

**BRENT COUNCIL  
ANNUAL GOVERNANCE STATEMENT  
2007/08**

**1 Scope of responsibility**

- 1.1 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.
- 1.2 In discharging this 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.
- 1.3 The council 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 contained in the council's Constitution and can be found on our website at <http://www.brent.gov.uk/Democracy.nsf/>.
- 1.4 This statement explains how the council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

**2 The purpose of the governance framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the council for the year ended 31 March 2008 and up to the date of approval of the statement of accounts.

**3 The governance framework**

**Identifying and communicating the Council's vision and intended outcomes for citizens and service users**

- 3.1 In November 2006 the council agreed its new corporate strategy for the coming 4 years. The aims and targets set out in the strategy are consistent with those set out in the partnership Community Strategy and have been used to support the development of the Local Area Agreement 2008. Individual service area objectives are linked to the corporate objectives through service development plans for all areas across the council.
- 3.2 The council and its partners on the Local Strategic Partnership (LSP) have been through an extensive consultation and challenge process to identify the 35 priorities for inclusion in their new LAA for 2008 onwards. These have now been agreed by the partnership and reviewed by the membership.
- 3.3 The Improving Brent Action Plan 2007-2010 sets out the key actions and priorities derived from the Corporate Strategy and is supported by a detailed monitoring report which is assessed every six months by the Corporate Management Team and the Executive against the agreed targets. Significant improvements in monitoring of shared Community Plan objectives have taken place with quarterly monitoring reports on the LAA targets being considered by both the LSP and the Public Services Board.
- 3.4 A joint review of performance and summary of accounts has been produced annually over the last two years and is planned for July/August 2008 as part of The Brent Magazine.
- 3.5 The Best Value Performance Plan sets out improvement targets across a range of statutory and local performance indicators and is produced annually in June.
- 3.6 The Improving Brent Action Plan and CPA Action Plan help the council to focus on the key drivers towards improving performance.
- 3.7 The Improvement Board, chaired by the Chief Executive, oversees all improvement initiatives across the council.

### **Reviewing the vision**

- 3.8 Implementation of the Corporate Strategy is regularly monitored by the Executive and the LAA by the Local Strategic Partnership. The council monitors achievement of its objectives through the Corporate Strategy Action Plan, which is updated every six months and reported to the Executive and Corporate Management Team at the annual service planning meeting and also to the Performance and Finance Select Committee. The action plan update is also submitted to Full Council with the budget proposals in order that financial planning can be considered against agreed corporate objectives.
- 3.9 The introduction of the Local Area Agreement in April 2006 provided the opportunity to review the governance arrangements and operational effectiveness of our LSP and partnership structures. A mapping of partnership activity was undertaken and a framework and guidance on effective partnership working adopted by the LSP. Significant improvements in monitoring of shared Community Plan objectives have taken place with quarterly monitoring reports on the LAA targets being considered by both the LSP and the Public Services Board. Key targets continue to be monitored through the Improving Brent Action Plan 2004-2006.
- 3.10 The Executive meets monthly and Corporate Management Team meet fortnightly to

monitor progress of the Corporate Strategy Objectives and to consider the key risks to achievement of those objectives.

### **Measuring service quality and ensuring best use of resources**

- 3.11 Standards for performance are set out in the Corporate Strategy, individual service plans, and the Best Value Performance Plan. Quarterly reports on service and financial performance are produced and considered by the CMT, Executive and Performance and Finance Select committee. This includes performance on key partnership targets within the Local Area Agreement. The LAA is designed to deliver the aims of the published Community Strategy.
- 3.12 The Corporate Strategy sets out specific improvement targets across the range of council services. These are reflected in our new LAA priorities and monitored through the corporate PerformancePlus system. Performance reports on all council and partnership improvement priorities area reported to the Executive and the CMT on a quarterly basis. A summary of the council's performance is published each year in the Brent Magazine and delivered to all households. All performance data is available on the council's website
- 3.13 Potential service failure is identified through the PerformancePlus system and service plans. These are regularly reviewed and referred to High Level Monitoring for a corporate response and remedial action. Services that are undergoing significant change or require support to achieve improvements are monitored through regular meetings with the Chief Executive.
- 3.14 Actions to address areas of weakness or priorities for improvement are set out in the Improving Brent Action Plan. Specific efficiency targets set out in the Efficiency Strategy and the tool kit for supporting managers to achieve greater value for money.
- 3.15 The PerformancePlus system is now fully operational across the council and a standard service planning template with detailed target setting was introduced in 2007. One integrated quarterly monitoring report is now produced. This is reviewed by the Executive, CMT and the Performance and Finance Select Committee. Partners will have direct access to PerformancePlus during 2008 to monitor shared LAA objectives.
- 3.16 The council has an overall efficiency strategy and has included delivering improvements in VFM as one of its eight Improving Brent themes. The Efficiency Board measures progress on the efficiency programme which underpins the Efficiency Strategy.
- 3.17 The council monitors progress on delivering government efficiency targets set under the Gershon initiative and also has included a stretch efficiency target under its Phase 1 Local Area Agreement. The council now brings together finance, activity and performance monitoring in a single performance and finance review report which enables officers and members to have a more holistic view of progress across the council on Value for Money. In addition, development of a value for money tool-kit for managers is one of a range of measures to support managers delivering better value for money. Unit costs are also used to measure progress in key areas, for example on the children's transformation agenda.

## **Defining roles**

- 3.18 Article 2 of the Constitution describes the role of Members of the council, the Executive, Mayor, Full Council and Overview and Scrutiny. Members completed annual reports which were published on the website although reports were not received from all Members.
- 3.19 Officer responsibilities are set out in the Constitution. An officer, the Chief executive, is responsible for all aspects of operational management. The Director of Finance and Corporate Resources is responsible for all financial matters and the Borough Solicitor for legal matters. Other statutory responsibilities are set out for the Directors of Children and Families, Housing and Community Care and Environment and Culture.
- 3.20 Up to date job descriptions are in place for Senior Officers and relevant officers have written delegated authority to undertake statutory functions.
- 3.21 The Legislation Tracker shows which Corporate Management Team member is responsible for implementation of emerging legislation
- 3.22 The Borough Solicitor maintains a register of officer authorisations.
- 3.23 The Constitution is renewed and reported to Full Council every May.

## **Standards of behaviour**

- 3.24 The Corporate Strategy sets out the expectation that all members and officers will observe the highest standards of conduct. The Member Code of Conduct includes the 10 general principles of conduct, including respect for others, leadership and stewardship. The Constitution contains the Planning Code of Practice, Licensing Code of Practice, Code of Practice on Publicity and the protocol for Member Officer Relations. All members receive advice notes from the Monitoring Officer which provide guidance on decision making and standards of conduct.
- 3.25 Executive members have undertaken a range of training, including media and presentation skills, and key members have had support from an external mentor. IDeA have been engaged to provide peer support to executive members with a specific brief to work on team working and communication within the Executive and within the political groups.
- 3.26 The officer code of conduct, agreed in 2005, is held on the intranet site. Other codes, including the IT Usage Policy and Harassment Policy are all held on the Intranet. Staff are made aware of their responsibilities through general communications, such as the Chief Executives Newsletter, Insight Magazine and via attachment to payslips as well as at team briefings.
- 3.27 The Improving Brent Programme sets out the requirement for having the highest standards of ethical behaviour across the organisation and a zero tolerance towards corrupt or illegal behaviour.
- 3.28 Periodic reviews are conducted on members and officers gifts and hospitality and reported to the Standards Committee and Director of HR and Diversity. The registers of member interests and member gifts and hospitality are now placed on the web site

enabling easy public access.

- 3.29 A new Anti-Fraud Framework, replacing the earlier 2003 framework, was publicised and issued in February 2008 and is being disseminated to all staff through fraud awareness training presentations.
- 3.30 A new competency framework has been developed for Managers and Staff together with a management charter which all set out the expected behaviours for officers, including Leadership and working with others.

### **Decision making**

- 3.31 Decision making arrangements are set out in the constitution. The council operates a Leader and Cabinet (Executive) model of decision making. Although some decisions are reserved for Full Council, most are made by the Executive or by committees, sub-committees or officers. There are currently no decision making powers delegated to individual members. In accordance with the Local Government Act 2000 the council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Executive. These mechanisms involve the Overview and Scrutiny process including call-in and question time. The conduct of the council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.
- 3.32 Forthcoming Executive decisions are included in the Forward Plan which sets out all future key decisions which are to be made within the following four month period. The Forward Plan Select Committee enables pre-scrutiny of Executive decisions by non-executive members and deals with any items called in.
- 3.33 The Executive are responsible for the implementation of policy and ensuring the effectiveness of service delivery.
- 3.34 The Overview and Scrutiny Committee have specific responsibility for assessing the corporate strategy action plan and budget proposals. This is undertaken through a cross party Budget Panel who make recommendations to the Executive prior to final agreement of the budget in February. Scrutiny is responsible for monitoring the performance of the Executive.
- 3.35 The Chair of Overview and Scrutiny is given an opportunity to report back to every Full Council meeting. Call in arrangements in the Constitution allows overview and scrutiny to review decisions made by the Executive. Forward Plan Select Committee is able to scrutinise decisions before they are made.
- 3.36 The Improving Brent Action plan includes enabling elected members to scrutinise effectively the decision-making and performance of the council through robust overview and scrutiny. Decision making meetings of the Executive are open to the public. Copies of reports and decisions are available on the intranet and through One Stop Shop and Libraries.
- 3.37 All meetings are clerked by well trained and experienced committee support officers and lawyers are present to provide advice on law and procedure.
- 3.38 Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing guide and have to be cleared by Finance and Legal. The Executive receive a briefing (Leaders Briefing) two weeks

