

London Borough of Hounslow Annual Governance Statement 2023/24

Introduction

The London Borough of Hounslow (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016 Edition.

This statement explains how the council has complied with the code and also meets the requirements of regulation 6(2) Accounts and Audit Regulations 2015, in relation to the approval of the Annual Governance Statement. It also highlights how the council's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Finance officer in Local Government (2016).

Key Elements of the Council's Governance Framework

Key Elements of the Council's Governance Framework are:		
<p>Council, Cabinet and Leader</p> <ul style="list-style-type: none"> • Providing Leadership, develop and set policy. • Support diverse communities and distinctive neighbourhoods to thrive and succeed. 	<p>Decision Making</p> <ul style="list-style-type: none"> • All meetings are held in public. • Decisions are recorded on the council website • All council decisions are supported by detailed officer reports. 	<p>Risk Management</p> <ul style="list-style-type: none"> • Risk registers identify operational and strategic risks. • Key risks are considered by Corporate Leadership Team and reported to Audit and Governance Committee. • Oversight of financial outcomes, governance and key partnership arrangements.
<p>Scrutiny and Review</p> <ul style="list-style-type: none"> • Scrutiny Committees review council policy and can challenge decisions 	<p>CLT</p> <ul style="list-style-type: none"> • CLT are responsible for overall management of the council. • Head of Paid Service is the Chief Executive who is responsible for all council staff and leading CLT. • The Director of Finance and Procurement – Financial Control was the Interim Chief Financial Officer and was responsible for safeguarding the council's financial position as section 151 officer until February 2024, since then it has been the Executive Director of Finance and Resources. • The Monitoring Officer is the council's Director of Law and Governance 	

How we Comply with the CIPFA/Solace framework

Standard	Council Framework
Behave with Integrity	<p>The council has the following arrangements for behaviour and integrity.</p> <p>Members receive clear guidance and training on the statutory Members' Code of Conduct and the council's Members' Planning Code of Practice. In addition, there is a formal council protocol on relationships between Councillors and Officers in place.</p> <p>All Members' and Officers are required to complete an annual Declaration of Interests statement and a register of Members' interests, which is updated by Members', is maintained and published on the Hounslow website.</p> <p>The Employee Code of Conduct is published on the intranet. Organisational values and behaviours to demonstrate expectations with regards to approach, attitude and underpinning of our people processes and training interventions.</p> <p>The council has an agreed Constitution which sets out how it operates, how decisions are made and the procedures which are to be followed to ensure that these are efficient, transparent and accountable to local people. The Constitution was last revised on 4 May 2021. The Constitution includes the defined responsibility for functions including the scheme of delegation, rules of procedure including financial regulations and contract procedure rules and Member and Officer Codes of Conduct. The full council appoints a Leader of the council for a four-year term who then appoints a Cabinet as the council's executive. Overview and Scrutiny committees hold the Cabinet to account.</p> <p>Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised.</p>
Engage with Stakeholders	<p>Good governance means engaging with local people and other stakeholders to ensure robust public accountability which is achieved through continuous consultation with and engagement local people and communities in a wide range of ways on varied important issues. The following describes how the council achieves this:</p> <ul style="list-style-type: none"> • The council produces a Corporate Plan which sets out and clearly communicates the vision and strategy for the council to all stakeholders and local communities through multiple channels.

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	<ul style="list-style-type: none"> • A broad range of communication channels are in place, which are subject to continuous review and improvement to ensure effective reach across all borough communities. • An annual Overview and Scrutiny report is published. • Corporately led programmes of community and stakeholder consultation are in place, supported by service led operational consultations delivered to corporate standards and employing effective and tailored feedback mechanisms. • The council's corporate planning process is supported by a communications strategy and delivery plans. • Clear systems and processes are in place for employee and employee representatives to be consulted and involved in decision making, which are subject to regular review and continuous development.
Define Outcomes	<p>The council has put in place arrangements regarding the key systems and processes that comprise its governance framework. The Corporate Plan (2022-2026) Ambitious for Hounslow defines outcomes by setting out six priorities:</p> <ul style="list-style-type: none"> ○ A Greener Hounslow ○ A Healthier Hounslow ○ A Cleaner Hounslow ○ A Thriving Hounslow ○ A Safer Hounslow ○ A Liveable Hounslow <p>The Corporate Plan and any amendments or updates to it are considered and approved by Full Council.</p>
Ensure planned outcomes are achieved	<p>The Council's Delivery Plan is organised into three portfolios, which include the programmes and projects of change and development that have been identified to support the delivery of the council's planned outcomes as set out in the Corporate Plan. All activity within the delivery Plan will follow the One Hounslow Project and Programme Management Approach, which is based on best-practice methodologies. Robust and consistent officer level governance approaches are embedded throughout the Delivery Plan activity with oversight and monitoring provided by the Corporate Leadership Team. Delivery Plan Monitoring Reports are reviewed quarterly by Cabinet and Overview and Scrutiny.</p> <p>The council's review of the effectiveness of its system of internal control is informed by:</p>

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	<ul style="list-style-type: none"> • Annual Assurance Opinion of the Head of Internal Audit; • Performance against targets; • Annual Assurance Statement; and • A review of the previous year's Annual Governance Statement. <p>The arrangements for the Lampton Group of companies for planning of outcomes are:</p> <p>In March 2023 Cabinet approved implementation of the group Business Plan 2024 – 27 for Lampton Group covering 2024 to 2027 which is to be updated annually. This report noted that there would be a need for further decisions regarding funding arrangements to support delivery of the business plan.</p>
Develop capacity, capability and leadership	<p>Good governance means developing the capacity and capability of members and Officers to be effective. The following describes how the council achieves this:</p> <ul style="list-style-type: none"> • A framework is in place for the Hounslow Leadership Group, which defines the Leadership qualities and values that are expected from Hounslow Managers. • Individual training and development plans are an integral part of the staff performance system. • There is an extensive & well considered induction process for new Councillors which has internal and external input from subject specialists. There are Mandatory sessions for all Councillors and added onto that are specific training and continuing development activities (Members Development Programme) dependent upon Councillors portfolios. Councillors also have access to external training and development opportunities on an ongoing basis.
Manage risk and performance effectively	<p>The council has the following arrangements to effectively manage risk and performance.</p> <p>The council has an Audit and Governance Committee that provides independent, effective assurance on the adequacy of the council's governance environment including managing risk. The Audit and Governance Committee has clear terms of reference and an annual work programme for internal audit and risk management.</p> <p>The council managed its risks during 2023/24 in accordance with the approved Risk Management Policy and Strategy. The Corporate Leadership Team and Directorate Management Teams formally considered risk regularly. Details of corporate risks are also</p>

Standard	Council Framework
	<p>considered as part of the Corporate Performance process moving forwards. Risk management reports were submitted to the Audit and Governance Committee including an update of the Risk Strategy in January 2022, which was then approved by Cabinet in March 2022</p> <p>The indicative Internal Audit Plan for 2023/24 presented to the Audit and Governance Committee in Mar 2023 is chiefly based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2023/24</p> <p>The Council maintains an Internal Audit service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Head of Audit and Investigation has direct access to the Chief Executive, the Executive Director of Finance and Resources (Section151 Officer) and the Chair of the Audit and Governance Committee.</p> <p>The Council has established Directorate Finance and Performance meetings that are chaired by the Chief Executive where financial, performance and other matters are discussed. Each directorate accounts for the key financial and performance issues for their directorate, with a clear focus on financial rigour. Finance representatives also attend these meetings.</p> <p>There is a corporate performance management system and operational framework in place, which is linked to the Corporate Plan, through service corporate plans to individual delivery targets, which are reported to Cabinet.</p>

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Demonstrate transparency and accountability	<p>Good governance means taking informed and transparent decisions that are effectively scrutinised and which manage risk. The following describes how the Council achieves this:</p> <ul style="list-style-type: none"> • The Leader is responsible for determining where executive decisions are to be made and will usually arrange for the discharge of key and other important decisions to be made by Cabinet. Decisions not specifically reserved to Cabinet collectively or individually are delegated to Chief Officers as outlined in Part 3c of the Constitution – Officer Delegations. • All forthcoming Key decisions are published in the Cabinet's Forward Plan and republished every month on the Council's web site. • Reports and minutes of meetings are also published on the Council's web site. This also includes decisions made by individual Cabinet members and decisions made under the urgency provisions. Urgent decisions are reported to the next formal meeting of the Council. • Equality Impact Assessments are completed for all appropriate decisions. <p>Senior officers' remuneration is published on the council website.</p> <p>Reports and minutes of formal meetings are also published on the council's website.</p>

Inspection and Assessments

An Ofsted inspection was completed in December 2023 which received a grading of Good overall.

Assurances from Internal and External Audit

The Internal Audit service is a key means of assurance and reviews the adequacy of the controls throughout all areas of the Council.

The Council's Internal Audit service carries out a comprehensive programme of review activity consistent with the Audit Strategy and the Public Sector Internal Audit Standards. The work is based around the core risks faced by the Council and includes significant work on the main financial and information management systems, corporate programmes and partnerships. Based upon the programme of work for 2023/24, the Head of Audit and Investigation's opinion on the Council's control environment, governance arrangements and risk management arrangements are that they are Reasonable (see annex A for definitions).

This is based upon the 20 audit assurance projects work completed in 2024/24. The majority of reports (65%) received positive assurance (substantial or reasonable). 35% received limited assurance. None received no assurance.

External Audit – Mazar's is currently the council's appointed external auditor. As well as an examination of the council's financial statements, the work of the council's external auditor includes an assessment of whether significant arrangements to secure economy, efficiency and effectiveness from the use of resources has come to their attention.

Compliance with the Financial Management Code

The self-assessment review against the CIPFA Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. All local authorities were required to demonstrate full compliance against the 6 principles within the Code by 31 March 2022. It is the opinion of the Chief Finance Officer that the Council is financially resilient and delivers value for money. However, in striving for financial management excellence, the Council has developed a set of actions for improvement.

Work has commenced on the improvements identified whilst ensuring alignment to Hounslow's strategic outcomes including:

- Reviewing the use of benchmarks to understand cost drivers and to identify where further cost improvement may be possible.
- Financial skills development and awareness training will continue to be provided for member and officer alike, particularly for those new to their role.
- Capacity and development of the professional finance function will be reviewed in 2024/25, including succession planning to ensure the service continues to be fit for purpose.
- Regular updates and annual review to monitor our reserve balances, ensuring our forward-looking reserve strategy is aligned to strategic need and risk exposure.
- Scenario planning and sensitivities continue to be considered as part of the MTFS.
- Reviewing its asset management plans to ensure that property, plant and equipment including infrastructure assets contribute effectively to the delivery of services.
- Continue close working with the Councils external auditors to deliver a final audited set of accounts in a timelier manner.

Self-Assessment and review of key performance indicators

The Council's Finance team works with Internal Audit to confirm that expected governance arrangements have been in place throughout the year. Management Assurance Statements, signed by senior officers, also confirm that Codes of Conduct, Financial Regulations and other corporate processes have operated as expected.

The Council uses several key outcome indicators to confirm the adequacy of governance arrangements:

Key Performance Indicators

Formal Reports by s151 or Monitoring Officer

Outcomes from Standards Committee or Monitoring Officer Investigations

Proven fraud carried out by councillors or members of staff.

Objections Received from local electors

Internal audit reports

Outcomes 2023/24

None Issued

There have been no Monitoring Officer or Standards Committee investigations during the year

No proven frauds involving councillors and one involved a member of staff in 2022/23.

None in 2022/23

There were seven limited assurance reports have issued during the year, relating to:

1. Agency Staff
2. Enterprise Architecture
3. Contract Management (HB Law)
4. Unaccompanied Asylum Seekers
5. Housing Tenancy Management
6. Homelessness
7. Lampton Billing Arrangements

Group Activities

The arrangements in place for Lampton Group to manage risk is through an audit and risk committee with an Independent Chair . The audit and risk committee receive reports from internal and external audit. Cabinet receives quarterly reports produced by Lampton Group covering performance against the approved business plan. The Council has also established a sub-committee of Cabinet, a Shareholder Committee, which will allow more direct engagement in the oversight of the companies performance and consideration of the risks associated with the activities of Lampton Group by members. The Terms of Reference is available here: [Shareholder Committee Terms of Reference](#)

Governance Issues

Issues raised in 2022/23 have been addressed unless they are included in the table below.

Based on the Council's risk management approach, the issues detailed below have been included in the 2023/24 Annual Governance Statement. We will over the coming year take appropriate steps to address these matters and 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.

Issue	Actions
Weakening of the Council's financial resilience Financial pressures and uncertainty with regards to the wider economic context, inflation, demand and local government funding (including future reform)	Financial monitoring and planning and wider medium term financial strategy continues. Continual review of government funding and other budget assumptions. Robust monthly financial management with key services to assess need and demand. A rigorous capital investment process and oversight board is in place to assess viability and board to oversee.. Regular benchmarking of financial resilience is undertaken to ensure we maintain a sufficient reserves position. Value for money assessment. Collaborative financial planning processes with a refreshed financial planning process being designed for 2024/25.
Failure to implement requirements of the new Social Housing Regulation Consumer Standards The Social Housing Act 2023 granted new powers to the Regulator of Social Housing (RSH) requiring all social landlords to comply with 4 consumer standards: <ul style="list-style-type: none"> • Neighbourhood and Communities • Safety and Quality • Tenancy and • Transparency 	A desktop review of compliance against the standards has been undertaken. A final assessment is planned following the final version of the standards. A programme of work to address any issues that may be outstanding. Work to ensure we meet the quality standards and we will continue to benchmark against peers to achieve this.

Failure to deliver regeneration ambitions.

The Council's plans for regeneration will bring greater business opportunities, increased number of jobs and homes to improve residents employment prospects, the environment and public realm.

Implementation of the Property and Place Strategy.

A new structure and recruitment to provide additional officer capacity to promote regeneration ambition.

Progressing work on the local plan to ensure that development plans that enable regeneration, sustainable development and growth.

Production of masterplans and guidance that enable regeneration, development and growth.

Conclusion

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Hounslow to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address the weaknesses and ensure continuous improvement in the system of internal control.



Signed.....

Chief Executive – Hounslow Council

Niall Bolger




Signed.....

Leader of the Council

Cllr. Shantanu Rajawat



Annex A

An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the council's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the council's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the council's objectives at risk.
None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.