

Lewisham  
Annual Governance Statement  
2015/16

## What is corporate governance?

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; and for having a governance framework that comprises of the culture, values, systems and processes by which this is achieved. It must make sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively to meet its strategic objectives.

It also has a duty, through the establishment of internal control measures, to manage risk to a reasonable level by identifying, prioritising, evaluating and managing the risks to the achievement of its policies, aims and objectives. Finally, it has a duty to secure continuous improvement in the way in which its functions are exercised.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers) Framework Delivering Good Governance in Local Government. This statement explains how the authority has complied with the code and also how it meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

*“Corporate governance is about making sure the Council is run properly. It is about ensuring the Council does the right things, at the right time and in the right way.”*

**How has this statement been prepared?**

Every year a review of the effectiveness of the Council's governance framework is conducted by the Annual Governance Statement working party which comprises a team of policy, legal and audit officers with expertise in governance and internal control matters.

The group meets quarterly to collate and evaluate governance evidence and identify areas requiring action; and is responsible for analysing CIPFA/SOLACE guidance in relation to the development of this statement and ensuring that the statement is approved via the Council's key control mechanisms.

## **The governance review process includes:**

- The consideration of the Annual Governance Statement Action Plan by the Council's Internal Control Board (ICB) on a quarterly basis.
- The consideration of the Accounts, the Head of Audit and Risk's Annual Report and the Annual Governance Statement by the Council's Audit Panel.
- A review of the Council's Local Code of Corporate Governance by the Standards Committee, with reference to CIPFA/Solace Guidance.

- Referral of the Annual Governance Statement to full Council with the Statement of Accounts.
- Sign off by the Chair of the Council and Chief Executive, once approved.
- This year some control weaknesses identified by internal audit have raised the risk of governance issues and the actions outlined at the end of this statement summarise the areas of governance focus needed to ensure an effective governance framework is in place.

## **What are the Council's governance arrangements?**

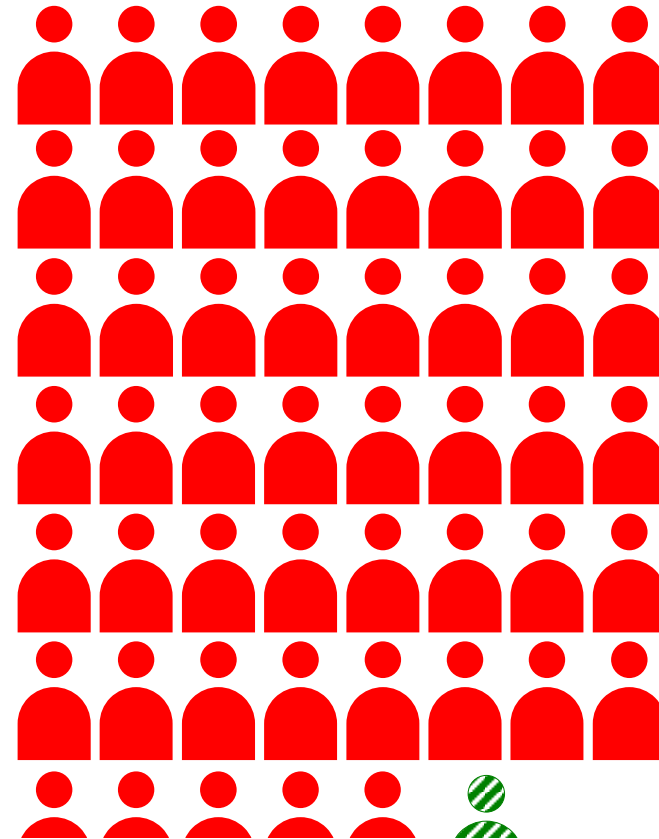
The Council's governance arrangements aim to foster effective leadership and high standards of behaviour; a culture based on openness and honesty; and an external focus on the needs of service users and the public. The diagram on page 5 shows the Council's external facing governance structure, as set out in the Council's constitution.

Lewisham's directly elected Mayor provides the Council with clear strategic direction and effective leadership but the Council also benefits from the perspectives and contributions of its 54 Councillors. The Council's constitution clearly defines the roles of councillors and officers, and this clarity contributes to effective working relationships across the Council. The Constitution Working Party, the Standards Committee and the Audit Panel monitor and challenge the governance arrangements and ensure their robustness.

