

# LONDON BOROUGH OF BRENT

## Meeting of the Performance & Finance Select Committee 11<sup>th</sup> January 2005

### Report from Director of Finance

For information

Wards affected: none

**Report Title:** Annual Review of Corporate Governance and Action Plan Update

#### **1 Summary**

- 1.1 The purpose of this report is to provide a monitoring report on the Corporate Governance Framework for the period January 2004 to December 2004 and an update on the action plan.

#### **2 Recommendations**

- 2.1 Members note the report and endorse the action plan attached at appendix 1.

#### **3 Financial Implications**

- 3.1 None

#### **4 Staffing Implications**

- 4.1 None

#### **5 Legal Implications**

- 5.1 None

#### **6 Diversity Implications**

- 6.1 Many of the Corporate Governance requirements are designed to ensure that the Council meets its diversity obligations. These are detailed within the report and action plan.

#### **7 Detail**

- 7.1 The Council adopted a Local Code of Corporate Governance into its constitution at its meeting in May 2004. This followed a recommendation from the Executive on 8<sup>th</sup> December 2003. The Executive also approved the

Corporate Governance Action plan and recommended that its implementation be monitored by the Performance and Finance Select Committee.

- 7.2 In the autumn of 2001, CIPFA and SOLACE issued a document entitled "Corporate Governance in Local Government, A Keystone for Community Governance - Framework"<sup>1</sup>. The document was produced by a working party consisting of representatives from CIPFA, Improvement and Development Agency ('IDEA'), the Audit Commission, Local Government Association ('LGA') and local authorities.
- 7.3 The document was issued as good practice guidance and was endorsed by the then Minister for Local Government in the following terms:
- "...if local authorities are to do this successfully (implement the Government's modernising agenda) they will need good corporate governance".*
- 7.4 The Council's corporate governance arrangements are a key factor in determining the corporate CPA score.
- 7.6 In order to assess the Council's initial position with regard to compliance with the elements of the CIPFA/SOLACE framework a meeting was held in September 2002 involving relevant senior officers. An action plan was drawn up to address any gaps and this was subsequently presented to CMT in May 2003. The action plan set out each element of compliance, together with an assessment of the current position and suggested actions. The current position on each of these action plan items is attached in appendix 1.
- 7.7 This report reviews the achievement of the action plan items and how well the Council has complied with the principles of corporate governance and its own code. In May 2003, the Corporate Management Team<sup>4</sup> agreed that the following officers would be responsible for a yearly review of the five dimensions of the Corporate Governance Framework as shown in the table below:

<b>Dimension</b>	<b>Responsible Officer</b>
Community Focus	Director of Communications and Consultation
Service Delivery	Director of Policy and Regeneration
Structures and Processes	Borough Solicitor
Risk Management and Internal Control	Director of Finance
Standards of Conduct	Head of HR and Diversity (Officers) Borough Solicitor (Members)

**Table 1: Responsible Officers for Review of Compliance**

- 7.8 This report has been drafted following consultation with the above-mentioned officers and represents an amalgamated assessment of the Council's current Corporate Governance arrangements. Thanks go to the above for their assistance in producing this report, together with the following staff: Head of Communications, Head of Consultation, Head of Risk Management and the Members Development Manager.

- 7.9 The action plan items identified for 2004 have, in the main, been completed. The majority of those that have not been completed are on track for completion by March 2005. However, significant work remains in developing the process for the annual review of the Statement on Internal Control, as required by the Accounts and Audit Regulations 2003.
- 7.10 In addition to the completion of the action plan items, there has been significant activity during 2004 which has further strengthened the Council's Corporate Governance arrangements. This activity, in no particular order, is summarised below:

### ***Community Focus***

- 7.11 The information requirements of the Corporate Governance Framework are being met and in some cases exceeded. The introduction of new Consultative Forums and the Improving Brent Programme have increased the supply of information to the Community and Staff. This demonstrates a clear and ongoing commitment to openness, accountability and the desire to engage with the Community. In addition, there is a proposal to increase the frequency of the publication of the Brent Magazine from 6 times per year to 10-12 times per year. If agreed, this would further enhance the Council's community focus.
- 7.12 The pilot of Ward Working during the year demonstrates a further commitment to involving the community in local decision making and increasing the accountability of officers.
- 7.13 The Council has increased engagement of service users via the establishment of specific forums such as those in Benefits, Sports Services, and Social Services.
- 7.14 The 2003 Mori survey showed a 5% increase in residents saying that the council keeps them well informed and 3% increase in overall satisfaction. These results were against the background of a general drop in satisfaction scores across Local Government.
- 7.15 The Council's input to issues affecting the community, such as regeneration, gun crime, community cohesion and diversity celebrations, demonstrates the ability to provide leadership and set a vision for the local community.
- 7.16 The establishment of local democracy week, attempting to increase the involvement of young people in the borough, demonstrates the Council's commitment to encourage specific groups to engage with the work of the Council.
- 7.17 The Leader's press briefing process demonstrates a commitment to openness and accountability.

### ***Service Delivery Arrangements***

- 7.18 The overall CPA improvement and improvements in Benefits, Sports, Social Services and Use of Resources, must, by definition, reflect an improvement in the service delivery aspects of Corporate Governance. Some specific mechanisms which have helped this process include the high level member group considering performance information, the vital signs document, the

service specific improvement boards and the improvement fund.

- 7.19 The Improving Brent Action plan has drawn out the key actions required to bring about service improvement in priority areas and makes clear to stakeholders, particularly staff, the range of tangible service improvements required between 2004 and 2006. The Action Plan is also linked through to Service Development Plans, individual target setting and staff development within the performance management framework.
- 7.20 The Corporate Road Shows in 2004 demonstrated the ability of the Council to set a clear vision for its officers and set key targets and priorities.
- 7.21 The performance on complaints is an indicator that the Council's service delivery arrangements and processes are improving. There were 10 local settlements in 2003/4 and no Ombudsman findings of maladministration.
- 7.22 The performance on sickness absence and the introduction of the HR Pro system is an indicator that the Council is able to implement new processes designed to improve performance and management information.

### ***Structure and Processes***

- 7.23 There has been a general improvement in the scrutiny process. Scrutiny has been enhanced via individual themed scrutiny panels – Lifelong Learning, Health and Social Care, Quality of Life. These are beginning to review performance data. A dedicated scrutiny officer has been appointed who is responsible for the smooth operation of scrutiny committees and panels.
- 7.24 Further, a number of scrutiny task groups have been established and an overview and scrutiny web page has been developed. A quarterly publication "spotlight on scrutiny" has been introduced and three issues have already been produced.
- 7.25 The operation of the Forward Plan select committee, chaired by the leader of the majority opposition group, has further enhanced the scrutiny process.
- 7.26 The Chars of Scrutiny and Overview report back to each meeting of the Full Council on work undertaken during the year and issues arising.

### ***Risk Management and Internal Control***

- 7.27 Some concerns were raised by the Borough Solicitor about the late provision of reports for Legal comment. There is a risk that legal implications are not properly considered if reports are submitted late. The Director of Finance is content with the timing of submission of reports to BFS for financial comment. An additional control in this area which currently operates is the joint review of all reports by the Director of Finance and Borough Solicitor prior to them being taken to committee. At this review meeting these officers are able to defer reports if necessary.

### ***Standards of Conduct***

- 7.28 A new disciplinary and grievance procedure have been developed during 2004. Together with the new Officer Code of Conduct, these should enhance the

governance arrangements concerning officer behaviour.

## **8 Conclusions**

- 8.1 The Council's Corporate Governance arrangements are sound and it has complied with its own code during the period under review.
- 8.2 Some further developmental work is required in those areas identified in appendix 1 under the heading "Action Plan for 2005". A key area of Corporate Governance work for 2005 will be the development of the process for reviewing the annual Statement on Internal Control.

## **9 Background Papers**

1. Corporate Governance in Local Government: A keystone for Community Governance – Framework and guidance note. CIPFA/SOLACE 2001
2. PWC – London Borough of Brent 2001/2 Audit Letter to Members, December 2002
3. Accounts and Audit Regulations 2003
4. Report to the Corporate Management Team – 29<sup>th</sup> May 2003

Any person wishing to inspect these documents should contact Committee and Member Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

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