

London Borough of Lambeth Annual Governance Statement

2014/2015



Introduction by Sean Harriss

Chief Executive



Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.

From the review, assessment and monitoring work undertaken and the ongoing work of internal audit we have reached the opinion that there is a need for improvement in the council's governance and control processes. A key focus for me is to improve the organisation's effectiveness through changes in structure, officer and member governance arrangements, management oversight and performance management arrangements.

A number of measures have already been put in place or are due to be implemented shortly which will strengthen governance, accountability and management oversight across the council to drive through the required improvements.

We confirm, to the best of our knowledge and belief, that this statement provides an accurate and fair view.

A handwritten signature in black ink that reads "S R. Harriss".

Sean Harriss
Chief Executive
Lambeth Council



What is Corporate Governance?

Corporate governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The council's governance arrangements aim to ensure that it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that its public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

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.

The council 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 and conforms to the financial management arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). A copy of the code can be found on the Lambeth website.

How do we know our arrangements are working?

Lambeth Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. To monitor the effectiveness of the council's corporate governance systems, assurances on the governance framework as shown in the diagram below are provided to, and challenged by, committees or scrutiny panels as appropriate.

Each year we review the council's corporate governance processes, systems and the assurances on the Governance Framework, to create the Annual Governance Statement. This is achieved by undertaking a review of the council's compliance with its Code of Corporate Governance, consulting with the Corporate Leadership Teams, governance officers, and also reflecting on the work of internal and external audit and other inspection bodies completed during the year. The issues identified during the review are highlighted in the significant issues section at the end of this statement.

Looking forward it will be essential for all parts of the governance framework to make sure that the council's decision making and administration remain robust, transparent and subject to appropriate oversight and scrutiny.

This Annual Governance Statement builds upon those of previous years and records any significant governance issues that need to be addressed over the coming year. It summarises the key governance framework which has been in place for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.

During 2013/14 a number of structural changes were made to the organisation (moving from five departments to four business clusters) to facilitate the introduction of cooperative commissioning as the council's default way of working. 2014/15 saw a number of changes to the council's internal governance to reflect the organisation's focus on outcomes and the central role of Members (namely the establishment of Outcome Panels, collaborative officer/member panels focussed on priority outcome areas).

During 2014/15 the council commissioned an internal audit review of its governance as well as undertaking an overarching internal review of governance, performance, resource allocation and the strategic approach to change (the Programme Management Office). The recommendations of these reviews will lead to further improvements to the governance framework in 2015/16.

Lambeth's Governance Framework

Assurance Required Upon

- Delivery of council's aims and objectives / Leadership direction
- Services are delivered economically, efficiently and effectively
- Management of risk
- Effectiveness of internal controls
- Democratic engagement and public accountability
- Budget and financial management arrangements
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Compliance with laws and regulations, internal policies and procedures
- Action plans dealing with significant issues are approved, actioned and reported upon

Source of Assurance

- Constitution (incl. statutory officers, scheme of delegation, financial management & procurement rules)
- Audit Committee
- Independent external sources
- Scrutiny function
- Council, Cabinet & Panels
- Cabinet Procurement Committee
- Medium Term Financial Plan
- Complaints system
- Internal & external audit
- HR policies & procedures
- Whistleblowing & other counter fraud arrangements
- Risk management framework
- Performance management system
- Performance Challenge sessions
- Codes of conduct
- Corporate Leadership Team
- Peer reviews

Assurances Received

- Statement of accounts
- External audit reports
- Internal audit reports
- Local Government Ombudsman report
- Electoral Commission report
- Report of the Independent Remuneration Panel
- Interception of Communications Commissioner (ICC) report
- Socitm (Society of Information Technology Management) reports
- Scrutiny reviews
- Annual Audit Committee and Scrutiny Committee reviews
- Effectiveness of Internal Audit review
- Review of Compliance with Code of Corporate Governance
- Performance reviews & appraisals
- Performance Challenge Sessions
- Management and member assurances

Areas to focus on

- Manage budgets and monitor achievement of savings
- Achieve effective transition in light of changes to structures and senior managers
- Improve the Scrutiny Function
- Review and update Code of Corporate Governance
- Undertake contract management
- Monitor effectiveness of partnerships
- Formally evaluate benefits gained from all major programmes and projects

Head of Internal Audit Annual Opinion

I am satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute and represents an assessment of risks to be addressed. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

Our opinion is based on:

- All audits undertaken during the year.
- Any follow up action taken in respect of audits from previous periods.
- Any significant recommendations not accepted by management and the resulting risks.
- The effects of any significant changes in the organisation's objectives or systems.
- Any reliance that is being placed upon third party assurances, such as those from Ofsted, and control weaknesses identified through External Audit procedures.
- In a change to previous years, the annual audit opinion is now being developed in line with the standard opinion types promoted by the Public Sector Internal Audit Standards.

The 2013/14 Annual Audit Opinion stated that the council had maintained an adequate control environment. However, there was some risk that the system would fail to meet management's objectives; the organisation needed to improve the adequacy and effectiveness of governance, risk management and control arrangements as it embedded the new organisational structure and cooperative commissioning approach and delivered further significant savings. In this context, and using the PSIAS standard opinion types, our work during 2014/15 has identified that there are some major weaknesses in the framework of governance, risk management and control and non-compliance with controls which put the achievement of organisational objectives at risk. This is based on a number of reviews undertaken in specific areas through the year, although it is noted that we have undertaken other reviews where we have identified good controls and governance arrangements in place. This means that there are key areas of focus for management to address over the coming months where low levels of assurance have been obtained. It is noted that while the number of critical risk reviews has increased from the previous year, a key factor in the overall opinion, the proportion of high risk reviews has reduced from the previous year. While we have experienced difficulties in closing off some reviews with management we have also seen an overall improvement in management's performance in implementing previously agreed actions for prior year reviews, particularly for high risk items.

It is recognised that a key focus for the incoming Chief Executive who joined the council in March 2015 is to improve the organisation's effectiveness through changes in structure, officer and member governance arrangements, management oversight and performance management arrangements. A number of measures have already been put in place or are due to be implemented shortly which will strengthen governance, accountability and management oversight across the council to drive through the required improvements.

As a result of the above, it is my opinion for 2014/15 that major improvements are required to improve the adequacy and effectiveness of governance, risk management and control.

This conclusion has been reached because:

- We have identified a number of high and medium risk rated weaknesses in individual assignments which we believe are *significant in aggregate to the overall quality of the internal control system*; and
- We have issued three critical risk rated reports, however these are *not pervasive* to the system of internal control, with a number of reviews receiving positive assurance ratings due to good controls and governance arrangements being in place and improvements noted in the implementation of previously agreed actions.

Governance, Accountability and Roles and Responsibilities

- There is a lack of clarity surrounding governance arrangements, accountability and associated roles and responsibilities. We raised this as an issue in our 2013/14 opinion and this continues to be a recurrent theme across our 2014/15 reviews. Council structures have been formalised but these have not been consistently embedded across the council and in several instances we have found that oversight arrangements have not been operating as effectively as possible.

Assurance from other sources

- We embed the three lines of defence into all of our Internal Audit work and take assurance from third party sources to provide our Opinion. During 2014/15 we found some matters arising from three third parties (Ofsted, HMI Probation and External Audit) which identified some significant control failings which have impacted our overall Opinion. This included Ofsted rating Children's Services as 'Inadequate', a HMI Probation report that although noting some improvements since the last inspection in 2011 it still rated the Youth Offending Service as "poor performing" and external audit highlighting some concerns over the accuracy/timeliness of billing to leaseholders. In 2014, Lambeth entered formal monitoring by the ICO because of poor performance responding to FOIs. There has been significant improvement in this area during the last year – performance is markedly improved and the backlog has been reduced to an acceptable level and the ICO has ceased formal monitoring.

New financial systems

- Oracle R12 went live on 04/08/14. The transition to a new financial system represents a significant change for an organisation due to the importance of accurate, reliable management information (to underpin decision making), changes to business processes and controls as well as the dependencies of other controls on the system.
- Our three reviews of Oracle have identified some weaknesses concerning segregation of duties, system access and system configuration which need to be addressed. The implementation of the new system has also identified issues where controls have failed due to behavioural and cultural issues where goods receipting and the procurement of contracts have not been undertaken in accordance with existing or revised requirements.