The Council has worked closely with its partners, both strategic and operational. The Council has two statutory partnership boards: the Safer Lewisham Partnership which works to protect the community from crime and help people feel safer; and the Health and Wellbeing Board which works to identify local health challenges and lead on the activity necessary to address them.



1 Mayor (Labour)



54 Councillors (53 Labour, 1 Green Party)

## Council

- Consists of 54 elected councillors, three from each of the 18 wards.
- Appoints the overview & scrutiny committee and other committees.
- Approves the policy framework and budget.

Communities Select Committee  
Environment Committee

Housing Select Committee

Scrutiny

Ageing and Wellbeing Committee  
Statutory Standards Committee  
Young People Select Committee

- promotes high standards of conduct.
- Pension Board**
- secures compliance with Local Government Pension Scheme.

## Overview and Scrutiny

- Meets at least once a year and is ultimately responsible for overview and scrutiny;
- Delegates work to other scrutiny bodies – six select committees, two business panels all of which are formally subcommittees of overview and scrutiny;
- The Business Panel co-ordinates the select committees work programmes.
- The six select committees draw up work programmes each year to:
  1. Hold the Mayor and senior officers to account for decisions and check performance.
  2. Examine issues in depth and make recommendations for policy development.

*To find out what each of the Select Committees does please click the links below*

## Regulatory Committees

### Licensing committees (x2)

- responsible for all entertainment licensing and the provision of late night refreshment.

### Planning committees(x4)

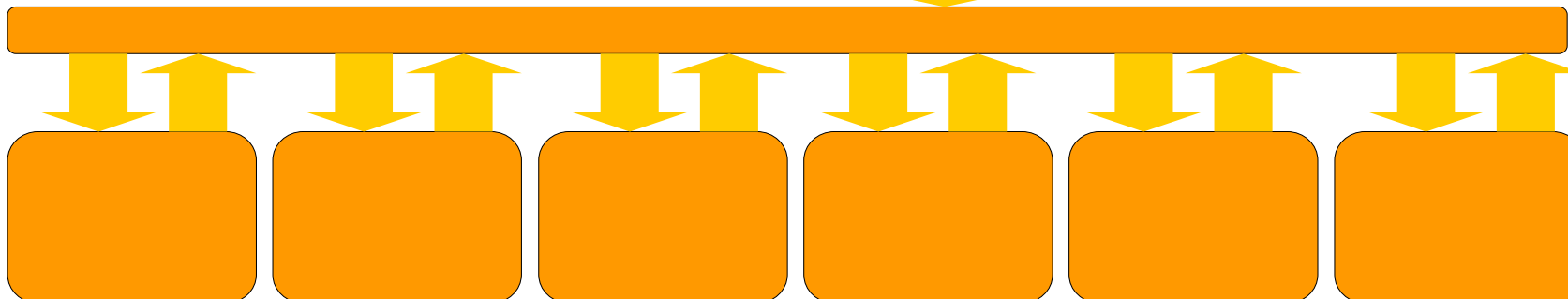
- consider planning matters across the whole borough. The Strategic Planning Committee consider strategic regeneration proposals.

### Other Committees & Working Parties

- Audit Panel
- Appointments
- Elections
- Health & Safety
- Pensions Investment
- Constitution

### Internal Control Board:

- Manages the approach to risk.



# *‘Together we will make Lewisham the best place in London to live, work and learn’*

## **Communicating and reviewing the Council’s vision**

The Council has an overarching vision for the borough which is shared by its key partners and which was developed following extensive consultation with the community: **‘Together we will make Lewisham the best place in London to live, work and learn’**.

The Sustainable Community Strategy (SCS) outlines how all partners will work towards the vision by contributing to six key priorities:

**Ambitious and achieving** – where people are inspired and supported to fulfil their potential.

**Safer** – where people feel safe and live free from crime, antisocial behaviour and abuse.

**Empowered and responsible** – where people are actively involved in their local area and contribute to supportive communities.

**Clean, green and liveable** – where people live in high quality housing and can care for and enjoy their environment.

**Healthy, active and enjoyable** – where people can actively participate in maintaining and improving their health and well-being.

**Dynamic and prosperous** – where people are part of vibrant communities and town centres, well connected to London and beyond.

The Council, in turn, has developed **ten corporate priorities** which articulate its contribution to the Sustainable Community Strategy priorities.

