

| | |
|---|---|
|  Brent | Audit & Standards Advisory Committee 12 June 2024 Audit and Standards Committee 12 June 2024 |
| | Report from the Corporate Director of Law & Governance |
| | Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel) |
| Annual Governance Statement 2023/24 | |

| | |
|--|---|
| Wards Affected: | All |
| Key or Non-Key Decision: | Not Applicable |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | Two Appendix A: Annual Governance Statement Appendix B: Local Code of Corporate Governance |
| Background Papers: | None |
| Contact Officer(s): (Name, Title, Contact Details) | Debra Norman, Corporate Director Law & Governance 0208 937 1578 Debra.norman@brent.gov.uk Tel: |

1.0 Executive Summary

1.1 This report sets out the draft Annual Governance Statement (AGS) for 2023/24 as required by the Accounts and Audit Regulations 2015.

2.0 Recommendation

2.1 That:

- a) the Audit & Standards Advisory Committee consider and recommend for approval by the Audit & Standards Committee the Annual Governance Statement as set out in Appendix A.
- b) the Audit & Standards Committee consider and approve the Annual Governance Statement as set out in Appendix A taking into account the observations of the Audit & Standards Advisory Committee.

3.0 Detail

Contribution to Borough Plan Priorities & Strategic Context

- 3.1. The Annual Governance Statement is required by the Accounts and Audit Regulations 2015. It not only supports but evidences the good governance arrangements in Brent which underpins and contributes to the delivery of all of the strategic priorities within the Borough Plan which supports and enhances the Council's activity.

Annual Governance Statement

- 3.2 The council is required to prepare an Annual Governance Statement and have it approved by the relevant Committee. The statement must be signed prior to the signing of the accounts. The statement must be signed by the Chief Executive and Leader of the Council.
- 3.3 CIPFA produced a refreshed framework document in 2016 setting out how local authorities could comply with the requirements to conduct a review and produce the Annual Governance Statement.
- 3.4 The guidance determines that the Annual Governance Statement should "provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of governance structures involved. It should be high level, strategic and written in an open and readable style."
- 3.5 The seven core governance principles, applicable from 2016/17, are as follows:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - B. Ensuring openness and comprehensive stakeholder engagement;
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
 - F. Managing risks and performance through robust internal control and strong public financial management, and
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.6 The review of effectiveness is an ongoing process involving officers responsible for key elements of the governance framework as well as members of the Corporate Governance Group, who throughout the year have oversight of governance related issues.

3.7 A Code of Corporate Governance adopted by the Council is included in the Constitution and a copy is contained in Appendix B.

3.8 The final part of the statement covers significant governance issues relating to 2023/24. There are no such issues identified that arose this reporting year.

3.9 The following factors should be considered in determining significant issues:

- The issue has seriously prejudiced or prevented the achievement of a principal objective;
- The need to seek additional funding or divert funding to resolve the issue;
- The issue has had a material impact on the accounts;
- The issue has attracted significant public interest or has damaged the reputation of the organisation, or
- The issue has resulted in formal action being taken by a Statutory Officer.

3.10 Improvement areas to further enhance governance arrangements are identified in paragraph 5, table 1 of the AGS.

| Improvement area 2024/25 | Owner |
|--|---|
| Better use of the Member Hub to ensure that Members are regularly kept up to date with developments and have easy access to necessary documents stored in one central place. | Deputy Director Democratic Services |
| Quarterly monitoring and reporting of reports (to Council) that are submitted after the given deadline. | Deputy Director Democratic Services |
| To further enhance our approach to risk management by assigning clear roles and responsibilities for the implementation of mitigating actions, scrutinising mitigating actions to ensure they have had the anticipated impact, and transparently reporting on where mitigating actions have been both successful and unsuccessful. | Deputy Director Organisational Assurance & Resilience |
| Development of a programme of coaching, mentoring and leadership development with a focus on EDI to support the EDI strategy. | Director of Human Resources & Organisational Development/Learning & Development Manager |

| | |
|---|--|
| Embed new performance framework and balanced scorecard approach at corporate and directorate level. | Director of Communications, Insight & Innovation |
|---|--|

3.11 Progress in respect of the Improvement plan from last year is as follows:

| Improvement Action | Progress on Improvement Plan | Owner |
|--|---|---|
| Implementation of the ASAC effectiveness action plan. | Complete. The Chair's of the Committee now prepare an annual report, which is reported to Full Council, that provides assurance to all those charged with governance that the Committee has fulfilled its purpose and also demonstrates the impact the Committee had in the past year. We have also taken further steps to improve the effectiveness of the Committee, including a refreshed training plan and the recruitment of two new independent members. | Corporate Director of Finance and Resources and Deputy Director Organisational Assurance & Resilience |
| Further work to embed succession planning and leadership development. | Once the planned HR restructure, is implemented we will have additional capacity to focus on working with managers to develop their succession plans. | Director of Human Resources & Organisational Development |
| Putting in place a new MTFS and long term planning process which will cover the whole period of an administration's Borough Plan and beyond. | Annual MTFS refreshed with quarterly reviews for short/medium term planning. Longer term Financial Planning has commenced but will be an iterative process requiring additional macro level data sets. | Corporate Director of Finance and Resources |
| Improving the monitoring, reporting and challenge over 'first line' controls. | Internal Audit has noted that there has been a number of enhancements to the council's monitoring, reporting and challenge over first line controls at a corporate level. This includes the implementation of the new performance management framework and balanced score card at a corporate and directorate level, and the widening of the scope of the Brent Assurance Board which meets quarterly to review key risk areas. However, further improvements are still required and continue to be made at operational levels as reported by Internal Audit. Moving forward, this action will be reported on as part of the Internal Audit progress reports. | Corporate Directors, with support from Internal Audit |

| | | |
|--|---|--|
| <p>Increasing the rate of implementation of 'medium risk' audit recommendations.</p> | <p>In 2023-24, Internal Audit followed-up 122 'medium risk' actions. Of these 54 (44%) had been implemented within prescribed timescales, 34 (28%) partially implemented and 34 (28%) not implemented. Whilst there are caveats and limitations in comparing actions as these are not always like-for-like, this presents a downwards trajectory in comparison to a rate of 66% implemented within prescribed timescales in 2022-23. Internal Audit continue to report robustly follow-up outcomes to CMT, DMTs and the Audit and Standards Advisory Committee.</p> | <p>Corporate Directors, with support from Internal Audit</p> |
|--|---|--|

4.0 Financial considerations

4.1 None

5.0 Legal considerations

5.1 The Accounts and Audit Regulations 2015 require the council to prepare an annual governance statement and have this reviewed by a committee.

6 Additional Considerations

6.1 There are no additional considerations in relation to the following areas arising from the report:

- a) Equity, Diversity & Inclusion considerations
- b) Stakeholder and ward member consultation and engagement
- c) Climate Change and Environmental considerations
- d) Human Resources/Property considerations (if appropriate)
- e) Communication considerations

Report sign off:

Debra Norman

Corporate Director Law & Governance