Continuous Auditing and Monitoring

- This is a key indicator of the strength of the control environment. Our latest report has identified that overall the control environment is stable but there is some evidence of deterioration with 5 of 15 systems declining this period. This is partly the result of changes to working practices and also changes to teams leading to a loss of knowledge.

High and Critical Risk Audit Reports

- We have issued 3 critical risk and 10 high risk reports this year. These are not pervasive to the entire control environment but are significant in aggregate. In addition, two schools audits were determined to represent critical risk and four were high risk.

Implementation recommendations

- Timely implementation of recommendations is an indicator of the strength of an organisation's control environment. There has been an improvement in the implementation of high risk recommendations identified through our planned follow up work. However, where we have revisited previously areas we have seen that a number of medium and lower risks have not been implemented following previous cross-cutting reviews. For example: all issues raised in our 2013/4 review of *Management Information* were re-raised in 2014/15; non-performance of reconciliations has been raised in the last 3 periods of *Continuous Auditing and Monitoring* (covering a period of 16 months); and our *Governance* review identified a number of outstanding recommendations from 2013/4 reports on *Organisational Capability and Workforce Planning, Budget Monitoring and Risk Management*.

Other

- Risk management, in particular completion and use of risk registers was a consistent theme across our audits including (but not limited to) *Public Health, Looked After Children, Commercial Properties, and Capital Assets – Transfer of Use*. The council's risk appetite has not been updated in the year as recommended in our 2013/14 review despite the efforts of Risk Management in trying to progress this.
- Our reviews of two large repairs contracts managed by Lambeth Living on the council's behalf identified weaknesses in the contract management and procurement practices employed by the council's ALMO (Arm's Length Management Organisation). In particular, ensuring these processes extract value for money and that contract management practices are invoked fully to manage significant contractors.

Good practice

- Our opinion also considers good practice identified, for example improved performance across Schools and Projects & programmes and low risk reports issued for *Schools Admissions* and *Data Quality – Published Data*. The council also retained its Public Services Network (PSN) accreditation which evaluated the IT infrastructure security arrangements. The council continues to invest in fraud prevention and fraud detection, which is borne out in the improved outcomes achieved by the Counter Fraud Team over the past year.

“Good Governance is about intellectual honesty and not just about sticking to rules and regulations”.
(Mervyn King)

The Community Plan

The council's Community Plan 2013-16 was agreed by Cabinet in April 2013. This sets out the council's aspirations for the borough and includes our community outcomes framework. It also confirms the council's commitment to cooperative commissioning, an approach agreed by Council in November 2012.

The council has supported the promotion of the Community Plan by focusing on communicating the narrative of the organisation through the 'Do the Right Thing' campaign. This covers the major priorities around health, safety, clean and green, jobs and housing. We are using various methods including social media, posters, street stalls and walkabouts.



We have communicated the Community Plan and complemented this with other communications around our vision and the way we want to work, including promoting specific change programmes in support of our transformation. Our campaigns and the work to develop the thinking behind the Cooperative Council have been promoted by articles and interviews with national and regional media. Also a special budget section in our Lambeth Talk magazine has spoken of performance achievements and shown where public money has been spent, and its impact.

The Community Plan, in particular the outcomes framework, identifies where we want to make the biggest difference and provides the focus for all activity delivered by the council. This ensures that Members and officers have a clear and shared understanding of what the council is trying to achieve within a context of significantly reduced resources across the public sector. The changes to the council's Constitution and establishment of Outcome Panels have enabled Cabinet Members to take on a commissioning role, providing direction and oversight in their portfolios for the cooperative commissioning cycle.

A clear example of this has been through the work of Outcome Panels in our resource allocation process. The three panels were introduced to lead the work of commissioning and delivering our 13 community outcomes under three priority areas - Community Wellbeing (CW), Neighbourhoods, Environment & Sustainability (NES) and Housing, Jobs & Investment (HJI). The panels also agreed the resources that were needed to achieve the community outcomes. The substantive outputs of that work were considered by Cabinet in December 2014 and subsequently included in the February 2015 budget report.

Integrated Assurance Reporting

Integrated Assurance may be described as a co-ordinated approach by all assurance providers to efficiently and effectively provide a comprehensive assurance position on the council's internal controls and risk environment. During the latter part of 2013, audit, risk, performance and finance colleagues worked on a framework to implement an Integrated Assurance approach across the council's functions. Although still evolving in format, an initial report was presented to Operations Board in the summer of 2014 reflecting on 2013/14, and further reports covering 2014/15 are timetabled.

The Integrated Assurance approach embraces the council's cooperative behaviours of ownership and leading and engaging, and encourages and enables managers to take ownership of the assurance provided on their areas of responsibility. Subsequently, they are able to challenge potentially excessive review or poor assurance ratings.

By agreeing to a co-ordinated approach, assurance activities will focus on key risk exposures, thus minimising disruptions. Fewer resources will be required to produce assurance data reports as these may be available via a specialist function such as corporate Risk Management team.

The Constitution

The London Borough of Lambeth's Constitution sets out how the council operates and how decisions are made. This includes a great deal of detail about committees, their powers and procedures, financial processes, rules of procedure and legal matters. The council has regularly reviewed and matched 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 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 and is 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.

The Council - How it works

The council comprises of 63 councillors from different parties, all councillors are democratically accountable to the residents of their Wards. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them. There are a wide range of decisions that need to be taken to ensure the effective running of the council, most decisions of an operational nature will be taken by officers. However more significant decisions of a strategic nature, or those with financial implications in excess of £500k, or those having a significant community impact will either be taken by councillors collectively, for example at a full Council meeting, Cabinet or a committee or in certain circumstances by individual cabinet members.

Overview and Scrutiny

Overview and Scrutiny is a key part of the democratic process of the council. It monitors the policy decisions of the Cabinet and has a key role in advising on the development of council policy. It also looks at broader issues affecting Lambeth.

Overview and Scrutiny is the council's single overarching scrutiny committee. The committee is responsible for scrutinising the whole range of the council's functions and responsibilities, as well as other public service providers' work and its impact on the local community. The committee holds the statutory responsibilities for health scrutiny and for crime and disorder scrutiny. The Overview and Scrutiny Committee can establish scrutiny 'commissions' to undertake reviews of specific matters. Scrutiny is used to hold public-service providers in Lambeth to account and help improve the public services in the area. Effective scrutiny improves accountability, ensures transparency of decision-making, contributes to service improvement and acts as a 'check and balance' on decision-makers.

“The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources”.
(Sir Adrian Cadbury)

Member and Officer Development

Lambeth is also actively engaged with colleagues through the London Member Development Network, which the Head of Democratic Services and Scrutiny continues to chair. 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 when they seek to put forward alternative budgets.

