Limited Company	November 2015
Concilium Business Services Limited	UK Limited Company	November 2015
Sancroft Community Care Limited	UK Limited Company	January 2018
Concilium Assets LLP	Limited Liability Partnership	January 2019
HB Public Law Limited	UK Limited Company	April 2015

These entities have been set up to provide a financial or other benefit to the council whilst enabling it to undertake specific commercial activities. Harrow Council therefore either directly or indirectly holds a 100% controlling interest in each of the five trading entities.

Concilium Group Ltd. is a wholly owned commercial subsidiary of the council, set up with the dual purpose of consolidating the financials of its subsidiaries and to act as the minority partner in a council controlled Limited Liability partnership (Concilium Assets LLP). In effect, Concilium Group is a council owned holding vehicle.

Concilium Business Services Ltd (CBS - previously trading as Smart Lettings) is a wholly owned subsidiary of Concilium Group Ltd. with the principal aim of providing private lettings, property management, property administration and a tenant referencing service. Until February 2019 its principal source of revenue came from the property management of 100 homes, managed on behalf of Harrow Council. During 2019/20 CBS Ltd has undergone a strategic change of direction and as a result, CBS Ltd. is now only responsible for the legal ownership of 6 homes. CBS Ltd. shall retain 5% of the income collected from these tenants, distributing the remaining 95% back to the council.

Sancroft Community Care Ltd. Is another wholly owned subsidiary of Concilium Group Ltd. and was set up to take over the operation of the now 62 bed residential care home for the elderly. 45 of these beds are block contracted with the London Borough of Harrow under a five-year contract.

Concilium Assets LLP (The LLP) is a Limited Liability Partnership owned 95% by Harrow and 5% by Concilium Group Ltd. and was set up to enable direct private rental sector (PRS) property investment activities. 53 PRS units on Gayton Road

were transferred to the LLP in July 2019 on a 10-year lease for rent to the private market.

The formation of HB Public Law Ltd. was formally approved by Cabinet on 13th November 2014 (began trading in 2015) and is set up as a council owned company which has been granted an Alternative Business Structure (ABS) licence from the Solicitor's Regulatory Authority. This was in order to be able to carry out legal work which the Legal shared service, as a local authority, is prevented from undertaking by professional conduct rules. There was however minimal work going through the ABS in 2019/20, hence there were no board meetings, policies etc. and therefore the decision was taken to wind it up as the volumes of work did not justify the additional costs that running the ABS entailed. It will formally cease to exist in the next few weeks once it has been processed by Companies House.

The Council also runs a shared legal services (HBPL) for which it is the lead authority.

The importance of good governance within these arrangements is recognised and as part of the 2019/20 annual review of governance the governance arrangements for the shared legal service (HBPL), Consillium Business Services and Sancroft Community Care Ltd have been reviewed and updated and assurance obtained that reasonable governance arrangements are in place. Governance arrangements have not been reviewed for Concilium Group Limited as it is merely a holding company and the governance arrangements for Concilium Assets LLP **will be reviewed in 2020/21**.

On 30th September 2018 Buckinghamshire County Council (BCC) gave one year's notice, in compliance with the Inter Authority Agreements, of its intention to exit both the Human Resources & Development (for which they were the lead authority) and the Legal Services shared service. The reason given by BCC for the notice was to enable them to concentrate on preparation for the upcoming Unitary announcement. Consequently the HR service transferred back in-house from October 2019.

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, approved by the GARMS Committee in July 2018, contains an action plan setting out how, when and by whom this will be achieved.

The Corporate Health & Safety Board was re-established in December 2017 chaired by the Corporate Director of Community and comprising of the Director of Finance, Divisional Directors, representatives from UNISON and GMB trades union, and Corporate Human Resources. The Board has met monthly throughout 2019/20.

An annual H&S report was presented to the Corporate Health & Safety Board at the end of May 2019, CSB in June 2019 and to the GARMS Committee meeting in July 2019 at which the Corporate Health & Safety Strategy 2019-2022, including an action plan, and the Corporate Health & Safety Policy 2019-2020 were approved. Mid-year progress against the H&S Strategy action plan and the H&S risk action plan reported to CSB in October 2019 showed good progress against both had been made in the first half of the year.

4. Level of Assurance

The analysis of assurances from the annual review of governance 2019/20 indicates that a reasonable level of governance is in place across the Council and that, other than the significant gap 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 based on the annual review of governance and the assurance work of Internal Audit throughout 2019/20 is: **Good with improvements required in a few areas:** The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is generally good with 94% of reports issued being amber, green/amber or green assurance. One red assurance report has been issued identifying significant weakness and/or non-compliance in the framework which could potentially put the achievement of objectives in this area at risk and one significant governance gap was identified as part of the annual review of governance process. However overall, the direction of assurance travel over the past three years is positive with fewer red/amber and red assurance reports issued each year. Improvements have been recommended in areas where weaknesses were identified of which 98% have been agreed by management.

5. Previous Significant Governance Issues

5.1 Health & Safety

A significant governance gap was identified in the 2016/17, 2017/18 and the 2018/19 statement in relation to the Corporate Health & Safety arrangements.

A new policy and three year strategy incorporating a new Corporate H&S Plan for 2019/20 with clear performance measures and a clearer understanding of the tasks to be undertaken and the timescale in which they will be undertaken was submitted and approved by the GARMS Committee in July 2019 along with the annual report for 2018/19 .

The good progress reported against both the H&S Strategy action plan and the H&S risk action plan reduced the Corporate Risk of 'Failure to fulfil the Council's Health & Safety duties leading to a harmful event for an individual/individuals for which the Council is responsible leading to litigation' from a red risk in Q1 and Q2 to an amber

risk in Q3 and Q4 of 2019/20. As a consequence Health & Safety is no longer considered a significant governance issue.

6. Significant Governance Issue 2019/20

6.1 Depot Redevelopment Project

A new governance gap has been identified during 2019/20 in relation to the Depot Redevelopment Project as a significant overspend has been projected along with the identification of several breaches of the Council's Financial Regulations and Contract Procedure Rules. Poor governance contributed to the overspend and the delay in reporting it corporately. Initial action has been taken by management and Finance to identify the extent of the overspend and it has been established that this can be contained within the approved Capital Programme funding. A report on the full extent of the governance issues, recommendations to improve the governance weaknesses and agreed management action will be presented to the GARMS Committee meeting in October 2020.

7. Conclusion

Updates on the implementation of the agreed actions to address the significant governance gap identified in paragraph 6 above will be provided to the Governance, Audit, Risk Management and Standards Committee throughout 2020/21 until fully implemented and will be formally reported upon as part of the next annual review of governance.

8. Declaration

The Leader and the Chief Executive are signing the Annual Governance Statement on behalf of the authority having gained assurance from the annual review of the authority's governance arrangements supported by evidence provided by management including the Chief Finance Officer and the Monitoring Officer, from the Management Assurance Statements provided by Corporate Directors and independent assurance provided by the Head of Internal Audit, and a number of external assurance bodies as detailed in paragraph 3.8.

Graham Henson
Leader
Date:

Sean Harriss
Chief Executive
Date: