

## Annual Governance Statement 2019/20

### Executive summary

Audit activity has identified areas where improvement is required, but overall the council is satisfied that governance, risk management and control in relation to business critical areas was generally satisfactory during 2019/20.

Plans are in place to address the identified issues and further improve our governance arrangements during 2020/21.

### Introduction and Acknowledgement of Responsibility

Lambeth council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit Regulations 2015 (and amendment for 2020) require the council to conduct a review, at least once a year, on the effectiveness of its systems of internal control and include an Annual Governance Statement with the Statement of Accounts.

### The Principles of Good Governance

The CIPFA/SoLACE Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out in figure below (Appendix B sets out in more detail how the council is achieving these requirements in practice).

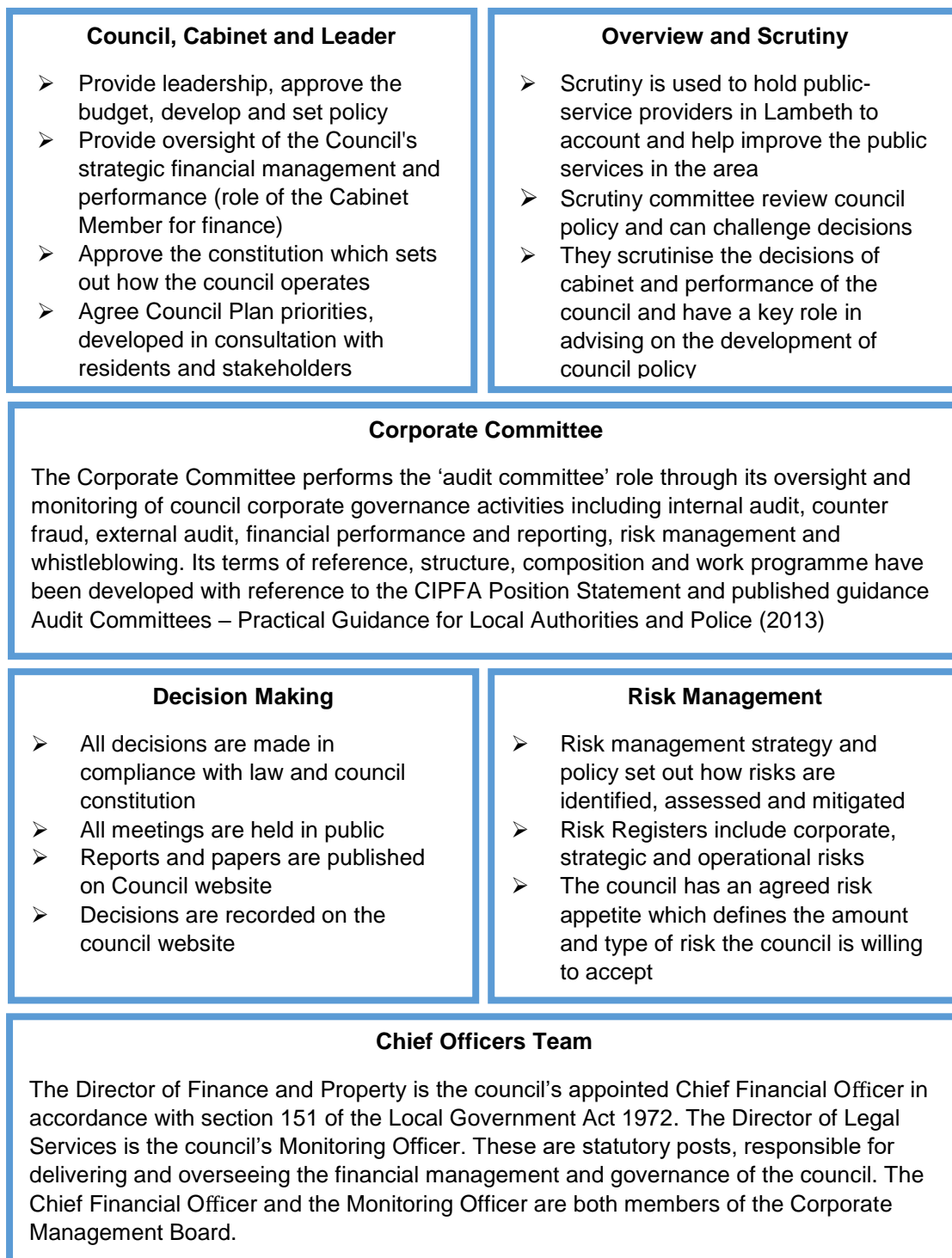
### Core Principles of the CIPFA/SoLACE Framework

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B.** Ensuring openness and comprehensive stakeholder engagement
- C.** Defining outcomes in terms of sustainable economic, social and environmental benefits
- D.** Determining the interventions necessary to optimise the achievement of the intended outcomes
- E.** Developing the entity's capacity, including the capability of its leadership and the individuals within
- F.** Managing risk and performance through robust internal control and strong public financial management
- G.** Implementing good practices in transparency, reporting and audit to deliver effective accountability

### Key Elements of the Council's Governance Framework

The council's governance framework comprises the systems, processes, cultures and values by which the council is directed and controlled, and through which it accounts to, engages with and leads the local community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

**Figure 1 – Overview of the Council’s Governance Framework**



**A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The London Borough of Lambeth’s Constitution sets out how the council operates and how decisions are made. This includes detail about committees, their powers and procedures, financial processes, rules of procedure and legal matters. The council regularly reviews and matches its governance structures and processes to council-wide priorities to ensure the principles of good governance are applied throughout the council.

All changes to the constitution are prepared by Democratic Services, reviewed by Legal and then submitted to the Constitution Working Group (CWG). The CWG is an informal body made of senior

politicians and officers from across the council chaired by the Chief Whip. The CWG meet regularly throughout the year to review the constitution and give the council confidence that its constitution remains robust, up to date and compliant with all relevant legal requirements. [Constitution available here](#)

The council has in place a 'Whistleblowing Policy' (Duty to Act) which reflects the legal framework and obligation on the Council to enable staff to raise concerns which may involve unlawful conduct, illegality, financial malpractice or dangers to the public, employees or the environment. This procedure sets out the action that individuals should take to report a concern and also the action to take if, in extreme circumstances, a matter is not addressed or if they feel that raising the matter internally could result in evidence of malpractice being concealed. [Whistleblowing Charter available here](#)

The council has a clear two stage process for handling complaints, supported by the Corporate Complaints Policy. The policy sets out guidance on logging, handling and monitoring complaints and for responding to enquiries from the Local Government Ombudsman. The aim of the process is to drive service improvement across the council by highlighting good practice and identifying lessons learnt from complaints. [Complaints Policy available here](#)

The council also has a clear process for managing Freedom of Information (FOI) and Subject Access Requests (SAR). The aim of the process is to promote transparency across the organisation and deliver an efficient approach to handling requests. The process is supported by Directors (who are responsible for signing off requests). Challenge is provided by the Corporate Complaints Unit and Legal Services. Management Board have strategic oversight, and as part of this role receive quarterly performance reports on compliance as part of the corporate performance report, as well as receiving ad hoc updates in response to particular issues or queries. [FOI guidance available here](#)

## **B. Ensuring openness and comprehensive stakeholder engagement**

The council supports the principle that people should have the opportunity to voice their opinions on issues that affect them. The views of customers are at the heart of the council's service delivery arrangements and are actively sought.

Effective partnership governance and stakeholder engagement is critical to achieving the outcomes the council and partners are working towards over the next four years, as described in the Borough Plan. As well as meeting their statutory duties, partnership boards will need to provide effective governance and leadership to the delivery of the Borough Plan.

A strategic partnership board "Lambeth First" was established in 2017/18 and continued to operate during 2019/20. The Lambeth First Board brings together representatives from the public, private and voluntary sectors. It secures linkages across our thematic partnerships (e.g. Health and Wellbeing Board, Safer Lambeth Executive, Lambeth VCS forum) and maintains a long-term focus on the risks and opportunities facing the borough. Implementation of the Borough Plan will continue to be monitored by thematic partnership boards. [Further information on Lambeth First available here.](#)

The council and partners will continue to strengthen partnership boards, including the Health and Wellbeing Board, Children's Partnership Board, the YOS Management Board and SEND Strategic Governance Board to continue to support and monitor the improvement journey of Children's Services in response to findings from external inspections. The statutory LSCB is currently being redesigned following the national review of local safeguarding boards conducted by Alan Wood. Implementation of the new safeguarding arrangements have been delayed due to Covid-19 but will continue to progress during 2020/21.

## **C. Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Lambeth Borough Plan sets out the council's vision and priorities up to 2021. It sets out four strategic priorities and 20 goals for the borough that all partners will work towards in order to make

Lambeth a stronger, fairer and more prosperous borough. It was developed through the Lambeth First partnership including the council, NHS, local businesses, universities and housing associations:

## Our Vision

In a volatile and uncertain world, Lambeth will thrive with growth and change, providing opportunity for residents and excellence in public services, making Lambeth a great place to live, learn, work and invest - driving fairer outcomes for our diverse community

- **Enabling sustainable growth and development in the borough:** protecting our core revenue streams to help our most vulnerable and our key services
- **Increasing community resilience:** using the benefits of growth to target our investment in early help and preventative services
- **Promoting care and independence:** reforming the way we commission and deliver services with our partners
- **Making Lambeth a place where people want to live, work and invest:** We want to maintain safe, clean and cohesive communities across the borough

Working together towards these goals has added impetus as the public sector goes through an extended period of financial contraction resulting from reductions in central Government funding, and the borough more broadly faces a period of uncertainty in the wake of the EU referendum outcome. To achieve these goals there is a commitment to collaborate, tackle inequality, be transparent and provide value for money for our residents [Borough Plan available here](#)

The council's Medium Term Financial Strategy ('MTFS') is a core part of the council's strategic framework and plays a pivotal role in translating the council's strategic plans and ambitions into action. The MTFS has been extended so it now covers a four-year period. The main objectives of our MTFS are:

- Prioritise our resources in-line with the council's Borough Plan to ensure we achieve our core priorities
- Maintain a balanced budget position, and to always set a MTFS which maintains and strengthens that position
- Provide a robust framework to assist the decision making process within the council
- Manage the Council's finances with a forward looking three year rolling strategy
- Deliver value for money to our tax payers
- Exercise probity, prudence and string financial control
- Manage risk, which includes holding reserves and balances at an appropriate and sustainable level as agreed by our S151 Officer
- Continually review budgets to ensure resources are targeted on our key priorities

These objectives are at the core of our current MTFS and we will ensure that these objectives are upheld throughout the duration of the MTFS and beyond.

The MTFS will continue to be updated as we gain greater certainty and clarity on the level of funding for future years. Both the Financial Planning processes, budget monitoring and savings delivery are subject to regular reviews by the Internal Audit Team.

Due to the importance of delivering savings and remaining within agreed budgets, savings are monitored on a monthly basis through the savings tracker, budget monitor and regular reports to Management Board, Cabinet Member for Finance and Informal Cabinet as well as quarterly reporting to Cabinet. [The Medium Term Financial Strategy is available here](#)

## **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

The council has in place a robust decision making process with all reports are subject to corporate clearance (Legal, Finance and Democratic Services) prior to publication in accordance with the published procedures (which form part of the Council Constitution). All reports follow a standard template which identifies the decision or action required, why the report is recommended, alternative options considered and rejected together with a details (including consultation carried out) section. The details section includes any pros and cons relevant to the proposal and deals with any supporting information that the decision maker may require in order to make a valid, legal decision. [Decision Making Guide available here](#)

The council's Overview and Scrutiny Committee manages the council's overview and scrutiny process which includes scrutinising items on the council's Forward Plan and exercising the power to call-in executive decisions, agreeing the scrutiny inquiry programme, monitoring performance and budgets, Scrutiny provides the role of the "critical friend" to the decision makers and assists in policy development, drives improvement in public services and enables the voice of the public to be heard. [Further information on Overview and Scrutiny is available here](#)

Corporate Committee acts as the audit, governance and standards committee and is responsible for monitoring the effective development and operation of corporate governance across the council. It provides independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment, the authority's financial and non-financial performance.

