



Annual Governance Statement 2019/20

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1. Executive Summary

The Leader of the Council and Chief Executive recognise the importance of having appropriate processes and controls in place to run the Council and ensure its services are delivered effectively.

The Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. The Council's Audit Sub-Committee review the production of the AGS and considers and scrutinises the content.

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Building a Better Bromley' contains the guiding principles for Bromley Council, our vision and links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley

[Building a Better Bromley](#)

Bromley's governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled, and the 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 31st March 2020 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

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

2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified a number of areas for improvement.

Progress made in dealing with the governance issues identified in the 2018/19 Annual Governance Statement is detailed on pages 19 to 22.

Three areas, detailed overleaf, have been identified as requiring further work during 2020/21:

| Governance Issue | Action | Lead Officer |
|---|--|---|
| <p>Finance</p> <p>A potential balanced budget for next year has been achieved through identifying savings, generating income, an improved financial settlement from Government and continuing with prudent financial management, but there remains a “budget gap” of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections from 2021/22 have to be treated with some caution, particularly as the Government’s next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited. The impact of the Covid 19 Pandemic is yet to be fully assessed but is expected to have a significant effect on Public Services, including the Council’s financial forecast projections.</p> | <p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2020/21 Budget and update on the Council’s Financial Strategy 2021/22 to 2023/24</p> | <p>Director of Finance</p> |
| <p>Valuation of Fixed Assets</p> <p>Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council’s 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council’s assets.</p> | <p>The agreed sample of assets for the 19/20 Valuation was undertaken by a new external valuation team – meeting the valuation deadline for 31 March 2020. Valuation methodology has been shared with the external auditors. Recommendations as to employ a Registered Valuer and to agree valuation methodology together with source data/record keeping for Asset Valuations have been made as part of the Transforming Property to a Corporate Landlord proposals which will see the Council recruiting a Registered Valuer, agreeing methodology statements and enhancing its data sets and source data/record keeping for Asset Valuations during 2020.</p> | <p>Assistant Director, Strategic Property</p> |
| <p>Impact of COVID-19 pandemic on service delivery</p> <p>The Covid-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society.</p> <p>This pandemic is causing a</p> | <p>The Government has provided additional grant funding. To aid cash flow, the Government made up front payments of grants, including pre-COVID-19 business rates relief compensation and support grant. The Government announced that councils would also be allowed to defer business rates central share payments due to the Government over the next three months and</p> | <p>Chief Executive and Corporate Leadership Team</p> |

significant impact on Local Government and the Council has had to adapt to this changing landscape.

There are risks to service delivery; from for example an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services.

In common with many organisations the Council has shifted to employees working from home and adopted new operating models to continue business

It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council's Transformation Programme 2020/23, and its ability to close the Council's budget gap of £16.9m Million by 2023/24

social care grants would all be paid in April 2020 rather than monthly in April, May and June.

The Council is doing remarkable work to address the challenges brought by COVID-19.

Strategic and Tactical Coordination Groups have been established to mitigate the impact on the Council's services:

- Meeting and reporting structures are in place
- Decision making processes have been streamlined
- Action has been taken to mitigate surge in identified critical services
- Effective partnership working has taken place to collectively mitigate risks
- Overarching command and control structure for London Local authorities are in place
- Effective communications strategy and delivery are in place
- Mutual aid agreement is in place across the South East Boroughs
- Adoption of financial relief measures offered by Government
- HR processes refined and in place to support

The Council will development and implement a recovery strategy

3. What is Corporate Governance?

3.1 Definition

The CIPFA International Framework 'Good Governance in the Public Sector' defines governance as:-

'The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'

It also states that:-

'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times'

'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It

comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management practice.

Bromley Council recognises that:

- ▶ Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users
- ▶ Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk
- ▶ All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

3.2 The Principles

| |
|---|
| Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law |
| How we do this |
| <ul style="list-style-type: none"> • Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership |
| <ul style="list-style-type: none"> • Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one’s office |
| <ul style="list-style-type: none"> • Commitment to promoting an anti-fraud and corruption culture evidenced through a detailed anti-fraud and corruption policy and ensuring fraud and corruption are dealt with effectively |
| <ul style="list-style-type: none"> • Adherence to ethical values and respect for the rule of law |
| <ul style="list-style-type: none"> • Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities |

| |
|---|
| Principle B – Ensuring openness and comprehensive stakeholder engagement |
| How we do this |
| <ul style="list-style-type: none"> • Ensuring transparency of decisions supported by an effective scrutiny and challenge process |

- Consulting with residents during the budget setting process for 2020/21 and beyond
- Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
- Ensuring a clear, evidence based, decision making path

Principle C – Defining outcomes in terms of sustainable, economic, social and environmental benefits

How we do this

- Having a clear vision and strategy, with key partner organisations through ‘Building a Better Bromley’
- Delivering defined, sustainable outcomes within the limits of resources and authority
- Balancing competing demands with finite resources when determining priorities; managing service users’ expectations effectively with regard to determining priorities and making the best use of the available resources
- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation’s vision and short term factors such as financial constraints

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

How we do this

- Having a clear vision and strategy setting out our intended outcomes for citizens and service users
- Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
- Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

Principle E – Developing capacity including the capability of leadership and individuals

How we do this

- Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained

- Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community
- Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
- Supporting the workforce to maintain their health and wellbeing

Principle F – Managing risks and performance through robust internal control and strong public financial management

How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers
- Integration of effective risk management arrangements into the decision making process
- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit Sub-Committee whose remit incorporates financial delegation, fraud prevention, internal and external audit

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

How we do this

- Publishing information on our activities and decisions
- Maintaining a rigorous, effective and transparent decision making and scrutiny process
- Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
- Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
- Maintaining an effective internal and external audit service, with direct access to Members

4. The Council - How it Works

This Annual Governance Statement covers the period 1st April 2019 to 31st March 2020 but it should remain up to date until the accounts are approved and audited.

The Council is made up of 60 Councillors with the decision making structure divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which includes the Leader and six Councillors with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee and the General Purposes and Licensing Committee.

In response to the Covid 19 pandemic the Council considered as a matter of urgency a number of amendments to its governance processes in order to ensure that effective decision making could continue whilst democratic accountability was preserved during the coronavirus pandemic.

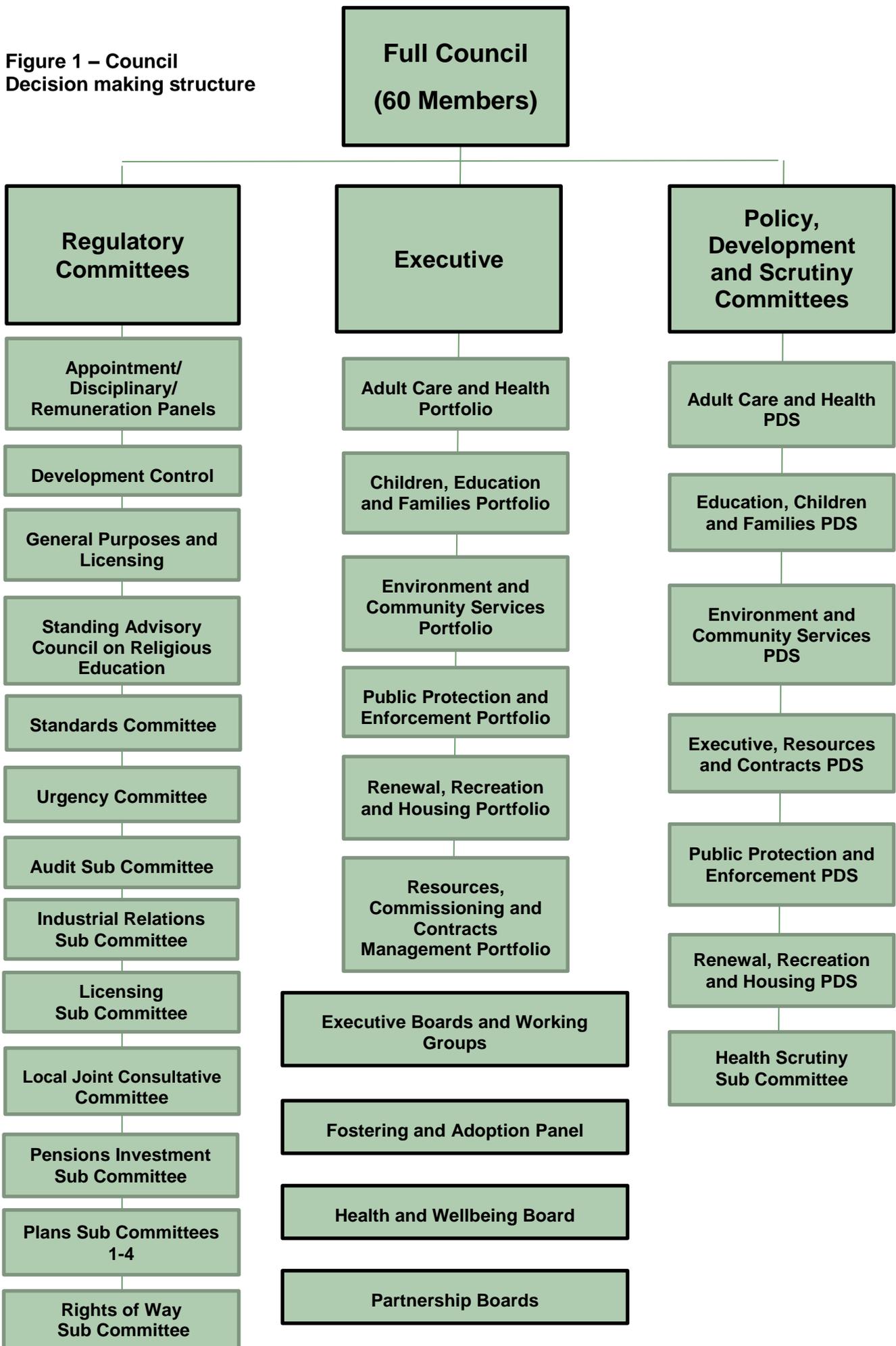
The measures were designed to help the Council redeploy its resources to deal with the pandemic and ensure essential business continued whilst upholding democratic principles and protecting the health and safety of Members, officers and the public in line with official public health guidance.

This included:

- ▶ The rules and protocols for virtual meetings
- ▶ The programme of meetings was suspended with the exception of Executive, Resources and Contracts PDS Committee, Development Control Committee, Planning Sub-Committees and Licensing Sub-Committee meetings.
- ▶ The Chief Executive with the agreement of the Mayor and the Leader was authorised to reinstate the meeting programme as soon as possible.
- ▶ During the period that the meeting programme was suspended the Mayor or the Chairman of a relevant committee or sub-committee can require that a meeting of Council or a relevant committee is called.
- ▶ Where a non-executive matter (save for a licensing or planning decision) was not reserved to Members the Chief Executive with the agreement of the Mayor or the relevant committee Chairman may make that decision.
- ▶ Attendance at a virtual meeting would count towards attendance under the 6 month rule.
- ▶ There would be a regular review of the arrangements as and when the advice/approach from the Government changes. In any event there should be a review of the arrangements no later than the end of June 2020.

The established decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



5. Outcomes and Value for Money

5.1 Building a Better Bromley

Bromley Council will continue to reduce bureaucratic burdens whilst meeting its role in providing key services. An environment will be created where individuals and communities can thrive and where people can lead healthier, more independent and self-reliant lifestyles. This means that the authority can focus on supporting the Borough's most vulnerable residents with services underpinned by the principles of early intervention and prevention.

Bromley aims to create an environment where children and young people can be successful: supporting people into work; offering advice and signposting to self-help solutions, and working with partners to minimise crime and antisocial behaviour.

Bromley recognises that this activity cannot be done in isolation, so will continue strong support for the voluntary sector as well as working closely with outside bodies in the private and public sector.

Despite the unprecedented financial challenge, Bromley will serve and advocate on behalf of its residents and aim to deliver cost-effective services. Working with strategic partners, it will also continue to ensure that it receives the fairest deal from the Government on issues that are important to Bromley residents.

Bromley's achievements over the past year and plans for the future are reported in the Leader's Foreword and Statement of Accounts.

5.2 Portfolio Plans

Portfolio Plans set out each Portfolio Holder's aims in the current year and the supporting performance targets, 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 to 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.

[Adult Care and Health Portfolio Plan 2018 to 2022 - 2019/20 refresh](#)

[Children, Education and Families Portfolio Plan 2018 to 2022 - 2019/20 refresh](#)

[Environment and Community Services Portfolio Plan 2019/20](#)

[Public Protection and Enforcement Portfolio Plan 2019/20](#)

[Housing, Regeneration and Planning Portfolio Plan, January 2020 refresh](#)

Updates on progress are reported to Members through the Policy, Development and Scrutiny process. Examples of this include:

[Adult Care and Health Portfolio Plan update - Quarter Two covering report \(November 2019\)](#)

[Adult Care and Health Portfolio Plan - Quarter Two update on progress \(November 2019\)](#)

[Children, Education and Families Portfolio Plan 2019/20 Update \(October 2019\)](#)

[Environment and Community Services Performance Overview \(January 2020\)](#)

[Public Protection and Enforcement Performance Overview - Quarter Three update on Progress \(February 2020\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three covering report \(January 2020\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three update on progress \(January 2020\)](#)

5.3 Managing our Resources (Value for Money)

The Accounts and Audit Regulations 2015 require the Statement of Accounts to be considered and approved by resolution of a Committee or Full Council. Following approval, the Statement of Accounts must be signed and dated by the person presiding at the meeting at which that approval was given. Before the Committee is able to approve, the Director of Finance must re-confirm on behalf of the authority that he is satisfied that the Statement of Accounts presents a true and fair view of the financial position of the authority at the end of the financial year and of the authority's income and expenditure for that year.

Prior to the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, in which statutory deadlines for 2019/20 accounts have been extended, with draft accounts requiring approval by 31st August 2020, the regulations stated that, following approval, but no later than 31st July, the authority must publish the Statement of Accounts together with any audit certificate or opinion, the Annual Governance Statement and the Narrative Statement. Where an audit of accounts has not been concluded before the 31st July the authority must publish a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this. The Statement of Accounts must then be published "as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit".

2018/19 was the second year of the new accelerated accounts closure timetable implemented under the Accounts and Audit Regulations 2015. The draft accounts were approved by the Director of Finance on 31st May 2019 and were published on the Council's website. The audit commenced on 3rd June 2019.

The audit had not progressed as smoothly or quickly as planned and a 'Notice of Delayed Audit' was published on the Council's website on 31st July 2019.

Ernst & Young LLP (EY) have not yet been able to conclude their audit of the Council's main accounts due to issues relating to asset valuations. In all other respects the audit is now substantially complete. Officers discussed with the Valuation Contractor a timetable for this work to be completed to avoid any further impact which could, in turn, result in delays in producing the 2019/20 accounts.

The external auditors, EY, have issued their report on the main financial statements and accounts for 2018/19 and the pension fund accounts. These reports include the findings from the interim and final audits and recommendations for improvement. As the audit for the main accounts is not yet concluded, both the audit report and the management representation letter are in draft form at this stage. The auditors are required to report all uncorrected audit differences, other than those that they believe are clearly trivial, to those charged with governance. They are also required to report any material misstatements which have been corrected and which they believe should be communicated to the relevant Committee to assist in fulfilling governance responsibilities. A number of amendments will be required to correct for the material errors in the valuation of the Council's long term physical assets in both the current and previous year accounts. A number of other amendments have been made to the financial statements as a result of the audit work which the auditors do not consider to be significant. None of these matters have an impact on the Council's revenue accounts or general fund balance. There are no non-trivial audit differences which remain uncorrected on either the pension fund or the financial statements.

The auditors are required to inform the General Purposes and Licensing Committee of any significant findings from the audit and other matters if they are significant to their oversight of the Council's financial

reporting process. There are no matters that the auditors wished to draw to the attention of the Committee other than those highlighted in the auditor's report.

The auditor's report also reviews accounting systems and systems of internal control as part of an assessment of the control environment. They are required to report to this Committee any significant deficiencies in internal control. They have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements. They have, however, identified three areas where internal control should be improved. There are a further two recommendations arising from the valuation of land and buildings.

Value For Money (VFM) Conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'. For 2018/19 this is based on the overall evaluation criterion "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". At the planning stage, the auditors identified no significant risks relating to the Council's arrangements. As part of their year-end programme of work they have updated their understanding of the Council's arrangements including consideration of the financial outturn and remain satisfied that there are no significant risks. As a result they expect to issue a conclusion that they are satisfied the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of the resources for the year ended 31st March 2019.

The Council's Accounts and related records were made available for public inspection for 30 working days between 3rd June 2019 and 12th July 2019. This is a requirement of the Regulations and must take place prior to the completion of the audit.

An elector in the Bromley borough has raised an objection to the 2018/19 accounts. The objection was submitted on 6th July. The objections to the 2016/17, 2017/18 and 2018/19 accounts are from the same elector. As a result of these objections the audit for these years cannot be formally concluded and an audit certificate issued.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 15th January 2020. Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2020/21. It is important to note that some caution is required in considering any projections for 2021/22 to 2023/24 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. Since writing this the impact of the Covid 19 pandemic has begun to be felt and therefore along with all organisations this will have a significant impact on the Council's Financial Strategy which cannot be fully assessed at this stage

[Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24](#)

This year we sought to collect views from residents through meetings with residents' associations and by requesting views through media and social media as the Council sets the budget for 2020-21.

Two round table meetings for representatives of the Borough's residents' associations were held at the Civic Centre. These meetings were attended by 44 people from 28 associations, out of the 161 associations invited from across the Borough. Background information was uploaded to the Council's website and distributed to the residents' association representatives. Residents were invited to get in touch through the Leader's mailbox and say what they think the Council is doing well, where they believe improvements could be made and a greater focus placed, and how we can work together more in order to maintain our Borough as the great place it is in which to live, work, do business, as well as relax.

Residents' comments will be considered as the Council prioritises key issues and as Councillors make decisions on the Council's services into the future. A bullet point summary of the observations made by

residents at the meetings can be found in Appendix 9 (page 116 onwards) of the Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24.

[Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24](#)

6. How do we know our arrangements are working?

6.1 The Role of Management

The senior officer forum is the Chief Officer's Executive (COE). Membership includes the Chief Executive and his senior leadership team:

- Chief Executive
- Director of Children's Services
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services
- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources and Customer Services

The purpose of the Chief Officer's Executive (COE) is:

- ▶ High-level officer decision making: COE is the highest officer forum for high-level decision making to facilitate the effective working of the organisation.
- ▶ Discussion of governance issues / review of the Council's Forward Plan: COE is the officer forum for the discussion of any key governance issues and review's the Council's Forward Plan on a regular basis to ensure smooth and timely decision making
- ▶ Information sharing: an opportunity for Directors to provide high-level updates of activity in their respective service areas in an informal environment
- ▶ Review progress of COE sponsored working groups reporting to Corporate Leadership Team (CLT): CLT working groups will report into COE for advice and guidance prior to reporting back to CLT
- ▶ Overview of the delivery of the Transforming Bromley agenda: COE Transformation Board is an extension of COE and meets fortnightly to oversee the successful delivery of the Transformation Programme and the key principles of the Transforming Bromley Roadmap.

The Corporate Leadership Team is responsible for the Strategic Leadership of the organisation, with managers having day to day responsibility for the management and control of service delivery. Our managers set the 'tone from the top' and develop and implement policies, procedures, processes and controls. They ensure compliance.

The Corporate Risk Management Group (CRMG), chaired by the Director of Finance and including the Head of Audit & Assurance in its membership, oversees the Council's governance arrangements and delivery of the Annual Governance Statement.

Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee.

Formal scrutiny of the Risk Registers was undertaken by the Corporate Risk Management Group on 30th January 2020 and the Gross 'High' (Red) rated risks for the respective areas falling under PDS Committee remit presented to their meetings.

The Standards Committee of 12 March 2020 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standard issues including the revised Code of Conduct, Complaints, Dispensations granted by the Monitoring Officer and Members' Gifts and Hospitality Register entries.

[Monitoring Officer's General Report 12th March 2020](#)

[Appendix 1 \(Member/Officer Protocol\)](#)

[Appendix 2 \(Gifts and Hospitality Declarations\)](#)

[Appendix 3 \(Work Programme and Matters Outstanding\)](#)

[Appendix 4 \(Code of Conduct for Councillors and Co-opted Members\)](#)

The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in.

6.2 The Role of the Audit Committee

The Council has appointed an Audit Sub-Committee which considers financial delegations, fraud prevention, internal and external audit. It is a sub-committee of the General Purposes and Licensing Committee and meets three times a year.

[Audit Sub Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit Sub-Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control. All Priority One recommendations from Internal Audit are tracked by the Committee until implemented.

6.3 Our Governance Framework

Key Policies/Processes/Posts/Functions in our Governance Framework include:

| | Policy/Process |
|----------|--|
| A | Annual Audit Letter |
| | Annual Governance Statement |
| | Anti-Bribery Policy and Procedures |
| | Anti-Fraud and Corruption Strategy |
| | Anti-Money Laundering Policy |
| | Audit Sub Committee |
| B | Building a Better Bromley |
| C | Capital Strategy |
| | Code of Conduct for Members |
| | Complaints System |
| | Constitution |
| | Contract Procedure Rules/Standing Orders |
| | Corporate Induction Process |
| | Corporate Leadership Team |
| | Corporate Operating Principles |
| | Customer Access Channel Strategy |
| | Customer Services Charter |
| D | DISCUSS Appraisal Scheme |
| E | Executive and Resources PDS Committee Annual Report |
| F | Financial Regulations |
| | Financial Strategy |
| | Forward Plan of Key Decisions |
| G | 'Getting it Right' – Complaints, Compliments and Suggestions |
| | Gifts and Hospitality Code of Conduct |
| H | Head of Audit |
| | Head of Paid Service |
| I | Internal and External Audit Reports |
| | Internal Audit Opinion and Annual Report |
| | Internal Controls |
| | IT Governance |
| L | Leader's Foreword and Statement of Accounts |
| | Learning and Development |
| | Local Development Framework |
| M | Member/Officer Protocol |
| | Monitoring Officer (Director of Corporate Services) |
| P | Portfolio Plans |
| | Public Consultations/Meetings |
| R | 'Raising Concerns' whistle blowing |
| | Register of Interests |
| | Risk Management Strategy |
| S | Scheme of Delegation |
| | Section 151 Officer (Director of Finance) |
| | Statement of Accounts |
| T | Treasury Management Strategy |

6.4 Annual Governance Assurance Statement

Each member of the COE is required to confirm that:

‘In meeting my responsibilities above, I have:

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

I am satisfied that to the best of my knowledge, the following procedures are in place:

- ▶ The service is planned and managed in accordance with the Council’s Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council’s assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ The monthly Cumulative Spend Report has been reviewed and agreed as part of the Full Budget Monitoring System
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

Where unable to confirm all, or some of these, the areas for improvement and planned actions must be detailed’.

6.5 External Inspections/Peer Reviews

During the last year the Council has received the following assessments from other Inspectorates, agencies or Peer Reviews:

- Ofsted and the Care Quality Commission (CQC) joint local area SEND inspection in Bromley (16th – 20th September 2019)

[Joint Local SEND Inspection in Bromley \(Ofsted Letter 8th November 2019\)](#)

[Joint Local SEND Inspection in Bromley \(Press Release 23rd December 2019\)](#)

6.6 The Role of Internal Audit

Internal Audit provides independent and objective assurance to the Council through its Audit Sub-Committee, to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council’s financial affairs, and is a key component of Corporate Governance within the Council.

An independent Internal Audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Sub-Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Sub-Committee for approval. The latest updates to the Charter were approved by the Audit Sub Committee on the 26 February 2020.

6.7 The Role of the Head of Audit and Opinion on Governance Risk and Control

The Council is responsible for ensuring that it has a sound system of governance (incorporating the system of internal control).

The Head of Audit & Assurance is required to provide an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control framework. Their Annual Report and Opinion has been considered and any significant issues incorporated as a result.

From the work undertaken during 2019/20, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the Council's objectives and that controls are applied consistently. Where weaknesses are identified, i.e. Limited Assurance reports and Priority One recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged. The work undertaken as part of reviewing the evidence for this statement further demonstrates that governance, risk and control systems meet the best practice framework.

The Covid-19 pandemic has had disruptive and unprecedented effects on Local Government and the Council has had to adapt to this changing landscape. There are risks to service delivery; from for example, an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services. The Council adopted new operating models to continue its work and deliver new initiatives. It has approached this ensuring that appropriate, proportionate controls and financial stewardship have been considered and adopted where needed.

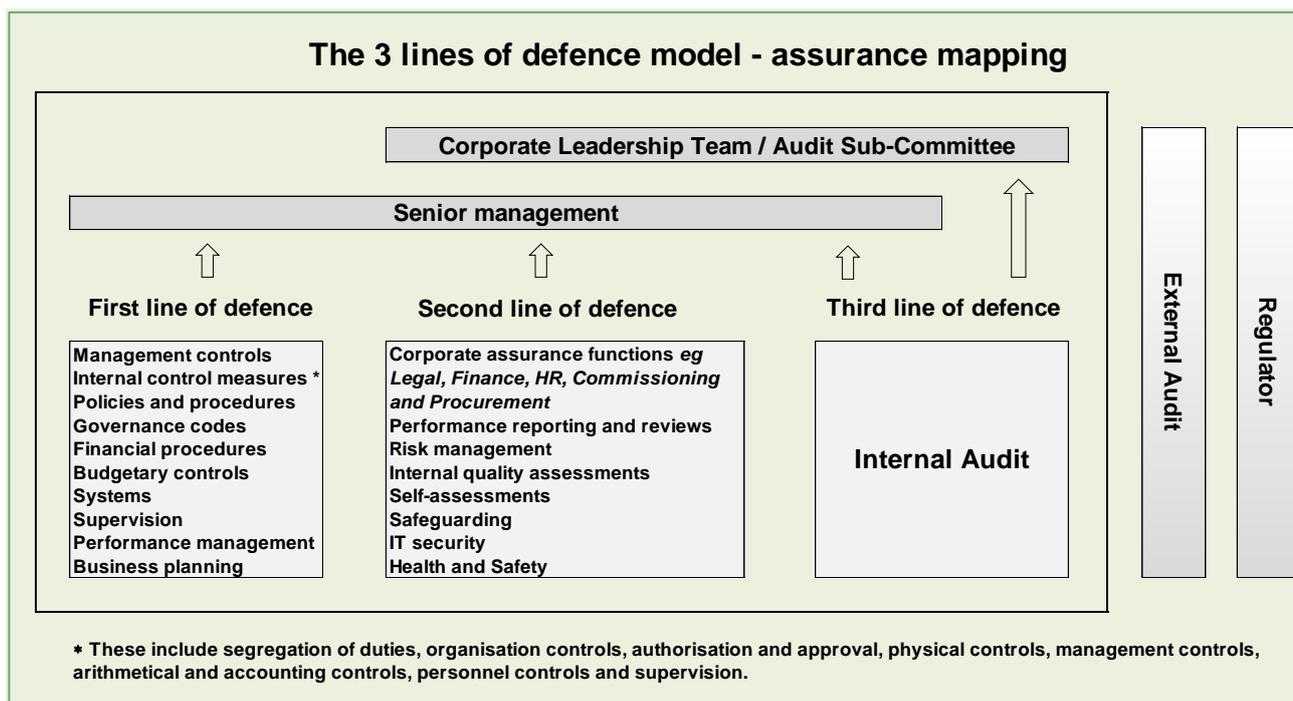
7. Our Strategic Risks

The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance. Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a simple framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation.

- ▶ First line – operational management controls
- ▶ Second line – monitoring controls, e.g. the policy or system owner / sponsor
- ▶ Third line – independent assurance

The Council's third line of defence includes Internal Audit, who should provide independent assurance to senior management and the Audit Sub-Committee on how effectively the first and second lines of defence have been operating.

Figure 2 – 3 Lines of Defence Model



Risk management is an important element of the system of internal control at Bromley Council. It is based on a process designed to identify, prioritise and control the risks to achieving Bromley’s policies, aims and objectives.

The Corporate Risk Register is a key document in the Council’s approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the ‘Building a Better Bromley’ vision. It also provides a context through which high level risks are identified and is used to inform decision making about business planning and service delivery. Chief Officers assume the lead role for Strategic Risks affecting their own service areas with the Corporate Risk Register reviewed at least annually. The Corporate Risk Management Group takes the lead in championing and co-ordinating the Council’s approach to risk management, and ensures that effective risk management processes are fully embedded.

The published Corporate Risk Register can be viewed via following the link

[Corporate Risk Register](#)

8. Looking Back on 2018/19

| Governance Issue | Action | Progress |
|---|---|--|
| <p>Finance Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2019/20 without a detrimental impact on key services. There are significant mitigation options to partly offset growth/cost pressures being implemented for 2019/20. Significant challenges remain for 2020/21 and beyond.</p> | <p>Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.</p> <p>Draft 2019/20 budget and update on Council's financial strategy 2020/21 to 2022/23 report to Executive on 16th January 2019 identified the 'One Council' approach and new arrangements for a Transformational Review and Core Statutory Minimum Requirements review to explore further budget choices.</p> <p>Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23</p> | <p>The Council has achieved a balanced budget in 2019/20 and a combination of an improved local government financial settlement in 2020/21 combined with identifying savings and income opportunities as well as continuing with prudent financial management has resulted in a balanced budget (pre Covid-19) in 2020/21 and there remains a "budget gap" of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. It is not clear whether the significant additional costs/loss of income from Covid 19 would be fully met from Government funding which could have an impact on the Council's finances in 2020/21 as well as potentially future years. The projections (pre Covid-19) from 2021/22 had to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited.</p> |
| <p>Health and Safety/Fire Safety Compliance Strengthen the Health and Safety Management systems and processes across the Council ensuring compliance with good practice.</p> | <p>Health and Safety Risk Assessments Compile a full suite of comprehensive Health and Safety Risk Assessments, demonstrating that Health and Safety Risks have been established and action plans are in place to implement controls.</p> <p>Fire Safety Risk Assessments Action is being taken to address the site management issues identified in the Operational Property Estate Fire Risk Assessments:-</p> <ul style="list-style-type: none"> • A person responsible for fire safety is identified at each building • Contractors occupying buildings are carrying out fire safety properly, if their responsibility • Suitable training/guidance is delivered either in house or | <p>Health and Safety Risk Assessments. Each department was asked to identify four risk areas within their departments and then were subsequently asked to carry out a risk assessment for each of them. Due to the current circumstances with COVID-19, there has been a delay in receiving some risk assessments, however Corporate Health and Safety are keeping a record of all risk assessments received and have been starting to follow up again to remind departments to carry out those that remain outstanding, whilst taking into the account the additional workload many departments are facing currently. As many departments identified lone working as one of their risks an external officer was commissioned</p> |

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| | <p>externally, to ensure that responsible personnel are enabled to carry out their duties correctly and with confidence.</p> | <p>to carry out a risk assessment for lone working which has now been completed and sent out to all departments. Other risk assessments were also completed by an external officer for areas across the Council, such as the North Block Reception Area. Actions that need to be carried out by departments are specified in their risk assessments. Due to the current circumstances, there has been a delay in carrying out these action plans, however meetings regarding carrying the actions out should still be going ahead.</p> <p>Fire Safety Risk Assessments</p> <p>i) Corporate Health and Safety has received a list of fire responsible people for buildings that are overseen by Environment and Public Protection. HR is currently in the process of identifying who would be best placed to be the fire responsible people for all other buildings, and where required training will be commissioned. Additionally, the list of fire wardens has been updated with a view to ensuring that there are a sufficient number of fire wardens in the right places. The corporate health and safety group agreed to review the list twice a year to take account of staff movement and resignation in particular. The training record of fire wardens is also being updated and a refresher training is being commissioned by Workforce Development.</p> <p>ii) Amey holds copies of all fire risk assessments carried out on their Concept Database, which can be provided to LBB on request.</p> <p>iii) Research has been carried out regarding the virtual training options available. Training will be commissioned for all the people identified as requiring it.</p> |
| <p>Contract Management and Monitoring Strengthen control arrangements and effectiveness of Contract Management.</p> | <p>i) Clarify and communicate to all staff their roles and responsibilities in respect of the management of key contracts.</p> <p>ii) Monitor compliance against Contract Procedure Rules Contract Monitoring</p> | <p>i) Clarification and communication of roles and responsibilities</p> <ul style="list-style-type: none"> • Regular communications and Practice / Guidance notes to staff • Updating of Contract |

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| | <p>requirements, identifying any issues for action to be taken through the Chief Officers' Executive/Corporate Leadership Team.</p> <p>iii) Via the Procurement Board, periodically review contract management and contract monitoring issues for key contracts, feeding back any issues/actions to the Chief Officers' Executive/Corporate Leadership Team.</p> <p>iv) Embed learning and best practice for contract management via Practice Notes on the Managers' Toolkit and through a quarterly Contract Owners Forum to ensure governance compliance and consistency.</p> | <p>Procedure Rules to improve clarity of roles and responsibilities</p> <ul style="list-style-type: none"> • Quarterly Contract Owners meeting in place, a workshop to discuss Procurement and Contract Management issues with key topics at each meeting <p>ii) Monitoring compliance against Contract Procedure Rules</p> <ul style="list-style-type: none"> • Regular review of Contracts Database • Improved engagement with Procurement team for advice and guidance • Feedback to CLT • Specific action taken in relation to guidance issued on Contract Monitoring requirements and reporting to Members <p>iii) Via the Procurement Board, periodically review contract management and contract monitoring issues for key contracts</p> <ul style="list-style-type: none"> • Procurement Board is in place, meets regularly and monitoring of key contracts is standard part of agenda <p>iv) Embed learning and best practice for contract management</p> <ul style="list-style-type: none"> • Practice Notes regularly issued as required • Quarterly Contracts Owners meeting in place <p>While there are no specific issues for which action is required, all these actions (and others) need to be repeatedly communicated and reviewed on an ongoing basis to ensure they remain embedded within the organisation.</p> |
| <p>Valuation of Fixed Assets Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council's 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council's</p> | <p>The Council's Assistant Director, Strategic Property, is working with our external real estate property advisors/valuers to ensure that this work is completed within a timescale to allow restatement of the Council's accounts prior to the end of the current financial year.</p> | <p>A significant exercise was undertaken to ensure the Council's asset base was re-valued and reviewed prior to the end of the financial year using methodology agreed with by the external auditors real estate team. However, the external auditors have and continue to raise various queries as to the detail in how assets valuations have been</p> |

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| assets. | | <p>calculated, which have not impacted on the valuations themselves, but has taken the Council's external real estate property advisors/valuers time to answer. The availability of external auditor resource combined with the continued request for further clarifications from the Council's external real estate property advisors has meant that the restatement of the Council's assets was not delivered prior to the end of the financial year.</p> <p>The need for the Council to employ a Registered Valuer and to agree valuation methodology together with source data/record keeping for Asset Valuations was made clear during this exercise. The Assistant Director of Strategic Property will be making recommendations to rectify these issues.</p> |
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To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issue defined on pages 3 and 4 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.....

Signed.....

Chief Executive

Leader of the Council

Date.....

Date.....

Appendix 1 – Links to Documents

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| Page 2 | Building a Better Bromley |
| http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley | |
| Page 3 | Draft 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24 |
| https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf | |
| Page 10 | Adult Care and Health Portfolio Plan 2018 to 2022 - 2019/20 refresh |
| https://cds.bromley.gov.uk/documents/s50071795/2019%20ACH%20Portfolio%20Plan%20Refresh.pdf | |
| Page 10 | Children, Education and Families Portfolio Plan 2018 to 2022 - 2019/20 refresh |
| https://cds.bromley.gov.uk/documents/s50078269/CEF%2019015%20CEF%20Portfolio%20Plan%202019-20%20Covering%20Report%20October%202019.pdf | |
| Page 10 | Environment and Community Services Portfolio Plan 2019/20 |
| https://cds.bromley.gov.uk/documents/s50070209/Appendix%201%20Environment%20Community%20Services%20Portfolio%20Plan%20draft.pdf | |
| Page 10 | Public Protection and Enforcement Portfolio Plan 2019/20 |
| https://cds.bromley.gov.uk/documents/s50061439/appendix%201%20draft%20PPE%20PP.pdf | |
| Page 10 | Housing, Regeneration and Planning Portfolio Plan, January 2020 refresh |
| https://cds.bromley.gov.uk/documents/s50078061/2019-20%20Housing%20Regeneration%20and%20Planning%20Portfolio%20Plan%20Q3%20update.pdf | |
| Page 10 | Adult Care and Health Portfolio Plan update - Quarter Two covering report (November 2019) |
| https://cds.bromley.gov.uk/documents/s50075116/ACH19012%202019%2011%2019%20ACH%20Portfolio%20Plan%20Q2%20update%20report.pdf | |

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| Page 10 | Adult Care and Health Portfolio Plan - Quarter Two update on progress (November 2019) |
| https://cds.bromley.gov.uk/documents/s50075117/ACH19012%202019%20ACH%20Portfolio%20Plan%20Q2%20Update.pdf | |
| Page 10 | Children, Education and Families Portfolio Plan 2019/20 Update (October 2019) |
| https://cds.bromley.gov.uk/documents/s50078270/CEF%2019015%20CEF%20Portfolio%20Plan%202019-20%20update%20October%202019.pdf | |
| Page 10 | Environment and Community Services Performance Overview (January 2020) |
| https://cds.bromley.gov.uk/documents/s50078245/ECS%20Performance%20Overview.pdf?CT=2 | |
| Page 11 | Public Protection and Enforcement Performance Overview - Quarter Three update on Progress (February 2020) |
| https://cds.bromley.gov.uk/documents/s50078363/PPE%20Performance%20Overview.pdf | |
| Page 11 | Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three covering report (January 2020) |
| https://cds.bromley.gov.uk/documents/s50078060/RRH%20PDS%20210120%20-%20Portfolio%20Plan%20-%20Quarter%203%20-%20report.pdf | |
| Page 11 | Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three update on progress (January 2020) |
| https://cds.bromley.gov.uk/documents/s50078061/2019-20%20Housing%20Regeneration%20and%20Planning%20Portfolio%20Plan%20Q3%20update.pdf | |
| Page 12 | Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24 |
| https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf | |
| Page 13 | Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24 |
| https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf | |
| Page 14 | Monitoring Officer's General Report 12th March 2020 |

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| https://cds.bromley.gov.uk/documents/s50080472/MONITORING%20OFFICERS%20GENERAL%20REPORT%20ART%20REPORT%20TEMPLATE.pdf | |
| Page 14 | Appendix 1 (Member/Officer Protocol) |
| https://cds.bromley.gov.uk/documents/s50080473/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf | |
| Page 14 | Appendix 2 (Gifts and Hospitality Declarations) |
| https://cds.bromley.gov.uk/documents/s50080474/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf | |
| Page 14 | Appendix 3 (Work Programme and Matters Outstanding) |
| https://cds.bromley.gov.uk/documents/s50080475/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf | |
| Page 14 | Appendix 4 (Code of Conduct for Councillors and Co-opted Members) |
| https://cds.bromley.gov.uk/documents/s50080477/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf | |
| Page 14 | Audit Sub Committee Meetings (Agendas, Papers, Minutes) |
| http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0 | |
| Page 16 | Joint Local SEND Inspection in Bromley (Ofsted Letter 8th November 2019) |
| https://files.ofsted.gov.uk/v1/file/50136815 | |
| Page 16 | Joint Local SEND Inspection in Bromley (Press Release 23rd December 2019) |
| https://www.bromley.gov.uk/press/article/1569/bromley_welcomes_publication_of_send_report | |
| Page 18 | Corporate Risk Register |
| https://cds.bromley.gov.uk/documents/s50064510/Appendix%20A2%20-%20Corporate%20Risk%20Register.pdf?CT=2 | |

<https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf>