

**London Borough of Bexley**  
**Annual Governance Statement**  
**2012/13**

# **ANNUAL GOVERNANCE STATEMENT 2012/13**

## **1 Scope**

The London Borough of Bexley is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The authority 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 responsibility, the London Borough of Bexley is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the management of risk.

The London Borough of Bexley has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code is on our website at [www.bexley.gov.uk](http://www.bexley.gov.uk). This statement explains how the London Borough of Bexley has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011. The Council maintains a separate Governance Compliance Statement on pension fund matters. This is in compliance with the Local Government Pension Scheme Administration Regulations 2008. The Compliance Statement is included in the Pension Fund's annual report.

## **2 Purpose**

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and through its activities which it accounts to, engages with and leads its communities. 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 services and value for money.

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 London Borough of Bexley's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the London Borough of Bexley for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts.

## **3 Governance Arrangements**

The key elements of the systems and processes that comprise the authority's governance arrangements include:

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

The Council's Business Process was reviewed in 2010/11. The process is more streamlined than the previous framework and focused on internal reporting requirements, supporting the Council's drive to be a lean, effective and high performing Council.

The Corporate Plan (2011-14) sets out the Council's key priorities and commitments and is refreshed each year to ensure currency and to update progress. The Corporate Plan is published on our website. Departmental Service Plans clearly define the role of service areas in achieving corporate and service objectives.

The Bexley Status Report provides a quarterly performance monitoring report to Council Members and the public and is reported through the organisation & democratic decision making process – Management Board, Cabinet and Scrutiny Committees. It focuses on our progress in achieving the priorities and commitments set out in the Corporate Plan. Progress against the key priorities in the Corporate Plan is also reported through the Leader's Report to full Council and short quarterly articles in the Bexley Magazine, delivered to every household.

Deputy Director level reports provide quarterly performance monitoring against a 'balanced scorecard' of measures relating to each Department's contribution to the Corporate Plan and their service priorities, presented alongside indicators of their budget, savings, customer service and workforce management. These are considered at Directorate Management Team meetings and Management Board. The reports are being extended this year (2013/14) to include consideration of risk and readiness for the forthcoming office move and associated new ways of working.

Our Performance Plus software underpins Bexley's Business Process and supports service areas in the management of their performance.

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

The Council's Corporate Plan and Service Plans are reviewed on an annual basis. The end of year Bexley Status Report (Quarter 4) provides an annual position statement of the Council's performance against its key priorities and commitments. A summary is included in the Bexley Magazine. The Council's [Budget Strategy](#) and Medium Term Financial Strategy are published and reviewed annually. Summary of accounts is published in Bexley Magazine annually.

### **3.3 Translating the vision into objectives for the authority and its partnerships**

Progress against key priorities and commitments is measured by performance indicators and reported through the quarterly Bexley Status Report (see above).

Internally, customised performance management reports are reviewed for each service area to look at their overall service delivery and efficiency. These are reviewed quarterly by Directorate Management Teams and Management Board and any underlying issues are addressed.

A new performance framework has been developed in 2012/13 for our Children's safeguarding service, focused on the improvements being made in the light of the Ofsted judgement in 2012. This has been developed with the Safeguarding Improvement Board and is reported monthly, both internally and publically (Cabinet & Scrutiny). Aspects of this performance framework are reported to the Local Safeguarding Children's Board and contribute to the multi-agency performance framework reported and considered by this partnership.

The 'golden thread' runs from the Corporate Plan priorities, through to Departmental Service Plans and onwards into team plans and individual objectives agreed and monitored through regular appraisals.

### **3.4 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 and value for money**

Bexley Business Process includes quarterly monitoring of progress against key priorities and commitments. Internal performance monitoring includes consideration of 'balanced scorecards' for each department, considering budget, workforce, performance and customer service standards, including complaints & FOI. Performance measures for each service aim to provide insight into the outcomes achieved by the service and the quality of the service as well as the quantity of work undertaken. The balanced scorecard approach enables the quality of service to be considered alongside the cost of that service and the efficiency savings being made. Risk will be included in these reports during 2013/14.

The Authority has continued to prioritise its resources within tighter budgets and has secured economy, efficiency and effectiveness, for example by achieving cost reductions and by improving efficiency and productivity. The Authority has two main strategic plans in place:

- Strategy 2014, for transformation, and
- Bexley First, which is aimed at reducing internal costs.