Each service area within the council is also required to produce an annual business plan that includes what and how services are to be delivered, the cost drivers, future challenges, opportunities and risks and how they will be addressed. The plans detail the budget envelope and projected costs for the service. Budget pressures arising within services are identified through regular monitoring of budgets and action plans to address any significant in year budget variances are agreed with the council Management Board and subject to monthly progress / status reporting

## **E. Developing the entity's capacity, including the capability of its leadership and the individuals within**

The annual appraisal process of performance management helps to identify learning and development needs linked to annual objectives which are translated into personal development plans for staff. Members are also offered development opportunities, in line with their own personal development plans. The council provides a complete programme of learning and development to officers and members. Senior officers are also expected to keep abreast of developments in their profession and share best practice for continuous organisational improvement

The council is also actively engaged with colleagues through the London Member Development Network, which the Democratic Services Manager continues to attend. Members of key committees, such as the scrutiny committee and its panels, have received specialised training in order to equip them to carry out their duties. Support and information is also provided to opposition parties such as when they seek to put forward alternative budgets. The Constitution outlines the officer and member code of conduct. The council's Monitoring Officer oversees all member code of conduct issues with the Independent Person where necessary

## **F. Managing risk and performance through robust internal control and strong public financial management**

The council has in place a 'Risk Management Strategy and Policy 2017-2020' which sets out the framework, arrangements and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities, are identified and managed. The Policy is intended to assist officers, at all levels, in applying sound risk management principles and practices across their areas of responsibility

recognising that all employees, members and those who act on behalf of the council have a role to play in the effective management of risk. It is also relevant to Members in their capacity as 'decision makers'.

The Risk Management Strategy and Policy is subject to annual review to ensure that it continues to reflect good practice and remains aligned with current business processes and practices. [Risk Management policy and strategy 2017-20 available here](#)

In 2019/20, budget and performance information was provided to management teams, Management Board and Cabinet every quarter. In terms of performance reporting, this is done according to three different layers:

- **Borough Plan KPIs** – these track the achievement of the 20 goals in the Lambeth Borough Plan. Some KPIs are within the Council's direct control but most are not, but are nonetheless important as they give an understanding of the wider wellbeing of the borough
- **Priority Service KPIs** – these are KPIs that are important to the Council because they either: a) give an assessment of resident satisfaction; b) are aligned to a high risk or corresponding cost; c) are a statutory requirement; or d) make a strong statement about the Council's wider effectiveness. These number around 40 in total and are collectively owned by Management Board
- **Operational KPIs** – directors are accountable for the management and improvement of these KPIs. They are escalated to Management Board where there are particular issues or concerns around longer term performance and where action needs to be taken

The Director of Finance and Property is the council's appointed Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972 and the Director of Legal Services is the council's Monitoring Officer. These are statutory posts, responsible for delivering and overseeing the financial management and governance of the council. The Chief Financial Officer and the Monitoring Officer are both members of the corporate Management Board. The Chief Financial Officer is responsible for financial strategy and the provision of accountancy services across the council. The Monitoring Officer is responsible, in consultation with the Chief Finance Officer and the Chief Executive, for ensuring that the council's constitution and governance arrangements operate effectively.

## **G. Implementing good practices in transparency, reporting and audit to deliver effective accountability**

The council is committed to openness and transparency and publishing as much data as possible to increase accountability. The council has an Open Data section on the website that enables the public to access the data published under the requirements of the Local Government Transparency Code (2015). This Code sets out the specific data required to be published, and the timescales by which the data must be published. All data required to be published by the Local Government Transparency Code is published. [Open Data Page can be viewed here](#)

The council's Constitution sets out how decisions are made and makes specific reference to decision making by Full Council, by the Executive (Cabinet), by Overview and Scrutiny Committees, other committees and by Council bodies acting as tribunals. The council produces a Forward Plan of all Key Decisions which are proposed to be taken within the next four months (updated monthly 28 clear days prior to scheduled Cabinet meetings on a rolling basis). Other decisions are also included where practicable to assist in providing public transparency and confidence in decision making. All agendas and minutes of meetings in respect of council, Cabinet Overview and Scrutiny, Non-Executive Committees and statutory boards and published on the council's website. The Constitution also includes an Officer Scheme of Delegation which sets out the powers and functions that are delegated to named council Officers. The Scheme of Delegation is a statutory requirement and is maintained by the Service Director: Legal & Governance In addition, 'Decision Making - Corporate Standards and Guidance for Officers' is published on the internet and sets out the decision-making process,

highlighting those aspects of decision making that are compulsory and must be complied with in all respects [Further information on decision making is available here](#)

The council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service which is charged with reviewing the adequacy of the controls that operate throughout all areas of the council, in accordance with a risk-based plan. This includes tracking of managers' progress with the implementation of control improvements which have been agreed during internal audit reviews.

## Review of Effectiveness

Lambeth council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The effectiveness of governance arrangements is monitored and evaluated throughout the year, activity undertaken includes:

- Consideration of governance issues by Directorate Management Teams and Management Board – including risk registers, counter-fraud updates and internal audit reports
- Preparation of a rolling plan of audit coverage provided by the Head of Internal Audit and Counter Fraud which is primarily based on an assessment of the Council's risk profile
- The Annual Audit Opinion which is provided by the Head of Internal Audit and Counter Fraud
- Ongoing assessment of internal management processes, including performance management and compliance monitoring
- The work of the council's governance boards and working groups, including Management Board, Strategic Programme Boards, Directorate and Divisional Management teams and working groups (e.g. COVID-19 Response Group, Brexit preparedness and GDPR readiness groups)
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission
- The views of external auditors, regularly reported to Corporate Committee, including regular progress reports and the Annual Audit Letter
- The work of the Corporate Committee which includes responsibility for monitoring the development and operation of corporate governance in the council

## Assurance Statement (Business as Usual)

The processes detailed above, provide good overall assurance on the council's system of internal control and that the arrangements are fit for purpose in accordance with the governance framework. We will take steps to address identified issues to further enhance our governance arrangements during 2020/21.

## Governance challenges posed by the Coronavirus during 2019/20

The AGS assesses governance in place during 2019/20, so the majority of the year was unaffected by the coronavirus however, coronavirus began to impact the council during March 2020.

The following impacts on governance were experienced during March (and are ongoing in many cases)

- **Impacts on business as usual in the delivery of services:** Service delivery was prioritised with a focus on the provision of key critical services such as emergency planning and response, safeguarding, safety checks and distribution of food packages and PPE through the vulnerable people's hubs and supply chains
- **Implementation of new policies and processes:** To enable services to continue functioning during a time of major change, a number of new policies were introduced including an updated remote working policy, a redeployment policy, video call policy and office equipment policy
- **Development and implementation of emergency assistance programmes:** Working with community groups the council quickly set up a network of food delivery hubs across the borough which provided food and care packages to over 10,000 vulnerable residents. A vulnerable people's helpline, web form and triage process were also implemented to support residents most in need. Rough sleepers were moved off the streets into temporary accommodation and residents in hostels requiring to self-isolate were moved into suitable accommodation.
- **Changes to council meetings and decision making arrangements:** To enable social distancing, council meetings (officer and Member meetings) were held remotely online (where possible) and an updated decision making procedure was introduced to enable decisions to be made as quickly as required. Additionally, the Borough Emergency Control Centre (BECC) was activated to assist with the management and coordination of key decisions
- **New collaborative arrangements:** Collaboration and partnership working were key aspects of the council's response to COVID-19. A number of new arrangements were introduced including working with partners to support young people's needs by delivering a broad range of online services, establishing a Lambeth Business Taskforce in partnership with our Business Improvement District and working with neighbouring boroughs, police and NHS to provide the required health, care and enforcement services
- **Funding and cash flow challenges:** The lockdown restrictions of COVID-19 has resulted in reduced income coupled with an increased need for additional expenditure. Whilst the impact in 2019/20 has been limited, these impacts have led to increased risks to budget overspends, service delivery and ability to fund C-19 responses. These risks will be managed by close monitoring and recording of cash flow forecasts and expenditure, and regular communications with stakeholders - including services, partners, businesses and MHCLG

In addition to the above challenges, the impacts of COVID-19 were considered for each of the council's key risks, and due to the number of new risks posed by COVID-19 a separate risk register was developed and used to monitor changes to identified and emerging risks. The COVID-19 risk register contains 36 risks relating to 10 themes including, workforce, health and care, supply chains, finance, ICT and service delivery. Each of the identified risks have control measures in place and were/are monitored and updated daily.

## Assurance statement (Coronavirus)

For the council, with thousands of staff and responsibility for services for over 300,000 people, coronavirus has been an unprecedented challenge that changed everything overnight. From the onset of Covid-19, the council reacted quickly especially around support for local residents especially the vulnerable, the voluntary and community sector and support for local businesses. The council has changed the way it works dramatically – with the majority of staff working from home and twin focuses of keeping normal services running and dealing with the crisis. Service provision and



governance has been strong throughout with all services operating and ensuring residents' needs are met. Further information on our response to the Coronavirus is available [here](#)

## **Governance Issues**

A summary of 2019/20 governance issues and progress against previous issues is provided in the below table.

<b>Governance issues 2019/20</b>					
<b>Reference</b>	<b>Governance issue</b>	<b>Source</b>	<b>Overview of issue and actions taken (and planned) to address the issue</b>	<b>Leads</b>	<b>Timescale</b>
1	<p>The following recurring themes have been highlighted within the CAE Annual Report across the internal audits performed during 2019/20:</p> <ul style="list-style-type: none"> <li>- evidence of appropriate review</li> <li>- timely performance of key activities</li> <li>- record keeping</li> <li>- user access</li> </ul> <p>Further information is provided in the Annual Audit Opinion</p>	Chief Audit Executive Annual Report	<p>The Council has a dedicated follow up process and the timely implementation of the associated actions from these findings will be a key assurance mechanism.</p> <p>The status of implementation is reviewed at every Corporate Committee and these results will be a key measure of success.</p>	Audit Recommendation owners	March 21
<b>Progress against 2018/19 governance issues &amp; challenges</b>					
2	Procedures for responding to Subject Access Requests (SAR's)	Internal Audit / Performance Management reports	<p>During 2018/19 the council set a target to respond to 85% of Subject Access Requests (SARs) within the statutory 30 calendar days in line with GDPR requirements.</p> <p>CSC performance improved during the beginning of 2019/20 after a backlog was cleared in the summer. However, overall performance for 2019/20 remained below target due to high volumes and complexity of requests in Children's Services which caused additional back log at the end of 2019. Additional staff were recruited to improve response rates and performance and the backlog was successfully cleared by end March 2020.</p>	Children's Social Care (CSC), Performance and Legal teams	Dec 19

			<p>Funding for staffing for 2020/21 is to be agreed with CSC to ensure performance is not adversely impacted again. If a request is complex the Data Protection Act 2018 permits up to 90 days maximum to complete SARs. Within CSC for those SARs that ought to be completed within 30 days – the target is 85%; and likewise a target for 85% of SARs that are permitted to be completed within 90 days.</p> <p><b>Whilst the deadline of Dec 19 was not met by the SARs work, it was achieved by the end of March 2020, and as such SAR's procedures are not categorised as a significant governance issue for 2020/21.</b></p>		
3	Implementation of GDPR requirements	General Data Protection Regulations	<p>The council carried out a GAP analysis to benchmark its practices against the GDPR requirements and recognised that some changes and improvements were required to ensure compliance. The following progress was made during the year:</p> <ul style="list-style-type: none"> <li>• Preparation of Risk Assessment Questionnaires for information assets and processes and delivery of workshops to Subject Matter Experts within the council</li> <li>• Drafting Information Asset Register procedure which includes the Information Asset Owners and deputies (liaising with HR to ensure the roles and responsibilities are embedded in job roles (from Head of Service upwards)</li> <li>• Development of an Information Asset</li> </ul>	GDPR project group/risk owners	Dec 19

			<p>Portal to track Information Asset Registers</p> <ul style="list-style-type: none"> <li>Establishing Information Sharing and Data Processing agreements with key partners e.g. NHS and Standardisation of high risk data sharing agreements relating to Capita, Mosaic and Oracle</li> <li>Development of updated Data Protection training for staff</li> </ul> <p><b>Due to the progress made against this issue during 2019/20, it is not categorised as a significant governance issue for 2020/21.</b></p>		
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**Signed:**




**Leader of Lambeth Council**  
**Jack Hopkins**

**Chief Executive- Lambeth Council**  
**Andrew Travers**