

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Revisions to the Annual Governance Statement 2019/20	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Audit and Corporate Governance Committee	DATE 15 June 2023
SUMMARY OF REPORT: The report presents revisions to the annual governance statement for 2019/20 prior to the approval of the Statement of Accounts for the same financial year. LOCAL GOVERNMENT ACT 1972 – ACCESS TO INFORMATION No documents that require listing have been used in the preparation of this report. CONTACT OFFICER: Peter Taylor Financial Reporting Manager Corporate Services 5 Pancras Square London N1C 4AG Telephone: 020 7974 6378 peter.taylor@camden.gov.uk	
RECOMMENDATIONS: The Audit and Corporate Governance Committee is asked to: 1) Approve the amended Annual Governance Statement for 2019/20 at Appendix A; 2) Provide authority to the Executive Director Corporate Services to, in consultation with the Chair of Audit and Corporate Governance Committee, approve minor amendments to the Annual Governance Statement to reflect any final post balance sheet events, prior to the signing of the final statement of accounts; 3) Note that officers will report back on any such amendments made to the Annual Governance Statement at the next Audit and Corporate Governance Committee together with a copy of any amended version of the Annual Governance Statement for the Committee's information.	
SIGNED: As approved by the Director of Finance DATE: 2 June 2023	

1. Introduction

- 1.1. Prior to the approval of the statement of accounts for any financial year, the Council must, under regulation 6 of the Accounts and Audit Regulations 2015 ('the Regulations'), approve an annual governance statement ('AGS'). The purpose of the AGS is to report on the effectiveness of the Council's governance arrangements, specifically in terms of exercising its functions and achieving its objectives, financial and operational management, and risk management arrangements.
- 1.2. The responsibility for approving the AGS in Camden rests with the Audit and Corporate Governance Committee ('the Committee'). The Committee previously approved the AGS for 2019/20 in June 2020.
- 1.3. Due to various challenges previously reported to the Committee, the audit of the 2019/20 statement of accounts has taken significantly longer than expected. The external auditor is now in a position to issue its final audit completion report for the 2019/20 statement of accounts and has made some findings with regards to internal control weaknesses.
- 1.4. After discussion with officers, it was agreed that a revised AGS should be issued to reflect these findings so that the AGS and audit completion report are consistent.
- 1.5. Given the nature of the amendments, it was felt they could not be made under the existing authorisation to the Executive Director Corporate Services and so this report presents the updated AGS with those amendments for approval. The statement of accounts is however subject to final sign-off processes, so – as with the previous version of the AGS – it is recommended that the Executive Director Corporate Services be authorised to make any necessary final minor amendments to the approved AGS in consultation with the Chair of the Committee if there are further post-balance sheet events to reflect. These will be reported to the Committee for transparency.

2. Revisions to the Annual Governance Statement

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) has set out what might be considered significant governance issues in respect of the internal system of control and to be reported in the AGS. These are set out at section 6.1 of Appendix A.
- 2.2. Section 6.2 of the previous version of the Annual Governance Statement stated.

“There were no significant governance issues that met these criteria during 2019-20. However, the following general issues have been highlighted and, in line with good governance arrangements, will be monitored during the year ahead.”

- 2.3. In terms of the significant findings and internal control recommendations set out by the external auditor, it has reported that the weaknesses in financial reporting and controls led to misapplication of the CIPFA Code of Practice on Local Authority Accounting and several versions of the accounts being prepared that were materially incorrect. These issues have previously been reported to the Committee along with the steps taken to address them.
- 2.4. However, it is accepted that in line with the CIPFA guidelines on what a significant governance issue is, it would be no longer appropriate to conclude that there is no “issue that has led to a material impact on the accounts.” Therefore, section 6.2 of Appendix A has been amended to summarise the issues found by the external auditor and an agreed action plan as required by CIPFA SOLACE Delivering Good Governance in Local Government Framework. The amended text is underlined in Appendix A for ease of reference.
- 2.5. In making these changes, it is noted that while the issues have led to material impacts on the statement of accounts, are therefore considered a governance issue, these are essentially technical accounting adjustments and have not impacted on the Council’s underlying financial position. It is worth noting that there is no suggestion that the Council lacks financial resilience or sustainability. In February 2023, the Council agreed a comprehensive medium term financial strategy, is able to consistently set balanced budgets and has adequate levels of reserves. While the financial climate is challenging and sectoral difficulties with timely local authority reporting and auditing have been widely documented, the position on our audited accounts should not detract from the overall position on our financial health.
- 2.6. Significant steps have been taken to address the technical accounting issues in terms of additional resource, updated controls and procedures, and expansion of staff knowledge and training as referenced in the action plan.
- 2.7. No other changes to the AGS have been made and therefore it remains as approved previously.

3. Legal Comments of Borough Solicitor

- 3.1 By regulation 3 of the Accounts and Audit Regulations 2015 (‘the Regulations’) the Council is under a duty to ensure that it has a sound system of internal control which:
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk.
- 3.2 By regulation 6, each financial year the Council must conduct a review of the effectiveness of the system of internal control required by regulation 3 above and prepare an annual governance statement (AGS). This review must be

considered by, and the AGS approved by resolution of, a committee or members of the authority meeting as a whole. Such matters are within the remit of the terms of reference of the Audit and Corporate Governance Committee. The AGS must be approved in advance of the authority approving the statement of accounts and prepared in accordance with proper practices.

- 3.3 Whilst the Committee has authority to approve the AGS, any decision not to approve it would need to be reasonable in all the circumstances. For example, it would not be reasonable to refuse to approve it due to minor matters where perhaps the Committee would have done it differently or used slightly different wording. It would only be reasonable for it to legitimately not approve the AGS if, for example, it was manifestly incorrect in its assertions based on documented evidence. In this case, the recommendation stems from findings of the external auditors following completion of their audit and it has been agreed that these should be reflected in the AGS, so the AGS and audit completion report are consistent.

4. Finance Comments of the Executive Director Corporate Services

- 4.1. The Executive Director Corporate Services has been consulted and his comments are incorporated within the body of the report.

5. Environmental Implications

- 5.1. There are no environmental impacts arising from this report.

6. Appendices

Appendix A: Revised Annual Governance Statement 2019/20

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London Borough of Camden



Annual Governance Statement 2019-20

1. Scope of responsibility

- 1.1. Camden Council is responsible for ensuring that it acts in accordance with the law and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Additionally, the Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.
- 1.3. This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is “an open and honest self-assessment” of the Council’s performance across all of its activities and describes:
 - the key elements of the Council’s governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible.
 - the specific achievements in the 2019-20 financial year.
 - the processes applied in reviewing the effectiveness of the Council’s governance framework, including the system of internal control.
 - the actions proposed to deal with any significant governance issues identified.

2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems, policies, processes, culture and values by which the Council is directed and controlled; and the activities through which the Council accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework described in this document has been in place for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts.

3. The governance framework

This section describes the key foundations of the Council’s governance arrangements. Each heading aligns with Chapter 7 of the CIPFA/SOLACE framework for Delivering Good

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Governance in Local Government 2016, which sets out the key elements of the structures and processes that should comprise an authority's governance arrangements.

3.1. *Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.*

3.1.1. The Council expects the highest conduct and behaviour from all its Members and officers. The Council's policy and decision-making are managed and controlled within a strong, well-established framework and a major feature of this is the Council's written Constitution, which sets out in detail how the Council operates.

3.1.2. Compliance with policies and legislation is managed through a range of corporate written rules and procedures which clearly define how decisions are taken and the processes and controls required to manage risk. These are regularly reviewed and updated and include:

- [The Constitution \(last updated March 2020\)](#)
- [Financial Standing Orders \(Part 4 of the Constitution\)](#)
- [Contract Standing Orders \(Part 4 of the Constitution\)](#)
- [Members' Code of Conduct](#), which sets out a member/officer gifts and hospitality protocol, conflicts of interest, provisions around the use of information technology and how misconduct complaints against members will be dealt with (Part 5 of the Constitution)
- [Officers' Terms and Conditions and Code of Conduct \(Part 5 of the Constitution\)](#)
- [Anti-Fraud and Corruption Strategy \(including Whistleblowing policy\) \(last updated September 2017\)](#)
- [Complaints Policy \(last updated May 2019\)](#)

3.1.3. A number of other policies are also in place and they are made available to officers via the Council's Intranet pages, including HR policies (including discipline and grievance); Information Management policies; and service-specific policies.

3.1.4. All key policies and guidance for officers are highlighted to new starters as part of the on-boarding and induction process and are publicised on the intranet. Two-day corporate inductions are also facilitated by the organisational development team and take place once a month for all new starters. In line with this, new starters join the organisation on a monthly basis, and their corporate induction forms the first two days of their employment. A question and answer leadership breakfast has been built into the two-day induction, whereby new starters can meet senior leadership, including the Chief Executive.

3.1.5. A Managers' Handbook and Members' Handbook are also in place, which outline roles and responsibilities and are updated regularly. Officer responsibilities and actions are managed through the corporate scheme of delegation, which is currently being updated in-line with best practice. To support our people managers, the Council launched a new guide to being a manager in Camden in June 2019. The guide is accessible to all officers via the Intranet, and brings together, in one place, an overview of the core people management responsibilities in Camden. It sets out the fundamentals and provides links to information, tips and tools to help managers in their role. Information is set out in three core areas, 'managing yourself', 'managing people' and 'managing the basics' and is designed to be a point of reference for managers, bringing key information together in one place. To complement the guide, all people managers were also required to attend one of our new workshops for existing managers. The workshops provided a closer look at what it means to be a manager in Camden and some of the core skills managers need.

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3.1.6. In April 2019 the Council launched a revised, single corporate complaints policy. This policy replaced:

- Corporate Complaints Policy Version 3.6 (September 2008)
- Children Schools & Families Complaints Policy and Procedure (June 2007)
- Adult Social Care Complaints Policy and Procedure (June 2009)

3.1.7. The Council's aim is to resolve complaints as quickly and simply as possible and initially this is done informally. If a complaint has not been dealt with satisfactorily then a formal procedure is followed. The following steps are applied to all complaints received:



3.1.8. Complainants who are dissatisfied with how the Council has dealt with a complaint can contact the Local Government and Social Care Ombudsman (LGSCO) or the Housing Ombudsman (HO). This is an independent, impartial and free service. The Ombudsman has powers to independently investigate complaints about how the Council has acted. An annual complaints report, containing information regarding complaints relating to Children's Social Care Services and Adult Social Care service, and decisions issued by the LGSCO & HO, is published annually. The focus of the report is on outcomes, quality, themes and lessons learned that result in service improvements. A report relating to complaints managed within the period 1 April 2018 to 31 March 2019 was presented to the Resources and Corporate Performance Scrutiny Committee on 24 February 2020, and can be seen on the [Council's website](#).

3.1.9. The Council has established a [whistleblowing policy](#) (which forms part of the Council's Anti-Fraud and Corruption Strategy) in accordance with the requirements of the 1998 Public Interest Disclosure Act. The policy was last updated in September 2017. The Audit and Corporate Governance Committee is responsible for approving the whistleblowing policy and receives a whistleblowing update bi-annually. More information about the whistleblowing policy can be seen on the [Council's web pages](#).

3.1.10. The whistleblowing policy is publicised to officers on the Council's intranet and internet sites. The policy encourages officers, Members and the public to report inappropriate action by fellow employees, Members and external contractors, without fear of victimisation or retribution. Whistleblowing referrals are promptly investigated by Internal Audit, where appropriate, after initial referral to the Head of Internal Audit. Outcomes are reported bi-annually to the Audit and Corporate Governance Committee – see 2018-19 Annual Counter Fraud Report [here](#). Under the Code of Conduct and Financial Regulations, officers must report any suspected cases of fraud, financial irregularity, conflict of interest or bribery and corruption to the appropriate manager, or, if necessary, directly to the Head of Internal Audit, Investigations and Risk Management.

3.2. Ensuring compliance with relevant laws, regulations, internal policies and procedures, and that expenditure is lawful

3.2.1. Management control is exercised through the Camden Management Team (CMT), which defines and establishes processes, communicates and embeds codes of conduct, and defines the standards of behaviour for officers within the Council. In 2019-20 Directorate Management Teams (DMTs) exercised local control within individual directorates and the Council had a Senior Leadership Group to further enhance its leadership and managerial

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control process.

- 3.2.2. The financial management of the Council is organised through a wide range of well-established processes and procedures, which deliver strong financial control arrangements. The Council has in place robust budget planning and monitoring processes, supported by the Council's comprehensive Financial Standing Orders and Financial Regulations, which are reviewed and updated, as necessary. Information is reported to senior officers quarterly, and to Cabinet at least twice a year in line with the Council's financial standing orders.
- 3.2.3. The Council operates a monthly revenue budget monitoring system, forecasts are formally reported to DMTs and CMT on a quarterly basis with a process to capture significant variances and movements between quarters. Forecast information is also reported to Members alongside the Medium Term Financial Strategy (MTFS) updates (see December 2019 update [here](#)). When an overspend is reported, directorates take active steps to bring down the forecast overspend. As part of its regular monitoring processes, the Council continues to monitor this financial position and undertake the necessary remedial work to address any forecast under or overspends.
- 3.2.4. Other features of the financial control environment include a consolidated corporate scheme of delegation, which was last reviewed and reissued in September 2016, and guidelines for budget setting and final accounts, which are reviewed annually.
- 3.2.5. In 2019-20, the Council has continued to embed the new integrated HR, Finance and Procurement system, Oracle. The payroll module, the final element of implementation, was due to go live in June 2020, however, due to the Covid-19 emergency this has been halted; a new/revised implementation date is currently in the process of being set. Oracle represents a key part of the Council's digital transformation under the Smarter Working Programme, and provides tighter integration of both processes and data across our HR and Finance systems. Through self- service reporting and the ability to undertake better monitoring of information, Oracle enables the Council to undertake more analysis of budget monitoring information, which enables any potential issues to be identified and flagged at the earliest opportunity. Contracts are also managed through Oracle, which enables greater control by linking all purchase orders and expenditure to a master record of contracts.
- 3.2.6. The Internal Audit function produces an annual plan which identifies key strategic and operational risks facing the Council and sets out a programme of work designed to provide assurance to the Executive Director Corporate Services, who is the statutory Chief Financial Officer (known as the Section 151 Officer); management; and Members, that the Council complies with relevant laws, regulations, internal policies and procedures. Internal Audit provides bi-annual updates on delivery of the audit plan to the Audit and Corporate Governance Committee.

3.3. Documenting a commitment to openness and acting in the public interest

- 3.3.1. The Council sets out its commitment to Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Subject Rights (DSR) in a dedicated section on its [website](#).
- 3.3.2. The number of FOI requests responded to within the statutory deadline is reported as part of the Council's suite of core performance indicators. In 2019-20, performance for quarters one, two and three was reported as between 98 and 99% of requests responded to within the statutory timeframe. This places Camden in the top 3 councils nationally, and the Information Commissioner's Office has invited Camden to its FOI Working Group to

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provide guidance to other Councils on how to improve their FOI processes.

- 3.3.3. The Council is currently developing a new case management IT system for handling FOIs and all other formal enquiries. This work will continue into 2020/21. The Council also records its commitment to the General Data Protection Regulation and the Data Protection Act 2018 on its website and it continues to give significant focus on complying with its obligations, with the Borough Solicitor being the Council's Statutory Data Protection Officer.
- 3.3.4. Under the Freedom of Information Act, the Council is required to adopt a Publication Scheme that contains information it routinely makes available, and to ensure that information is published in accordance with this scheme. The Council makes a significant amount of information available under its scheme ([Camden's Open Data Portal](#)) and in 2019, following a review of the most frequently FOI requests made, even more data was added to the portal. Requesters can then be directly referred to the portal to get the information required making it quicker and easier. In addition certain requests received are now identified as "Business as Usual" requests and these are handled outside of the formal FOI process resulting in a quicker response to the requester.
- 3.3.5. The public can gain free access to the website in all Council libraries and print off any information from the Publication Scheme. Paper copies of information are available upon request from the Information Rights Team. The Council also now publishes all [FOI/EIR requests](#) and responses on the website to demonstrate transparency and openness.
- 3.3.6. The Members' Code of Conduct and Officers' Code of Conduct, which form Part 5 of the Council's Constitution, are underpinned by the Principles of Public Life as set out by Lord Nolan's Committee on Standards in Public Life (CSPL). The Members' Code is continuously under review by Standards Committee. During 2019/20, Camden's Standards Committee considered the CSPL report on its [review of ethical standards local government](#). As a result it made proposals for minor amendments to Camden's Members' Code of Conduct and the procedure *Dealing with Misconduct Complaints Against Members* which were approved by Council in October 2019.
- 3.3.7. The Council continues to be committed to ensuring the highest standard of resident safety across the borough including learning from past events and the impacts on our residents. Phase 1 of the Independent Review of the Chalcots evacuation was presented by the Independent Chair to the Leader of the Council in July 2018. This highlighted additional developments for the Council to incorporate into service approaches including contingency planning. Key actions have been identified from the Chalcots Independent Review, the Housing Scrutiny Report and lessons learned from a officers' perspective, and an action plan was compiled, identifying service leads and timescales (including actions such as mobilising data access quickly), understanding who is vulnerable, and enabling effective communication. This was agreed in April 2019 and is monitored quarterly, and progress to date includes the establishment of a Chalcots Remedial Works Project Board and estate- wide resident engagement and communication structures. Housing Management services have been restructured on a neighbourhood basis, establishing small neighbourhood patches of 400 properties with Neighbourhood Officers making contact with all individual households in their patches and maintaining lists of vulnerable residents in liaison with Adult Social Care and Children's Services. An annual report on the 33 projects resulting from the Chalcots Independent Review is in preparation.
- 3.3.8. A number of political commitments were made that have informed key changes to the way the Council approaches processes and consults residents regarding safety matters. Resident safety continues to be a key priority. The Director of Resident Safety role and

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the Camden Fire Safety Panel have now been in place for over a year. In 2019/20, the Panel's terms of reference were expanded to cover compliance for all building safety critical systems to include asbestos, gas, water and electrical safety and lifts, in addition to fire. The Fire Safety and Compliance Panel is co-chaired by the Cabinet Member for Better Homes and a resident member of the panel. It has five resident and five reserve resident members, alongside representation from the London Fire Brigade, ward members and officers.

- 3.3.9. The Panel has been considering residential safety standards, the fire risk assessment process, safety resources, leaseholder responsibilities, the implications of the Hackitt Review, fire alarms and fire blankets, fire evacuation procedures, and control of fire safety works. An enhanced Fire Risk Assessment process continues to be rolled out across the Council stock. This is to ensure that additional elements are risk assessed in properties and reported on for required works.
- 3.3.10. In April 2019, Cabinet considered a report to establish the Council's wider resident safety programme, as part of its Camden 2025 approach to service delivery and change, which was developed in partnership with residents. The Council will continue to adhere to advice from the Ministry of Housing, Communities and Local Government (MHCLG), specifically looking at prospective new Fire and Building Safety legislation to ensure all Council development works take into account the recommendations of the Hackitt Review and the MHCLG Building Safety Implementation Plan. The Council is participating in Hackitt Work Group 8, developing the role of Building Safety Manager to be incorporated in a new legislative framework, and was the first local authority to be invited to join the MHCLG Early Adopters Group, piloting the development of building safety cases and helping to formulate legislation. The Council is also working with the Health and Safety Executive/shadow Joint Regulatory Group on fire safety in high rise buildings.
- 3.3.11. Since July 2019, the Council has been engaging with residents to develop a Camden Resident Safety Charter, to make clear what the Council's safety commitments mean in practice. A comprehensive Safer Council Homes survey has been undertaken to establish residents' safety concerns and priorities. The Council delivered surveys to all 33,000+ Council homes, provided on-line survey access to the 17,000 Camden Account holders. 3,500+ residents and Tenants and Resident Associations responded, equating to more than 10% of all Council homes. The responses will help produce a Residents' Charter that clearly articulates what the Council is doing to make Council Homes as safe as possible by 2025.
- 3.3.12. The Camden Safety Leadership Board has also been created as a mechanism for the Camden Management Team to have oversight on strategic risk, and to set priorities as well as to share information and knowledge, and the board meets quarterly.