prior to the Executive meeting when members can ask detailed technical questions of officers. A large cohort of councillors have attended general training skills sessions. Specific skills sessions and mentoring has been arranged for Executive members and those with special responsibilities. A programme of training and development is in place to support members and provide them with enough information and the skills to be able to make effective decisions

- 3.39 The Constitution details those decisions which may not be taken by the Executive and those which have been delegated to officers.

### **Internal control and risk management**

- 3.40 The council's internal control and risk management arrangements are assessed every year by the Audit Commission. In the most recent assessment in December 2007 the council were rated as 3 out of 4. This means the council is consistently operating at above minimum requirements and performing well.
- 3.41 The council has a duty to manage its risks effectively. This is achieved through various mechanisms. The key corporate risks are reviewed on a quarterly basis by the Policy Co-ordination Group, Executive and Corporate Management Team.
- 3.42 The Strategic Finance Group considers the financial risks to the authority on a monthly basis.
- 3.43 Service areas are responsible for maintaining an up to date list of service based risks and utilise the council wide risk register for this. Service areas are responsible for the identification, evaluation and mitigation of key risks which are also recorded in individual service plans.
- 3.44 The Risk Management Group chaired by the Director of Housing and Community Care co-ordinates activity across the council. The Audit Committee is tasked with overseeing the council's risk management at member level and making recommendations to the Executive for improvements.

### **Audit arrangements**

- 3.45 The provision of the internal audit function within the council is through the Audit and Investigations Team, part of Finance and Corporate Resources. The team work in partnership with Deloitte and Touche Public Sector Ltd, who provide the majority of audit coverage. The audit plan for 2007/08 was agreed by the Audit Committee in April 2007 and consisted of 1,200 planned audit days. 98% of the planned work was completed during the year. Internal audit is provided in accordance with the Cipfa Code of Practice on Internal Audit in Local Government.
- 3.46 External audit, for 2007/08 and onwards is provided by the District Auditor, appointed by the Audit Commission. Audit work is conducted on the basis of a joint audit approach with the Audit and Investigations Team in accordance with the requirements of the code of practice for external auditors. The joint approach involved the sharing of plans, regular meetings and sharing of information during the course of the year. The external audit joint audit and inspection plan for 2007/08 was presented to the Audit Committee in April 2007. District Audit will provide an annual audit letter to the council in early 2009 covering their audit work for the 2007/08 year.

## **Compliance with statute and internal policies and procedures**

- 3.47 All committee reports have to be cleared by the Borough Solicitor for legal implications. The Borough Solicitor attends all Leader's briefings and meetings of the Executive and Full Council. A lawyer also attends all other committee meetings.
- 3.48 The Borough Solicitor issues a regular legislation tracker notice which is disseminated to all service unit managers. The Borough Solicitor also issues monitoring officer advice notes and legal bulletins.
- 3.49 The council's standing orders concerning committee meetings are set out in the constitution. Further standing orders exist in relation to staff and contracts, both of which are supported by a set of corporate standards, policies and procedures. The council has a set of financial regulations and further corporate standards in relation to property, information technology, health and safety, information governance, procurement, democratic process and health and safety. All of these standards are held on the intranet and all service areas are expected to comply with them.
- 3.50 Compliance is assessed through various mechanisms, including internal and external audit reviews, external inspectorates, the work of legal services, risk management and procurement, human resources and health and safety.
- 3.51 Prior to 2007/08 the council required directors to submit certificates of assurance for their internal controls. These have been replaced with more general governance assurance certificates. A signed annual assurance certificate is required for each directorate.

## **Whistle-blowing and Complaints**

- 3.52 The council has a whistleblowing policy, publicised to staff and on intranet. The policy is primarily designed for staff to raise concerns but is also explicit regarding contractors/agents and the points of contact outside the authority. Whistleblowing allegations are dealt with, in the first instance by the Audit and Investigations Team.
- 3.53 The council has a well developed and publicised complaints procedure for members of the public to complain about individual service areas. Details are contained on the internet. Complaints are initially handled by service area managers and, if appealed, by trained complaints officers within departments. A central team is also in place within the Policy and Regeneration Team to handle complaints.

## **Training and development**

- 3.54 The council runs a member development programme which is reported to the standards committee annually. The Borough Solicitor provides training to new and existing members on decision making and standards of conduct.
- 3.55 Officers have an annual appraisal containing developmental objectives linked to the Corporate Strategy and departmental service plans. The council has a corporate learning and development plan and service offering based on the needs identified in individual appraisals and service plans. As part of the development of departmental service plans and the workforce development plan, analysis is being undertaken to identify the skills required for future service delivery to ensure that officers are fully skilled to deliver quality services.

- 3.56 The training and development plan and service offering reflect the skills and knowledge required to deliver the corporate strategy and is reviewed on an annual basis to ensure continuing improvement and alignment to the goals of the council. Individuals are encouraged to develop through their annual appraisal, 6 monthly review and regular one to ones which focus on improving performance and achievement of corporate/departmental objectives.
- 3.57 Whilst many areas/professions have a clear career structure work is being undertaken to develop career pathways, generic job roles and a talent management system. A new management development centre has been established to assist in the further development of junior and middle managers. The current workforce development planning work includes succession planning.

### **Communication and consultation**

- 3.58 The Corporate Strategy and other policies and services are communicated to residents through the Brent Magazine, other publications and Area Forums. A Citizens' Panel, recruited from March 2007, has been used regularly throughout 2007. This includes focus groups on budget publications and environmental enforcement services. Service user forums continue to work well and include: Pensioners forum, Black and Minority Ethnic forum, Voluntary Sector forum, Private Sector Housing forum and Brent Disabled forum.
- 3.59 Quarterly ward meetings provide a forum for Members to discuss matters of concern with officers and shape how services are provided at the neighbourhood level. Depending on the issues being addressed, these meetings are attended by the Police and other partner agencies. Progress is communicated to residents through quarterly ward newsletters.
- 3.60 A Youth Parliament has been operating since March 2007 and has met three times during the year, providing an opportunity for children and young people to present their views to the council.
- 3.61 Communication protocols for members and officers are set out in part 7 of the Constitution. Members and chief officers work collaboratively on the Policy Coordination Group, Leader's Briefing, Service Planning and Budget Awaydays. The Leader meets weekly with the Chief Executive and also addresses to Corporate Roadshows and the Senior Managers Conference.
- 3.62 There are various forms of staff communication including the Corporate Roadshows, Chief Executives Newsletter, the staff magazine - Insight, the intranet, Improving Brent Programme and Team Briefings. Key messages are provided to senior managers via the Brent Senior Managers Group which meets quarterly and has one main annual conference.
- 3.63 A Consultation Strategy 2006 – 2009 was formally launched in January 2006 with implementation monitored by the Consultation Team.
- 3.64 All committee meetings are held in public. Some parts of meetings are held in private when exempt or confidential information might be disclosed. This is subject to the agreement of the members present.
- 3.65 The council's managing change policy includes guidance on staff and trade union consultation. A draft engagement policy has also been developed. The role of the line



manager in people management has been documented and is shortly to be published which includes guidance on engagement. The content of this is being incorporated into the council's new people management courses.

## **Partnerships**

- 3.66 Partnership is defined in the constitution. As part of the process for agreeing the 35 improvement priorities for the LAA, partners committed to a number of values around addressing inequality, focusing on preventative actions and delivering value for money through the LAA. They have also signed up to a 'compact agreement' setting out the principles for partnership working and how they engage with the voluntary and community sector.
- 3.67 Following a review of partnership activity in Brent, a set of protocols and guidelines for the operation of joint working was agreed by the Local Strategic Partnership in early 2007. This document covers roles and responsibilities, protocols for financial administration and staff management. In January 2008 a partnership conference was held in Brent, addressed by the Local Government Ombudsman to consider the issue of complaints within partnerships. The council is currently working on proposals for the handling of complaints within partnership services.
- 3.68 Service directors are required to list their key partnerships within their governance assurance statements and to consider partnership risk as part of their risk management process.