With two years of the Strategy 2014 programme now completed, attention is being given to the period beyond 2014.

The Audit Commission's most recent report concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources, although reporting by exception the results of the Ofsted's inspection of the Authority's safeguarding and looked after children services published in August 2012. Following the Ofsted judgement of inadequate, a Safeguarding Improvement Board has been established. This has overseen development and the ongoing implementation of an Improvement Plan and a new Performance Management Framework for the service (see above). The Board receives monthly performance reports. The Independent Chair of the Board, Dame Moira Gibb, produces 3-monthly reports to the Department for Education. A new Quality Assurance Framework has also been established since the Ofsted inspection and a 'user voice' working group is charged with embedding engagement and feedback throughout these vital services.

### **3.5 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 roles of officers, the executive and regulatory committees are set out in the Constitution and Code of Corporate Governance. There is a general scheme of delegations to officers and a Scheme of Specific Delegations to Officers.

### **3.6 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff**

The Council has defined a set of Core Values –  
Innovation, Listening & responding, Open and accessible, Leadership and Partnership.

These underpin all of the Council's work and its delivery of services. The values are an integral part of Bexley's Business Process and have been developed based on feedback from staff, Members' aspirations and best practice from within local government.

There are also High Performance Indicators for every role which specify how the values are carried through into required behaviours.

Consideration of performance against these HPI's forms part of the assessment under the Council's appraisal scheme. Key messages are reinforced during staff briefings, in staff communications such as Stars and the Managers' Core Briefing.

Immediately following election to the office of Councillor, normally on the night of their election, all Members are given a copy of the Bexley Members' Code of Conduct. Additional information is provided to each Member at the initial induction programme, which is held within three weeks of the election date. Regular updated information and training is provided to all Members on the operation of Bexley's Code, in addition to other topics as required throughout their time in office. In addition, Members are encouraged to liaise with the Council's Monitoring Officer and Member Services/Legal Teams on any matter that either concerns them, or they feel further advice might be necessary. Bexley's Code of Conduct for Members and associated procedures for dealing with any complaint of misconduct are available on the Council's website.

### **3.7 Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.**

Delegation arrangements have been amended to reflect the Council's revised organisational structure. Decision-making arrangements have also been reviewed to ensure they comply with current legal requirements.

The Constitution and Code of Corporate Governance contains Financial Regulations and Contract Procedure Rules. These have recently been revised and updated to reflect the changing organisation and revised ways of working. These will be considered at the General Purposes Committee meeting to be held in September.

### **3.8 Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

The Council has a Risk Management Strategy, agreed by Management Board and Members. The strategy sets out the process for managing risks. To complement the strategy a "Quick Guide" is available setting out how risks are to be identified, recorded

and reviewed. Risks are regularly reviewed as part of the Corporate Planning process and Quarterly Monitoring Statements. In addition, a summary of the most significant risks is included in the monthly Resource Monitoring to Management Board. The strategy is kept under regular review. For example, it was updated in 2013 to reflect and acknowledge the emerging risks around information security.

### **3.9 Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

The risk of fraud is included as a risk on the Council's corporate risk register. The Audit Committee approved the Council's Anti-Fraud and Corruption Strategy which aims to prevent, deter and detect fraud and corruption. It sets out the roles and responsibilities of the Council and its officers. Fraud awareness reminders are issued on the Council's web-site, in team briefings and the Council magazine, Stars. Financial Regulations, Contract Procedure Rules, and Codes of Conduct for Members and employees set out the framework for minimising the risk of fraud. Internal Audit are responsible within the Council for Corporate Counter Fraud. There is a dedicated specialist fraud team which deals with suspected benefit fraud. Both teams continue to review and develop the robustness of the Council's arrangements. The Council is a member of NAFN (the National Anti Fraud Network). Internal Audit works closely with bodies such as the Police, Audit Commission and National Fraud Authority. It has reviewed reports from the National Fraud Authority such as "Fighting Fraud Locally" and the Audit Commission "Protecting the Public Purse" to identify areas perceived as high risk nationally and in response have targeted counter fraud coverage to safeguard the Council. This will be a mix of targeted pro-active work, such as fraud data matching with other authorities, intelligence and awareness raising, and systems audits where the robust management of the risk of fraud will be a key objective within the audit. Funding of approximately £70,000 has recently been provided by the Council via funding secured from the South East London Housing Partnership, to the three main stock holding social landlords in the Borough (Orbit, L&Q and Gallions) to undertake a social housing fraud initiative. There will also be support through the sub regional approach which will include providing training and support to all social housing partners.

### **3.10 Ensuring effective management of change and transformation**

The Council has robust processes in place to manage and monitor change in the organisation. A new organisational readiness group oversees the keys areas of change management needed on Bexley First. High level monitoring of the change needed on new ways of working comprises measuring progress against a suite of key performance indicators with regular reporting to senior managers.

Change programmes are managed using the Bexley Project Methodology which includes a programme board and project teams with responsibility for key areas. Staff are engaged through change champions, planned communication and staff briefing. Development programmes to address potential needs are a feature of change programmes undertaken, e.g. on Bexley First.

### **3.11 Ensuring that the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)**

The Director of Finance and Resources is a professionally qualified accountant (CIPFA) and his core responsibilities include those set out in the above statement. He is a full

member of Management Board and reports directly to the Chief Executive. He is responsible for the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. He ensures that the budget is robust and reserves are adequate, in line with CIPFA's guidance.

Appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. Medium term business and financial planning processes are in place to deliver strategic objectives. Timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.

The authority maintains a prudential framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.

The authority ensures compliance with CIPFA's Prudential Code Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.

The authority has put in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.

### **3.12 Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal audit (2010) and, where they do not, explain why and how they deliver the same impact**

The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA in public service organisations and the organisational arrangements needed to support them. Compliance with the Code requirements has been assessed.

The Head of Internal Audit and Risk plays a critical role in delivering the Council's strategic objectives and meets the requirements of the Code in all material respects by:

- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

To perform this role the Head of Internal Audit and Risk:

- is a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;
- leads and directs an internal audit service that is resourced to be fit for purpose; and
- is a professionally qualified accountant (CIPFA) and professionally qualified internal auditor (Chartered Institute of Internal Auditors) and is suitably experienced.

### **3.13 Ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The following arrangements are in place to enable to the Monitoring Officer to effectively discharge the statutory functions imposed by the post:

**Maintaining and monitoring the Constitution.** The Monitoring Officer maintains, monitors and reviews the Council's Constitution (in conjunction with the Head of the Paid Service)

**Ensuring lawfulness and fairness of decision making.** Following consultation with the Head of Paid Services and the Chief Finance Officer, the Monitoring Officer will report to the full Council, or the Cabinet in relation to an executive function any proposal, decision or omission he considers has given rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision or omission being implemented until the report has been considered.

**Supporting the Members' Code of Conduct.** The Monitoring Officer contributes to the promotion and maintenance of high standards of conduct within the Council. This includes the provision of direct support to the Members' Code of Conduct Committee and all other relevant Committees and Members.

**Conducting investigations.** The Monitoring Officer, at his discretion, ensures the conduct of initial and formal investigations into complaints against Members. Unresolved complaints and/or particularly serious issues relating to breaches of the Members' Code of Conduct will be referred by the Monitoring Officer to the Members' Code of Conduct Committee.

**Maintenance of the Register of Members' Interests.** The Monitoring Officer is responsible for establishing and maintaining a register of interests of Members and co-opted Members of the Council.

**Proper officer for access to information.** The Monitoring Officer ensures that executive decisions, together with reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible.

**Providing advice as to legality.** The Monitoring Officer provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety and probity to Members and officers of the Council.

To ensure the effective undertaking of these duties, the Monitoring Officer:

- has meetings with the Chief Executive, the Director of Finance and Resources and the Head of Committee Services and Scrutiny in order to review current and likely future issues with regard to legal, constitutional or ethical implications
- maintains good liaison and working relations with the Independent Person(s) in relation to complaints against Members of the Council and the Council's auditors in relation to matters of financial propriety
- ensures that Members and officers are kept abreast of new legislation and changes in the law which are relevant to the carrying out of the Council's functions. This takes a variety of forms including reports, briefing notes and training sessions as appropriate to Members and officers.



In the London Borough of Bexley, this role is undertaken by the Head of Legal Services.

### **3.14 Ensuring effective arrangements are in place for the discharge of the head of paid service function**

The Head of Paid Service has overall responsibility for the management and co-ordination of the employees appointed by the Council. The Head of Paid Service is required to report to the Council as appropriate with regard to the way in which the overall discharge by the Council of its different functions is co-ordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed and the way in which they are appointed.

In the London Borough of Bexley, this role is undertaken by the Chief Executive.

### **3.15 Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

The Council has an Audit Committee which deals with issues relating to the Council's system of internal control, risk management and financial reporting as well as providing a forum for the discussion of issues raised by internal and external auditors. The Committee also monitors the effective implementation of risk management and anti-fraud and corruption policies. In addition, it reviews the draft Annual Governance Statement and Annual Statement of Accounts.

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

There is an internal process to ensure that Legal Services officers contribute to reports prior to publication. Legal Services contribution to this process is designed to ensure the Council has the relevant statutory authority to proceed. In addition, Legal Services facilitate briefing sessions with Members and officers on legislative developments and the implications for the Council.

Further, the Monitoring Officer has overall responsibility for ensuring the Council acts within its statutory powers and discharges its statutory duties. Part of this process includes procuring specialist external support (e.g. Counsel/ Solicitors), where appropriate.

The Council's Internal Audit Section carry out a risk based programme of audit work which in part is aimed at ensuring compliance with Council policy, procedures rules and regulations.

### **3.17 Whistle-blowing and dealing with complaints from the public**

The Council is committed to the highest standard of openness and accountability. Consistent with that commitment the Council encourages employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. The Council publicises its Whistle-blowing Policy and Anti-Fraud and Corruption strategy on its web-site, and has an online facility for reporting suspected fraud or corruption. Reports are investigated in accordance with the Strategy.

The Complaints and FOI Support Team was created in April 2012 and fully resourced by November 2012. The purpose of the team is to provide specialist professional

support across the Council in the management and handling of complaints and information requests, in line with relevant legislation and statutory requirements, and to ensure customers receive a good service.

The key focus of the team during 2012/13 has been:

- Production of a suite of procedures and staff guidance notes, including:
  - Bexley Complaints Procedures
  - Procedures for unreasonable customer behaviour and vexatious requests
  - Freedom of Information Requests staff guidance notes
  - Updated Bexley Complaints Leaflet with an easy read version
  - Procurement, development and implementation of a Council wide Complaints and FOI management system
  - Management of complaints submitted to the Local Government Ombudsman and the Information Commissioners Office
  - Providing specialist guidance and support to front line staff to help them to resolve complaints efficiently and effectively
- Benefits of the complaints and FOI management IT systems are:
  - Accurate and robust recording - of complaints and information requests to support monitoring of service provided in terms of both timeliness and quality.
  - Improved customer perception – of our approach and handling of complaints and information requests
  - Accurate and robust recording
  - Ability to implement customer satisfaction feedback through an automated response process
  - Ability to analyse data to identify root causes of complaint, identify learning and recommend changes to deliver service improvements and minimise reoccurrences of complaints.

### **3.18 Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training**

Regular training and development for Members takes place across the Council. Councillors are elected for a four-year period and they are offered initial Induction Sessions within three weeks. Newly elected Councillors meet the Chief Executive and the Board Members before spending time with representatives from each Directorate. They are provided with a strategic overview of the work undertaken by the teams in that area of the Council's responsibilities. These visits ensure that new Members have the opportunity to meet senior managers, providing an opportunity to discuss priorities, current arrangements and successes.

To support Members in understanding the workings of the Council, a range of information briefings are also arranged. These are designed to provide them with relevant information they may need in their new role. This also allows Members the opportunity to ask questions of Council officers with whom they will be working over the coming four years. The programme is aimed primarily at newly elected Members, however all elements of the programme are offered to re-elected Members if they feel it would be helpful to them. In addition, individual training sessions with the Organisational Development Team are arranged on any area of IT felt necessary or useful.

A programme of training and familiarisation for all Cabinet Members is available, dependent on the specific portfolio, by specialist officers. Cabinet Members are provided with regular meetings with officers and the Legal Team to enable them to understand the requirements of their new role, particularly with regard to their legal obligations on behalf of the Council.

Specialist training is provided to all Members of the Council on a range of subjects and issues. Some of these training sessions are delivered on a standard range of subjects, such as basic Planning and Licensing laws, while other sessions are organised in response to specific needs required, or following requests from Members.

All Members who sit on the Overview and Scrutiny Sub-Committees are offered an introduction training session on the purpose and function of Overview and Scrutiny. These sessions advise Members what Overview and Scrutiny Committees can and cannot do, the various tools available to Members of those committees and any current examples of good practice etc.

All senior officers are appraised in accordance with the Council's scheme and this includes discussion and consideration of training and development needs. This discussion includes professional and technical requirements, as well as broader development needs.

The Council provides a number of opportunities for senior staff including coaching and mentoring, membership of professional networks, seminars from those with previous experience, learning from other authorities and formal development in order to enhance their skills.

### **3.19 Establishing clear channels of communication with all sections of the community and stakeholders, ensuring accountability and encouraging open consultation**

A range of communication methods are used -

- Information sharing – mainly through the Bexley Magazine, a 32-page A4 colour publication which is delivered quarterly to all households and businesses in the Borough, but also using the local media, the Council's website and poster campaigns. Increasing use is being made of email newsletters, including the new Bexley Magazine Extra newsletter, which is emailed to a growing number of subscribers. More use is also being made of social media, primarily the Council's @bexleycomms and @whatsoninbexley Twitter streams.
- Bexley's online Information Observatory provides a one-stop shop of facts and figures about the borough for residents, businesses, Council employees and partners.
- Consultation, which seeks stakeholders' views as part of the authority's decision-making process. The Council is committed to creating and maintaining effective working relationships with all sectors of the community and a range of consultation and engagement channels are used. Details of all consultations are published on the Council's website. Recent consultations have included a resident's survey, which attracted just under 1,000 responses, consultation on a proposed new parking strategy and on plans to expand a number of the borough's primary schools. The Council also worked to encourage participation on a large-scale TfL consultation on river crossings and an NHS consultation on the future of the South London Healthcare Trust.

- An annual engagement opportunity continues to be organised at the popular annual Danson Festival over the first weekend in July, which provides an opportunity for residents to meet their local councillor, or council officers and discuss any issues face-to-face. A range of smaller, informal engagement activities take place around the borough throughout the year.
- Engagement also takes place through a range of forums, ranging from the Borough's Children's Parliament and Youth Council to the Single Equality Group and other bodies, to encourage meaningful discussions on issues of interest to specific groups.

Where possible, communication and engagement activities are carried out in co-operation with the Council's partners. To take one example, Bexley CCG pays for a page of editorial in each issue of the Bexley Magazine. It is also given access to the Council's network of large outdoor poster sites.

### **3.20 Enhancing the accountability for service delivery and effectiveness of other public service providers**

Other Public sector service providers are held to account through a range of statutory and non statutory boards and through the Scrutiny process. The key statutory arrangements include the Health and Wellbeing Board, the Bexley Community Safety Partnership and the Local Safeguarding Boards. Informal arrangements include the Chief Executives' Operations Group and the Children's Partnership. Health Scrutiny and Crime and Disorder Scrutiny oversee the work of partner agencies involved in delivering health and community safety services.

### **3.21 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 Bexley Health and Well-being Board, chaired by the Leader of the Council, is the statutory partnership which continues to work with partners across the health economy to deliver improved health and wellbeing outcomes for residents and patients. The Board encourages joint working and integration of services to deliver on a range of health and well-being priorities. An executive group and thematic groups work with commissioners and providers to deliver on the priorities of the Board as set out in the Health and Wellbeing Strategy.

The broader thematic partnership arrangements, including Bexley Community Safety Partnership and Bexley Children's Partnership are supported by the Chief Executives' Operations Group. It exists to bring together the efforts of organisations from the public, private, community and voluntary sectors thereby co-ordinating shared strategic objectives which address key local issues. It also co-ordinates the production of partnership plans and strategic documents that address agreed local needs and priorities and encourages co-operation in the implementation of these plans and related initiatives.

## **4 Review of effectiveness**

### **4.1 The London Borough of Bexley 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 the 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 by comments made by the external auditors and other review agencies and inspectorates. The statement was completed following a review of the Council's local code of corporate governance against the CIPFA/SOLACE - Delivering Good Governance in Local Government Framework. The AGS is a corporate document so input has been obtained throughout the organisation. A group of officers with the appropriate knowledge and expertise and levels of seniority is in place with the following Terms of Reference:

- Consider the extent to which the authority complies with the principles and elements of good governance set out in the Framework.
- Identify systems, processes and documentation that provide evidence of compliance.
- Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified.
- Identify issues that have not been addressed in the authority and consider how they should be addressed.
- Identify the individuals who would be responsible for undertaking the actions that are required.

The group is chaired by the Director of Finance and Resources (Section 151 Officer) and includes the Monitoring Officer & senior officer representatives from Human Resources, Internal Audit, Risk Management, Policy and Performance, Committee Services and Scrutiny, and Member Services.

**4.2** The results of the review are considered by the Council's Management Board, reported to the Audit Committee and General Purposes Committee and published with the Council's accounts. In doing this, the Council is looking to provide assurance that its governance arrangements are adequate and operating effectively in practice, or where gaps are revealed, that actions are planned to ensure effective governance in future.

**4.3** Internal Audit is an assurance function that provides an independent and objective opinion to Bexley Council on its control environment. It operates to defined standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. The Accounts and Audit Regulations contain a requirement for Councils to annually review the effectiveness of their internal audit. A self assessment against the Code of Internal Audit Practice in the UK was reviewed by the Director of Finance and Resources and Deputy Director of Finance who remain satisfied that the system of Internal Audit is effective. From 1 April 2013 the Code of Practice has been replaced by new Public Sector Internal Audit Standards.

The Council published a local account demonstrating achievements and priorities of Adult Social Services. A peer Review has also been held for Adult Safeguarding, in May 2013. Formal feedback is awaited but initial informal feedback was positive.

In July 2012, Ofsted inspected Bexley's Children's Safeguarding and Looked After Children Services. Ofsted published its report into the inspection of Bexley's

Safeguarding and Looked After Children Services on 24 August 2012. Safeguarding was judged to be inadequate. The inadequate rating triggered a notice to improve from the Department for Education and a Safeguarding Improvement Board was established in October 2012, chaired by Dame Moira Gibb. The DfE carried out their 6 month review of our improvement in May 2013 and feedback indicated that the Council is making sufficient progress in improving these important services. There is an expectation that the impact of the changes we have made will be increasingly evident during the next 6 months.

Services for Looked After Children in Bexley were praised by Ofsted in 2012 and inspectors have highlighted the quality and level of support that Children in Care receive in the Borough. Services for those Leaving Care were also considered and together the overall effectiveness of Bexley services for Looked After Children achieve a 'good' rating.

During the past year, the Council was subject to an external voluntary audit undertaken by the Information Commissioners Office. This was a detailed review and concluded that the arrangements for data protection compliance with regard to governance and controls provide reasonable assurance that processes and procedures are in place and are being adhered to. Recommendations were made to enhance existing processes. The summary report is available on the ICO website.

#### **4.4 Audit Commission Annual Audit Letter 2011/12**

The final report from the Audit Commission concluded that the Authority submitted its accounts for audit by the deadline of 30 June 2012. The financial statements were complete and supported by good quality electronic working papers. The Commission did not identify any material errors, although there were a number of material disclosure improvements and non trivial errors which Management agreed to correct.

The Commission identified that monthly or end of year control account reconciliations for the Accounts Receivable system were not being carried out and management have addressed this. The Commission stated that "The Authority has a strong culture of financial governance and leadership which is critical in meeting the financial management challenges and for securing financial resilience. The Authority has a good track record of meeting budgets and delivering savings, supported by strong budget monitoring arrangements. The Authority has continued to prioritise its resources within tighter budgets and has secured economy, efficiency and effectiveness, for example by achieving cost reductions and by improving efficiency and productivity".

The Audit Commission:

- issued an unqualified opinion on 28 September 2012 on the Authority's 2011/12 Financial Statements;
- concluded that it had made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources, although reporting by exception the results of the Ofsted's inspection of the Authority's safeguarding and looked after children services published in August 2012.
- Reviewed and reported to the National Audit Office on the Whole of Government Accounts return.

#### **4.5 External Awards and Accreditations**

- Bexley submitted three applications for the 2012 MJ awards – Modernising Bexley's CCTV service (in the category Public Private Partnership), Bexley School Support Network (Transformation through IT category) and Bexley & Bromley Shared Library Services (in the Shared Services category).
- Bexley submitted two applications for the 2013 MJ awards – Reablement Services (in the category Innovation in Social Care) and Europa Gymnastics Club (in the category Public Private Partnership). Both have been shortlisted and the results will be known at the awards ceremony on 20 June 2013.

#### **4.6 Conclusion on the Results of the Review of Effectiveness**

We, the Chief Executive and Leader of the Council have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new action plans are outlined below in Section 5.

## 5 Significant Governance Issues

	Issue	Action
5.1	<p>On 24 August 2012 Ofsted published its report into the inspection of Bexley's Safeguarding Children and Looked After Children Services.</p> <p>The inspection identified many strengths about the quality and impact of the Council's services and identified positive outcomes for children and young people in a number of areas. Of the 22 judgements, 12 were 'good', five were 'adequate' and five were 'inadequate'.</p> <p>The inspectors were unhappy with the way the Council was handling a number of child protection cases. This led them to rate the Borough's Safeguarding Services as 'inadequate'.</p> <p>Services for Looked After Children in Bexley were praised and inspectors highlighted the quality and level of support that Children in Care receive in the Borough. Services for those Leaving Care were also considered and together the overall effectiveness of Bexley services for Looked after Children achieved a 'good' rating.</p>	<p>Following receipt of the Improvement Notice in October 2012, the Council implemented a Safeguarding Improvement Action Plan to address the quality and consistency of professional practice. The Council then looked towards medium and long term elements required to build a service that is fit for the future. A plan with a longer term focus was implemented in January 2013 with input from staff, managers and members which identified improvements across Children's Services to support safeguarding services. A summary of this plan can be found at <a href="http://www.bexley.gov.uk">www.bexley.gov.uk</a>.</p> <p>It focuses on four key themes:</p> <ul style="list-style-type: none"> <li>• Theme 1 – Building capacity in these services</li> <li>• Theme 2 – Establishing and maintaining a framework to support high quality social work practice (systems, policy and procedures)</li> <li>• Theme 3 – Developing effective and appropriate management activity in order to develop teams and individuals in the teams.</li> <li>• Theme 4 – Developing teams and individuals within teams.</li> </ul> <p>Theme 1 includes the re-structure of the Children's social care to ensure that we have highly skilled, experienced social workers and managers working with children, young people and families in Bexley.</p> <p>Bexley continues to be scrutinised by the Safeguarding Improvement Board, chaired by Dame Moira Gibb and which includes members, partners, front-line managers and staff. Work is continuing to strengthen the Bexley Safeguarding Children's Board following a review and the recruitment of a new Chair.</p>



<b>5.2</b>	<p>Very little detail is available on the Council's grant entitlement for 2014/15. The Spending Review 2010 set a planned reduction in grant of 6% and further adjustments, including a 2% cut announced in the Autumn Statement 2012 led to an overall reduction of 8.9%. Figures could change with the Spending Review in June 2013 but it is unlikely that firm information will be known before the announcement of the Provisional Settlement in December 2013.</p>	<p>On 25 February 2013, the Cabinet noted that with two years of the Strategy 2014 programme now completed, attention needs to be given to the period beyond 2014. The Budget Strategy shows that the estimated level of further savings needed in the period to 2017/18 is £40m. Whilst these figures are subject to change as with all projections so far in advance, reducing Government financial support is unavoidable.</p>
<b>5.3</b>	<p>The localisation of business rates from April 2013 means that the Council is at greater risk than previously as it shares in increases and decreases in the local rate base. The new system started with a large number of valuation appeals outstanding which date back to 2005. As these appeals are determined, the Council also faces a risk of further backdated reductions.</p>	<p>The new funding arrangements are being closely monitored with particular attention paid to the collectable rate debit and the amount actually collected.</p>
<b>5.4</b>	<p>The replacement of Council Tax Benefit with the new system of Council Tax discounts means that some residents will be paying a share of their Council Tax for the first time. These sums will be more difficult to collect than normal Council Tax. Looking forward, the Council is also at risk of any increase in the number of claimants as this will not be matched by increases in Government grant. Any increase in Council Tax itself will generate less additional income than previously as the additional cost of discounts will have to be financed locally.</p>	<p>Close monitoring of collection rates and the number of discounts awarded has been put in place. The Council's tapering-in of the new arrangements means that the least well off residents have to pay only 5% of their Council Tax in 2013/14 increasing to 15% over two years.</p>
<b>5.5</b>	<p>The new system of Education Support Grants introduced by the Government for 2013/14 means that financial support to local education authorities is reduced further each time a Council controlled school opts for Academy status. Matching savings in what are often largely</p>	<p>An exercise is currently underway to identify the Council's costs in the provision of these services as a guide to where savings can be made.</p>

	fixed costs are difficult to achieve.	
<b>5.6</b>	The Council has long recognised the increasing financial pressures arising from its ageing population. A recent review has identified that the number of over 65's will increase by around 5% by 2016/17 with higher increases in the upper age bracket. In addition, there has been a growth in the number of people with learning difficulties and their longevity, and the number of students with special educational needs entering further education is also increasing with greater financial responsibility falling to the Council.	The Council's latest Medium Term Financial Strategy reflects the latest projected demographic trends which are based on data produced by Government statistical information systems. The Council continues to actively seek ways of mitigating the potential financial impact. Managing future demand is a key challenge for the Council.
<b>5.7</b>	The Welfare Reform changes will impact on many Bexley residents and are likely to provide additional challenges to services.	A corporate welfare reform group has been established to oversee, coordinate and report on the Council's actions in relation to Welfare Reform. This has included the introduction from 1 April 2013 of the Council Tax Reduction Scheme, the Local Welfare Provision scheme for crisis assistance, and the Housing Benefit Size Criteria from under occupying social tenants. During 2013/14 the Benefit Cap will be introduced together with the phasing in of Personal Independence Payments, and preparations will start for the introduction of Universal Credit. Action areas currently include financial advice and assistance, employment and training support, a new housing allocations policy together with measures to assist downsizing, targeted children's safeguarding support work, and additional support from the voluntary and community sector organisations.
<b>5.8</b>	The Bexley First Programme is central to both the Council's Strategy 2014 Business Transformation programme and Value For Money theme. Underpinning the programme is a robust and well developed governance structure with a Programme Board including representation from across the Council. The Board is supported by	The Bexley First Programme remains under robust and active management following the purchase 2 Watling Street as replacement Civic accommodation and the sale of the existing Civic Office site to Tesco. The Council's Office scheme for 2 Watling Street was agreed by the Planning Committee in May 2012. Approval for the two associated retail and residential schemes has now

	<p>a number of Task and Finish groups. Member scrutiny and involvement is provided by the Bexley First Sub-Committee and Member design workshops. The work of the project is underpinned by a dedicated Programme Office. A fully costed business case has been approved by Members and is updated at key milestones. The Bexley First Programme is central to both the Council's Strategy 2014 Business Transformation and Value For Money themes. Underpinning the programme is a robust and well developed governance structure with a Programme Board including representation from across the Council.</p>	<p>been given. Mace were appointed as the design and build contractor under a competitive 2 stage framework tender process. The Bexley First Programme Board meets every 3 weeks and reviews the project plan, major risks and receives regular reporting on key issues and scheme progress. The supporting 'Task and Finish' Groups continue to effectively manage the detailed implementation and change management process to new ways of working. The programme office are overseeing the project and progress of Mace on the refurbishment. The programme remains fully on budget and is progressing to plan.</p>
<b>5.9</b>	<p>The Council is keen to retain Health Services at a local level for the benefit of residents to minimise the need to travel to central London for treatment.</p>	<p>The Council has been involved in development of a business case for the hospital at Queen Mary's Hospital and in the Trust Special Administrator governance structure. The TSA consultation document on the future of acute hospital services in south east London was published on the 2nd November 2012. It recommended the development of a Health Campus on the site of QMH and care pathway redesign to provide care closer to home. Following consultation across south east London, these recommendations were confirmed in the TSA Final report to the Secretary of State, published on 8th January 2013. The Secretary of State's response (published on 31st January 2013) accepted the proposals in respect of QMH. This was a positive outcome for the Borough, with most existing services retained at QMH and some new services added (radiotherapy). The decision to close Lewisham's A &amp; E services was subject to a Judicial Review bought by London Borough of Lewisham and a local group. In July the court concluded that the TSA did not have the power to recommend closure of services in hospitals outside of the Trust to which he had been appointed. The Government is considering whether to</p>

		<p>appeal, and the planned A &amp; E closure is on hold for the time being. Other TSA recommendations including those concerning QMH were unaffected by the Judicial Review and have continued to progress. Plans to transfer ownership of the QMH site to Oxleas NHS Foundation Trust on 1st October are well advanced, as is transfer of SLHT acute services to new providers.</p> <p>.</p>
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We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: .....  
Chief Executive

Date:.....

Signed: .....  
Leader of the Council

Date:.....