## Delivering quality services

The Council seeks to use its resources efficiently and effectively to provide quality services which help deliver its vision for the borough. In the 2014/15 Annual Audit Letter Grant Thornton, the Council's external auditors, commented that:

*“we are satisfied that in all significant respects the Council put in place proper arrangements to secure **economy, efficiency and effectiveness** in its use of resources for the year ending 31 March 2015”*

The Council's performance is monitored via a monthly management report which tracks **27 performance indicators**, grouped according to the Council's ten corporate priorities, and associated risks. The report uses Red exception reporting to focus attention on areas of poor performance or high risk and is a critical tool for supporting decisions across the organisation. The report is seen by the Executive Management Team (EMT) monthly and the Public Accounts Select Committee and Mayor & Cabinet quarterly and is published on the Council website. The appropriateness of these measures is reviewed annually. The quality of services for users is also measured through satisfaction surveys and information from

the complaints and management resolution process. In addition, where areas for improvement are identified, the Council acts swiftly to address them. For example, following Ofsted's inspection of children's social care in Lewisham, the Council has worked with its partners to develop a robust improvement plan to address the nine recommendations arising from the regulator's report.

The *Lewisham Future Programme* has been established to spearhead how the Council can move forward in the face of reduced government funding. A number of thematic and cross-cutting reviews are being carried out. This work is underpinned by **four core values**:

*We put service to the **public first***

*We respect **all people and all communities***

*We invest in **employees***

*We are **open, honest and fair** in all we do*

## Roles and responsibilities

The Council's constitution sets out the roles and responsibilities of the Mayor, the Chair of Council, the Council as a whole, the Executive, Statutory Officers, Overview and Scrutiny committees, Standards committees and other committees to help ensure that all decision making activity is lawful and transparent. Decisions are taken and scrutinised in accordance with the Council and Mayoral scheme of delegation, the procedure rules set out in the constitution and on the basis of professional officer advice, as part of an annual programme of regular meetings.

## Embedding Roles and Responsibilities

The Local Code of Corporate Governance and the Codes of Conduct for Members and Officers, set out in the constitution, demand the highest standards of ethical behaviour. These are reviewed regularly and are communicated widely. The Standards Committee received its annual report on Member compliance with the Code of Conduct in November 2015 and considered that there was a high level of compliance. Training on the Member Code of Conduct was delivered to all Councillors in June 2014, following the local elections that year, as part of a comprehensive induction programme to enable Members to understand and access all appropriate support and development to undertake their role.

*'The Mayor is elected to lead the Council. They serve for a period of four years. They must act in the interests of the borough as a whole. They are responsible for taking most of the main decisions, and for giving the power to others to do so.'*

*'Councillors are elected for a term of four years. Councillors who are elected to represent local wards must both represent the people of the ward that elected them and act in the interest of the whole area. They are all expected to contribute to the good governance of the area and to encourage community participation. They must respond to their constituents' enquiries fairly and without prejudice.'*



*‘The constitution requires councillors to follow formal procedures when taking decisions to make sure that decisions are made transparently and openly’*

## Decision making

The constitution requires councillors to follow formal procedures when taking decisions to make sure that decisions are made transparently and openly. This includes declaring if they have a personal interest in the matters under discussion and, if required, withdrawing from the room whilst the decision is taken. Reports are produced in a standard format to ensure that report authors address all significant considerations such as the legal, financial and equalities implications of decisions. The minutes of every formal meeting are published on the Council website.

The constitution requires Executive decisions to be published within two working days of being taken and they may be **called-in** (referred to the Mayor for reconsideration) by the Overview and Scrutiny Business Panel and the Education Business Panel. Four matters were called in by the Education Business Panel in the 2015/16 period. The Council has a Constitution Working Party (CWP) to advise it on the operation of its constitutional arrangements but in practice, the procedure rules set out in the constitution are under constant review to reflect changing needs.

### **Internal Audit**

The role of internal audit is to provide an independent and objective opinion on the internal control environment within the Council. Its work is set out in an annual internal audit plan that covers the activities where internal audit and management perceive there are risks to achieving objectives. A number of audits take place each year to analyse relevant controls and following each audit an assurance statement indicating the level of assurance that management can place on the adequacy and effectiveness of the internal controls is produced. In 2015/16 71 assurance reviews were commissioned and the annual opinion of the Head of Internal Audit was:

*“[having] considered all of the work undertaken and reported on by the Internal Audit Service, Anti-Fraud and Corruption Team and other sources of assurance available to the Council for the audit year 2015/16. In my opinion, **Limited** assurance can be placed on the adequacy and effectiveness of Council’s corporate internal controls framework in place”*

### **External audit**

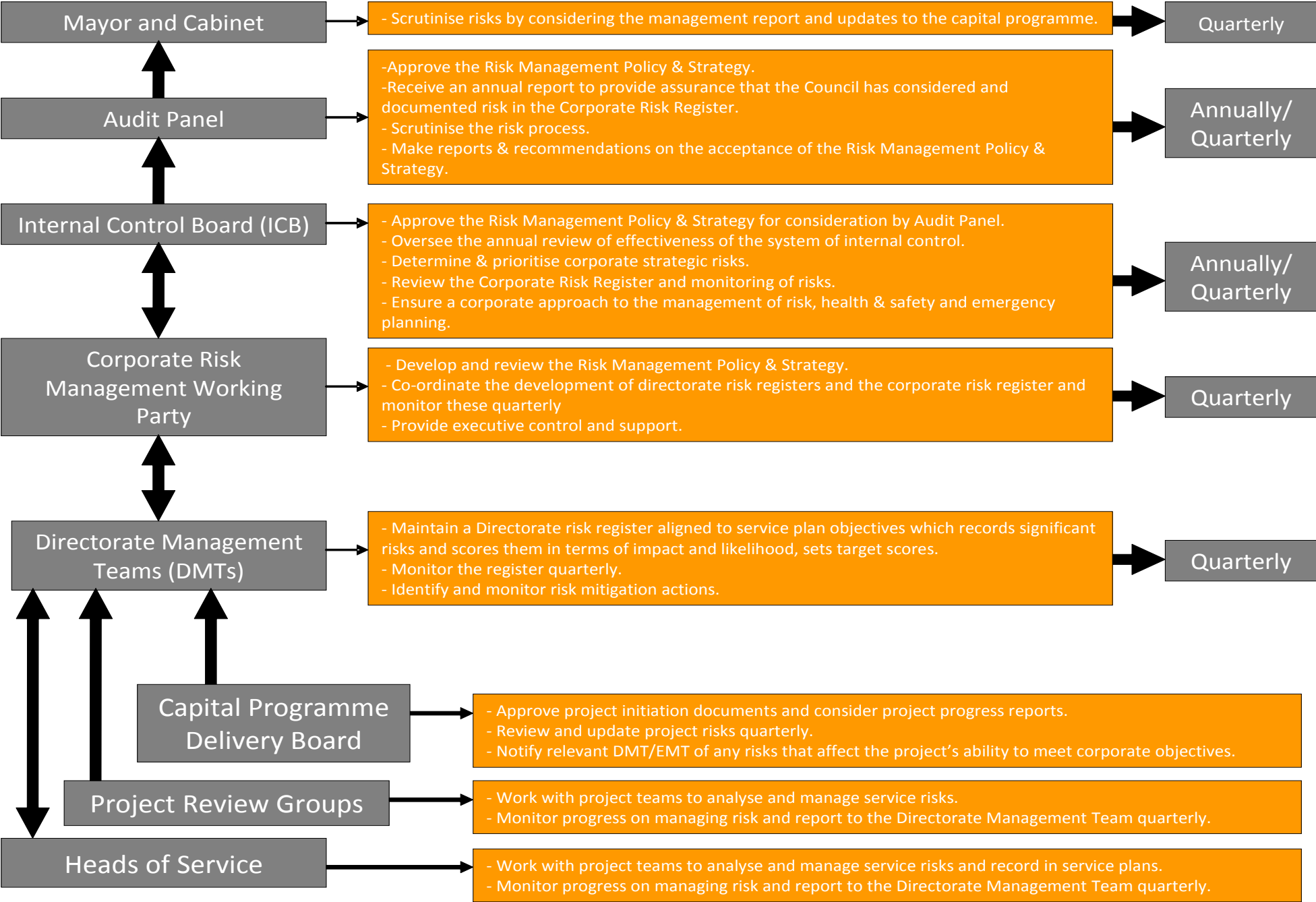
The Council’s governance, risk and control management arrangements are subject to an annual independent review by Grant Thornton, the Council’s external auditors. The last review, which was published in October 2015 noted that

*“... we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources...”*

### **Audit Panel**

The Council’s Audit Panel meets quarterly and is made up of a mixture of Councillors and independent advisors. The key roles of the Panel are to:

- Review and comment on the strategy, plans and resources of Internal Audit. Internal Audit update reports, summarising the audit reports issued, management’s progress on implementing any recommendations and the performance of the Internal Audit function, are received by the Panel on a quarterly basis.
- Consider and monitor the effectiveness of the Council’s risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- Consider the external auditor’s annual plan and other relevant external reports which contribute to the level of assurance.
- Consider the Council’s annual Statement of Accounts and this statement and make comments to Full Council when it considers the accounts.



financial management of the authority is conducted in accordance with financial regulations set out in the constitution and the Council has designated the Executive Director of Resources and Regeneration as its Chief Finance Officer, who advises on the proper administration of the Council's financial affairs, keeping proper financial records and maintaining effective systems of financial control. The Council has a [whistle-blowing policy](#) in place which is publicised on the Council's website. Complaints made under this policy are handled by the Monitoring Officer and an annual review is considered by the Standards Committee.

### **Training and Development**

The Council runs a Member Development Programme, focussed on the period following local elections, which ensures that all Councillors have access to the training and development opportunities they need to fulfil their responsibilities to the local community and provide clear leadership and effective scrutiny of local Council functions. The development needs of senior officers are the responsibility of the Head of Personnel and Development and the Monitoring Officer who are aware of their statutory duties and stay abreast any changes in relevant legislation. At the start of the financial year the Chief Executive defines objectives for each of the Executive Directors which are then cascaded to officers throughout the organisation through the Performance Evaluation Scheme.

### **Compliance**

The Monitoring Officer is central to ensuring compliance with the rules and procedures set out in the constitution. The Monitoring Officer attends Mayor and Cabinet and Full Council meetings and regularly briefs EMT, councillors and relevant staff on corporate legislative developments; and legal advice is incorporated in every council report. Where gaps or non-compliance are identified, appropriate action is taken. The

## Engaging the community and partners

The Council's engagement activity is overseen by the Strategy Performance and Communications Board (SPCB) which operates at Executive Director level and provides a strategic steer on the communication and consultation agendas within the Council.

The Council promotes e-Participation through its online engagement system which provides a platform through which citizens can respond to online consultations as well as set up and respond to e-Petitions. Ward-level Local Assemblies are an opportunity for residents to work with their ward councillors to shape the future of their neighbourhood; and the Young Citizens Panel gives young people aged 11 – 18 the chance to feed into council policy and spending decisions, including the use of the Young Mayor's budget.

The Council's website includes a page on open data and transparency, which gives information on spending; wages of senior managers; Freedom of Information requests; the annual audit of accounts; the pay policy; and Council decisions. The arrangements for strategic partnership working are set out earlier in this statement. Periodically the Council also engages in wide consultation and communication activities. In 2015 the Council commissioned an independent organisation to run a borough-wide Residents Survey. The survey provided local residents with the opportunity to express their views on a wide

range issues such as their experience of living in the borough and their views of the Council's performance.

## How do we know our arrangements are working?

Throughout the year, the Council regularly reviews the effectiveness of its governance framework, including its system of internal control. Activity undertaken includes:

- Consideration of governance issues by the ICB – including risk registers, counter-fraud updates and internal audit reports.
- Preparation of a rolling plan of audit coverage to be achieved in the forthcoming year by the Head of Audit and Risk, primarily based on an assessment of the Council's risk profile, and review of the plan by ICB.
- Receipt of the Internal Audit Strategy by the Audit panel and approval of the annual audit plan.
- Preparation of the annual assurance report by the Head of Resources, setting out his opinion on the Council's overall control environment and approval of the report by the Audit Panel.
- Annual updates to the Public Accounts Select Committee on the work of the Audit Panel

- Consideration by EMT of a full range of governance and performance issues throughout the year, including issues relating to the improvement of the Internal Audit Service and scrutiny of performance and risk (ensuring management action is taken where necessary).
- Consideration of the following reports by the Standards Committee:
  - Compliance with the Member Code of Conduct (November 2015)
  - Review of Whistle-blowing Policy (December 2015)
  - Review of Compliance with the Council's Code of Corporate Governance (May 2015)
- Consideration of external audit reports by Mayor and Cabinet, Audit Panel and relevant Select Committees.
- Changes made by the Constitution Working Party such as the introduction of the Pension Board

- Managing change across Council services in light of the further budget reductions the Council faces, whilst at the same time maintaining internal control;
- Responding to policy and priority changes for Lewisham, following the Queen's Speech in May 2016.
- Addressing the external and internal audit findings reported to the Audit Panel in 2015/16 to maintain and, where necessary, improve the Council's financial controls.

Signed

### **What are our governance priorities going forward?**

Our priorities include: