

<b>AUDIT PANEL</b>		
<b>Report Title</b>	<b>2010/11 Annual Governance Statement</b> [To be submitted to Audit Panel as part of the Pre-Audit Statement of Accounts 2010/11]	
<b>Key Decision</b>	<b>No</b>	<b>Item No. 12</b>
<b>Ward</b>	<b>ALL</b>	
<b>Contributors</b>	<b>Head of Law</b>	
<b>Class</b>		<b>Date: 22 June 2011</b>

## 1. Introduction

1.1 The Council is required to produce an Annual Governance Statement (AGS) as an integral part of the Statement of Accounts. An AGS was first produced to accompany the 2007/08 accounts. This is updated annually, and has now been amended to reflect changes during 2010/11.

## 2. Recommendations

2.1 Audit Panel are asked to:

- note the draft AGS 2010/11 (appendix 1) and the 2011/12 action plan (appendix 2) and recommend changes as appropriate.
- review the [schedule of evidence](#) and recommend changes as appropriate.



## Annual Governance Statement

### 1. Scope of responsibility

The London Borough of Lewisham (Lewisham) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must make certain that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Lewisham also 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.

In discharging this overall responsibility, Lewisham 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.

Lewisham has approved and adopted a [Local Code of Corporate Governance](#), which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

The Annual Governance Statement (AGS) explains how the authority has complied with the code and also meets the requirements of regulation the *Accounts and Audit (England) Regulations 2011* in relation to the publication of a statement on internal control.

### 2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled. The framework also governs the 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.

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 ongoing process designed to identify and prioritise the risks to the achievement of

Lewisham's policies, aims and objectives. It then evaluates the likelihood of those risks being realised and the impact should they be realised, and seeks to manage them efficiently, effectively and economically.

The governance framework has been in place at Lewisham for the year ended 31 March 2011 and up to the date of approval of the annual governance statement and statement of accounts.

### **A summary of the governance framework**

Lewisham's directly elected Mayor ensures the Council has a clear strategic direction and effective leadership. The Council benefits from the perspectives and contributions of 54 Councillors. The Council's Constitution clearly defines the roles of Members and Officers, and this clarity contributes to effective working relationships across the Council.

The Local Code of Corporate Governance and well developed Codes of Conduct for Members and Officers demand the highest standards of ethical behaviour. These are reviewed regularly and are communicated widely.

Financial decisions are tied to corporate priorities. The management of risk is handled at a corporate and directorate level and is overseen by an independently chaired Internal Control Board. The involvement and contribution made by the Constitution Working Party, the Standards Committee and the Audit Panel to provide a check on the Council's governance arrangements represent constructive and informative tools to ensure the robustness of the Council's arrangements.

The Council's overall vision for the area is shared by its key partners on the Lewisham Strategic Partnership (LSP) and was developed following extensive consultation with the community.

The Annual Audit letter of 2009/10, issued by the Audit Commission's appointed auditor concluded that the Council was considered to have '*strong governance arrangements in place*' and '*effective risk management systems which are well integrated across the whole of the council and includes partnership working*'.

In December 2010, the Government introduced the Decentralisation & Localism Bill into Parliament. The Bill proposes to devolve more power to councils and neighbourhoods and gives local communities greater control over local decisions such as housing and planning. The Head of Law briefed Councillors in June 2011 on the current position in relation to the Localism Bill and the impact that it could possibly have on the Members Code of Conduct. Specific training on aspects of the Localism Bill is planned for July 2011.

### **3. Elements of the governance framework**

#### **a) Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

The long-standing vision of the Council is: *Together, we will make Lewisham the best place in London to live, work and learn.* This was agreed following extensive consultation and adopted by the LSP as the vision statement for Lewisham's first Community Strategy, launched in 2003. This joint vision is promoted on the Lewisham website and in Council strategies, which are also published on the website.

In 2008 the LSP published "*Shaping our future: Lewisham's Sustainable Community Strategy (SCS) 2008-2020*" in line with the recommendations of the Local Government White Paper, *Strong and Prosperous Communities* (2006). The development of the SCS was informed by an extensive programme of consultation, which identified resident's aspirations for Lewisham, and which ensured that those views fed into the six key outcomes for the borough the SCS sets out to achieve.

This development approach was endorsed by the Audit Commission, when they concluded in their 2009 Area Assessment that "*Lewisham's local strategic partnership understands the issues of concern to residents very well. Their main priorities reflect local people's needs and wishes clearly*".

The Council has an enduring set of 10 corporate priorities and in 2008 published and communicated widely a Corporate Strategy (2008-11) which sets out how the organisation will contribute to the delivery of the SCS. The Corporate Strategy is reviewed every year through the Annual Report and is also supplemented by the Monthly Management Report.

#### **b) Reviewing the authority's vision and its implications for the authority's governance arrangements**

The Lewisham Strategic Partnership is led by the LSP board which is chaired by Lewisham's directly-elected Mayor. A series of thematic partnerships work with the LSP board, each concentrating on a specific set of cross-cutting policy issues. The thematic partnerships bring together the relevant organisations and individuals to determine appropriate interventions and to ensure that joint-working results in the best possible outcomes. The LSP board and thematic partnership boards have re-aligned their focus around the six key outcomes set out in the SCS. The plans which relate to the thematic boards, are monitored on a regular basis. The monitoring of such plans feeds up to the LSP board and into the wider monitoring of the SCS.

The Council assessed the implications of change for the Council's governance arrangements through the review of the Local Code of Corporate Governance at the Standards Committee (10<sup>th</sup> May 2007) and at Council (23<sup>rd</sup> May 2007). Further reviews of the Local Code have taken place in 2008, 2009 and 2010. The review of

2009 (reported to Standards Committee on 5<sup>th</sup> May 2009) recommended that the Local Code be extended to include a new requirement – in the light of new CIPFA guidance and the Council's extensive partnership arrangements – to ensure effective partnership governance and risk management.

Further to this, on an ongoing basis, the work of the Constitution Working Party and the Internal Control Board addresses governance issues arising out of the Council's vision for the area. In its 2007 Direction of Travel statement, the Audit Commission noted that, in Lewisham, 'robust corporate governance arrangements continue to operate'. In their feedback following the 2008 'Use of Resources' assessment the Audit Commission found 'excellent arrangements around ethical governance'. As a result the Audit Commission nominated the Council as an example of 'notable practice' – for other local authorities to follow – in the field of developing arrangements to secure ethical governance. And during a study of social responsibility and community cohesion in 2009, OfSTED found "a clear vision which focuses strongly on outcomes."

The 2009/10 [Annual Audit Letter](#) states that the Council '*has strong governance arrangements in place, such as a development and training programme for members, and is able to demonstrate that these have led to a wide range of positive outcomes*'. It also notes that the Council '*continues to have a clear vision of the outcomes it seeks to achieve to deliver best value for local people, including improving the quality of life, based on an ongoing assessment of need through the procurement strategy*'.

**c) Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources.**

Lewisham has a successful record in this area, which was recognised in the 2009 Organisational Assessment with a score of 3 out of 4 for performance management.

In the 2009/10 [Annual Audit Letter](#) the Audit Commission concluded that the Council '*has comprehensive data quality processes in place. The Council has continued to implement an effective process for recording and reporting data and ensures that it is reliable*'

A review of the Performance Management Framework takes place annually, to ensure continuous improvement. The Performance Management Framework allows for robust and structured target setting against national requirements and local priorities. It also allows the Council, its partners and residents to monitor and measure the Council's effectiveness against these national and local performance indicators.

Our Monthly Management Report is the centrepiece of our performance reporting structure. It provides a clear and easy to read analysis of our performance against a basket of 80 indicators including National Indicators and local measures, and also

includes an executive summary to direct attention to areas of strong performance as well as areas requiring greater management attention. It is produced entirely from the Performance Plus (P+) system and is presented monthly to the Executive Management Team and quarterly to Mayor's briefing and to the Mayor and Cabinet.

The Monthly Management Report utilises exception reporting to focus attention on key areas: exception reporting for red Projects, Risk and Finance and Red and Green exception reporting for performance. By combining these four areas for each of our corporate priorities, it functions as the critical tool for supporting decisions across the organisation. While examining this report, the Executive Management Team, Mayor and Cabinet and Public Accounts Select Committee challenge all aspects of performance. The report is also published on the Council's website, and so is accessible to members of the general public.

The quality of services for users is also measured through satisfaction surveys and information from the complaints management and resolution process. The Council's complaints procedure is published on the web and has been publicised, through the Council's quarterly newsletter – "Lewisham Life" - to all residents of the borough. The Council has continued to improve its complaints procedure. A revised complaints management system – iCasework – was implemented across the Council on 30 June 2008 and allows for the monitoring and review of intelligence on the resolution of complaints. In combination with bespoke complaints handling training courses, this ensures that the Council learns from complaints. The Head of Public Services reports annually to the Standards Committee with an update on complaints handling, and performance in this area is also reviewed annually by both Mayor and Cabinet and the Public Account Select Committee.

Value for Money (VfM) is integral to Council operations, and the budget strategy is predicated on ensuring that the council is delivering good VfM. A Budget Saving Strategy Group effectively replaces the former Efficiency Programme Board. There has been recent emphasis on securing budget savings (whether this be via improving efficiency or by budget cuts or service cessations). The group was created to focus on delivering the revenue budget savings which would be needed to make the Budget Strategy work.

The Group comprises, Heads of Strategy and Performance and Group Finance Managers, plus a representative from Human Resources and Legal Services. The Group has the remit to review and act as a sounding board for the Budget Strategy, savings process, saving proposals and the mechanics for ensuring the Council has a smooth process for delivering savings. The Group is also responsible for annually reviewing the existing process and suggesting ways to improve it.

In addition to this, the Council is continuing to develop its approach to value for money through its participation in the Local Authority Performance System (LAPS). The LAPS tool enables London local authorities to benchmark costs and performance and develop VFM profiles across a range of service areas.

**d) Defining and documenting the roles and responsibilities of the Executive, non executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

The Council's Constitution sets out the roles and responsibilities of the Mayor, Chair of Council, the Council as a whole, the Executive, Overview and Scrutiny committees, Standards Committees and other committees.

Members follow the required formal procedures when making Council decisions, which ensure that such decisions are made transparently and openly. There is an annual programme of regular meetings whereby formal decisions are taken. Every committee agenda includes as a standard item a section on declarations of interest by committee members which sets out the legal position in relation to the need to declare, and on occasion, withdraw from discussion of matters where the member has a personal and/or prejudicial interest.

Decisions are taken in accordance with the Council and Mayoral scheme of delegation as appropriate and these schemes are maintained, kept up to date and made available to the public as detailed within the Constitution. Decisions are taken in accordance with the general principles of administrative law and on the basis of professional advice at all times. Minutes are published and made widely available through the Lewisham website. All Executive decisions are subject to review by Overview and Scrutiny business panel and may be called-in in accordance with the Council's Constitution. There were no call-ins during the financial year 2009-10. The most recent example of a matter referred to the Mayor for reconsideration in accordance with the call in was the prioritisation of transport schemes on June 1<sup>st</sup> 2011.

The highest standards of ethical conduct are adhered to in order to avoid actual, potential and perceived conflicts of interest. The principles of decision making appear as Article 16 within the Constitution. Standards Committee receives a report on Member compliance with the Code of Conduct, a process which was recognised as 'notable practice' by the Audit Commission in the 2007/08 Use of Resources audit.

In achieving accreditation under the London Member Development Charter in April 2008 (for a minimum period of 3 years) , the Council has agreed a range of role descriptors for members according to the role they fulfil (e.g. executive/community representative/overview and scrutiny etc) and has put in place a personal development scheme to enhance member capability in those roles. Officers support all Members in the performance of their various roles and this is detailed in the Constitution. The roles of the statutory officers are also set out at Article 14 of the Constitution and in detailed job descriptions. The Schemes of Delegation by both the Mayor and the Council are appended to the Constitution at Part VIII.

**e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The Council adopted an amended Member Code of Conduct in July 2010 to comply with new legal requirements. It complies with all statutory provisions and is appended to the Constitution at Part V. It appears on the Council's website, on the intranet and is well publicised. A comprehensive training programme on the Codes of Conduct is delivered by the Head of Law (Monitoring Officer) on an on-going basis for members of the Council.

Monitoring Officer advice is regularly sought by members in relation to potential Code of Conduct issues. The Standards Committee was consulted on changes to the Member Code in November 2009. They were also consulted on the review of compliance with the Members Code of Conduct in November 2010.

The Council has in place an Employee Code of Conduct which complies with all legal requirements and is appended to the Constitution at Part V. The purpose and content of the Employee Code of Conduct is communicated frequently and widely.

**f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

***Reviewing and updating standing orders, standing financial instructions***

The Council's Financial Regulations, Financial Procedures and Directorates' Scheme of Delegation, are regularly updated and communicated to all relevant staff and are available on the Council's intranet. The Financial Regulations, the Schemes of Delegation and the Financial Procedures are currently being updated with the view to publishing the reviewed additions in September 2011. The Council's procedure rules, of which Standing Orders are a part, are reviewed alongside the Constitution; the Constitution is reviewed on a regular basis.

Alongside this, the financial awareness rolling training programme for budget holders will continue in 2011/12 and beyond, to ensure that all budget holders have the necessary skills required to manage budgets effectively.

***Scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken***

The Constitution is very clear about the decision making process. It requires that Members follow formal procedures when making Council decisions, which ensures that such decisions are made transparently and openly. There is an annual programme of regular meetings whereby formal decisions are taken. Committee reports are produced by officers in a standard format to ensure that authors address all significant considerations such as the legal and financial implications of decisions, equalities issues, environmental issues and a crime and disorder assessment. Every committee agenda includes as a standard item a section on declarations of interest



by committee members which sets out the legal position in relation to the need to declare, and on occasion, withdraw from discussion of matters where the member has a personal or prejudicial interest. The principles of decision making appear as Article 16 within the Constitution. There is a well embedded agenda planning process and a requirement for reports to be signed off by senior officers. Decisions are taken in accordance with the Council and Mayoral scheme of delegation as appropriate and these schemes are maintained, kept up to date and made available to the public as detailed within the Constitution. The Constitution requires Executive decisions to be published within two working days of being taken, and sent to all Members of the Council where possible by electronic means. Minutes are published and made publicly available on the Lewisham website. All Executive decisions may be called-in by the Overview and Scrutiny Business Panel in accordance with the Council's Constitution.

The Constitution provides for the Council to have a Constitution Working Party (CWP) to advise it on the operation of its constitutional arrangements. In practice, the procedure rules set out in the Constitution are under constant review to reflect changing needs. In 2010/11 reports to Full Council have included Members Allowances and Pensions, Council Procedure Rules, the status of the Housing Select Committee and the composition of the Appointments Committee. The Constitution has been updated to reflect these new responsibilities.

#### ***Maintaining an adequate and effective system of internal audit***

The Account and Audit (England) Regulations 2011, require the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The role of internal audit is to provide an independent and objective opinion on the control environment within the Council. Internal audit work is undertaken in accordance with the CIPFA Internal Audit Code of Practice for Internal Audit in Local Authorities 2006 (the code).

The work of Internal Audit is set out in an annual internal audit plan that covers the key financial systems, schools, and the operational activities where Internal Audit and management perceive there are risks to achieving operational objectives. The work of internal audit also supports the work of the Council's External Auditor who reviews our work in detail to satisfy themselves the work of internal audit can be relied upon. From the 31 March the Council must conduct a review at least once a year of the effectiveness of its system of internal control and report on this to members. A review of the adequacy and effectiveness of internal audit will take place in 2011/12.

For each audit where controls have been analysed, Internal Audit issues an assurance statement which indicates the level of assurance that management can place on the adequacy and effectiveness of the internal controls. For 2010/11, four levels of assurance were used: Two positive levels, 'substantial' and 'adequate' assurance; and two negative levels, 'limited' and 'no assurance'. In each report Internal Audit may also make control improvement recommendations, rated High, Medium or Low.

For 2010/11 one hundred and eleven assurance reviews were undertaken. Of the 98 of these where an opinion on internal controls was issued only 7% (21% in 2009/10) were issued with a negative level of assurance, and no 'no assurance' opinions were issued. In respect of recommendations made 4% were high (5% in 2009/10) and 58% medium (47% in 2009/10).

The key financial systems are fundamental to the operation of the Council, so it is important that these systems have robust internal control mechanisms and operate effectively. The Head of Audit and Risk confirmed that all of these key financial systems have been issued with a positive assurance level for 2010/11. In all but two cases these systems have either maintained or improved their assurance level on 2009/10. There were specific reasons for the two which declined slightly, cash collection and NNDR, and both systems retained their positive assurance level. Fixed Assets was not reviewed by internal audit during 2010/11 due to the implementation of a new system at the year-end. For this year only, this work will therefore be picked up directly by the External Auditors.

Overall the Council is maintaining an adequate and effective system of internal audit. Internal audit has identified areas where internal controls can be strengthened and reported that, on the whole the Council is managing its operational risk effectively.

#### ***The processes and controls required to manage risks***

The Accounts and Audit (England) Regulations 2011 highlight the Council's responsibility for ensuring it has in place a sound system of internal control which includes arrangements for the management of risk.

There is a robust risk strategy and framework, reviewed and updated in 2010/11, in place to manage risks. All services must maintain an operational risk register aligned to their service plan objectives. Risks are recorded and reported using the Council's main performance management system – Performance Plus. The risk registers record significant risks and score them in terms of impact and likelihood. Target scores are set and mitigation actions identified and monitored.

Directorate risk registers are considered in detail at least quarterly at Directorate Management Teams. Key risks within the directorate and corporate risk registers are then subject to quarterly reviews by the Risk Management Working Party and the Internal Control Board. The Internal Control Board is chaired by an independent 'non executive' person (Bill Roots, a former London local authority Chief Executive) and comprises the Executive Management Team, Head of Law (Monitoring Officer), Head of Audit and Risk and Group Manager for Insurance and Risk. Risks are updated quarterly and are tracked through the monthly management report which summarises key risks and mitigation actions taken.

Risk Management is embedded within the Council's approach to programme and project management. Project risks are regularly reviewed by Project Review Groups

and Corporate Project Board. Risks for the whole capital programme are reviewed and updated quarterly. Members are involved in scrutinising risks with updates of the Capital Programme considered regularly by Public Accounts Select Committee and reported to Mayor & Cabinet.

In addition for 2010/11 to support better decision making, with the significant savings proposals considered and agreed by members, specific attention was given to identifying, assessing the key risks for each proposal submitted as part of the budget setting process.

RSM Tenon, the Council's independent internal audit contractor, carried out an annual risk maturity review (which reported in May 2011) and has assessed the Council as maintaining its 'managed' approach to risk.

The 2009/10 [Annual Audit Letter](#), issued by the Audit Commission's appointed auditor concluded that the Council "*has effective risk management systems which are well integrated across the whole of the council and includes partnership working*".

**g) Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

The Audit Panel is made up of six elected members and up to four independent advisors and meets at least quarterly. A key role of the panel is to review and comment on the strategy, plans and resources of Internal Audit. Internal Audit update reports are received by the panel on a quarterly basis, summarising the audit reports issued, management's progress on implementing internal audit recommendations, and the performance of the Internal Audit function. Update reports on the activities of the Anti-fraud and Corruption Team are also received by the panel on a quarterly basis. The panel receive the annual report of the Council's Head of Audit and Risk.

The panel consider and monitor the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements. In terms of external assurance, the panel consider the external auditor's Annual Plan, other relevant external reports which contribute to the level of assurance. The panel monitors management action in response to issues raised by internal and external audit, and significant issues identified by these are included in the action plan appended to this statement.

The panel also consider the Council's annual Statement of Accounts and this Statement and makes comments on those to the meeting of the Full Council that considers the accounts.

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

The duties of the Head of Law (Monitoring Officer) are defined in the Constitution. The Monitoring Officer attends Mayor and Cabinet and Full Council meetings and regularly briefs EMT on corporate legislative developments (e.g. *Localism Bill 2010*

and specific proposals within the Bill including Governance). Legal advice is incorporated in every report and advice on proper process is a regular feature of that. Where gaps or non-compliance are identified, appropriate action is taken (e.g. in response to Freedom of Information compliance issues, alternative procedural arrangements were put in place to enhance performance). Reports do not proceed unless robust legal implications on all matters have been considered and are included in the report. Experienced professional legal staff are employed by the Council.

The financial management of the authority is conducted in accordance with financial regulations set out in the Constitution. The Council has designated the Executive Director of Resources as Chief Finance Officer in accordance with Section 151 of the *Local Government Act 1972* and to discharge the responsibilities under Section 114 of the *Local Government Act 1998* and Sections 25-28 of the *Local Government Act 2003* in relation to the Chief Financial Officer's statutory duties. The Chief Finance Officer advises on the proper administration of the Council's financial affairs, keeping proper financial records and maintaining effective systems of financial control. These duties are reflected in the job description of the Executive Director for Resources which are set out at Article 14 of the Constitution. Financial implications are included in all committee reports and form an integral part of the information needed to aid the decision making process.

The Pensions Investment Committee has agreed a Governance Policy Statement which sets out how the Committee exercises its fiduciary duty to members of the Pension Fund. The Committee's governance arrangements include the appointment of an independent Custodian Bank responsible for the safe custody of the Fund's assets, the appointment of an independent investment advisor, independent actuary and investment consultant, Hymans Robertson. The Committee will review its Statement of Investment Principles in accordance with the CIPFA's Pensions Panel Principles of Investment decision making.

**i) Whistle-blowing and procedures for receiving and investigating complaints from the public**

The Council has a whistle-blowing policy in place which is widely publicised on the Council's website and in 'Lewisham Life'. Complaints made under this policy are handled by the Head of Law (Monitoring Officer) and an annual review is considered by the Standards Committee (March 2011).

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

The overall aim of the Members' Development Programme is to ensure that all members 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 2010-11 personal development programme and general member development programme have both been

completed and an initial induction programme for new Members has been undertaken.

This is recognised as best practice and feedback from members indicates the programme has helped them considerably in carrying out their roles.'

The 2009/10 [Annual Audit Letter](#) recognised the training Members were receiving, stating that the Council *'has strong governance arrangements in place, such as a development and training programme for members, and is able to demonstrate that these have led to a wide range of positive outcomes'*.

The Head of Personnel and Development has responsibility for the development needs of senior officers. The Monitoring Officer also plays a key role in ensuring that senior officers are aware of their statutory duties and changes in legislation. At the start of the financial year the Chief Executive defines objectives for each of the Executive Directors. These are then cascaded to officers throughout the organisation through the Performance Evaluation Scheme.

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

Lewisham has an open and outward facing culture that is clearly focussed on the needs of our residents and facilitated by an exceptionally strong and diverse approach to engagement and consultation.

The Council's engagement activity is overseen by the Communications and Consultation Board. The Board operates at senior Head of Service Level and provides a strategic steer on the communication and consultation agendas within the Council. It is supported by its subsidiary, the Consultation Steering Group, which draws representation from across the Council and supports effective resident engagement at an operational level.

These arrangements are underpinned by the Council's Framework for Engagement (2009-2012). This sets in place shared principles for engagement, which were also agreed at a partnership level through the Stronger Communities Partnership.

In support of this, and to provide increased channels through which citizens are engaged, the Council continues to promote e-Participation by implementing a new online engagement system. This system provides the platform through which citizens can respond to online consultations as well as set up and respond to e-Petitions. Other channels of engagement include the 18 ward-level Area Assemblies which came into operation in 2008 and are open to anybody living or working in the ward, and the Young Citizens Panel which enables any young person aged 11-18 years either living or studying in the borough to join.

The Audit Commission awarded Lewisham a “green flag” for community engagement and empowerment of local people, in their 2009 Area Assessment. They concluded that *‘empowering and involving local people is at the heart of the way public sector partnerships work in Lewisham to improve the area as a place to live. Partners have an excellent track record of involving local people, including those who are less likely to be active in the local community.’*

**l) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission’s report on the governance of partnerships, and reflecting these in the authority’s overall governance arrangements**

The Council acts in a number of partnerships with a view to improving the quality of life for local people. These partnerships take a variety of forms, from large scale contracting, as in the case of the Building Schools for the Future programme, to strategic alliances such as the Lewisham Strategic Partnership (LSP). The Council has used the Audit Commission report on the governance of partnerships to provide a framework to assess its arrangements in relation to partnership working.

As a first stage in that process, the Head of Law (Monitoring Officer) conducted an exercise in relation to several of the most significant partnerships in the borough and reported those findings to the Internal Control Board. In February 2009, a detailed audit of all of the Council’s major partnerships and contractual arrangements was reported to the EMT and to ICB. In response, EMT required all Directorates to consider partnership governance arrangements, and particularly the business continuity arrangements of those partnerships, as a standing item at Directorate Management Team meetings. In November 2009, the Chief Executive presented a paper to ICB which assessed the main risks to the partnerships within each of Lewisham’s six Sustainable Community Strategy priority themes.

As part of the review of the Local Code in 2009 the Standards Committee accepted a recommendation to extend the Code to include a provision to ensure that the Council has robust and effective mechanisms to ensure partnerships are effectively governed and that partnership risks are identified and managed.

In November 2009, Standards Committee considered a new “Standards in Partnership” protocol that has been developed by Standards for England. Adherence to this protocol is intended to ensure that the aims of the partnership can be fulfilled effectively and the public can have confidence in the operation of the partnership.

The Standing Committee made a recommendation to refer this partnership protocol to the LSP, where it was considered in December 2009. The LSP reviewed its Terms of Reference and Code of Conduct in 2010 in order to reflect the good practice set out in the new Standards for England partnership protocol.

## 4. Review of effectiveness

Lewisham 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit and Risk's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process by which the governance framework has been maintained and reviewed is widespread. It occurs throughout the year and at year end. On an ongoing basis, throughout the year, it has involved the following:

- Consideration by Internal Control Board of governance issues – including risk registers, counter-fraud updates and internal audit reports.
- The Head of Audit and Risk prepares a rolling plan of audit coverage to be achieved in the forthcoming year, based in primarily on an assessment of the Council's risk profile. The plan is reviewed by the Internal Control Board.
- The Audit Panel receives the Internal Audit Strategy and approves the annual audit plan.
- The Audit Panel receives the annual assurance report from the Head of Audit & Risk which set out his opinion on the Council's overall control environment.
- The Audit Panel reports on its work to the Public Accounts Select Committee twice a year.
- Executive Management Team (EMT) consider a full range of governance issues throughout the year, including issues relating to the improvement of the Internal Audit Service. EMT scrutinise performance and risk regularly and ensure management action where necessary.
- The Standards Committee considered the efficiency of the Council's complaints handling system and the effectiveness of the Whistle Blowing Policy. In June 2010 it considered the review of the Council's Code of Corporate Governance, and in November 2010 it reviewed Member compliance with the Member Code of Conduct.
- The Independent Remuneration Panel made recommendations to the Council about the accountability and effectiveness of Members.
- Consideration of external audit reports conducted in year by Mayor and Cabinet, Audit Panel and relevant Select Committees.

- Constitution Working Party undertook a review of the Constitution in its entirety in March 2009 which led to amendments to the Constitution in line with the Local Government and Public Involvement Act 2007. It also considered the reviews undertaken by the Independent Remuneration Panel and referred those to Full Council.

**At year end, the review of the effectiveness of the governance framework is conducted under the auspices of the Chief Executive by a team of officers consisting of:**

- Kath Nicholson: Head of Law and Monitoring Officer
- Troy Robinson: Standards & Education Law Advisor
- Barrie Neal: Head of Corporate Policy and Governance
- David Austin: Interim Head of Audit and Risk
- Annabel Saunders: Principal Policy Officer
- Caroline Doyle: Principal Policy Officer

The AGS working party have met regularly since March 2008. Officers have been drawn from across the council to represent key areas of expertise in governance and internal control matters. The terms of reference for the group are as follows:

- To provide expertise in the development of the AGS on governance and internal control matters
- To analyse CIPFA/SOLACE guidance in relation to the development of the Annual Governance Statement
- To collate evidence from across the organisation relating to CIPFA/SOLACE guidance
- To evaluate evidence collated and identify areas for action
- To compile an action plan of significant governance issues
- To develop the Annual Governance Statement to be incorporated in the Statement of Accounts on an annual basis
- To ensure that the AGS is signed off appropriately through the council's key control mechanisms: EMT, Standards Committee, Audit Panel, Internal Control Board and Full Council
- To review the Annual Governance Statement and arrangements for governance and internal control throughout the year

The process by which the governance provisions are reviewed at year end includes:

- The consideration by EMT members on the 2nd June 2010 of a draft Annual Governance Statement. Where any gaps have been identified in evidence gathering, these are addressed in the action plan outlined in Appendix 2. EMT also consider the outcome and action plans of external inspections and audit, using those to address any significant governance issues for the future.



- Preparation of the Accounts and the Head of Audit and Risk's Annual Report and consideration of these and the Annual Governance Statement by the Council's Audit Panel on 22<sup>nd</sup> June 2011.
- A review of the Council's Local Code of Corporate Governance by the Standards Committee on the 21<sup>st</sup> June 2011, with reference to CIPFA/Solace Guidance.
- Referral of the Annual Governance Statement to full Council with the Statement of Accounts, and advice from Audit Panel on the 21<sup>st</sup> September 2011.
- Sign off by the Chair of the Council and Chief Executive, once approved.

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## 5. Significant governance issues

Actions taken to deal with governance issues during the course of 2010/11 are referred to at section 3 of this statement.

We propose over the coming year (2011/12) to take steps to address significant governance issues which have been identified through the annual review and through external assessment and inspection. These issues are set out at Annexe 1 along with the actions proposed to address the need for improvement.

We intend to monitor their implementation, operation and effectiveness as part of our next annual review. To do this regularly throughout 2011/12 it is proposed that the officer team dealing with governance arrangements meet quarterly and report on progress to the EMT/Internal Control Board and/or Audit Panel on relevant issues.

**Signed:**

.....  
Leading Member (or equivalent) & Chief Executive (or equivalent) on  
behalf of [the authority]

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## Appendix 2

### Significant governance issues - Action Plan

<b>Issue</b>	<b>Decent Homes</b> Further reduce the gap between Lewisham and national expectations for the decent homes standard
<b>Action</b>	Continue to monitor progress in delivering the Housing Strategy action plan
<b>External Assurance Link</b>	Annual Audit Letter 2010
<b>Desired Outcomes</b>	A reduction in the gap between the proportion of homes in Lewisham that meet the Decent Homes Standard, and the proportion of homes that do so nationally
<b>Timescales</b>	March 2012
<b>Lead Officer</b>	Genevieve Macklin
<b>Notes</b>	<p><b><u>Progress to date:</u></b> This is an ongoing action from the 2009/10 action plan. It originated in the recommendations made by the Audit Commission's appointed auditor in the 2008 Annual Audit Letter:</p> <p>"The Council needs to ensure that its strong partnerships and effective leadership lead to a step change in outcomes...it should concentrate in particular on further reducing the gaps between national expectations for educational outcomes, health inequalities and decent homes standards and those in Lewisham".</p> <p><b>Brockley PFI (Regenter B3)</b> The PFI has achieved 100% decency in this programme.</p> <p><b>Lewisham Homes (ALMO):</b> The level of non-decency in 2010/11 within Lewisham Homes' stock was 55%.</p> <p><b>Stock Transfers:</b></p> <ul style="list-style-type: none"> <li>• By March 2011 Phoenix Community Housing completed decent homes works to 3773 tenanted homes which means only 32% of the stock is non-decent</li> <li>• L&amp;Q has achieved 100% decency at Grove Park</li> <li>• Broomleigh (Affinity Sutton) has achieved 100% decency at Orchard Estate and Village Court.</li> <li>• By March 2011, Broomleigh (Affinity Sutton) had made 177 tenanted homes across Newstead Road Estate and Leybridge Court (Lee Transfer) decent with 298 home remaining non-decent</li> <li>• Forest Hill &amp; Sydenham, Rushey Green and Catford transferred to L&amp;Q in October 2010. By March 2011, L&amp;Q had made 499 tenanted homes decent with 1782 tenant homes remaining non-decent</li> </ul> <p><b><u>Next steps:</u></b> <b>Lewisham Homes (ALMO)</b></p> <ul style="list-style-type: none"> <li>• The Homes &amp; Communities Agency (HCA) announced the allocations for Decent Homes Backlog Funding in February 2011 and awarded Lewisham £94.5 million over 4 years,</li> </ul>

which was the second highest settlement in England. The allocations for 2013/14 and 2014/15 are provisional allocations which are not guaranteed and could be subject to change. For 2011/12, Lewisham Homes are estimating that 719 tenanted homes will be made decent, bringing the non-decency level down to 53%. Lewisham Homes have projected that by 2015, the non-decency level of their stock will be 28%.

**Stock Transfers**

- Phoenix Community Housing are due to complete decent homes works by December 2012.
- Broomleigh (Affinity Sutton) will complete decent homes works at Newstead Road Estate and Leybridge Court by 2012.
- L&Q are scheduled to complete decent homes works at Forest Hill, Sydenham, Rushey Green and Catford by October 2014.

<b>Issue</b>	<b>Households in Temporary Accommodation</b> Reduce the numbers of households in temporary accommodation.
<b>Action</b>	Put in place robust systems for the management of homeless applications and the allocation of temporary accommodation, reduce the number of households in temporary accommodation.
<b>External Assurance Link</b>	National Indicator 156
<b>Desired Outcomes</b>	Maintain the number of households in temporary accommodation at 877 during 2011/12
<b>Timescales</b>	March 2012
<b>Lead Officer</b>	Genevieve Macklin
<b>Notes</b>	<p><b><u>Progress to date:</u></b> This is an ongoing action from the 2009/10 action plan.</p> <p>In line with the TA reduction plan agreed with the CLG, In 2008/09, the numbers of households in temporary accommodation reduced by 696, the third largest drop in London. In percentage terms at 28% the reduction was the 6th most improved. This trend has been sustained with the numbers in temporary accommodation reducing by a further 566 between April 2009 and March 2010. The 1242 households in temporary accommodation at the end of March was below the target set out in the TA reduction plan agreed with CLG. At the end of December 2010 there were 957 households in temporary accommodation, 80 short of the target.</p> <p>The numbers in temporary accommodation have been reduced by a range of different actions. The starting point is early identification of issues and active homeless prevention to sustain people in their accommodation. This includes working with private tenants who are experiencing issues with their landlords, mediation with parents and young people and a whole range of other steps. Lewisham's levels of homeless prevention have increased steadily through 2008-9 and into 2010-11. Where households cannot be sustained in existing accommodation they are offered advice about a range of options including how to rent privately, shared ownership and other intermediate housing products, mobility schemes and supported housing options and often this results in homelessness being prevented as well.</p> <p>It is the range of these actions, as part of a clear strategy and action plan, which has led to the reduction in numbers. This has not been at the expense of the suitability of the accommodation offered.</p>

	<p>At the end of April 2011 there were 947 households in temporary accommodation. Numbers continued to reduce after December 2010 to a low of 918 in February 2011 but have risen slightly in the last 2 months as a result of increased homeless approaches, a trend being mirrored across London.</p> <p><b>Next steps:</b>  During 2011-12 the service aims to sustain numbers at existing levels. Whilst the national indicator is no longer in place it is clearly prudent to sustain numbers in temporary accommodation at a lower level and this remains a key objective for the service area. Progress against the target is being monitored within Customer Services Management team and through a range of activity being overseen by a Customer Services Programme Board, which includes a range of service transformation projects aimed at improving homeless prevention and resolution of housing need issues and improvements in the costs and quality of temporary accommodation where it is used.</p>
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<b>Issue</b>	<p><b>Impact of the Recession</b>  Assess and monitor the impact of the Recession.</p>
<b>Action</b>	<p>Assess and monitor the impact of the Recession on the Building Schools for the Future, housing and town centre regeneration programmes.</p>
<b>External Assurance Link</b>	<p>Annual Audit Letter 2010</p>
<b>Desired Outcomes</b>	<p>Accurate and timely monitoring of risks to delivery provides basis for well-informed decision making.</p>
<b>Timescales</b>	<p>March 2012</p>
<b>Lead Officer</b>	<p>Steve Gough</p>
<b>Notes</b>	<p><b>Progress to date:</b>  This is an ongoing action from the 2009/10 action plan. It originated in the recommendations made by the Audit Commission's appointed auditor in the 2008 Annual Audit Letter:</p> <p>"The Council needs to assess and monitor the impact of the economic downturn on demand-led services and its regeneration programmes, especially Building Schools for the Future, housing and the Lewisham Town Centre development project"</p> <p>In February 2011 Mayor &amp; Cabinet agreed the 2011-12 Budget that included the following update on the risks associated with the 2011-16 Capital Programme:</p> <p>The risks to the programme have changed over the last 12 months. Then, the risks associated with the housing market, contractor failure and securing adequate project management skills were identified. The housing market risk remains and, following the cuts in social housing funding, has probably grown in significance. Construction prices are currently low with tender returns regularly below estimates. Constructors are squeezing their supply chains and profit margins in order to win work and this can leave them prone to financial failure. Officers will continue to assess financial risks before appointing any major contractors to schemes.</p> <p>Primary school places remain a key concern. It is estimated that the short term growth in pupil numbers across the borough could lead to a requirement for up to 18 additional forms of entry by September 2011. Some permanent expansion has been agreed and the rebuild of both Gordonbrock and Brockley schools is now in progress but, these measures fall short of the projected needs. £16.338 million of Department for Education capital has been allocated in 2011/12 and officers are currently considering how this should be allocated.</p> <p>Capital resources have been reviewed in detail following the publishing of the Comprehensive Spending Review and the other announcements from the government about cuts. It was announced that there would be significant cuts to capital funding of around 45%. Full details of</p>

	<p>what this means in practice are still to be announced, it is known that there will be no revenue support for borrowing after 2010/11.</p> <p>The Council's Capital Programme includes a number of complex programmes such as Building Schools for the Future, Customer Services transformation and the redevelopment of Deptford and Catford Town Centres, where skilled programme and project management are required to successfully deliver to time and cost. The Council's current successful approach to the development of internal capacity remains vulnerable to pressures from across the market for highly skilled programme and project managers.</p>
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<b>Issue</b>	<p><b>Impact of public sector spending cuts</b></p> <p>The delivery of the Council's multi-year strategy to manage a fundamental financial restructure needs to be monitored, and impacts on public services and Council employees must be limited.</p>
<b>Action</b>	<p>Monitor the delivery of the Council's multi-year financial strategy.</p>
<b>External Assurance Link</b>	<p>Annual Audit Letter</p>
<b>Desired Outcomes</b>	<p>The Council's financial strategy is effectively monitored and impacts on public services and Council employees as a result of the financial restructuring are limited.</p>
<b>Timescales</b>	<p>March 2012</p>
<b>Lead Officer</b>	<p>Conrad Hall</p>
<b>Notes</b>	<p><b>Progress to date:</b></p> <p>On the 23rd May 2010, the Chancellor of the Exchequer announced £6.2bn of public sector spending cuts. The key point in this announcement for Local Government was that there would be immediate in-year reductions of £1.165bn in individual grants.</p> <p>A report on the £3.295m in-year reductions that Lewisham would need to make as a result of these public sector spending cuts went to the Public Accounts Committee on the 13 July 2010 and Mayor &amp; Cabinet on the 14 July. This report set out the impact on services that would arise from making over £3m savings.</p> <p>The Spending Review was announced on 20 October 2010, setting departmental expenditure limits (DEL) for each Government department for the 4 year period from 2011/12 to 2014/15. The Spending Review announced that overall revenue funding to Local Authorities will reduce by 26% in real terms by 2014-15 and the cuts over the four year period will be significantly front-loaded.</p> <p>The Provisional Local Government Finance Settlement was announced on 13 December 2010. The Settlement was the first part of two 2 year settlements and covers the periods of 2011-12 and 2012-13. The average reduction in formula grant across England is 9.9% in 2011/2012 and 7.3% in 2012/2013.</p> <p>Lewisham's formula grant has reduced by 10.6% in 2011/2012 and 7.8% in 2012/2013.</p> <p>The council agreed its 2011/12 budget on 1<sup>st</sup> March 2011. Savings of £20.467m were agreed for that year, and further budget savings of £8.878m and £3.356m agreed in principle for years 2012/13 and 2013/14. Achievement of the savings will be tracked through the council's budget monitoring system, and the first set of full forecasts will be available at the end of June 2011.</p>

In 2010/11 the budget was delivered with a net underspend of £1.7m.

**Next steps:**

Further savings may be required for years from 2012/13 onwards. The council is considering its approach to future efficiency requirements and closely tracking government funding announcements.

<b>Issue</b>	<b>Health &amp; Safety</b> Compliance with appropriate standards of Health & Safety
<b>Action</b>	To identify the appropriate standard for Health & Safety to which the Council should apply and achieve compliance with it
<b>External Assurance Link</b>	British Standard OHSAS 18001
<b>Desired Outcomes</b>	All Directorates to be compliant with the requirements of the BS OHSAS 18001 for the management of Health & Safety in the Council
<b>Timescales</b>	December 2012
<b>Lead Officer</b>	David Austin / Executive Directors
<b>Notes</b>	<p><b><u>Progress to date:</u></b></p> <p>This is an ongoing action from the 2009/10 action plan.</p> <p>In line with BS OHSAS 18001 the Council's single Health &amp; Safety (H&amp;S) management system has been implemented corporately and in each of the Directorates with one exception – the Children and Young People Directorate, including schools.</p> <p>The Corporate H&amp;S Team and the governance of H&amp;S has been restructured to focus on the critical activities to maintaining a single effective and consistent risk based approach to H&amp;S across the Council. A H&amp;S Board has been created to oversee both corporate and directorate H&amp;S risks. The Corporate H&amp;S team is now focused on:</p> <ul style="list-style-type: none"> <li>• developing and maintaining a full set of H&amp;S policies and guidance in line with BS OHSAS 18001 to meet statutory requirements;</li> <li>• communicating H&amp;S priorities and good practice (including coordinating training for and providing advice to directorates);</li> <li>• conducting risk based audits and capturing and reporting on all H&amp;S accidents, incidents and near misses.</li> </ul> <p>The Council's internal audit service completed an advisory review in 2010/11 of the Corporate H&amp;S policies, management system and compliance with legislative requirements. This highlighted some areas for continued operational improvement within the H&amp;S system.</p> <p><b><u>Next steps:</u></b></p> <p>The Corporate H&amp;S team will:</p> <ul style="list-style-type: none"> <li>• continue to support and monitor the implementation of the H&amp;S management system in the Children and Young People directorate;</li> <li>• work with directorate H&amp;S management nominees to implement the recommendations</li> </ul>

from the H&S review by December 2011, and maintain and strengthen H&S practices across the Council through the business as usual activities identified above.

<b>Issue</b>	<b>Business Continuity Management</b> Strengthen the Council's business continuity arrangements.
<b>Action</b>	The Emergency Planning / Business Continuity Manager, and Directorate business continuity leads to implement the recommendations contained in the audit report by Kiln House Associates Ltd dated 12 May 2010.
<b>External Assurance Link</b>	Procedures to be reviewed by the Council's Internal Auditors, RSM Tenon.
<b>Desired Outcomes</b>	Robust business continuity arrangements established and their effectiveness tested on a regular basis.
<b>Timescales</b>	March 2012 - all recommendations have been implemented except for specific ICT related recommendations where work is in progress.
<b>Lead Officer</b>	Malcolm J Smith / Ralph Wilkinson
<b>Notes</b>	<p><b><u>Progress to date:</u></b></p> <p>This action originated from the draft business continuity management audit report produced by Kiln House Associates Ltd which assesses the Council's Business Continuity arrangements against the requirements of BS25999. The audit report said that the Council can take limited assurance that the Business Continuity Management system as currently set out is effective. The report made 37 recommendations for action.</p> <p>Significant progress has been made since the audit. All services have conducted a business impact assessment and produced a business continuity plan. Some critical services have already had their plan tested. An on line tool has been developed to aid services with business continuity. The Council now records all business continuity incidents and reviews them to establish trends, learn lessons and take action where appropriate.</p> <p>Three recommendations remain outstanding (on records management and systems disaster recovery) where work is in progress which is monitored by the Business Continuity Coordinators Group chaired by Malcolm Smith. The next review meeting is now on the 22nd July 2011.</p> <p><b><u>Next steps:</u></b></p> <p>Work will continue to complete the three outstanding actions from the audit.</p> <p>Testing of critical service business continuity plans will continue using local table top exercises. The lessons learnt from these will be included in updated plans. Although Council wide exercises have been used in the past to test plans the local exercises are proving much more effective.</p> <p>Work to prepare services for the challenges of the London Olympics 2012 period is underway. A robust action plan is in place and is continually being updated. Progress is being monitored by the 'London 2012 Logistics Working Group' chaired by Hilary Renwick.</p> <p>An on line reporting tool to record and monitor all business continuity incidents will be developed over the summer. The tool will make it easier to record incidents, trends and establish appropriate actions as well as making the corporate Business Continuity and Risk working groups aware of such risks.</p>



<b>Issue</b>	<b>Improving the quality of auditable grant claims</b>
<b>Action</b>	To implement the recommendations of the Audit Commission's report on grant claims for 2008/09.
<b>External Assurance Link</b>	Audit Commission report on grant claims for 2009/10
<b>Desired Outcomes</b>	To improve the quality of grant claims submitted to the Audit Commission and thereby reducing the total amount of external audit fees for 2009/10.
<b>Timescales</b>	By March 2011 and annually thereafter
<b>Lead Officer</b>	Steve Mace and Directorate Lead Officers for individual grants
<b>Notes</b>	<p><b><u>Progress to date:</u></b></p> <p>The District Auditor stated at the Audit Panel on 23 December that the grants audit process had improved from last year. The general direction of auditable grant claims is good, however there are some grants where there is still room for improvement (e.g. teacher's pensions). There will be close collaboration by Finance staff and Directorate lead officers in the submission of grant claims and the subsequent response to audit queries.</p> <p>The forecast outturn for external audit fees in the last financial year is £130k. This is a reduction of £50k on the previous year. This has been achieved by a mixture of fewer grants and better liaison with the Audit Commission.</p> <p><b><u>Next steps:</u></b></p> <p>Progress will be monitored throughout 2011/12.</p>

<b>Issue</b>	<b>Closing of Accounts</b> Close the Council's financial accounts on time.
<b>Action</b>	Although the accounts closed on time for 2009/10, the introduction of the International Financial Reporting Standards (IFRS) will add considerable complexity and increase the risk of closing in a timely fashion.
<b>External Assurance Link</b>	External auditors of the Statement of Accounts.
<b>Desired Outcomes</b>	Accounts produced on time and without significant issues arising from the audit.
<b>Timescales</b>	September 2011
<b>Lead Officer</b>	Conrad Hall
<b>Notes</b>	<p><b><u>Progress to date:</u></b></p> <p>Monthly meetings have been programmed in with the District Auditor. Enhanced project management arrangements have been introduced, including the review of new IFRS requirements to ensure that any potential issues are highlighted and addressed. In January 2011 the Audit Commission assessed the council's arrangements as 'red', primarily due to slippage against the original project plan. Although the remaining time is tight officers are still confident that the deadlines can be achieved.</p>

	<p><b><u>Next steps:</u></b>  Monthly meetings will continue with the District Auditor. Although the remaining time is tight officers are still confident that the deadlines can be achieved.</p>
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<b>Issue</b>	<b>Ongoing review of the Annual Governance Statement</b>
<b>Action</b>	<p>The AGS working party will continue to meet on a regular basis through 2011/12 to review progress against the Annual Governance Statement Action Plan.</p> <p>Reports on progress will be submitted to EMT members and ICB as appropriate</p>
<b>Desired Outcomes</b>	The AGS working party act as an effective body to ensure the ongoing review and improvement of governance arrangements.
<b>Timescales</b>	Quarterly meetings in 2011/12; reporting to EMT members and ICB as required
<b>Lead Officer</b>	Kath Nicholson, Barrie Neal, David Austin
<b>Notes</b>	<p><b><u>Progress to date:</u></b>  The AGS working group met at the beginning of May 2011 to sign off on the AGS action plan 2010/11. They then met again at the end of May 2011 to discuss and agree the new AGS action plan 2011/12.</p> <p>The 2010/11 Annual Governance Statement is updated annually. It is circulated to ICB (which includes EMT members), Audit Panel and Full Council for review and sign off, in line with the required timescales.</p> <p><b><u>Next steps:</u></b>  The AGS working group will continue to meet during 2011/12. It will consider progress with this action plan and will report to EMT and ICB as appropriate. It will also be responsible for updating and reporting the 2010/11 Annual Governance Statement in line with required timescales.</p>

<b>Issue</b>	<b>Information Management &amp; Security</b> Compliance with appropriate standards of Information Management & Security (IM&S)
<b>Action</b>	To identify and comply with the appropriate standards for Information Management & Security
<b>AGS Criteria</b>	Objective 2 & 3
<b>External Assurance Link</b>	ICO/Internal Audit/ Audit Commission
<b>Desired Outcomes</b>	Robust IM&S activities established, documented and complied with by all council officers
<b>Timescales</b>	December 2012
<b>Lead Officer</b>	Georgina Chambers (Corporate Information and Records Manager)
<b>Notes</b>	<p><b><u>Progress to date:</u></b>  The Corporate Information Management Team have identified relevant IM&amp;S legislation and standards and are currently reviewing all IM&amp;S policies to ensure they accurately reflect identified requirements and that officers are aware of their responsibilities.</p>

We have an Information Asset Register that identifies all the Councils Information Assets and names the relevant responsible information owners, and provides the frame work for future developments.

The recent re-organisation of the Technology & Transformation Division has created a new Information Management Team bringing together the relevant disciplines: strategy for the IM&T division, Data protection, Access to Information, Information Security, Records Management, Information Sharing, Compliance with Code of Connection.

**Next steps:**

The Information Management Team will:

- continue to review IM&S policies: identify legislation and standards we work to and how we meet their requirements. Get signed acceptance from officers;
- get the framework right and align policies and procedures (use of IT, USBs, drives, clear desk policy, information sharing, records management including retention and disposal);
- raise awareness of risk and personal responsibility for information we handle by working with Information Asset Owners, through comms and training. We will ensure officers know the safest way to work with personal information, including knowing how to identify the category of sensitive personal information and know the extra care needed when working with it;
- assess and monitor compliance through management information, audits and other channels where appropriate.