3.4. *Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation*

- 3.4.1. The Council has continued to build on its approach to active stakeholder participation that played such a significant role in the development of Camden 2025 as the vision for the borough. This involved working with residents, partners and officers to develop the long-term vision, inviting everyone who lives and works in Camden to tell us what the borough should be like in 2025, to anticipate future challenges and to consider new and innovative ways to collectively tackling some of our most difficult problems.
- 3.4.2. To achieve the vision set out in Camden 2025, the Council recognises that it needs to inspire a new way of working with Camden's people and organisations. The Council established a new dedicated Participation Team to generate a participatory culture

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throughout the Council, and to test out innovative models of participation and engagement. New approaches have been piloted and aim to bring residents closer to decision making, to ensure residents voices are at the centre of shaping neighbourhoods and enable social action, dialogue and connection. The Council has adopted a test and learn approach, with evaluation and learning embedded at every stage.

- 3.4.3. Over the last year the Council has continued to establish Citizens' Assemblies, recruiting residents of Camden who are representative of the borough's population. This included holding the UK's first Citizens' Assembly on the climate crisis in July 2019, which brought together residents with a broad range of experience and background, who closely reflected on the demographics of the borough, to hear evidence and shape a new Climate Action Plan for Camden. The Assembly concluded with seventeen climate proposals that were presented to and endorsed by full Council in October 2019. The resulting Climate Action Plan for Camden is now out for public consultation, with over 2,500 residents and community groups having contributed to its development to date.
- 3.4.4. A number of Citizens' Assembly proposals are already being taken forward. For example, Camden launched a solar panel offer for residents in partnership with the Greater London Authority, under a "Solar Together" brand, which saw over 400 Camden residents register their interest in participating in a London-wide bulk procurement of solar panels. Up to 100 households installations are planned; with the first installation completed in December 2019.
- 3.4.5. In response the Citizens' Assembly proposal for the Council to mobilise community groups to respond to the climate crisis, Camden opened a 'Think and Do' climate pop-up shop on Kentish Town Road to provide a place for residents and groups to meet and collectively plan climate action. The programme of over 100 talks and workshops held over the 6-week 'Think and Do' pilot over November and December 2019 was curated and co-ordinated by the community, demonstrating the significant levels of public interest on the climate crisis. Over 1,000 residents and six schools visited the shop over the 6-week period.
- 3.4.6. Further assemblies are being planned in the future to focus on other strategic issues such as the future of health and care in Camden (commenced in February 2020). The Council is using a citizen-led approach to developing its data charter, with conversations taking place across the borough and the establishment of a Citizen Panel. A Neighbourhood Assembly is due to take place in the spring/summer 2020 in Gospel Oak and Haverstock, bringing residents together to develop a community vision for the local area.
- 3.4.7. The Council is also looking at the impact of this new participation agenda. New approaches are being developed through 'test and learn', with weekly stocktake meetings with partners involved to review on a regular basis what is going well and what needs to be improved. An independent evaluation of the Citizens' Assembly on the climate crisis and 'Think and Do' pilot was undertaken in year, and the learning is being used to develop future work. Camden is also developing a Wellbeing Index, which will use citizen science to develop local measures of wellbeing in Camden.
- 3.4.8. The Council continues to use a variety of other mechanisms to gather resident insights to assess how the Council is viewed by residents/service users and benchmarks services, for example, through the Survey of Tenants and Residents (STAR). The Council's Community Researchers carry out regular surveys and interviews with residents across the borough to ensure resident insight is readily available.
- 3.4.9. The Council also consults with its residents on local issues and reports on housing issues at District Management Committees (DMC), which are advisory forums made up of tenant

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representatives and councillors which consider housing and environmental issues relating to Council tenancies and leases. There are five DMCs that meet four times a year, and an additional joint meeting of all DMCs takes place once a year to discuss the setting of rents and service charges.

3.4.10. The Council believes in transparency and residents have a right to see what is going on and to hold the Council to account. The Open Data Portal and the [Open Data Charter](#) are published on the Council's website and are key mechanisms for meeting the requirements of the government's Transparency Code. Camden is working with residents and partners to develop a Data Charter to give ethical guidance and principles on the use of data in Camden. Two methods will be used to engage with residents: a distributed dialogue facilitated by our community researchers to discuss the use of data with informal community groups, and a citizens' panel to draft the charter.

3.4.11. Council meetings are also open to the public; however exceptions are made for matters that require confidentiality. The time, date and location of public meetings are displayed on the Council's website. The Camden Plan commits the Council to further opening up the Council and bringing residents closer to democratic and strategic leaders, for example through the introduction of themed Council debates.

3.4.12. There are five scrutiny committees within the Council, which support and hold the work of the Cabinet and the Council to account. Scrutiny committees play an important role in accountability, openness and transparency. The committees review and challenge cabinet decision making to ensure that local public services are delivered effectively, efficiently and in the best interests of residents.

3.5. *Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning; and translating the vision into courses of action for the authority, its partnerships and collaborations*

3.5.1. Two years ago, the Council invited citizens from across the borough to tell us what they thought Camden should be like in 2025, to develop shared priorities that should be at the heart of our vision for the future of the borough. Over 80 residents joined our Citizens' Assembly, and thousands shared their views online, at public events in libraries and via resident surveys. A central theme was how citizens, community organisations and partners can work together to tackle challenges in new ways, which is why the Council focused on participation.

3.5.2. Five themes stood out from these conversations that form our shared key ambitions for Camden in 2025:

- Homes and housing
- Strong growth and access to jobs
- Safe, strong and open communities
- Clean, vibrant and sustainable places
- Healthy, independent lives

3.5.3. Our Camden Plan is the Council's response to the Camden 2025 vision and explains how the Council as an organisation will deliver on its ambitions. Both Camden 2025 and Our Camden Plan have been communicated to Camden citizens and its workforce using a variety of channels, including the Council's magazine that goes through every letterbox in the borough, social media, its website, emails and staff communication channels. The Council continues to keep citizens and its workforce updated on progress and invites everyone to get involved in developing and delivering the plans.

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- 3.5.4. The Council continues to operate in a challenging financial environment created by ten years' of funding reductions with increasing financial pressures, such as cost inflation and demographic pressures. The Council therefore developed a multi-year financial strategy that is set to deliver £28m of revenue budget reductions between 2019-20 and 2021- 22, and has enabled the Council to set a balanced budget in 2019-20.
- 3.5.5. As set out in the [Council's Medium Term Financial Strategy 2019-20 – 2021/22](#) published in December 2018, the Council took a planned longer term approach to achieving the required budget reductions, by focussing on the matters that contribute most to key outcomes set out in Our Camden Plan. The financial strategy recognises the value of having a carefully considered and sustainable plan.
- 3.5.6. The Council also acknowledges that an evidence-based approach is essential to keeping residents' experiences at the centre of what we do. We have looked at the challenges and opportunities faced by people in the borough, as well as considering which sections of the Council's current services work best. This approach is known as outcomes-based budgeting and has led us to develop a detailed, evidenced-based analysis of how the Council can achieve its key outcomes with fewer resources. It has also led to the proposals outlined in the Medium Term Financial Strategy.
- 3.5.7. The Council's Community Investment Programme (CIP) is a large and ambitious 15 year programme that is delivering new homes, schools and other community assets across Camden. The Council has acknowledged that as a large capital programme that is reliant on sales receipts, there is an inherent risk associated with building cost inflation and uncertainty within the housing market. In order to ensure good governance for CIP the Council has established a number of checks at various stages of project delivery.
- 3.5.8. Cabinet approve new projects within the programme, and where appropriate delegate the decisions needed to implement the projects to senior officers, in consultation with relevant Cabinet Members. The management of the programme is undertaken through a number of governance boards that meet on a monthly and quarterly basis.
- 3.5.9. The CIP Executive Directors Board monitors the delivery of the programme and reviews programme wide risks and funding requirements on a monthly basis. The CIP Executive Directors Board is also responsible for the long-term planning and the strategic direction of the programme and ensuring that the programme delivers its objectives. The CIP Executive Directors Board is supported by an operational group, the CIP Gateway Panel. This panel reviews projects at key stages and manages the process of change control when it is necessary to review the scope, time or cost of previously approved project deliverables. This Panel meets monthly and membership includes senior officers from development, housing support, finance, legal and procurement.
- 3.5.10. There is also a CIP Core Group, which provides a forum for internal client and stakeholder engagement. The role of this Group is to share knowledge, offer constructive challenge, agree consistency and key approaches and support the positive integration of CIP schemes into Camden's existing portfolio. The CIP Cabinet Sub-Group, which consists of relevant Cabinet Members and Senior Officers, provides political and senior management oversight of the programme and individual projects, providing steer ahead of formal decision making by Cabinet or through delegated powers.

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3.6. *Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality*

- 3.6.1. The Council's policy and decision-making is managed and controlled within a strong, well-established framework and a key feature of this is the Council's written Constitution, which sets out in detail how the Council operates. It defines and documents the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions, and sets out procedures for joint arrangements and responsibilities for partnership arrangements. It also sets out how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. In addition, there are also departmental Schemes of Delegation in place, which sit alongside the Council's Constitution.
- 3.6.2. Business intelligence is becoming increasingly important to the Council, and the use of business intelligence is constantly evolving to ensure that the organisation has a better-informed view of what is happening and can use more robust evidence to take better decisions. To this end, we have developed an organisation-wide framework and approach for data to ensure that we have the appropriate skills, resources, processes and technology investments. This enables the Council to continuously improve the quality of its data, to utilise the data we hold to measure and improve the performance of our services, and to provide evidence to improve decision-making. The Council understands that further work is required to ensure that business information/intelligence is produced in a manner that enables relevant and timely monitoring. The Council is also in the process of carrying out our resident engagement around the development of a Citizens' Data Charter in 2020.
- 3.6.3. The Borough Solicitor is also the Senior Information Risk Owner (SIRO) who is responsible for the overall information risk policy, and the Council's Data Protection Officer under the General Data Protection Regulation (GDPR) legislation. The SIRO leads the Corporate Information Governance Group, which is responsible for information governance including management of data breaches and associated risks including those surrounding cyber security. The Corporate Information Governance Group meets every six weeks, and includes representatives from Information Governance, Supporting People, Supporting Communities, Legal, Information Technology and Internal Audit.

3.7. *Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money*

- 3.7.1. Performance management is considered through a range of review mechanisms; including external inspection bodies, annual reports for some service areas, and the detailed reporting of performance indicators to DMTs, CMT, the Leader of the Council, Cabinet Members and Scrutiny Committees.
- 3.7.2. Performance data is aligned to key outcomes and delivery of core business and statutory services. Following the launch of Camden 2025 and Our Camden Plan in 2018, officers have reviewed the approach to performance monitoring. Seeking to radically overhaul the previous corporate performance report, it was agreed with CMT to develop a new report with a more strategic approach, and a reduction in measures to enable the council to track its delivery of Our Camden Plan. The plan sets out five outcome themes provides a coherent corporate framework, setting out the Council's ambitions and the priorities it will focus on to work with the community and partner organisations. The new corporate performance report is shaped around these five plus a theme on how we will operate and run our services.

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- 3.7.3. The new quarterly report is made up of two parts; a data dashboard providing the latest data available against a small set of performance measures relating to the each six themes; and a strategic narrative providing a summary of the Council's performance during the quarter (or throughout the year) in working toward delivering the overall vision and thematic priorities of Our Camden Plan. 'Task and finish' groups have been commissioned for each theme, made up of directors whose service contributes to the relevant Camden Plan theme. The role of these groups is to build collective ownership and to develop the set of measures and the content of the strategic narrative to provide a stronger, more cohesive insight to our progress in delivering Our Camden Plan. These quarterly performance reports are discussed at each DMT, before they are circulated to CMT, followed by a CMT- Cabinet check in meeting and finally the whole report is sent out to all of the scrutiny committees.
- 3.7.4. The approach being adopted throughout this first year of developing a new reporting tool is an iterative one. It is recognised that the report is not perfect and there are definitely improvements to be made. We are seeking to improve the content, focus and accessibility of the report each quarter, in response to the feedback we receive from members and officers.
- 3.7.5. The Qlikview system is bringing together disparate datasets into more agile and responsive dashboards, giving services access to timelier and better information across the authority. Work is currently being carried out to update and improve these processes with new performance indicators and an increased focus on Our Camden Plan.
- 3.7.6. These arrangements ensure that policy and decision making are evidence-based, and develop accountability for service delivery at all levels within the organisation and cross-directorate working on shared objectives and outcomes.
- 3.7.7. In respect of CIP, the Council has acknowledged that as a large capital programme that is reliant on sales receipts, there is an inherent risk associated with building cost inflation and the stability of the sales market. In order to ensure good governance for the CIP, the Council has established a number of checks at various stages of projects, as set out above at 3.5.8 to 3.5.10

3.8. *Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements*

- 3.8.1. The Council has clear expectations of managers in terms of their service management responsibilities (including in areas such as financial management and managing people). This includes their role in communicating with officers to ensure officers understand their roles and are appropriately supported when working with partners and delivering Council services.
- 3.8.2. This is reflected in policies, procedures and guidance available to support managers in various facets of their management role. This information is publicised on the intranet and managers are able to access guidance and support from specialists, (e.g. finance, HR and legal services) when required. Learning and development opportunities are also available to support managers in developing relevant skills e.g. political awareness or working in partnership. To support our people managers, the Council launched a new guide to being a manager in Camden in June 2019. The guide is accessible to all officers via the Intranet, and brings together, in one place, an overview of the core people management responsibilities in Camden. It sets out the fundamentals and provides links to information, tips and tools to help managers in their role. Information is set out in three

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core areas, 'managing yourself', 'managing people' and 'managing the basics' and is designed to be a point of reference for managers, bringing key information together in one place. To complement the guide, all people managers were also required to attend one of our new workshops for existing managers. The workshops provided a closer look at what it means to be a manager in Camden and some of the core skills managers need.

3.8.3. In 2019-20, the Council also undertook a corporate mandatory learning package refresh, and all officers were required to complete a suite of e- learning training modules, and successful completion of these was linked to officers' performance reviews.

3.8.4. The Constitution sets out in detail how the Council operates, and defines and documents the roles and responsibilities of the executive, non- executive, scrutiny and chief officer functions, as well as setting out procedures for joint arrangements and responsibilities for partnership arrangements. It sets out how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. Compliance with policies and legislation is managed through a range of corporate written rules and procedures (including the Members' Code of Conduct). The documents making up the Code of Conduct for Members, including the protocol governing the relationship between members and officers, was last reviewed in January 2019.

3.9. *Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)*

3.9.1. The Executive Director Corporate Services (Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972) was the Council's most senior executive role charged with leading and directing financial operations and strategy for 2019-20. In his role as Chief Financial Officer, he is responsible for:

- Ensuring lawfulness and financial prudence of decision-making;
- Reporting to full Council and the Council's external auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully; and
- Providing advice on the scope of powers and authority to take decisions, probity and budget policy framework issues, and preventing maladministration and financial impropriety.

3.9.2. The Internal Audit, Investigations and Risk Management functions plays an important role in helping the organisation deliver its strategic objectives by objectively assessing the adequacy of governance and the management of risks; and providing an objective and evidence-based opinion on governance, risk management and internal control.

3.9.3. The Camden Internal Audit team operates a shared service with London Borough of Islington. The Head of Internal Audit, Investigations and Risk Management leads the Internal Audit team and is responsible for the delivery of the annual internal audit plan. Regular and open engagement with senior management is undertaken during the year via one-to-ones and update reports via Directorate Management Team meetings, and bi-annual reports are provided to the Audit and Corporate Governance Committee.

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3.10. Ensuring effective arrangements are in place for the discharge of the monitoring officer function

- 3.10.1. There are effective arrangements for the discharge of the Monitoring Officer function, which is carried out by the Borough Solicitor. The Borough Solicitor attends CMT and has direct access to both the Chief Executive and the Section 151 Officer, with both of whom he has regular, programmed one-to-ones. In particular, he has access to all decision making and all decision reports must contain comment from either himself or one of his legal team. He leads a substantial legal team and has the budget to take specialist external legal advice when necessary. He has appointed a deputy, being the Principal Lawyer (Litigation), who provides cover for this role when he is unavailable.

3.11. Ensuring effective arrangements are in place for the discharge of the head of paid service function

- 3.11.1. The Chief Executive is the Council's Head of Paid Service. All reports presented to Committee for decision making require the legal, financial, and staffing implications to be explicitly detailed. The Council's Head of Paid Service, the Chief Financial Officer with statutory responsibility under Section 151 of the Local Government Act 1972, and the Monitoring Officer (Borough Solicitor), or their representatives, consider these reports, along with their implications.
- 3.11.2. In 2019, a General Election was held and the Chief Executive was the Council's Deputy Returning Officer. The election was successfully held and was legally compliant. In addition, during the year the Council has also maintained its electoral register in compliance with legislation and best practice.

3.12. Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

- 3.12.1. The Council is committed to the ongoing professional development of Members and officers. A comprehensive learning offer is available, including on-going investment in e-learning technology to improve development opportunities and support our approach to mandatory learning. In 2019-20, the Council updates the corporate mandatory learning package and all officers, regardless of their role or level, were required to complete the five new modules. This is to ensure that all officers are equipped with the latest information and skills to do their jobs safely and effectively, and deliver the best possible results for residents and communities.
- 3.12.2. In September 2019, Members were given access to the Council's learning and development hub to complete a suite of mandatory training modules: Conscious Inclusion; Fire Safety; Fraud Awareness; Health and Safety; Information Handling; and Introduction to Safeguarding. All Members were required to complete the training by September 2019, and completion rates were monitored via online training logs and through regular liaison with Whips.
- 3.12.3. A Members training needs and analysis questionnaire was issued in November 2019 to consult with Members on the quality and content of training available, and to highlight areas of training and development that they would like to be provided going forward. A further questionnaire is planned for early 2020-21. Feedback is also requested automatically on completion of online course, and Members are also encouraged to complete feedback forms on completion of all face-to-face courses.
- 3.12.4. Role-specific training is also provided to reflect the individual responsibilities and positions held by Members, including Planning Committee training, Licensing Committee

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training, and risk management and fraud awareness training. Additionally, a number of 'open-to-all' training sessions are provided, including 'effective chairing', 'effectively managing casework' and 'speaking with impact' training. A by-election was held in December 2019, and the new Member was provided with induction training relevant to their role.

- 3.12.5. Group Whips have also approved a number of requests from Members to undertake external training or attend relevant conferences to assist in the development of Members both as councillors generally and to support them in fulfilling their other roles. For example, in line with best practice, newly appointed Cabinet Members have received residential leadership training from the Local Government Information Unit as well as the Local Government Association.
- 3.12.6. All new officers complete a comprehensive corporate on-boarding and induction process that introduces them to the Council's key policies and expected standards of behaviour. The induction process for senior officers (leadership group) is supplemented by a range of tailored activities related to the strategic and partnership elements of their role. The induction activities are designed so new starters can quickly develop an effective understanding of how services and priorities connect, meet key people and start to build on-going relationships that promote inter- departmental working. Activities include meetings with key internal and external partners, members, and networking with leadership group colleagues.
- 3.12.7. In Camden, learning and development is an ongoing activity that is owned and led by officers and a fundamental aspect is on-going performance conversations between officers and their managers. To optimise learning and development, a combination of structured and non-structured activities are used to meet any identified development needs, including:
 - Learning on the job: such as taking on new challenges, having exposure to new experiences and trying new things;
 - Learning from others: seeking and acting on feedback, watching what others do and how they do it, coaching and mentoring; and
 - Structured learning: such as reading articles, watching podcasts, webinars or streamed learning, completing e-learning modules, attending seminars and conferences and relevant workshops.
- 3.12.8. Information on all types of learning and development is publicised on the intranet. The Council's Organisation Development and Learning & Development service also advises and supports delivery of bespoke training solutions where appropriate.
- 3.12.9. For the leadership group, a programme of regular events is organised across the year covering a variety of themes and range of formats. These can involve working together on corporate priorities, development of leadership skills and seminars with external experts.

3.13. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability

- 3.13.1. Cabinet and CMT meet together twice a year to discuss the Council's performance against its key strategic objectives, its finances, delivery of the Medium Term Financial Strategy, and key risks facing the organisation. Across the Council there is a clear performance regime in place. Performance in terms of service delivery and financial management is discussed at least quarterly with officers and members (DMT, CMT, portfolio holders and

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scrutiny committees). A series of 'deep dives' on those MTFS projects that are considered of highest significance and/or potential risk have additionally been conducted to provide a greater level of scrutiny and assurance on Tier One MTFS projects. Revenue and capital forecasting takes place quarterly, in months 3, 6, 9 and 11 and shows performance against budget profiles, enabling the organisation to be assured in its financial management, and to identify any emerging issues that require action. The Council also recognises and acknowledges that there is scope to further improve and enhance its performance reporting framework, including updating and improving processes and new performance indicators with an increased focus on delivery Our Camden Plan.

- 3.13.2. Strategically, the Council's Principal Risk Report continues to be reported to DMTs, CMT and the Audit and Corporate Governance Committee bi-annually. The Principal Risk Report is written in conjunction with risk leads across the Council. Operationally, risk management continues to be embedded through service-level risk management workshops, targeted training sessions and ongoing support to individual projects and initiatives.
- 3.13.3. The Council's Principal Risk Report is reviewed and updated bi-annually and updates are presented to the Audit and Corporate Governance Committee and to the Cabinet. The process is led by the Council's Risk Manager and Head of Internal Audit, in consultation with risk owners, DMTs and CMT. The Principal Risk Report articulates the causes and consequences of principal risks, alongside a summary of controls. Controls are articulated in order to assess whether risks are being effectively managed.
- 3.13.4. The work of Internal Audit, in accordance with their Annual Audit Plans, continues to be directed towards the key risk areas as identified within the Principal Risk Report.

3.14. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

- 3.14.1. The Council employs a robust anti-fraud approach, which is consistent with best practice defined by:
 - CIPFA Code of Practice on Managing the Risk of Fraud;
 - National Fraud Strategy – 'Fighting Fraud Locally'; and
 - Institute of Counter Fraud Specialists (ICFS) Code of Practice.
- 3.14.2. The [Council's Anti-Fraud and Corruption Strategy](#) was refreshed in September 2017. The strategy incorporates the Council's whistleblowing guidance and fraud response plan, and promotes a zero tolerance approach to fraud. Officers and Members are able to access this document on the intranet and it is also publicly available on the Council's website. The Council's whistleblowing policy, which forms part of the Anti-Fraud and Corruption Strategy, provides a mechanism for suspected fraud, including breaches of law, procedure or policy, to be confidentially reported.
- 3.14.3. All officers are also required to complete online learning on fraud awareness, which forms part of the Council's suite of mandatory learning modules. The fraud awareness module was updated in 2019-20, as part of the wider corporate mandatory learning package refresh, and all officers were required to complete the training. Regular compliance reports are produced and reviewed by HR and senior management, which summarises the data and statistics on the total number of officers who have completed the mandatory training modules. The completion of all mandatory learning modules is also linked to officers' annual performance reviews. As at 11th February 2020, 90% of all officers had completed

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the modules on Conscious Inclusion, Fire Safety, and Fraud Awareness; 97% had completed the Health and Safety Training; and 89% had completed the Information Handling and Safeguarding Training.

- 3.14.4. The Council investigates reported or suspected fraud in a timely manner and operates a well-resourced Anti-Fraud and Investigations Team that maintains strong links with the police and other agencies, including the Department for Work and Pensions and the UK Border Agency. Bi- annual counter-fraud reports are reported to the Audit and Corporate Governance Committee.
- 3.14.5. The Head of Internal Audit, Investigations and Risk Management has overall responsibility for anti-fraud related activity and reports outcomes from the Council's Anti-fraud and Investigations Team and Housing Investigations teams bi-annually to the Audit and Corporate Governance Committee.
- 3.14.6. Completed anti-fraud work in 2019-20 produced reports in a number of areas with recommendations to strengthen controls and further mitigate fraud risk. An interim and annual counter-fraud report is presented to Audit and Corporate Governance Committee each year.
- 3.14.7. The Council undertakes a proactive suite of anti-fraud work alongside reactive investigations and also participates in the National Fraud Initiative. The Council has also participated in the London Counter Fraud Hub pilot to explore options for better use of data across London.

3.15. Ensuring an effective scrutiny function is in place

- 3.15.1. The Council has five scrutiny committees to scrutinise the various functions of the Council and decisions made by the Cabinet, Cabinet Members, and Chief Officers. Scrutiny Committees each meet up to seven times a year. In addition, the chairs of the five scrutiny committees meet collectively, as the Joint Chairs of Scrutiny Committee, to co- ordinate scrutiny work collectively. The scrutiny committees can, and often do, operate scrutiny panels to look at specific matters in a task- and-finish style approach. Camden is also one of the five boroughs participating in the North Central London Joint Health Overview and Scrutiny Committee.
- 3.15.2. Each scrutiny committee regularly meets with relevant members of the Cabinet to discuss areas in their portfolios, and the Leader of the Council attends the Joint Chairs of Scrutiny Committee on an annual basis. Scrutiny committee meetings are scheduled in such a way as to be able to comment on Cabinet reports prior to decision, allowing for relevant input through an early consideration of the draft proposals or when they have been finalised. In addition, there is a procedure for executive decisions to be called-in for discussion at scrutiny committee meetings.
- 3.15.3. A statutory scrutiny officer has been appointed at an appropriately senior level – the Director of Participation, Policy and Communication – and all scrutiny committees receive appropriate officer support from both corporate strategy and relevant service departments.
- 3.15.4. The Council, as part of its wider ongoing review of its democratic mechanisms, looked at scrutiny and possible improvements in its functioning. As part of this, initial consultation with Chairs of Scrutiny Committees was undertaken in January 2019, where it was determined that further work was required regarding the proposals. The Council is seeking to bring in greater public involvement via agenda setting and scrutiny panel work. Further consultation of scrutiny is planned for 2020.

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3.16. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2013).

3.16.1. The Council's Audit and Corporate Governance Committee has responsibility for non-executive functions other than planning, licensing, pensions and standards. It meets approximately six times a year and receives reports on the regulatory framework as follows:

- Annual Governance Statement (bi-annual – a draft version and a final version)
- Statement of accounts and external auditor's opinion (annual)
- External audit plan (annual)
- Internal audit plan (annual)
- Internal audit update (bi-annual)
- Principal risks (tri-annual – two full updates and an interim update)
- Counter-fraud (bi-annual)
- Treasury management (quarterly)

3.16.2. The Committee may also consider additional reports on any of those functions should it consider it necessary to provide the assurance sought. Additionally, it has responsibility for the Council's non-executive corporate governance functions, most notably management of the Constitution.

3.16.3. The Committee meets with the relevant senior officers and external auditors to discuss those reports, and members of the Committee are updated in between meetings on matters and actions arising from their discussions. To support their work, an independent member – who is a CIPFA member with extensive public finance experience – has been appointed to the Committee to offer detailed insight and additional assurance. The Committee also looks to have regular training sessions to support their understanding on key functions of the Committee.

3.17. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations

3.17.1. External Audit recommendations are received formally in the ISA 260, which is reported to the Audit and Corporate Governance Committee. The Council receives and produces responses to any recommendations prior to the External Auditor's final report, and progress against these is reviewed during the year.

3.17.2. The External Audit is factored into the work plan of the Corporate Services Directorate and officer annual leave is coordinated to ensure adequate resources are devoted to this. Information needed by the External Auditors is prepared and uploaded into their system prior to the commencement of the audit, and the Council aims to respond to all queries within 48 hours, as part of the working agreement between the Council and its external auditors. The Council is in regular dialogue with the External Auditors throughout the year and the Executive Director Corporate Services meets with External Audit on a quarterly basis, with the Chief Executive joining two of these meetings.

3.18. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures

3.18.1. The Council works in partnership with a wide range of organisations from the statutory sector, third sector and business to deliver services for local people and drive forward improvements in Camden. Partnership working includes different types of relationships –

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from contractual arrangements between the Council and other organisations to deliver services or projects through to strategic forums (some of which are required by statute, others voluntary) which bring partners together to agree how best to tackle key challenges and shared priorities. Some have funding to allocate and targets to meet, others provide a steer to inform individual partners' priorities and commissioning. The governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership remains appropriate, effective and fit for purpose.

- 3.18.2. Voluntary Sector Organisations (VSOs) are key partners to the Council and relationships have been developed with strategic partners based on shared values and a commitment to improving the lives of people in Camden. In 2016/17, the Council agreed a new annual VSO investment programme of £5.1 million, with funding awarded across a number of Strategic Partners. Funding was awarded based on the aims of two thematic projects; Neighbourhoods (maximising existing strengths, assets and resources, improving residents life chances and opportunities and increasing opportunities for residents from different backgrounds to be involved in local social actions) and equalities (mainstream services that deliver for all, tackling barriers, increasing access to services, and increasing participations of communities currently underrepresented). During 2019/20, extensive work with the Voluntary and Community Sector has led to increased openness, transparency and mutual understanding.
- 3.18.3. The Council also works closely and in partnership with relevant agencies to help prevent the abuse of vulnerable children and adults within Camden. There is strong partnership oversight of the multi-agency aspects of the child-protection system through the Local Safeguarding Children Board, which is the key statutory mechanism for agreeing how relevant agencies co-operate to safeguard and promote the welfare of children locally. This was judged to be outstanding at the last [Ofsted inspection](#).
- 3.18.4. The Safeguarding Adults Partnership Board also has a statutory role in developing policies and procedures, and co-ordinating local work on safeguarding and promotion of the protection of adults at risk of abuse within Camden. Work is ongoing to increase the impact and focus of the Board.
- 3.18.5. Safeguarding is highly integrated within the Council and across partner agencies, and well-established and effective governance arrangements are in place to define roles and responsibilities. In May 2018, Ofsted conducted a focussed visit to Camden's children's services, and reported that child protection concerns are quickly identified and lead to timely interventions to safeguard children.
- 3.18.6. Additionally, the Council and the Camden Clinical Commissioning Group (CCG) have continued to work closely during the year to develop new integrated health and social care arrangements, in collaboration with provider organisations. This is happening at a time when both the health and care systems are under significant financial pressures, and both organisations have committed to maintaining effective partnership working as they face these challenges and continue to seek improved outcomes for residents. The Health and Wellbeing Board is also key to promoting integration and partnership working between the NHS, social care and public health through the Joint Strategic Needs Assessments and Health and Wellbeing Strategy. Members of the Board work together to understand the health and wellbeing needs of the Camden population, agree priorities and encourage the people who buy health and care services to work in a more joined-up way. As a result, patients and the public should experience more joined-up services from the NHS and local councils.
- 3.18.7. In accordance with the recommendations arising from a review undertaken by the Local Government Committee on Standards in Public Life, Councils should report on separate

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bodies they have setup or which they own as part of their annual governance statement. The focus of the Board is under review and membership of the board is being increased to include a wider group of key stakeholders.

- 3.18.8. Camden Living is a Camden Council owned provider of affordable rented housing for people living and working in Camden. Camden Living makes a key contribution towards the achievement of the Camden Plan objectives, by providing an improved and much needed intermediate rentable housing offer for residents in the borough, in accordance with the Intermediate Housing Strategy and Planning policy; and so addresses a gap in the Camden market. The homes provided by Camden Living have been built through the Council's Community Investment Programme, and provides the Council with income that helps to pay for services in the face of reductions in the funding received from government.
- 3.18.9. Camden Living is company limited by shares that was established in 2016 in accordance with the Localism Act 2011, which prescribes that commercial activities carried out by Council's must be through a company. The Council is the sole shareholder in the company, and the company's Board (made up of the Executive Director Supporting Communities; Executive Director Corporate Services; Director of Housing Support Services; Director of Housing Management, and Principal Lawyer; are responsible for carrying out the operational business of Camden Living. The Council, as the only shareholder, exercises appropriate control over Camden Living via the existing CIP Cabinet Sub-Group governance process to:
- agree its objectives and other aspects of its Constitution;
 - appoint/remove directors to the Board and to refine their roles;
 - prescribe accountable reporting mechanisms back to the Council; and
 - identify key decisions for which specific shareholder consent is needed.
- 3.18.10. A Funding Agreement is in place between the Council and Camden Living, which enables Camden Living to purchase housing units, and allows the Council to monitor the performance of Camden Living to ensure any risks that arise are mitigated at an early stage. Separate statement of accounts are prepared and audited for Camden Living, however, Camden Living's financial management activities are undertaken within the Council's pre-existing financial systems, processes and controls.
- 3.18.11. Camden Learning is a not-for-profit school led partnership set up as a joint venture between Camden schools and the Council in 2017, and has been commissioned by the Council to offer a range of school improvement services. Camden Learning is a company limited by guarantee, of which the Council owns 19% and the remaining 81% is made up of Camden schools. Camden schools are able to join Camden Learning via membership. The Council provides over 70% of Camden Learning's funding, and commissions Camden Learning to deliver a range of services on its behalf, including improvement services, health and wellbeing services, governor support services, special education needs and disabilities information advice, and support services.
- 3.18.12. Camden Learning is governed by the Camden Learning Board, which includes an Independent Chair, the Executive Director Supporting People, the Cabinet Member for Best Start for Children and Families, the Camden Learning Managing Director, and representatives from Camden schools (including headteachers and a Chair of Governors). Regular progress updates are provided to the Children, Schools and Families Scrutiny Committee, and Camden Learning produces an annual report. The Council's Audit and Corporate Governance Committee also scrutinised Camden Learning's accounts for 2018-19 in February 2020.

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4. *Specific achievements in 2019-20*

Specific achievements in 2019-20 include:

- 4.1. In January 2020, a Corporate Peer Review of Camden was undertaken and facilitated by the Local Government Association (LGA). A peer review forms part of Local Government's alternative to the government inspection regime, and is designed to enable local authorities to challenge each other, share learning, and improve the way we work across the sector.
- 4.2. Camden was keen to utilise the peer review as an opportunity to reflect on progress towards the Camden 2025 vision, and to invite feedback regarding ideas and challenges that will help the Council to achieve its plans, including feedback on the Council's participation model and how the Council may be able to do more to encourage all communities to participate in helping to achieve its shared priorities.
- 4.3. The peer review team focussed on six key areas, which reflected the Council's ambitions for Camden in 2025 i.e. understanding of place and prioritisation; participation; leadership of place; financial planning and viability; governance; and leadership and capacity. Verbal feedback was provided by the panel on completion of the review, and a report will be provided to the Council containing recommendations on areas of challenge and improvement. Outcomes from the peer review are still being considered.
- 4.4. In-year, the Council has continued to play a key role on behalf of residents and businesses in the borough regarding Brexit. The Council has continued to take a proactive approach by supporting Members and the organisation in its policy and communications; providing reassurance and effective support to communities; and ensuring that Council services are prepared as much as possible for the anticipated impacts for leaving the EU. The Council has embedded the impacts of Brexit into its risk and continuity planning processes, with responsibility shared across its senior leadership team. Brexit has been placed on the corporate risk register, and associated risks are kept under regular review by CMT. The Council is also engaging with central government, primarily through London Councils, to co-ordinate a pan-London approach.
- 4.5. In July 2019, the Council held the UK's first Citizens' Assembly on the climate crisis, which brought together residents with a broad range of experience and background, who closely reflected on the demographics of the borough, to hear evidence and shape a new Climate Action Plan for Camden. The Assembly concluded with seventeen climate proposals that were presented to and endorsed by full Council in October 2019. The resulting Climate Action Plan for Camden is now out for public consultation, with over 2,500 residents and community groups having contributed to its development to date.
- 4.6. 2019-20 was the first year of the delivery of the Council's new Medium-Term Financial Strategy (MTFS), resulting in budget reductions of around £11m. The strategy was developed to ensure the Council's increasingly limited resources are invested in the areas that have most impact on the delivery of Our Camden Plan outcomes, and make the main difference to the lives of the residents of the borough. Through innovative service delivery, driving transformation, greater use of digital technology and fundamentally rethinking how budgets are set, we have been able to maintain the services our residents value most while continuing to provide better value for money.
- 4.7. As with previous MTFS periods, the Council monitors the delivery of all savings projects on an on-going basis. As part of this process, some savings have been re-profiled during the year or have had the overall budget reduction reduced. This has led to the delivery of 88% of the originally set overall savings total by December 2019.

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- 4.8. The Council is using some of its reserves for planned investment in, for example, an innovative employment programme, to deliver Our Camden Plan and to achieve the ambitions set out in Camden 2025 – our community-led vision. The use of reserves is limited to investing in the transformation of our services and not to fill the ongoing budget gap. The Council acknowledges that reserves can only be used once and that it therefore needs to maximise the impact of using them. The Council used one-off retained business rates income received from its participation in the London-wide Business Rates Pool in 2019/20 to allow implementation of the Council's MTFS savings in a planned way.
- 4.9. For the previous four years, the Housing Revenue Account (HRA) has had to reduce rents by 1% each year in order to comply with the Welfare and Work Reform Act (2016). This pressure, combined with ongoing inflationary increases on salaries, supplies and services budgets, and particularly on repair costs, resulted in an estimated budget deficit of £17.9m by 2019/20 and significantly reduced the level of resources available to the HRA. In January 2019, Cabinet agreed a balanced HRA budget for 2020/21 including the first rent increase in four years. The HRA continues to face financial pressure from the need to invest in fire safety works across both its capital and revenue programmes.
- 4.10. The Council has built 862 new homes of the following tenure through CIP, of which 198 were completed in 2018/19:
- 351 Council homes (188 additional and 153 replacement homes);
 - 78 intermediate affordable homes (65 Camden Living rented homes and 13 for shared ownership); and
 - 433 homes for sale (this includes 70 units for sale at Netley, which were purchased by the Department for Transport and returned back to the Council as replacement housing for residents displaced by the development of High Speed Two, so the vast majority are now social housing units).
- 4.11. Separately to CIP, the Council is developing high quality new housing, the majority being Council homes, on Regent's Park estate to mitigate the impact of HS2. We have completed 95 homes to date across six sites on the Regent's Park Estate. Our replacement housing has allowed residents in blocks earmarked for demolition to move directly into high quality new homes, ensuring that all Council tenants and resident leaseholders who wanted to stay in the area could.

5. *Review of Effectiveness*

- 5.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. Details of the areas considered are set out below. The review of the effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also comments made by the external auditors and other review agencies and inspectorates.
- 5.2. The Council has undertaken a review of the effectiveness of its governance framework in accordance with best practice advice, as published by CIPFA/SOLACE, in meeting the requirements of the Accounts and Audit Regulations. This involved annual meetings between the Head of Internal Audit and senior managers and reviewing the outputs of audit work, as well as risk assessments
- 5.3. The review conducted has taken account of the methods employed by the Council in providing assurance on the governance framework. Information utilised includes:

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- Local Management Information Systems
- Business Planning
- External Audit outcomes
- Internal Audit outcomes
- Overview and Scrutiny arrangements
- Audit and Corporate Governance committee reports
- Reports from inspectorates
- Performance information
- Risk management arrangements
- Information sharing protocols

- 5.4. The 2019-20 Internal Audit plan was drawn up to address the statutory requirements and key risks for the Council. It was drafted from a number of sources including the Council's latest principal risk report, an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits, and CIPFA good governance guidelines. An annual assurance map is also produced to demonstrate how internal audit resources provide assurance on the actions to mitigate the Council's principal risks.
- 5.5. The audit plan is delivered by the in-house team across the Shared Internal Audit Service (shared with the London Borough of Islington) and a co-sourced partner. Key messages arising from Internal Audit's work in the 2019-20 year are included in section 6.4 below. An interim report provided an update regarding the work undertaken by Internal Audit, in respect of delivery of the 2019-20 Internal Audit Plan between the period 1st April to 31st October 2019, was reported to the [Audit and Corporate Governance Committee in November 2019](#). A full summary of the work that Internal Audit has undertaken during the 2019-20 financial year will be provided in the 2019-20 Internal Audit Annual Report to the Audit and Corporate Governance Committee in June 2020.
- 5.6. Audit recommendations made in previous years continued to be followed-up in 2019-20, when due. A good rate of implementation and positive outcomes have generally been noted through follow-up activity completed to date.
- 5.7. Audit recommendations made in 2019-20 will be scheduled for follow up in 2020-21 to ensure that management action has been implemented within agreed timescales. This will provide senior management and the Audit and Corporate Governance Committee with a direction of travel in the internal control environment across the Council and will identify areas where further improvement is required.
- 5.8. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit provides an annual audit opinion that can be used by the organisation to inform its governance statement. The wider content of this AGS indicates a good level of assurance from the Council's governance framework. With regard to the annual opinion of the Head of Internal Audit (HIA), the HIA is satisfied that the work undertaken by the audit function during 2019-20 has enabled the HIA to form a reasonable conclusion on the Council's control framework, risk management and governance arrangements. The audit plan is produced to focus on the highest risk areas facing the Council and those areas in which senior management have asked for independent assurance. For the year ended 31 March 2020, it is the HIA's opinion that the adequacy and effectiveness of the Council's arrangements overall for the Council's systems for control, risk management and governance are sound with some improvement required. Weaknesses identified during individual audits and investigations are not significant, in aggregate, to the system of internal control.

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- 5.9. The PSIAS also requires Internal Audit to undergo an External Quality Assessment (EQA) every five years. An EQA of the Camden and Islington Shared Internal Audit Service was last undertaken in summer 2016, with outcomes subsequently reported to the Audit and Corporate Governance Committee. Senior officers and Members were interviewed as part of the EQA process, alongside the Head of Internal Audit and the shared service Audit Managers. The comprehensive assessment included, inter alia, a review of the Internal Audit service's methodology, working protocols and audit files. The review concluded that the service 'fully conforms' to the PSIAS, which is the highest rating available. The Internal Audit Service continues to apply the methodology and protocols demonstrated during the EQA. While the next EQA is scheduled for 2021, in line with best practice, the Internal Audit service undertakes an annual self-assessment via a PSIAS checklist, which is designed to ensure that the service continues to be effective and complies with the PSIAS. The Internal Audit service also benefits from ongoing networking and benchmarking across the Cross Council Assurance Service (a consortium of London boroughs drawing on the same framework agreement for co-sourced assurance services).
- 5.10. In accordance with section 5 of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 (guidance notes), a comprehensive self-assessment was completed in 2019-20 to assess the Council's effectiveness in applying principles of good governance in practice. The self-assessment was completed by key officers across the Council and indicated that the Council had achieved a sound level of implementation of good governance principles.

6. *Significant Governance Issues*

- 6.1. A key element of the annual governance review process is to identify any significant internal control issues. The Council has adopted the approach recommended by the CIPFA, which has identified what may be considered generally as a significant issue. These include:
- The issue has seriously prejudiced or prevented achievement of a principal objective.
 - The issue has resulted in a need to seek additional funding to allow it to be resolved.
 - The issue has resulted in significant diversion of resources from another aspect of the business.
 - The issue has led to a material impact on the accounts.
 - The Audit Committee, or equivalent, has advised that it should be considered significant for this purpose.
 - The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.
- 6.2. The Council has identified one significant governance issue as follows:

Financial Reporting Arrangements

- 6.2.1. Following external audit review of the draft statement of accounts for 2019/20, weaknesses with the Council's arrangements for financial reporting and controls were identified in respect of both lack of capability and capacity. These have been deemed significant as multiple versions of the draft accounts were submitted for audit review with material errors.
- 6.2.2. A plan to address these issues has been identified and is being implemented by the Council's new Director of Finance. The key pillars of the action plan are:
- Strengthening the Financial Reporting team through investment in staff training and bringing in additional resource, including experience in terms of technical accounting and accounts closure.

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- Revised reconciliation controls procedures.
- System developments which focus on streamlining, improving and embedding existing processes and reducing off-system working.
- Planned Internal Audit follow up reviews of financial systems as part of the cycle of key system audits
- New standards for underlying working papers to ensure consistency, comprehension, and reconciliation to the Council's ledger.
- New procedures for internal review and quality control of the accounts.
- Revised asset valuations procedures informed by an internal audit review.

6.2.3. The Council has already begun to implement these actions to ensure improvements for the production of the 2020/21 statement of accounts.

6.3. The following general issues have not deemed to reach the threshold of significant as per the above categories but have been highlighted and, in line with good governance arrangements, will be monitored during the year ahead.

Covid-19 response

6.3.1 Covid-19 is a new strain of the coronavirus that was first identified in Wuhan City, China in December 2019. The virus has spread rapidly prompting the World Health Organization's declaration that this is a pandemic and a public health emergency of international concern. The Covid-19 pandemic has significantly impacted the Council and our residents, requiring us to change the way we deliver services, and driving the creation of new services in order to meet the needs of our residents.

6.3.2 The Council has put in place a robust set of emergency governance measures to monitor and respond to the Covid-19 pandemic, which has very quickly had an extraordinary impact across the Council, our services, residents and communities, these measures are outlined below:

- In line with national Emergency Management protocol, Camden established a Gold – Silver – Bronze command structure to facilitate clarity on roles and responsibilities and the quick implementation of activities in response to the emergency. This has also given clarity to local, regional and national stakeholders and counterparts to ensure a joined-up response with others.
- The Council's Chief Executive holds the role of Gold Commander. Together with Camden's three Executive Directors and other key senior officers, Gold command set a clear strategic direction for the Council's operations during the pandemic.
- Silver command is led by a number of Directors, under whom Silver is responsible for ensuring tactical coordination across the Council, and that operational delivery meets the strategy set by Gold command.
- The Bronze level represents the Council's existing and any new services; carrying out activity in order to meet the Council's strategic objectives.
- Gold and Silver meetings occur as required by the nature and stage of the emergency. Daily meetings were held in the first five weeks of the pandemic (and following lockdown). After consultation in late April, Gold command decided to meet three times a week in parallel with regional London Strategic Resilience Board meetings.
- Agile and proactive governance support ensures that meetings can be re- instituted at no notice should the situation change to necessitate a more frequent or different approach.
- Meetings are minuted, with decisions and key actions recorded appropriately. The Council continue to publish key decisions, in line with legal best practice.

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- In-line with the Council's approach to managing and preparing for the UK's exit from the EU, Camden is taking a pro-active approach to ensuring that we continue to manage, coordinate and communicate activity as effectively as possible – working around the specific challenges that Covid-19 presents (for example with respect to face to face meetings).
 - The Council has implemented regular updates to and conversations with Members and across the organisation, with extended use of conference call platforms as well as mass emails.
 - The Communications service has been fully mobilised to ensure communications through all our channels to support public health advice / information and council service and support information to reach audiences externally and internally. A bespoke Communications strategy was quickly put in place to help key audiences feel 'informed, reassured, safe and inspired', and is evaluated and adapted as the pandemic situation develops and needs change. Messaging in the Camden New Journal has proven an important tool for disseminating information and advice into Camden homes, particularly for those who lack access to the internet.
- 6.3.3. The approach outlined above has helped us to quickly identify and understand our resident's needs, tailoring services to meet these changing needs, whilst ensuring that key issues and challenges are identified and managed.
- 6.3.4. The Council recognises that the Covid-19 crisis has had a significant financial impact and will have a long-term effect on the level of resources available to the Council. As part of its Medium Term Financial Strategy (MTFS) the Council will continue to assess its medium-term financial position and update its assumptions about the resources available to, and the investment needs of, the Council in light of the consequences of the Covid- 19 crisis. The Council is closely monitoring the financial impact of the Covid- 19 crisis and has initially modelled impacts for the crisis over three, six and nine months. The Council is also facing financial pressure from a combination of additional cost, lost income and the delay to the delivery of savings agreed as part of the Council's MTFS.
- 6.3.5. In response to the Covid-19 emergency, the Government announced financial support packages for small businesses, and those in the retail, hospitality and leisure sectors. The support took the form of two grant funding schemes; the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLG). Local authorities were responsible for administering these schemes, and the Government have committed to providing the funding for these payments.
- 6.3.6. As at 18th May 2020, the Council had processed 967 SBGF grant payments of £10,000, totalling £9.67m; 145 RHLG payments of £10,000 to eligible business properties that have a rateable value below £15k and not in receipt of SBRR, totalling £1.45m; and 2,079 RHLG payments of £25,000 to eligible business properties that have a rateable value of above £15k and below £51k and are not in receipt of SBRR, totalling £51.975m.
- 6.3.7. In order to ensure the RHLG grants were paid as quickly as possible, where the Council already held bank account details for businesses, grant payments were made automatically. By 31st March 2020 the Council had paid 1549 payments totalling £38,725,000.00.
- 6.3.8. In respect of the SBGF payments, the Council operated an application scheme to manage the payments and ensure primary records were accurate, and this also enabled the Council to update and improve the quality and completeness of its records, where anomalies were discovered. The Council's Anti-Fraud and Investigations Team also reviewed the controls and processes for making these grant payments to ensure adequate anti- fraud measures were in place.

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- 6.3.9. The Covid-19 crisis will also have a significant financial impact on the Council's capital programme. At this stage, it is too early to say what this impact is and officers are currently working through revised project and costing plans for the current suite of capital projects. A number of capital build projects have been put on hold due to social distancing restrictions meaning new project timelines will need to be developed and costs reassessed in light of the need to provide site security and the potential for cost inflation when the current 'lockdown' begins to lift.
- 6.3.10. There remains a question about how the property market will react and then recover from the Covid-19 crisis and what this will mean for raising capital resources from the sale of assets. The Covid-19 crisis has significantly altered the economic circumstances, as a result officers will need to reassess the level of capital resources expected to be available for the new capital strategy and to take time to consider the right use of our capital resources to support the Council plans for the economic renewal of the borough.
- 6.3.11. As we move forward we will continue to analyse the impact of Covid-19 and understand how the pandemic has impacted our strategic priorities, we will need to understand and manage a variety of impacts, including financial, service delivery, and health and wellbeing.
- 6.3.12. Recovery Planning has now commenced, this planning will review and anticipate the challenges we may face during 2020 and beyond in order for the Council to plan, review and respond to the changing needs of residents. This exercise will help improve our resilience by helping us to plan and resource what and how a new "business as usual" service is. We will continue to work with residents to help them protect themselves and others as well as recover from the health & economic crisis

Brexit impact

- 6.3.13. The Council has continues to have a key role to play on behalf of the residents and businesses of the borough in terms of Brexit, which is likely to have wide-ranging impacts on public services, communities and business.
- 6.3.14. Throughout the process of preparing for the UK's exit from the EU, the legal and political dynamic of the situation has been such that at any one time a range of scenarios have been possible. Camden continues therefore to take a pro-active approach, the key elements of which remain:
- Supporting Members, and the organisation more generally, in its policy and communications.
 - Providing reassurance and effective advice to support to our communities, especially the most vulnerable.
 - Ensuring that council's services are prepared as much as possible for the anticipated impacts of the different scenarios for the leaving the EU.
- 6.3.15. Although the UK has now left the European Union, there remains a lot of uncertainty with regards to what the situation will be at the end of the transition period. With this in mind, preparations will be focusing less on emergency planning for the weeks following a potential no deal EU Exit, and more on the long-term future impacts on council services, communities and the local economy, and prompting local stakeholders to make suitable preparations. We are therefore reviewing the make-up of the officer working groups to ensure that it covers the range of areas that need to be addressed.

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- 6.3.16. Senior officers will continue to monitor the situation to ensure the Council is making the necessary preparations. The present arrangements are the Executive Director Corporate Services as the corporate lead with the Director of Community Services supporting. An officer from the Strategy team will also continue to provide project support.
- 6.3.17. The Council has embedded the impacts of Brexit into its risk and continuity planning processes, with responsibility shared across its senior leadership team. Brexit has been placed on the corporate risk register, and associated risks are kept under regular review by CMT. The Council is also engaging with central government, primarily through London Councils, to co-ordinate a pan-London approach.
- 6.3.18. Camden has business continuity plans for each of its services. The business continuity plans have been updated and revised with an explicit Brexit focus as developments are known, including the specific risks of any No Deal. We continue to ensure that this process feeds into the strategic view of impacts and mitigations. The Emergency Planning team continue to monitor Brexit developments in their emergency response planning role.

Monitoring of the capital programme

- 6.3.19. A key element of the Council's capital programme is the planned sale of assets to generate capital receipts that will be reinvested into building and developing of new Council assets. In order to assess the level of resources available to invest in the capital programme, the Council has developed a programme of expected capital sales and receipt levels over the lifetime of the programme. The sales are monitored and reported as part of the Council's budget monitoring process. Receipts from sales are, by their nature, difficult to predict and can be affected by prevailing market conditions. In order to manage this risk, the Council schedules the reinvestment of expected capital receipts later than they are expected to be received, leaving a level of capital receipts and borrowing capacity in hand to ensure that the Council's capital investment plans can be fully funded each year. The slowing down of the London property market has led the Council to consider marketing some properties as private rented properties for a limited period of time while the property market improves. This will allow the Council to generate an income stream and allow the properties to be sold when the sales market has stabilised.
- 6.3.20. In 2019/20, the Council has budgeted to receive £73.1m in capital receipts. This is a combination of sale of CIP built assets, the sale of existing under-utilised assets and Right to Buy sales of social housing. The Council closely monitors the expected level of capital receipts over the medium term and adjusts the capital programme accordingly to ensure the programme remains fully funded.
- 6.3.21. The realisation of capital receipts is difficult to predict and is dependent on the market in terms of both the value, and the speed of the sale of assets. As part of the Council's governance and financial management of the CIP programme, officers are currently developing proposals for delaying the sale of some of the CIP properties to allow for their sale when the property market is more favourable. This may involve using some of the properties as private rented units in the short to medium term to generate an income stream for the Council and to meet a demand for good quality responsibly run private rented sector properties in Camden. This means that in some cases the sale of the properties will be delayed for a number of years.

Business rates

- 6.3.22. The Council collects over £600m per year in business rates from non-domestic properties in the borough, with income divided between the local authority, the Greater London Authority (GLA) and MHCLG. The income that the Council is allowed to retain forms part

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of its Settlement Funding Assessment, upon which the Council sets its budget and plans its service delivery. Under the current Business Rates Retention model local authorities are incentivised to promote growth in their business tax base. Under or over achievement of income from business rates through growth or decline in the tax base will directly impact on the council's financial position. Development of a robust methodology to project the Council's retained business rates income under the 75% Business Rates Retention Pilot, and projecting future income remains difficult due to uncertainty inherent in the business rate retention system, the continuing high level of appeals, and complex accounting arrangements for future liabilities in the Collection Fund. This difficulty is increased when this has to be understood for all 32 boroughs, the City of London Corporation and the Greater London Authority. The level of retained business rates for Camden is dependent on the growth performance of all those in the pool, however there is a 'no worse off' principle as part of the pool, so the budget was set, prudently, based on a scenario whereby the pilot does not exist.

Funding

- 6.3.23. The Council continues to operate in a financially challenging and uncertain climate. Ongoing austerity from central government, including the lack of a sustainable funding strategy for local authorities, is coupled with rising cost pressures and very significant growth in the demand for our services. As a result, the Council is projecting a new budget deficit of between £35m and £40m from 2019/20 to 2021/22, with £23m of this falling in 2019/20. Plans are in place to address this via the Council's MTFS programme.
- 6.3.24. Camden is working with London Councils as part of the fair funding review, which is reviewing the way in which local authorities are funded. The outcome is vital to the future of local services across London as it will determine how £19bn of funding will be allocated from 2021. The review has been delayed a number of times and is now expected to be in place for the 2021/22 financial year. At present, the government has yet to release enough detail on the proposals to assess the potential impact of this review on Camden; however, developments in these areas of government policy are being monitored and the Council, along with its partners and through representative bodies, will endeavour to influence government decision-making where possible.
- 6.3.25. The monitoring of progress towards delivering the Housing Revenue Account financial strategy is taking place as far as possible through the existing channels set out above. There are also reports to stakeholders specific to the Housing Revenue Account, such as the Cabinet Member for Better Homes, the Housing Scrutiny Committee and the Housing District Management Committees. The budget pressure is reviewed annually as part of the budget/rent setting process and any changes to projects required to meet the revised financial target are considered and implemented through these channels. From April 2020 the Council will regain the power to set social housing rents, within a framework, after four years of government mandated annual 1% rent reductions.
- 6.3.26. The current multi-year government finance settlement ends in 2019/20, which means there will be a new Spending Review from 2020/21. Due to the political turbulence around Brexit the Government has only provided a one-year settlement as part of the latest spending review meaning there is ongoing uncertainty regarding the Council's medium term financial position beyond 2020/21. Furthermore, the government are currently consulting on a Fair Funding Review, which will look to replace the current formula for redistributing funding.
- 6.3.27. Additionally, there is also the risk that costs may increase faster than projected. Inflation is currently higher than the Bank of England's target of 2% and could continue to rise with ongoing uncertainty around Brexit and any post Brexit trade agreements increasing import

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costs.

- 6.3.28. Given the expected budget gap, the Council agreed a three-year financial strategy and savings programme in December 2018 that balances the Council's position.

Fire safety

- 6.3.29. One of the Council's main priorities is keeping the people who live in our homes safe, and Camden has embarked on a new era of resident safety and has been working hard to bring its homes up to the highest standards of safety. To this end significant expenditure on fire safety across the housing stock is putting pressure on both revenue and capital resources. The Government has committed grant funding of £80.6m to help fund the removal and replacement of unsafe cladding on five buildings at Chalcots. The cladding was removed in 2018-19 and the Council has been progressing work in 2019-20 to enter into a contract to replace the cladding, as well as continuing to progress the legal claim against the PFI contractor and a number of sub-contractors to recover these costs. In the short to medium-term, the Council is funding this and other fire safety work from the Council's existing resources and has included budget provision within its capital programme. The lifting of the HRA debt cap will allow the Council more flexibility to borrow, within the requirements of the prudential code, to resource any additional fire safety should this be required to ensure resident safety.

- 6.3.30. Officers have also been successful in securing £30m of funding in 2018/19 from the Government to help fund and support further development of social and affordable housing and infrastructure across the borough. This funding will help to offset other funding pressures in the Council's capital programme, including an expected reduction in Right to Buy receipts.

- 6.4. Looking ahead to the next year, we will also continue to monitor:

- Delivery of the outcomes of Our Camden Plan 2018-23;
- Development and delivery of our next MTFS;
- Develop and deliver the next iteration of the General Fund Capital Strategy;
- Continuing to improve the Council's focus on residents and citizens through better use of customer data;

- 6.5. Internal Audit delivers a planned programme of work based on an annual assessment of the key risks facing the Council. Internal Audit also provide advice and guidance on risk and control issues within individual systems. The work of Internal Audit in-year is reported within the Internal Audit 2019-20 Annual Report, and has indicated that:

- An awareness of principal risks and a good level of implementation of actions designed to mitigate principal risks;
- Risk management has been further embedded i.e. risks are being more effectively identified and mitigated at strategic and operational level;
- A trend towards better collaboration in order to improve delivery of the Camden Plan;
- Risks surrounding third parties continues to be pertinent. Where applicable, Internal Audit reviews focussed on the effectiveness of contract management arrangements and mitigations surrounding provider failure. The Council remains mindful that third party contracts carry risk; accordingly this risk has been captured within the principal risk report to ensure that it continues to be tracked and mitigated;
- The continued delivery of Camden Plan initiatives continue to bring associated risk that controls may be compromised during periods of change, innovation and transition. Internal Audit has provided assurance on the controls surrounding key programmes, as well as

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advice to ensure that key risks were considered and mitigated during change initiatives;

- In areas where Internal Audit issued a less than 'moderate' assurance opinion i.e. where significant control weaknesses were identified, satisfactory management responses to audit recommendations have been obtained.
- A willingness on the part of management to proactively seek Internal Audit advice in relation to risk and control design outside of delivery of the audit plan. The work of Internal Audit during the latter weeks of March 2020 indicated and demonstrated the need for assurance services to be flexible, responsible and adaptive to the business needs. The Covid-19 crisis required controls to be designed at short notice and services across the Council continued to proactively seek risk and control advice.

6.6. Specific recommendations have been made in all audit reports and actions agreed to address any weaknesses. All recommendations will be followed up in 2020-21 as a matter of course.

6.7. 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 by:

Leader of the Council

Date

Signed by:

Chief Executive

Date