

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The London Borough of Bromley 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. Bromley 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 overall responsibility, Bromley 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.

Bromley has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) *Delivering Good Governance in Local Government: Framework*. A copy of the code is on our website at www.bromley.gov.uk or can be obtained from Chief Executive's Department, Bromley Civic Centre, Stockwell Close, Bromley BR1 3UH. This statement explains how Bromley has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1), which requires an authority to conduct a review of the effectiveness of its system of internal control and 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 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 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 Bromley'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 Bromley for the year ended 31 March 2017 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The following summarises the key elements of the systems and processes that comprise Bromley's governance arrangements based upon the six core principles of good governance:

1) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area:

Bromley is a member-led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to our residents. We support residents to manage their lives independently with the minimum of intervention from the Council.

Since 2005 the Council has had an agreed framework to improve the life of all those that visit, live, study, or work in the borough. These objectives were amended in 2013 to reflect our public health and

ANNUAL GOVERNANCE STATEMENT

health and wellbeing agenda as well as our priority to continue to invest in the economic wellbeing of our borough.

This vision is called ‘Building a Better Bromley’ and has seven key priority areas:

- A Quality Environment
- Regeneration
- Vibrant, Thriving Town Centres
- Supporting our Children and Young People
- Supporting Independence
- Safer Bromley
- Healthy Bromley

Our officer and political structures are all aligned to deliver this vision and it sets the direction and policies which other plans should help to deliver and is shared across the Council in our specific Portfolio messages and our departmental, divisional and team plans.

To support this our Corporate Operating Principles are the operational model for the Council which set out our approach to creating a flexible, responsive organisation that can embrace new ways of working with partners and staff to maintain and improve services to our community:

- **Member-led:** The Council’s resources will be targeted at local priorities as agreed by elected Members
- **Delivering Value for Money:** The Council’s services will be provided by whoever offers customers and council tax payers excellent value for money
- **Supporting Independence:** The Council will enable and encourage citizens to take more responsibility for their own lives, with the most vulnerable being provided with the help they need
- **Efficient and non-bureaucratic:** The Council will seek to reduce interference and bureaucratic control whilst protecting the Borough’s distinctive character

Our Portfolio Plans set out what we aim to deliver in the current year and what our performance targets are, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned behind the priorities identified in Building a Better Bromley. In addition the Health and Wellbeing Board is a collaboration between Bromley Council and various partner agencies whose role is to understand their local community’s needs, agree priorities and encourage commissioners to work in a more joined up way.

Our achievements over the past year and plans for the future are reported in the Annual Report and Statement of Accounts.

With substantial additional savings to be made over the next 4 years the financial situation continues to drive the future direction and work of the Council.

The Commissioning Team, led by the Director of Commissioning and overseen by the Portfolio Holder for Resources, continue to review all our services to ensure best value for money and to determine who is best placed to deliver high quality services based on local priorities and value for money principles, within a balanced budget.

Following scrutiny through the PDS process, the relevant Portfolio Holder and the Executive will make the final decision on implementation. As part of the process formal consultations are also carried out with staff, including Trade Union and staff representatives, and service users.

ANNUAL GOVERNANCE STATEMENT

2) **Members and Officers working together to achieve a common purpose with clearly defined functions and roles:**

Member/Officer roles are defined in the Constitution which sets out how the Council operates, how decisions are made and the procedures followed to ensure that decision making is efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose. This is supplemented by a Member/Officer protocol which governs the relationship between them.

Bromley continues to operate the ‘leader and cabinet’ model whereby the Leader appoints the Executive, and decides Portfolio Holder arrangements and responsibilities and agrees any formal delegation of various powers to the Council’s Chief Officers and their staff.

The Council’s decision making structure is divided between executive and non-executive matters. The Executive has seven Members and is the Council’s main decision making body. It is chaired by the Leader of the Council. It either makes decisions itself or six of its Members, who hold Portfolios, decide on matters relating to specialist areas. The Portfolios cover:

- Care Services (including health)
- Education Children and Families
- Environment
- Public Protection and Safety
- Renewal and Recreation
- Resources

By law the Executive cannot take all Council decisions as some matters have to be decided elsewhere, principally by the Development Control Committee (planning, conservation, highways use and regulation etc.) and the General Purposes and Licensing Committee (electoral issues, staffing matters, licensing matters etc.) and their Sub-Committees.

The Leader of the Council is appointed on a four year term following the Local elections and membership of the Executive and various committees is formally announced at the Council’s Annual Meeting.

The Director of Corporate Services (as Monitoring Officer) is responsible for ensuring the lawfulness and fairness of Council decision making, compliance with codes and protocols, and promoting good governance and high ethical standards.

The Director of Finance (as Section 151 Officer) is responsible for the proper administration of the Council’s financial affairs, preparing the Council’s statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud. Bromley’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 performs the role of Chief Financial Officer.

The Corporate Leadership Team is led by the Chief Executive (and Head of Paid Service) who is responsible and accountable to the Council for all aspects of corporate and operational management.

Bromley remains committed to providing a working environment in which staff can contribute to the success of the Council. Our staff commitment sets out the responsibility we all share in making this happen.

ANNUAL GOVERNANCE STATEMENT

3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour:

Bromley has adopted a number of codes and protocols that govern the activities of Members and Officers which are communicated as part of the induction process and made available via the intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.

Local authorities have a duty to promote and maintain high standards of conduct. It is mandatory that each local authority adopts a Code of Conduct dealing with the conduct that is expected of Councillors and co-opted members when acting in that capacity.

The Code of Conduct approved by full Council in 2012 requires new Members and co-opted members to register their pecuniary and other interests within 28 days of taking office and when there are any changes. The requirement to register pecuniary interests also extends to a spouse or partner. Any gifts and hospitality with a value of over £25 also need to be registered within 28 days of receipt.

The declarations made by each Councillor are detailed on the 'Your Councillors' page on the Council's website.

The Standards Committee considers complaints about Councillors. The Monitoring Officer must consult with an Independent Person before any decision is taken to investigate an allegation of misconduct by a Councillor, or before a decision is made on action to be taken in respect of that Councillor.

Officers are also subject to Section 117 of the Local Government Act 1972 which means that they are required to disclose any direct or indirect pecuniary interests they may have in any contract or potential contract involving the Council. In addition they are prohibited from receiving any fee or reward as result of their employment with the Council, other than their agreed remuneration. A reminder is sent out on an annual basis with registers maintained by the Monitoring Officer and individual Directors.

The Council's confidential reporting code 'Raising Concerns' sets out how employees and contractors working for the Council on council premises can report their major concerns about any aspect of the Council's work including concerns about Members of the Council. This is designed to enable people to whistleblow without fear of victimisation, subsequent discrimination or disadvantage. The code is widely publicised via the intranet, posters, internal newsletters, and on the Council's website.

We continue to operate a very successful Fraud Partnership with the London Borough of Greenwich building on our Anti-Fraud and Corruption Strategy. Outcomes are reported to Audit Sub-Committee, and prosecutions publicised in the local press and on the Council's website. Housing Benefit frauds are now investigated by the Single Fraud Investigation Service.

Following a successful bid in obtaining Department for Communities and Local Government funding Bromley launched a fraud App for mobile devices in August 2015 which local residents can use to quickly and efficiently report where they suspect fraud is being committed. It is free, secure, easy to use and completely confidential. It can also be used to provide lots of up-to-date information about different types of fraud and can alert residents to scams. The plan is to roll out the App for use in 38 other boroughs across the country.

4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk:

The Director of Corporate Services (as Monitoring Officer) works with the Constitution Improvement Working Group to review and updates the constitutional framework including Rules of Procedure and

ANNUAL GOVERNANCE STATEMENT

Standing Orders (which regulate meetings of the Council) and the Scheme of Delegation (which sets out formal delegation of various powers to the Council's Chief Officers and staff) on a regular basis reporting to full Council. The Working Group met twice during 2016/17.

The Director of Finance (as Section 151 Officer) likewise reviews and updates Financial Regulations, Contract Procedure Rules and the Scheme of Delegation (so far as it relates to financial matters), which are incorporated into the Constitution. Financial Regulations are one of a set of management documents which collectively control and co-ordinate the financial affairs of the Council.

The scrutiny function provided by the six Policy Development and Scrutiny (PDS) Committees continues to provide constructive challenge leading to better and more robust decisions. The Executive and Resources PDS Committee has an over-arching, co-ordinating role on behalf of the other five PDS Committees. The Committee's principle role is to scrutinise the decisions of the Executive and to hold the Leader of the Council, the Chief Executive and the Resources Portfolio Holder to account.

The Constitution Improvement Working Group produced its fifth report in February 2016 making recommendations on several issues including a change to the way the Council develops policy and scrutinises the working of the Council. Full Council accepted the recommendations and a trial 'select committee' approach was undertaken by the Education Select Committee in 2016/17 and has been continued into 2017/18. Full Council also accepted their recommendation that the Executive and Resources PDS Committee establish a Contracts Sub-Committee with scope to examine contracts and commissioning issues across the Council and this has been actioned in 2016/17.

The Council's Risk Management Strategy is kept under review to reflect current procedures, guidance issued by CIPFA and best practice. This is overseen by the Corporate Risk Management Group providing a strategic overview of risk management, health and safety, business continuity and emergency planning activities to improve efficiency and develop synergies in line with Council priorities. The Group continues to report to Audit Sub-Committee. Each departmental representative acts as risk champion for their area to disseminate risk management information and facilitate the identification and assessment of risks.

The Audit Sub-Committee is responsible for developing and reviewing all aspects of the Council's arrangements for audit including fraud and risk. The Committee is independent of the Executive and scrutiny functions.

Internal Audit actively participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Arrangements are in place for receiving and investigating complaints. Leaflets and forms are available from enquiry points and libraries, and can be accessed on the Council's website. The same form can also be used to make a compliment or suggestion. The public is encouraged to report any problems like anti-social behaviour or a missed bin collection online. The Chief Executive and Director of Corporate Services monitor how complaints are handled within departments.

The Bromley Borough Resilience Forum, a statutory forum, meets quarterly to facilitate co-operation and information sharing at the borough level between key stakeholders in relation to emergency preparedness for major events and incidents. The Forum has a representative that attends the wider Safer Bromley Partnership Strategic Group. Through the Forum and pan-London structures the Partnership regularly has the opportunity to participate in training and exercise events to develop and maintain local multi-agency emergency arrangements.

Within the Council we continue to review and maintain our arrangements to respond to and recover from emergencies affecting the Borough. We also review and maintain our business continuity arrangements

ANNUAL GOVERNANCE STATEMENT

to ensure that critical activities and services continue to operate in the event of disruptive events and emergencies. Our procurement policy requires business continuity plans to be part of any tendering process.

5) Developing the capacity and capability of Members and Officers to be effective:

Corporate training provision is reviewed each year to ensure that the learning and development opportunities on offer reflect the key priorities of the organisation; supporting staff to develop a good mix of skills and knowledge so that they are able to perform effectively in their current job and are able to tackle the many changes facing local government.

Officer training needs are identified as part of the annual Performance Appraisal and Development Scheme and there is a comprehensive training programme for all staff. In parallel a Managers' Toolkit site is maintained on the intranet to provide a depository of policies, procedures, guidance and tools enabling all managers across the Council to work more effectively and efficiently.

There are three main training programmes; Organisational Development (including Commissioning and Contract Management, Finance, People Management), Children's Social Care (including Safeguarding, and Continuing Professional Development) and Adult's Social Care (including the Care Act 2014, Awareness of Medical Conditions, Health and Safety). To complement this face-to-face training many of the topics are now available via the web based Bromley Learning Hub which allows users to develop their skills online at a time and place that suits them. Depending on their duties some Officer training is mandatory.

Specific training for Members targets key policy issues and areas of current interest. This is supported by a dedicated Member Development site on the intranet and an area on the Bromley Learning Hub dedicated to Councillors. During the year the Director of Finance held a Finance seminar to update Members on financial issues affecting the Council and a seminar on welfare reform.

IT training is delivered in partnership with Bromley Adult Education College. Officers also have access to external workshops and seminars via our membership of organisations like CIPFA.

6) Engaging with local people and other stakeholders to ensure robust public accountability

We continue to review how we can improve our channels of communication with all sections of the community and other stakeholders. Increasingly Bromley is using social media sites like Twitter and Facebook to provide information and links to upcoming events. Everyone over the age of 18 can also register for a MyBromley account where residents can manage their council tax, access services, receive alerts and relevant information online. Besides the main Council website Bromley MyLife is the social care and health website. It provides information and advice for people who have care and support needs, their carers and people who are planning for their future needs.

Statistics show that there is a steady increase in visits to our website to view pages and access online services like council tax and waste. Mobile devices or tablets now account for more than half the visits.

Council meetings are held in public and agendas and report packs are made available in advance on the Council website, at the Civic Centre and through local libraries at least 5 working days prior to each meeting. Most meetings start at 7pm and there are some daytime meetings. Members of the public can ask questions at a meeting or a written reply can be sent subject to giving sufficient notice. There is a facility to set up daily email alerts on key words or topics.

ANNUAL GOVERNANCE STATEMENT

The Council held three meetings in November 2016 (two round-table meetings for representatives from residents' associations, and a wider public meeting) as part of the 2017/18 budget consultation. The consultation included an online survey, focusing on resident's priorities, collecting their views on what they felt was most important, and asking for practical ideas for saving and generating money to help secure important front line services. This attracted 2,573 replies. This was supplemented by links to detailed information and graphs about the Council's finances on the main website. Additionally submissions were received from Bromley Youth Council enabling young people to have a say in how local services are organised, and connecting them with local democracy. Consultation papers were also sent to local business representatives for their views and comments. Prior to finalising the 'Schools Budget' the Education Portfolio Holder consulted Headteachers, Governors and the Schools Forum.

As part of continuing development of Bromley's Local Plan, the Draft Local Plan was agreed by the council's Executive in July 2016 for consultation with local residents and the wider community the Council carried out consultations between November and December 2016. These covered draft site allocations for housing and education use, together with the policies to guide development in the borough, and consideration of future planning applications. The Council also consulted on changes to the Council Tax Support Scheme with effect from 1 April 2017 and a Cycling Strategy setting out proposals for cycling in the borough up until 2026.

Departments also use surveys to ensure that services are being delivered efficiently and effectively.

The Council operates a Petition Scheme whereby any person who lives works or studies in the Borough of Bromley can submit a petition. Once a petition has been validated a response will normally be sent back within 10 working days. If petitioners are dissatisfied with the Council's response to a petition they have submitted they can request that the issue be brought to a meeting of the full Council for consideration, provided that the number of verified signatures exceeds the threshold required (500 signatures, or 1,000 signatures for an e-petition.) The lead petitioner or their nominee can address the Council for up to five minutes. All petition responses are published on the Council's website.

Given the increasing numbers of Freedom of Information requests, an online form has been introduced to channel requests to the right departments so that enquiries can be dealt with as quickly and efficiently as possible.

Bromley works in partnership with many local organisations representing the views of residents and the public, private and voluntary sectors.

The Borough Officers' group meets on an informal basis to monitor and direct the work of the main thematic partnerships. The group is chaired by the Leader of the Council and includes representatives from the emergency and health services and the voluntary sector.

The thematic partnerships (Bromley Economic Partnership and Safer Bromley Partnership Strategic Group) hold open meetings and agenda papers and minutes are published on the Council website. The meetings receive reports from other key strategic partnerships and the main partnerships themselves. Terms of reference and governance arrangements are in place. The partnerships are subject to scrutiny by the relevant PDS Committees.

The Children's Trust Stakeholder Conference and the Adult Services Stakeholder Conference involve partner agencies, voluntary and community organisations and service users in shaping business planning and priorities for the future. The theme of Adult Services Stakeholder Conference held in November 2015 was 'Living Well with Dementia in Bromley'. The Children's Trust Stakeholder Conference held in March 2016 focused on 'Working with children and young people to maintain their emotional

ANNUAL GOVERNANCE STATEMENT

wellbeing'. Both bodies report to the Care Services Portfolio Holder and other Portfolio Holders as appropriate, and/or the Health and Wellbeing Board.

Review of Effectiveness

Bromley 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 Corporate Leadership Team comprising Directors and Assistant Directors within the Authority who are responsible for the development and maintenance of the governance environment. This is supported by the Head of Audit's annual report, the Policy Development and Scrutiny annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As part of this review the Assistant Directors and Heads of Service, where appropriate, have completed and signed an Assurance Statement in relation to their service areas. In turn each Director has reviewed the effectiveness of key controls, using a detailed checklist, to provide an overall Assurance Statement for their own directorates.

The governance framework and internal control environment encompasses all the organisation's policies, procedures and operations in place. At Bromley this is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

The process of maintaining and reviewing the effectiveness of the governance framework, including the system of internal control, includes the following elements:

Council Framework

We continue to operate with a Leader and an Executive. The Leader retains responsibility on all decisions about the Council's executive functions. In practice these are either undertaken by the full Executive or delegated to Portfolio Holders and officers..

The Executive contains the Leader and six Members each responsible for a portfolio. Each Portfolio Holder annually outlines, in a portfolio plan, their aims and what they will be doing towards achieving their goals and their performance targets.

The full Council is responsible for adopting the authority's Constitution and Members' code of conduct and for approving the budget and policy framework within which the Executive operates.

Chief Officers (Directors) are responsible for ensuring that Members are advised of the financial implications of all proposals liaising as necessary with the Director of Finance. In addition they are responsible for promoting sound financial practices in relation to the standards, performance and development of staff in their departments.

Policy Development and Scrutiny Committees

Overview and Scrutiny is an important part of the process of checks and balances in local government and is the principal means of ensuring that the Council and its partners are held to account. Six Policy Development and Scrutiny (PDS) Committees discharge this role as set out in the Local Government Act 2000 and successive legislation. The PDS Committees mirror the Council's Executive portfolios. In addition there are three PDS Sub-Committees and Select Sub Committees:

- Education Children and Families Budget and Performance Sub-Committee
- Health Scrutiny Sub-Committee

ANNUAL GOVERNANCE STATEMENT

- Contracts Sub-Committee

Although they have no decision making powers, PDS Committees and Sub-Committees have key roles in contributing to policy development and scrutinising the decisions of the Executive and individual Portfolio Holders.

PDS Committees monitor the performance of services and functions within their remit, assessing performance against key performance indicators and policy objectives. Concerns are reported to a Portfolio Holder who can then, if necessary, be called to a PDS Committee meeting to account for the performance of his or her Portfolio.

They are also involved in the budget setting process and provide comment and recommendations for the Executive to take account of when formulating the Council's annual budget. Similarly, PDS Committees monitor in-year spend of budgets and raise concerns where there is a possibility of overspend or other issues affecting spending priorities. In addition PDS Committees can commission groups of Councillors to review an issue or policy so assisting a Portfolio Holder or the Executive to improve a service or local function affecting local people.

More routine decisions can be made without pre decision scrutiny at a PDS meeting where the PDS Committees and Portfolio Holders are in agreement, subject to the proposed decision being emailed to all Members in advance. Any Member may then request that a matter be referred to the relevant PDS Committee before a decision is taken.

The call-in process is a key means by which PDS Committees can hold the Executive to account. Any five Councillors can call-in a decision and prevent it from taking immediate effect until it has been considered by a PDS Committee. The Committee can then interview the Portfolio Holder and Officers and consider whether the decision was appropriate, within the Council's policy framework, and whether it should be reconsidered. If the Committee feels that the decision should have been reversed or altered, it can make a recommendation to the Executive, which then has to reconsider the matter.

The Executive and Resources PDS Committee has an over-arching, coordinating role on behalf of the other five PDS Committees and provides an Annual Report to full Council summarising the work that has been carried out during the year.

The Executive and Resources PDS Committee has a rolling programme where the Leader of the Council, the Resources Portfolio Holder and the Chief Executive each do two presentations a year on a rota basis. The other PDS Committees do not generally do this although the relevant Portfolio Holders and Chief Officers are usually present at all their meetings.

The Committees are supported by the statutory Scrutiny Officer who also provides support and guidance to Members on the functions of overview and scrutiny.

Internal Audit

Internal Audit is responsible for conducting audits, using a risk based approach, to highlight any weaknesses throughout the Council. Internal Audit operates to defined standards as set out in the Public Sector Internal Audit Standards (PSIAS). The effectiveness of the system of Internal Audit is measured by compliance with this code and peer reviews. Internal Audit provides an independent opinion on the adequacy and effectiveness of the system of internal control. In March 2016 Internal Audit was independently assessed

ANNUAL GOVERNANCE STATEMENT

under PSIAS' 'Quality Assurance and Improvement Programme', to ensure compliance with their standards. The overall assessment was that the council's internal audit service generally conforms to their requirements.

An Annual Audit Plan is used to map out the cyclical coverage of fundamental financial systems and other audits. The plan is based on the identification of the Council's systems and activities to be audited, each assessed for risk. Work relating to prevention and detection of fraud and corruption is integrated into this audit planning process. Each audit is reported to the appropriate level of management together with agreed action plans where appropriate. In addition all significant weaknesses are reported to Audit Sub-Committee and followed-up until recommendations are implemented. The supporting summaries of audit reports help inform the overall assessment of internal controls.

The Head of Internal Audit is empowered to report any matter of concern directly and independently, to the Chief Executive, the Chairman of Audit Sub-Committee or the Leader of the Council, if necessary.

In his Annual Report to Audit Sub-Committee the Head of Audit confirmed that 'my overall opinion on the control environment based on the internal testing and reviews undertaken is that there is overall reliance on the internal controls identified and where there have been significant issues highlighted provide assurance that corrective management action has been or will be taken to mitigate the risks. Over the past year there have been audits that highlighted a number of weaknesses in the areas of contract management and monitoring. Some of these weaknesses have resulted in priority one recommendations. The Head of Audit can confirm that these weaknesses will need to be addressed at a corporate level and lessons learnt from the audit findings be dissipated across the Authority. Internal Audit will continue to apply close scrutiny to ensure that all current priority control weaknesses are addressed by management.'

Following the launch of a new Counter Fraud Code Assessment Tool by CIPFA in September 2015 to provide assurance on the adequacy and effectiveness of an organisation's counter fraud arrangements Internal Audit carried out a self-assessment. This evidenced that we were generally compliant with the 68 performance statements.

Internal Audit submits an Annual Fraud Report to Audit Sub-Committee summarising all fraud and investigations undertaken during the year. Audit Sub-Committee has provided assurance to the external auditors that they are satisfied with our fraud arrangements within the Authority.

External Inspections

In their *External Audit Report* for the year ended 31 March 2016, presented to the General Purposes and Licensing Committee on 14 September 2016, the external auditors KPMG LLP reported the following:

- 'We reviewed the Authority's budget setting and monitoring processes and deemed financial monitoring to be appropriate to allow the Authority to make informed decisions. The Council has a history of achieving the budgeted position, and reported underspends in both 2014/15 and 2015/16. Savings and growth pressures have been assessed for the next two years as part of the medium term financial plan and the requirement to set a balanced budget. We completed some brief sensitivity analysis on the assumptions within the medium term financial plan, specifically the effect of the finance settlement worsening.
- 'We reviewed the legal, governance and accounting arrangements in place to govern the management of the BCF. This included reviewing all Health and Wellbeing Board minutes from April 2015 to the date of our audit opinion. We concluded that arrangements were appropriate to allow the authority to manage the BCF in conjunction with Bromley CCG and other relevant partners (where required). We reviewed the signed section 75 agreement in place which sets out

ANNUAL GOVERNANCE STATEMENT

a clear vision for Bromley. Within the local plan for 2015/16 key areas of interdependency are noted to allow the Health and Wellbeing Board to actively manage risks and complete tasks assigned to it in order to improve outcomes for local people.’

- Three internal control deficiencies were reported covering the lack of fixed asset register reconciliation, the use of a designated Pension Fund bank account, and the ability of finance team to self-approve and post journals. The recommendations were accepted and acted upon, with the exception of the Pension Fund bank account that Bromley will continue to review.
- ‘We have reviewed the Annual Governance Statement and confirmed that: — It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and — It is not misleading or inconsistent with other information We are aware of from our audit of the financial statements’

During the last year the Council has received the following assessments from other inspectorates:

Ofsted – Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board – May 2016

Overall rating for this service: Inadequate

Five of the five key judgements were rated Inadequate.

Bromley’s services for children were inspected by Ofsted in April and May 2016. They were found to be inadequate across all reported categories and the inspection raised serious questions surrounding practice and leadership. In October 2016, a report was published setting out findings of the appointed commissioner of a three-month review considering the extent to which the Council had the leadership and management capacity and capability to drive forward the changes necessary to achieve the required standard for their children and young people.

In addition to the oversight provided by a Commissioner, Bromley has continued to receive monitoring visits from Ofsted throughout the review period. Since December 2016, when the new Deputy Chief Executive took up his post, the Ofsted monitoring visits have recognised continuing progress being made for Bromley’s children. The latest monitoring visit letter recognises *‘momentum in the establishment of and embedding core standards and processes’*. Inspectors concluded that there are continuing improvements in practice and that increased capacity at social work and managerial level, aligned with more active engagement of partners, is a key contributor to the progress seen.

The following improvements were identified by Ofsted:

- Social workers spoken to know their cases well;
- The views of children have been sought and reflected, where appropriate, in plans;
- Direct work with children was evident in cases reviewed;
- Within the cases considered, there is very recent improved practice that is leading to improved outcomes for some children and families;
- Multi-agency information is starting to contribute to strategy discussions, and this is leading to more proportionate, timely and appropriate actions and compliance with statutory guidance;

ANNUAL GOVERNANCE STATEMENT

- Recent improvements to the quality of recording are starting to evidence the voice of the child, and examples were seen of direct work with children that is helping to improve their outcomes;
- A new, permanent and experienced senior management team is having a positive impact and while this has taken time to establish, the result is a more recent acceleration to the pace of change

In addition, the leadership, governance and processes implemented through the ‘Roadmap to Excellence’ were also identified as making a positive impact. These include the Practice Standards, ‘triple lock’, the revised thresholds to care, the new ‘Atlas’ team, the permanence and planning panel, and the additional financial resources provided by the Leader of the Council, the new Lead Member for Children’s Services and the Chief Executive.

Ofsted – Further Education and Skills (Bromley Adult Education College) – February 2017

Overall rating for this service: Requires Improvement

Five out of five key judgements were rated Requires Improvement.

Care Quality Commission – Home Care (Home Care provides a reablement service to people living in their own homes) – November 2016

Overall rating for this service: Requires Improvement

Two out of five key judgements were rated Requires Improvement.

Improvements that were required have been made and continue to provide scrutiny and review cases. Going forward the LBB contracts compliance team will review the service in addition to the CQC.

Care Quality Commission – Shared Lives (Shared Lives recruits, trains and supports carers who provide placements for adults within their own family homes in the community) – July 2016

Overall rating for this service: Good

The service continues to perform well and Bromley is looking to grow the service as it enables adults to live in home environments within the community.

HM Inspectorate of Probation – Bromley Youth Offending Service. – February 2017

An inspection was carried out and initial feedback is that the service has improved from poor in 2015 to satisfactory.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Risk Management Group, 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 actions planned are outlined below.

Significant Governance Issues

Last year we identified the following governance issues:

ANNUAL GOVERNANCE STATEMENT

Governance Issue and <i>Actions</i>	Outcome
<p>1. Capacity to make further budget savings and maintain frontline services. The Council will need to make significant savings/achieve additional income of approximately £24m per annum by 2020/21.</p> <p><i>The Executive is working to balance the budget for 2017/18. Where possible identified savings will be taken as early as possible. We continue to retain four year forward planning.</i></p>	<p>During 2016/17 we continued to make significant savings and our budget for 2017/18 allows us to address increased demands on council services, often for our most vulnerable residents, as well as the additional responsibilities local authorities have to shoulder without any more money from government.</p>

Governance Issue and <i>Actions</i>	Outcome
<p>2. Commissioning and transformation agenda:</p> <p><i>The Commissioning Board will continue to identify services that are either standalone or can be bundled together and then seek approval to market test or other options.</i></p>	<p>The Commissioning Board led by the Director of Commissioning and overseen by the Resources Portfolio Holder meet on a regular basis to review progress. Every decision taken concerning commissioning is taken after scrutiny by a PDS Committee, the relevant Portfolio Holder, and the Executive.</p>
<p>3. Welfare reform agenda: The government continues to reform the welfare system with the first phase of Universal Credit rolled-out to claimants in January 2016. The government is also committed to cutting a further £12bn from welfare spending.</p> <p><i>The resulting impact on Council's services will need to be assessed and reported to the relevant PDS Committees.</i></p>	<p>Council Tax Support Scheme: Following a public consultation the Council agreed in November 2016 to maintain the level of support to 75% of Council Tax Liability for working age claimants for the financial year 2017/18.</p> <p>The Council has been modelling the impact of the Welfare Reform and Work Act 2016 which includes provisions for cuts to tax credits and the benefits cap.</p> <p>Currently Universal Credit is only applicable to single people in Bromley, until May 2018 when it is expected to be rolled out to all claimants.</p>
<p>4. Business rates retention. The authority directly retains 30% of any Business Rates received since April 2013. The intention is for Local Authority's to retain 100% of all rates from April 2019. Failure to collect Business Rates and a reduction in eligible business will have a direct cost to Bromley.</p>	<p>The Council has its contract for the collection of Business Rates and continues to monitor the performance of the contractor and require action where targets are not being met.</p>
<p>5. IR35 New Tax Legislation, which places an increased responsibility on employers to ensure that non-directly contracted temporary staff are procured correctly.</p>	<p>Amendment of the Agency staff contract and introduction of staff procedures to ensure all workers utilised comply with legislation.</p>

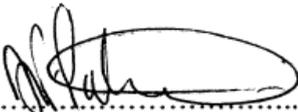
ANNUAL GOVERNANCE STATEMENT

<p>6. Ofsted Inspection: Bromley's services for children were inspected by Ofsted in April and May 2016. They were found to be inadequate across all reported categories and the inspection raised serious questions surrounding practice and leadership</p>	<p>Following publication of the report the Authority has recruited a new Deputy Chief Executive to Oversee Children's and Adults Services and new Leadership Team for Children's Services, new resources have been made available and more active engagement with partners is taking place.</p>
--	---

Any outstanding issues are included in the table below, together with any new governance issues.

Governance Issue	Actions
<p>Capacity to make further budget savings and maintain frontline services: The Council will need to make significant savings of around £24m per annum by 2020/21.</p>	<p>The Executive is working to balance the budget for 2017/18. Where possible identified savings will be taken as early as possible. We continue to retain four year forward planning.</p>
<p>Commissioning and transformation agenda</p>	<p>The Commissioning Team will continue to identify services that are either standalone or can be bundled together and then seek approval to market test or other options.</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.....

Chief Executive

Date.....27.06.17.....

Signed.....

Leader of the Council

Date.....27.06.2017.....