

# **LONDON BOROUGH OF ENFIELD**

## **ANNUAL GOVERNANCE STATEMENT 2015/16**

### **Scope of Responsibility**

The London Borough of Enfield (“the Council”) 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 Council 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 its overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Council has in place a governance framework, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with its governance framework and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

### **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through 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 the Council’s policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the annual report and statement of accounts.

## **The Governance Framework**

A brief description of the key elements of the governance framework the Council has in place is provided below.

### **Vision and Priorities**

The Council has a clear vision to make Enfield a better place to live and work. Underpinning this commitment are three strategic aims (*fairness for all, growth and sustainability, and strong communities*), the delivery of which will contribute to a better quality of life for all residents of the Borough.

The Council's Business Plan sets out the strategic aims which together with the vision will be delivered using other plans and strategies for key areas of work. The vision and strategic aims are supported by the Council's values (*one team, customer first, achieving excellence and empowering people*), which were developed through consultation with staff.

Full details of the Council's vision and progress against the strategic aims can be viewed on the Council's website via the link <https://new.enfield.gov.uk/>

### **Performance Management**

To measure the progress made on delivering the Council's priorities, a range of performance measures (published on the Council's website) are monitored with performance indicators reported quarterly to the Corporate Management Board and Cabinet. This informs decision making and indicates where resources should be focused.

Detailed performance monitoring is also carried out by departments to support day-to-day service delivery.

All reports to the Corporate Management Board, Cabinet, Council and individual executive members for delegated action demonstrates synergy with the Council's objectives and related performance management process. They also include the relevant key risks, the impact of the risk on the subject matter, controls and actions that will be taken to mitigate the risks.

Staff performance is assessed against a group of competencies (either staff grades or management/leadership grades) which allow for development needs to be identified and addressed. Individual performance targets linked to Council objectives are set for officers with regular Performance Assessment Reviews (PARs) carried out to monitor progress against each target. For

management / leadership grades, the overall performance rating discussed and agreed in PARs contributes to a performance related pay award.

## **The Constitution**

The Constitution sets out the basic rules governing the Council's business, which includes how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

It contains Codes of Conduct and Protocols for Officers and Members; rules of procedure including Financial Regulations, Contracts Procedure Rules, Operating Rules for Committees and Partnership Procedure Rules; Responsibility for Functions including the Scheme of Delegation; Purpose and Powers of the Overview and Scrutiny Committee as well as roles and functions of the Full Council, Cabinet and Officers; and Members Allowances Scheme.

In addition to monitoring and reviewing the operation of the Constitution to ensure its aims and principles are given full effect, the Council's Monitoring Officer is responsible for maintaining and ensuring an up-to-date version of the Constitution is widely available for inspection by members, staff and the public.

Full details of the Council's Constitution can be viewed on the Council's website via the link <https://new.enfield.gov.uk/>

## **Compliance with relevant Laws and Regulations, internal policies and procedures**

The Council's financial management arrangements conform to the requirements of the *CIPFA Statement on the Role of the Financial Officer in Local Government (2010)* and their assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*.

The Council has a number of statutory posts including the Chief Executive, who is the designated Head of Paid Service, the Director of Finance, Resources & Customer Services undertakes the Section 151 officer role (Local Government Act 1972) and the Assistant Director Legal & Governance is the designated Monitoring Officer. To meet requirements under the Children Act 2004 and the Local Authorities (Social Services) Act 1970, the Director of Children's Services and Director of Health, Housing & Adult Social Care are the designated Director of Children's Services and Director of Adult Social Services respectively.

Arrangements for discharging these functions are detailed in the Council's Constitution, which can be viewed via the link <https://new.enfield.gov.uk/>

The Council also has a number of policies in place such as the Counter Fraud Strategy, which includes the counter fraud and corruption policy statement, Whistleblowing Policy, Anti-Money Laundering policy, Contract Procedure Rules and Pay Policy, which are kept under regular review and updated as necessary.

Monthly Monitoring Officer's Meetings, chaired by the Chief Executive, provide a well-established and effective process for reviewing and monitoring governance, internal control and other compliance issues.

The Councillor Conduct Committee implements the relevant requirements of Section 28 of the Localism Act 2011. These include ensuring high standards of conduct and arrangements for dealing with allegations that a councillor or co-opted member has failed to comply with the members' Code of Conduct.

### **Audit & Risk Management Committee**

The Council has established an Audit & Risk Committee whose primary purpose is to ensure best practice in corporate governance and to enable the Council to discharge its fiduciary responsibilities in preventing fraud and corruption, and arranging proper stewardship of public funds.

The Committee reports on its annual activities and has considered its effectiveness against the standards for committees set out by Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure compliance with good practice.

Full details of the work carried out by the Audit & Risk Committee can be viewed on the Council's website via the link <https://new.enfield.gov.uk/>

### **Overview & Scrutiny Committee**

To discharge the functions conferred by Section 21 of the Local Government Act 2000, Health & Social Care Act 2012 and Police & Criminal Justice Act 2006 (as amended), the Council has established an Overview and Scrutiny Committee, which holds decision makers to account and takes an independent leadership role in the continuous improvement in the performance of its functions.

Full details of the function, powers and work carried out by the Overview & Scrutiny Committee can be viewed on the Council's website via the link <https://new.enfield.gov.uk/>

## **Risk Management**

The Council recognises that risk management is an integral part of good governance and key to effective delivery of public services. It has therefore embedded risk management processes throughout its structure and processes. The Risk Management Strategy, reviewed and approved by the Audit Committee and Cabinet in 2015/16, sets out how threats and opportunities faced in the delivery of the Council's objectives are managed. The Strategy explains key responsibilities for risk management at all levels across the Council and describes the process used in identifying, evaluating, controlling, reviewing and communicating risks across the Council.

## **Counter Fraud including Whistleblowing**

The Council is committed to zero tolerance of fraud and corruption in Enfield and the actions it will take to achieve this are detailed in three key policies, which are the Counter Fraud Strategy (including the counter-fraud and corruption statement and fraud response plan), Anti-Money Laundering Policy and the Whistleblowing Policy & Procedure.

These policies are reviewed regularly and apply to all employees, Members and contractors of the Council.

Full details of the policies and how they are implemented can be viewed on the Council's website via the link <https://new.enfield.gov.uk/>

## **Communication and Engagement**

The Council's website, which has over 17,000 registered users is interactive and allows local and other people to locate information and carry out other tasks such as completing standard applications, paying bills and reporting local issues. The Enfield Connected function provides more detailed personalised information to registered users.

The Council also uses social media sites such as Twitter, Facebook and YouTube to communicate with all sections of the community and stakeholders. In addition, all Council meetings are open to the public.

The Council takes a strategic approach to consultation and public engagement as outlined in its Engagement Framework. Public consultations to gain the views of local residents and businesses on policy are carried out and an overview of the Council's consultation and engagement activities for the year can be viewed on the website via the link <https://new.enfield.gov.uk/>

Examples of other governance mechanisms for engaging with the community and other stakeholders include Ward Forums, which enable councillors to engage local people more directly in strategic issues that matter to them; the Parent Engagement Panel, which aims to build community capacity and resilience by engaging positively and empowering Enfield parents and their children; the Housing Board, which provides a channel of communication between tenants and leaseholders, officers and executive Members of the Council; and Ideas Exchange, which is a network of staff from across the Council, headed by the Chief Executive, that comes together to share lively debate and ideas and act as a critical friend to the Council's change programme.

### **Partnerships and Change / Transformation Management**

Partnerships form a large part of the way in which the Council seeks to procure and deliver services. Compliance with the Council's constitution in all of these matters is an absolute requirement. The Constitution impacts on partnership processes primarily in two ways, which are the decision-making process and the Contract Procedure Rules that guide individuals through any procurement process that may be required.

The Council's Partnership Procedure Rules provide guidance on the main characteristics of a partnership which will need to be considered and where advice may be sought.

Enfield 2017 is one of the Council's key transformation programmes. It aims to transform the Council into an agile, streamlined organisation that is equipped to meet the challenges faced over the coming years. Enfield 2017 builds on what is already achieved and will deliver further savings through revolutionising how technology is used to enable the Council, residents and other stakeholders access sustainable cost-effective services when and where they need them.

The Council is working in partnership with organisations such as PwC and Microsoft to deliver the Enfield 2017 programme.

Another key transformation programme is the Meridian Water project. This is one of the biggest regeneration programmes in the United Kingdom and one of the largest housing developments in London. 16,000 jobs and 10,000 homes will be created on this flagship £3.5 billion development. The Council is working in partnership with organisations such as Barratt London, the master developer for the project, and SEGRO to deliver this project.

## **Members / Senior Officers Training and Development**

The Council's Member and Democratic Services Group, comprising 5 members of Council, which may include Cabinet Members, is responsible for considering and developing proposals relating to all aspects of Members' support including training and development. Specific briefing sessions on topical issues are also held for Members such as the Audit & Risk Committee and Councillor Conduct Committee.

The Council's Competency Framework sets the standard for outstanding leadership. It is intended for use as an ongoing assessment and development tool to help staff lead more effectively in order to improve services. The Competency Framework is applicable to all leadership and management roles within the Council.

## **Review of Effectiveness**

The Council 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 & Risk Management's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Audit & Risk Committee, which provides independent assurance to the Council on risk management and the design and effectiveness of the internal control arrangements that the Council has in place, has considered a self-assessment of its effectiveness to ensure compliance with the standards set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'A Toolkit for Local Authority Audit Committees'. To further strengthen its effectiveness and to align with good practice, the Committee will be looking to include the assessment in its work programme to ensure it is carried out annually and produce a training and development programme specifically for Committee members.

The annual report of the Audit & Risk Committee, covering the programme of work completed during 2015/16, shows that the Committee has undertaken its role effectively covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council and the community in general.

Through the monthly Monitoring Officer's Meetings, chaired by the Chief Executive, the Council has a well-established and effective process for reviewing and monitoring governance and internal control compliance issues. Such matters are also reported on a

regular basis to the Audit & Risk Committee who may request officers to attend with a view to challenging them on improvements made in that area.

The Corporate Risk Strategy has been reviewed and updated. Key updates are an inclusion of a risk appetite section, guidance on monitoring, reviewing and reporting risks, and a description of the impact criteria for each risk category. In addition to quarterly review of risk registers, the Risk Manager meets with senior management bi-annually to discuss key risks affecting their areas and provide challenge, support and training, where necessary, on the management of such risks.

The Internal Audit Annual Report provides the opinion of the Head of Internal Audit & Risk Management, based on the work undertaken by the Internal Audit team during 2015/16. This states that the arrangements for risk management, internal control and governance provide **Reasonable assurance** that material risks, which could impact upon the achievement of the Council's services or objectives, are being identified and managed effectively.

### Significant Governance Issues

The areas identified for improvement during 2015/16 are detailed in the table below.

Area of Focus	Progress (as at June 2016)	Status
<p><b>Welfare Reform</b></p> <p>Implementation of Universal Credit: Uncertainty over impact of replacement of Housing Benefits by the Universal Credit from 2013 to 2017</p> <p>Localism of Council Tax Benefit: The Local Council Tax Support Scheme was agreed in January 2015 with no changes to the previous scheme. Whilst council tax collection has been achieved in accordance with budgeted collection rates, there has been an increase in council tax hardship requests.</p>	<p>The first phase of Universal Credit implementation went live in Enfield in July 2015 and reforms have progressed smoothly whilst the Council has been transforming. The increase in Council tax hardship requests have been met from use of discretionary payments and emergency support.</p>	<p>This risk is considered to be adequately managed.</p>



Area of Focus	Progress (as at June 2016)	Status
<p><b>Housing Supply and Homelessness</b></p> <p>Welfare reforms including reductions in Housing Benefit, Local Allowance Caps and disability benefits could see landlords refusing to let homes to tenants on benefits leading to an increase in homelessness. Universal credit capped at £26,000 and housing costs paid direct to tenants further threatens the supply of available housing.</p> <p>Impact of "importing poverty" on other Council services. Compounded by the transition to Universal Credit and caps on what can be paid via the Local Housing Allowance.</p>	<p>Demand for housing remains an issue with more than 3000 households in temporary accommodation. As Enfield has continued to offer relatively cheap housing compared to other London boroughs, some of the supply has been used by other boroughs to meet their needs for temporary accommodation. However, the rate of increase in cost has been slowed as measures to increase supply, such as Housing Gateway and Enfield Innovations, have kicked in.</p>	<p>This remains an area of significant risk for 2016/17</p>
<p><b>Transformation and change</b></p> <p>The Council's Enfield 2017 team is leading transformation across the Council to enable the Council to deliver services in new and more efficient ways.</p> <p>As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery, there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible, which will include moving to a greater use of automated rather than manual based controls.</p>	<p>Significant reductions in staff have delivered cost savings and IT investment has been delivered, but there is still more to be done to embed the technology across transformed services.</p>	<p>This remains an area of significant risk for 2016/17</p>

Area of Focus	Progress (as at June 2016)	Status
<p><b>Care Act 2014</b></p> <p>A plan is in place to ensure delivery of elements of the Act that need to be implemented by April 2016. New duties around welfare will require the introduction of prevention activities and communications. There is still uncertainty around Central Government's requirements, but research has already begun to understand Enfield's situation in preparation for the changes.</p>	<p>Stock- take submissions have shown progress in implementing new requirements. Part II of the Act, relating to the implementation of financial requirements, has been deferred, but there is still work to be done to ensure that additional requirements for carers are widely understood across the community.</p>	<p>This risk is considered to be adequately managed.</p>
<p><b>NHS Enfield Clinical Commissioning Group (CCG) Financial Pressures</b></p> <p>Enfield CCG continues to experience significant financial pressures from funding formula damping, acute sector activity and associated Trust business plan assumptions.</p> <p>The key risks are that greater pressure will be placed on Adult Social Care budgets to support early discharge from hospital, greater service levels to prevent hospital admissions and transfer of continuing care funded clients to the Council.</p>	<p>During 2015/16, the CCG was placed under directions, and subject to NHS England oversight. The Council has sought to manage potential transferral of risk through ongoing engagement and monitoring of risk registers. Marginally increased funding has been secured for 2016/17 through the Better Care Fund.</p>	<p>This remains an area of significant risk for 2016/17</p>
<p><b>Children and Families Act 2014</b></p> <p>Adoption reforms have been implemented, training has been completed and the Department continues to work towards implementing special educational needs and disabilities (SEND) changes. Enfield Council was selected as a national pilot and has secured £100k from the Department for Education</p>	<p>Plans have been developed for a London-wide adoption service. Proposals will need to be agreed by Cabinet by October 2016. With regard to SEND, grant has been made available for local authorities and a CQC/Ofsted inspection of SEND services is due on 27 June.</p>	<p>This remains an area of significant risk for 2016/17</p>

Area of Focus	Progress (as at June 2016)	Status
(DfE) to assist with implementing some aspects of the assessment process reforms.		
<p><b>Regeneration</b></p> <p>The Council has set an ambitious programme for regeneration, for which budgets have been agreed. The programme includes Meridian Water, School Expansion and Cycle Enfield projects. Rising costs of building works and dependency on third party project management could jeopardise the delivery of some of this programme within budget constraints.</p>	<p>A permanent Assistant Director (Regeneration) is in post, to oversee the regeneration programme and enable key regeneration projects to be pulled together. This will ensure a consistent approach to contract close on the Meridian Water master developer. A housing delivery board, chaired by the Director of Regeneration &amp; Environment will ensure consistency of delivery and early identification of key risks. An internal audit of the Meridian Water governance arrangements during 2015/16, to follow-up management action taken since the 2014/15 audit, found that all agreed actions had been fully implemented.</p>	<p>This remains an area of significant risk for 2016/17</p>
<p><b>Child Protection</b></p> <p>The Ofsted inspection of the Schools &amp; Children's Services Department took place during February 2015 and achieved a 'good' overall outcome. This recognised the positive impact of high staff retention. Service reviews are being undertaken as part of Enfield 2017, revisiting systems, practices and processes, and looking at integration. This aims to make better use of IT to improve process efficiencies and avoid duplication. However, this also brings a risk of increased turnover and costs especially if the need to use agency staff arises.</p>	<p>Turnover has increased and therefore, the number of agency staff has increased, but the Council's Children's Services continue to have one of the highest retention rates in London. A key head of service has been involved in all transformation work streams to mitigate risks to service delivery. Key areas of impact have been raised with the Strategic Design Board</p>	<p>This remains an area of significant risk for 2016/17</p>

Area of Focus	Progress (as at June 2016)	Status
<p><b>Lea Valley Heat Network (LVHN)</b></p> <p>The Council continues to have on-going dialogue with the North London Waste Authority (NLWA), with a view to minimising the environmental impact of the heat supply. A timetable has been drawn up linking agreement to the future Development Consent Order (DCO) application.</p>	<p>Dialogue with the NLWA has reached final stages. Should a heat supply agreement not be reached, alternative strategies have been modelled, and the Development Consent Order application has been submitted by NLWA</p>	<p>This remains an area of significant risk for 2016/17.</p>

Whilst generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve, the following additional matters have been identified for focus in 2016/17.

Governance & Control Risk Area	Comments
<p>Youth Justice Reforms</p>	<p>As part of a review of youth justice, it has been recommended that young offenders should serve their sentences in secure schools rather than youth prisons. Smaller, local, secure schools would draw on educational and behavioural expertise to rehabilitate children and give them the skills they need to thrive on release. The final report will be published in July 2016, and could have significant implications for the Council.</p>

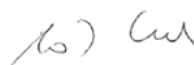
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:



Leader of the Council

Signed



Chief Executive