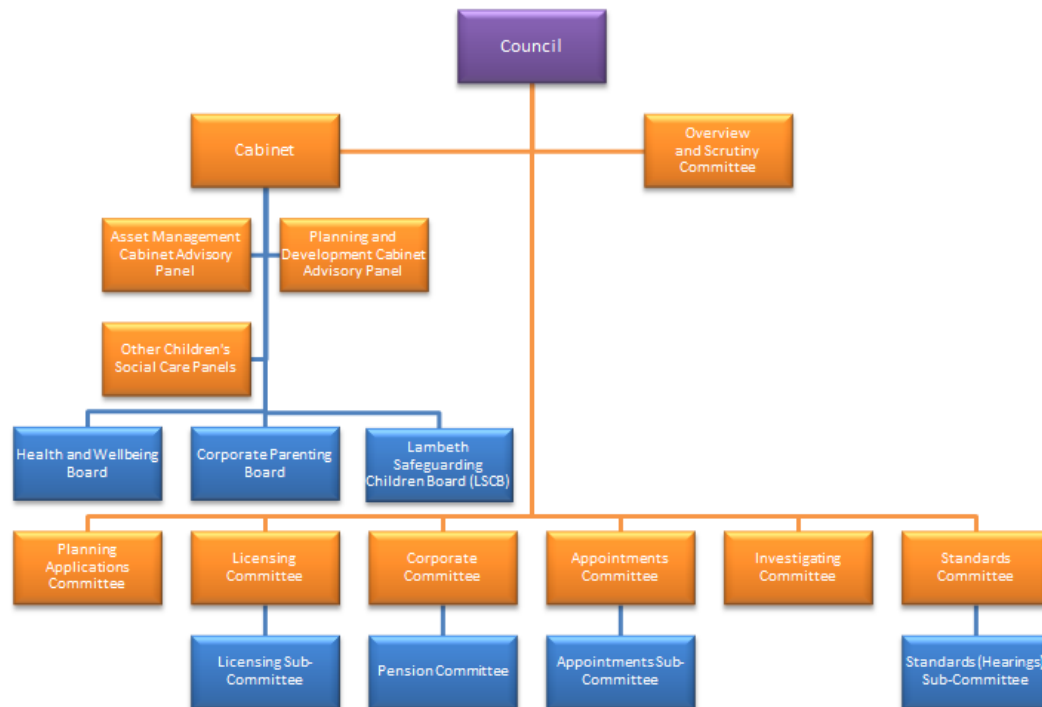


The Constitution outlines the officer and member code of conduct. The council's monitoring officer oversees all member code of conduct issues with the Independent Person where necessary. We are in the process of formalising member development support within Democratic Services as part of the revised structure.

In 2014, the council worked with Members, officers and residents to devise a behavioural framework to support the Cooperative Council. 13 behaviours were created, five of which are core to all roles at the council. The behaviours define the type and level of conduct required of officers, when dealing with stakeholders and delivering a service to citizens. The behaviours are measured throughout the employee lifecycle, including recruitment and performance management.

Learning and development support is reviewed regularly to ensure that it is both relevant and effective. The support ranges from induction and on-boarding, through development into the role, succession planning and personal development and includes support for statutory roles such as social care, housing, benefits and democratic services. Due to budget restraints the council has adopted a blended approach to learning, resulting in some courses being offered as an e-learning module rather than classroom based training. This reduces the amount of resources required to administer and deliver training, and also enables staff to undertake courses at a time and location suitable for them.

Lambeth Council Structure 2014/15



The Corporate Committee

The Corporate Committee performs the 'audit committee' role through its oversight and monitoring of council corporate governance activities including internal audit, counter fraud, external audit, financial performance and reporting, risk management and whistleblowing. Its terms of reference, structure, composition and work programme have been developed with reference to the CIPFA Position Statement and published guidance Audit Committees – Practical Guidance for Local Authorities and Police (2013), the requirements of the Public Sector Internal Audit Standards (2013) and the CIPFA Toolkit for Local Authority Audit Committees (2006). The local code of corporate governance is submitted to Corporate Committee.

Compliance with laws and regulations

Under the general duty set out in the Equality Act 2010 the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good community relations. The council Equalities Objectives are set out in the Community Plan and were defined through consultation with citizens. This demonstrates that we do not see equalities as being an add-on to our activities, but at the heart of what we do. All new and revised policies and projects must complete an Equalities Impact Assessment to demonstrate they have considered the impact on citizens and any mitigation needed to reduce negative impacts. In addition to the nine protected characteristics enshrined in law, the council also considers equality impacts in relation to health, socio-economic status and English as a second language. In February 2015 the LGA rated Lambeth Council's equality practice as 'excellent'. This is the highest level in the Equalities Framework for Local Government.

The council has a clear two stage process for handling complaints. This is supported by the Corporate Complaints Policy. The Policy sets out clear guidance on logging, handling and monitoring complaints at all stages of the complaints process and for external enquiries from the Local Government Ombudsman. The aim of the complaints process is to drive service improvement across the council by highlighting good practice and identifying lessons learnt from complaints.

The council also has a clear process for managing Freedom of Information and Data Protection requests. 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; monitoring is carried out by the Complaints and Information Requests Board, which highlights and shares good practice and the Operations Board have strategic oversight, receiving regular six-monthly performance reports on compliance with the Information Acts. Support and guidance is available to officers across the council via documentation on the intranet and desk-based teaching provided by the Corporate Complaints Unit. There is an immediate challenge in the coming year through the reintegration of Lambeth Living. We need to make sure that the good practice from both organisations is properly shared and applied.

Managing Key Risks

The council's risk management process is implemented across Directorates, Business Units and projects.

On a quarterly basis each Directorate and Sub-Directorate reviews their risk registers, with key outcomes discussed and challenged at Leadership Teams and Operations Board.

Annually each directorate is encouraged to undertake a full risk review in line with their objectives set at their service and financial planning meetings and key corporate risks are reported to Corporate Committee.

This reporting format ensures that the council's risk management framework remains embedded and the reporting of risks remains fluid across the organisation.

2014/15 Example identified risks:

Risk	Mitigation and response to this risk
Failure of all or part of the ICT infrastructure, with associated business system failures.	Backup Data Centre is fully implemented as is a separate Disaster Recovery solution, meaning the previous single point of failure has been eliminated and if a failure were to occur the plan is in place to respond.
Failure to manage significant reductions in national and regional income streams.	Successful budget process has identified savings options to balance the budget for the next two years, giving the opportunity to address longer-term solutions for the council's response to continued public sector austerity.
Loss of expertise to deliver council outcomes.	Primary controls for this risk involve the development and implementation of robust strategies to retain a skilled and motivated workforce. Examples of strategic actions include talent and knowledge management, succession planning, identification of top talent and business critical posts, and recruitment & retention strategy.
Unable to meet the expectations of all stakeholders regarding the delivery of services.	Ongoing open dialogue with all stakeholders including regular assessment of progress against outcome and objectives.
Government's welfare reforms will negatively impact on vulnerable families within the borough and increase child poverty.	Over the past three years the council has worked on a number of initiatives to help reduce this risk. Measures in place include: Financial resilience strategy, regular cross-working with welfare reform working groups, implementation of poverty strategy, action planning, and constant monitoring of impacts on service users.

(Further information on risk reporting can be found within the risk management strategy 2014-17).

The council's risk management policy and the risk management strategy are reviewed and refreshed annually. Both items are approved by the Operations Board and Corporate Committee and are also published on the council's website. Regular reporting of strategic, major operational and major project risks takes place on a quarterly basis across all council Directorates.

The council will be updating its risk appetite statement for 2015/16. The current appetite statement states that the council seeks to identify, assess and respond to all strategic risks that may affect the achievement of community and service plan outcomes, adopting a response based on the nature of the risk. Risks may be tolerated where there are sufficient assurances that they have been properly identified, assessed and will be appropriately managed.

The council's key risk data is included within the Integrated Assurance (IA) reports, which were reported to Cluster Leadership Teams for Q2, Q3 and Q4 14/15. The IA reports bring together the different perspectives of complaints, finance, performance, risk and audit into a combined view to provide insights and assurance across the 13 community outcomes.

Information from the Integrated Assurance exception reports contributes to the content of the Annual Governance Statement.

Resilience

Lambeth has fully implemented the provisions of the Civil Contingencies Act 2004 as a 'First Responder'. This means that we constantly plan and are able to respond to any civil emergency alongside the emergency services and partners. We also have a strong business continuity strategy and plan – to ensure that the council and its more critical services are able to work 'business as usual' in a crisis. We train Cabinet and Senior Officers once yearly during a major exercise to ensure that key staff and elected officials can operate in a state of readiness. Additionally we review business continuity plans with directorate and our partners to provide corporate reassurance that we are able to

deal with the unexpected.

Managing the risk of fraud

The council is committed to tackling fraud, abuse and other forms of malpractice and, therefore, it has a range of counter fraud policies and a whistleblowing procedure in place to enable employees to raise their concerns about such malpractice at an early stage and in the appropriate way. Allegations are investigated independently by Internal Audit and reported regularly to the Corporate Committee. The committee ensures that the corrective action taken is robust.

Internal Audit and Counter Fraud (IACF) carries out several hundred investigations each year into fraudulent activity in areas such as:

- Housing, including subletting, fraudulent tenancies and right to buy
- Council tax support and discounts
- Housing benefit fraud (this was transferred to DWP in February 2015)
- Direct payments
- No recourse to public funds
- Fraud and corruption involving officers, members and contractors

Lambeth devotes significant resources to the identification and investigation of fraud. All relevant investigation outcomes are given widespread publicity and the team has featured in recent years on several BBC productions such as Saints and Scroungers.

During 2014-15 IACF identified fraudulent activity with a value exceeding £4.65m.

Internal Audit

The council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service who is charged with reviewing the adequacy of the controls that operate throughout all areas of the council.

The Internal Audit Service has been managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2013.



Managing Finances

The council has continued to develop procurement with a view to securing Value for Money (VfM) and efficiency gains where appropriate. VfM is integral to procurement activity and the council promotes the consideration of whole life costs and Social Value in decision making. Collaborative arrangements are progressed where appropriate to deliver increased benefit to both the council and its partners.

The vision of the Lambeth administration is 'Ambition and fairness for all' and includes the promise to deliver high quality services that focus on individuals' needs and represent value for money. Our Value for Money strategy sets out our approach to assessing, delivering and demonstrating optimum value to residents from our services. The strategy is supported by a suite of VfM tools which constitute the Value for Money toolkit.

Chief Financial Officer and Chief Monitoring Officer

The Strategic Director of Enabling is the council's appointed Chief Financial Officer and the Director of Corporate Affairs is the Chief Monitoring Officer. These are statutory posts, responsible for delivering and overseeing the financial management and governance of the council. The Chief Financial Officer is a member of the Corporate Management Team and is responsible, in conjunction with the Director of Integrated Support, for the provision of financial services across the council.

The Chief Financial Officer and Chief Monitoring Officer have been involved in reviewing corporate governance and in preparing this corporate governance statement. They recognise that issues exist within the governance and control framework (as outlined in Annual Audit Opinion) but are confident that these will be addressed by the changes in structure, officer and member governance, management oversight and performance management arrangements currently being implemented across the council.

Community Plan Outcomes: More jobs and sustainable growth, Communities feel safer and stronger, cleaner streets and greener neighbourhoods

Significant Governance issues 2014/15

This year has been a period of change and increasing financial pressures. Despite this challenging environment, there have been achievements and improvement in the council's governance arrangements. Where we have identified areas for further improvement (see below) we will continue to take the necessary action to implement changes that will further develop our governance framework.

Outcome of Ofsted Inspection

In 2012 the Ofsted inspected children's services and the Lambeth Safeguarding Children Board (LSCB) and found Lambeth to be outstanding. During February to March 2015, these same functions were assessed under the new assessment framework which resulted in the council's services and LSCB being judged as inadequate. The inspectors found inconsistencies in social care practice and the organisation's approach to collecting and using performance data. It found serious failings relating to leadership and management and an organisation and LSCB which has been seriously and detrimentally affected by high levels of staff turnover at all levels.

Ofsted identified two areas as requiring improvement within the children's services inspection. These were:

- children who need help and protection
- experiences and progress of care leavers.

Three areas were found to be inadequate:

- children looked after and achieving permanence
- adoption performance
- leadership, management and governance.

This led to an overall judgement of inadequate.

The council is taking the Ofsted findings seriously. We acknowledge the failures cited and we are in the process of preparing a Priority Action Plan (PAP) which when delivered will achieve the significant transformation required to address Ofsted's recommendations.

The council has established a Children's Services Improvement Board (comprising senior council representatives, politicians, partner agencies and external peers able to offer

significant challenge) to oversee the delivery of the PAP and a broader Single Improvement Plan (SIP) for Children's Services.

The Children's Services Improvement Board will play a vital role in providing assurances to the Department for Education that the council has the leadership and capacity to manage these changes within prescribed timeframes and transform our services for Lambeth's children and young people.

Previous years' significant issues update (2011-14)

Significant issue 2013/14 – data security breaches

Following the provision of detailed responses and evidence requested by the Information Commissioner's Office (ICO), the ICO confirmed in March 2015 that, while the breaches reported by the council were serious in nature, the positive action taken by the council to minimise the risk of further occurrences, the fact that data protection training was in place for all officers and that appropriate policies were in place meant that the no enforcement notice or fine would be imposed on the council.

The major piece of work undertaken to minimise the risk of future occurrences was the review business processes across the council where sensitive personal information is being handled. This was completed in 2014, with assurance provided over 150 business processes. Managers identified actions to enhance their existing processes and arrangements which the Internal Audit Team will be reviewing on a cyclical basis to ensure that those actions have been implemented and provide assurance to the senior management, the council's Senior Information Risk Owner and Members that this is the case.

Internal Audit and ICT Services are working on a range of further guidance and a modular approach to information handling awareness (aimed at specific types of service). ICT Services are also reviewing the existing technology solutions available to ensure officers use them most effectively to share sensitive information externally and also looking at other solutions which can help us to further enhance our arrangements.

Significant issue 2013/14 – Management of Member Enquiries, Freedom of Information requests and Complaints

In 2014 Lambeth entered formal monitoring by the ICO because of poor performance responding to FOIs. There has been significant improvement in this area during the last year – performance is markedly improved and the backlog has been reduced to an acceptable level and the ICO has ceased formal monitoring.

Actions taken included:

- engagement with all key stakeholders to understand the issues
- an extensive review of the current structures, processes, IT systems and staff responsibilities
- tackling the backlog of overdue enquiries
- hosting a high level summit chaired by the Chief Executive to deliver key messages about the importance of dealing with enquiries
- establishing proper monitoring procedures for performance and quality
- establishing a monthly Board attended by key officers from across the council to discuss important issues around enquiries and cascade key information
- employing a dedicated officer to lead and manage iCasework, including providing support and training to officers across the council.

Debt Management and Savings Requirements

In previous years, debt management and savings requirements have been significant issues for the Council. Due to ongoing work both these issues have been managed to an acceptable level during 2014/15.

Housing works in the housing programme - value for money considerations and S20 Leaseholder Income

Fundamentally, the council's management of these two issues now falls within the planning for reintegration of Lambeth Living back into the council, and the associated due diligence work.

Corporate Committee received a report on management of risks identified within Lambeth

Living in March 2015, and received an update in July 2015. The significant issues presented within the July report, such as they pertain to the previous AGS issues, are:

- The reintegration of Lambeth Living back into the council was successfully completed by the end of June 2015.
- Lambeth Living's Audit and Resource Committee continues to meet regularly each quarter. Their main purpose is to make sure agreed actions are implemented and to report progress on open recommendations from various audits carried out by internal auditors.
- The council commissioned a review of Lambeth Living's key functions prior to reintegration as part of the council's due diligence.
- In addition to the due diligence work, the council has commissioned two other audit reviews which are being responded to as per the reports to Corporate Committee 9th July 2015.
 - Lambeth Living Procurement
 - Major repairs contract
- As reported at last Corporate Committee, the three audits relating to the delivery of the Decent Homes programme are still being carried out, as required by the GLA. The council is currently awaiting completion of the Deloitte's element of the GLA audit before forwarding to the GLA.
- Lambeth Living are committed to closing all open audit recommendations ahead of reintegration in June 2015 and members seek assurance that all open recommendations will be closed prior to reintegration.
- Lambeth Living has assured they are addressing and implementing resolutions, particularly those rated as 'high'.

Management of PACCA Tenant Management Organisation

In the last 1-2 years the council has enhanced its clienting role to a far more robust basis and is satisfied that the general control environment is satisfactory. In point of detail, following a decision by the arbitrator in the council's favour in January 2015, properties formerly managed by PACCA TMO became the responsibility of Lambeth Living.

This particular issue is therefore considered closed now, and will not be reconsidered in future years.

Youth Offending Services (YOS) core case inspection outcome

Operating Effectiveness - Case Assessments: completion of ROSH and ASSET's on time.

A recent dip sample of all court outcomes during April and May 15 has shown that we have failed to meet the national standard in 59% of cases. In order to address this we are introducing a new performance management framework that will strive to push this standard up.

Operating Effectiveness - Case Management Documentation not reliable

A dip sample of Asset quality has suggested that 60% of Assets were of a satisfactory or above quality. This is reflective of the findings of the HLIP inspection report. It would appear that adherence to the quality assurance process in the YOS and the managerial oversight has been poor. As a result the level of support and guidance for casework staff to improve Asset quality has not been there. It is also a concern that a number of Assets that did pass the satisfactory quality threshold were rated at the lower end which suggests a further practice weakness that needs to be addressed. A clear Quality Assurance and compliance process has been introduced to drive up Asset quality and this will be a regular feature that is reported to the YOS management board as we strive to drive up practice in this area and improve accountability and responsibility.

Signed:



Leader of Lambeth Council



Chief Executive – Lambeth Council

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