## **4 REVIEW OF EFFECTIVENESS**

- 4.1 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 and Investigation's Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework, is described below:

### **The Council**

- Has monitored performance against the Corporate Strategy Objectives by taking an annual report and has set the annual budget in accordance with the Corporate Strategy priorities.
- Receives the annual budget report which summarises the financial position and the transactions for the year and considers the annual performance plan.
- Has agreed the Constitution which sets out the decision making structure, delegated authority and financial regulations which underpin the internal control framework. This follows cross party review by the Constitutional Working Group.

### **The Executive**

- Makes key decisions in accordance with the Budget and Policy Framework.

- Has established a Performance Board to consider the performance of specific service areas.
- Has sessions with the Corporate Management Team twice per year to consider the medium term financial strategy and its linkages with the council's policy priorities.
- Meets monthly with the Corporate Management Team to receive an update on the council's financial position and monitoring reports from the Strategic Finance Group.

### **The Audit Committee**

- Has met four times during 2007/08 and has considered the work of internal audit during the year, the Head of Internal Audit's annual report and opinion and the External Auditor's annual letter.
- Maintains an overview of the council's constitution in respect of contract standing orders and financial regulations.
- Monitors the effective development and operation of risk management and corporate governance in the council.
- Reviews the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

### **The Standards Committee**

- Receives reports from the council's Monitoring Officer on issues concerning member conduct and would consider reports referred from Ethical Standards Officers or the Monitoring Officer which require investigation and/or determination.

### **The Forward plan Select Committee**

- Enables pre-scrutiny of Executive decisions by non-executive members.

### **Overview and Scrutiny**

- Oversees and scrutinises decisions made by the Executive.
- Has task groups who undertake detailed work on improving prioritised service areas linked to the Corporate Strategy themes.
- Has two cross cutting sub-committees to examine detailed performance information on a six monthly basis, namely the Health Select Committee and the Performance and Finance Committee

### **The Performance and Finance Select Committee**

- Receives reports on Best Value, budget monitoring and considers the Annual Performance Plan and quarterly "Vital Signs" document;

## **Audit and Investigations**

- Provide assurance to the council on operational and financial controls via delivery of an agreed audit plan.
- Produce and Annual Audit Report including the Head of Audit annual opinion on the council's internal controls
- Where identified as a result of audit work, significant internal control weaknesses have been reported to Service Directors and copied to the relevant Service or Corporate Area Director. Recommendations for improvement are made in each report. Each significant audit report is followed up after a suitable period and any failure to implement recommendations is noted and reported back to the relevant director and the Audit Committee.

## **External Audit and Inspectorates**

- The Director of Finance and Corporate Resources meets with the council's external auditors on a monthly basis and, if appropriate, they raise any concerns they have regarding the internal control environment. These meetings become more frequent during the closing of the accounts process when any material weaknesses or issues are raised.
- The outputs from various Inspectorates in relation to the Comprehensive Performance Assessment provide some assurance as to the internal control environment. The latest assessment in February 2008 gave the Council a three star, improving well rating.

4.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## **5 SIGNIFICANT GOVERNANCE ISSUES**

- 5.1 With the increasing number of services delivered jointly within the LAA we will be looking at the appropriate legal and organisational structures to ensure that governance arrangements are adequate
- 5.2 The Corporate Risk Register requires some work to ensure the link to the Corporate Strategy objectives is clear and the scoring of risk is consistent. Management reports are required to give clear direction on risks requiring greater attention, revised or more frequent monitoring and/or escalation as needed.
- 5.3 Adult Social Care had significant difficulties in managing its overall budget in 2007/08. This reflected the ongoing discussions with the Primary Care Trust over financial responsibility for a number of clients. This has now been substantially resolved which will allow more certainty in 2008/09. All of the budgets have now been reviewed for 2008/09 and zero based using client numbers, the cost of services and income from clients. In total the budget has been increased by 15% to meet the costs identified. Financial activity will be closely monitored during 2008/09 by monthly budget monitoring. Monitoring is reviewed by senior managers and appropriate action taken. The amount of information provided to senior managers has been increased and will include client numbers and monthly spending profiles.
- 5.4 A major transformation agenda is being set for the council over the next four years.

This is focussed upon improving performance to achieve an excellent CPA rating and delivering upon a number of key projects. These include the construction of a new civic centre, major regeneration in South Kilburn and Wembley and a significant schools expansion programme. This agenda will require some new governance arrangements around project delivery and improved consistency of application of corporate policy, standards and procedure across all service areas.

- 5.5 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:**.....

**Cllr Paul Lorber**

**Gareth Daniel**

**Leader of the Council**

**Chief Executive**