

# London Borough of Barnet

## Annual Governance Statement

### 2023/24

DRAFT



Caring for people, our places and the planet

**BARNET**  
LONDON BOROUGH

## Introduction

Barnet Council is responsible for ensuring that council business is conducted in accordance with the law and proper standards. Barnet Council ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Council is duty bound under the Local Government Act 1999 to arrange secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, and effectiveness.

The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including the management of risk.

The Council acknowledges its responsibility for ensuring that there is effective governance within the Council. It has developed a [Code of Corporate Governance](#) that defines the principles and practices that underpin the governance arrangements operating within the Council.

This Annual Governance Statement explains how the Council meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015<sup>1</sup> in relation to the publication of a Statement of Internal Control.

The Council has a separate [Code of Corporate Governance](#) which is reviewed annually and reported to the [Governance, Audit, Risk Management and Standards Committee](#) alongside this Statement and published as part of the Constitution<sup>2</sup>. The Code is consistent with the principles of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016<sup>3</sup>. How the Council complies with the principles are detailed below and in the Code of Corporate Governance which is reported to the Governance, Audit, Risk Management and Standards Committees alongside this Statement.

---

<sup>1</sup> <http://www.legislation.gov.uk/uksi/2015/234/regulation/6/made>

<sup>2</sup> [Barnet Constitution](#) Part 4H – Code of Corporate Governance

<sup>3</sup> [Delivering Good Governance in Local Government Framework 2016 Edition | CIPFA](#)

## The Annual Governance Statement

The Annual Governance Statement is an annual self-assessment which allows the Council to review the effectiveness of their operating governance arrangements and identify the progress of the authority in managing significant issues. The Council produces this Annual Governance Statement to report publicly on the extent to which the Council complies with its local code, this is a statutory requirement.

This Annual Governance Statement (AGS) demonstrates how Barnet Council's governance arrangements deliver these seven principles set out in table 2 below. It includes:

- Barnet Council's governance framework.
- How the council has reviewed the effectiveness of its governance arrangements in 2023/24 and gives the main findings of this review.
- The actions the council will take in the year ahead to address the main governance issues identified in the review of effectiveness.

Barnet Council has an assurance framework which mainly includes the Council's formal governance arrangements and the Assurance and Public Directorate. This enables Members and the Senior Management Team to identify the principal risks to the Council's ability to meet its key objectives. Members and the Senior Management Team can map out key controls to manage risks as well as how they are assured that these controls are effective in identifying, managing, and mitigating risks.

This framework is designed to provide assurance on internal controls that are in place and whether they are operating effectively and whether objectives are being achieved, except for those areas identified below which require further improvements. The assurance provided by the framework is based on sufficient evidence.

The Three Lines of Defence assurance model helps elected Members and the Senior Management Team to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance to help inform Key Areas of Improvement.

### How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from the [2022/2023 statement](#) and there are detailed updates on each issue in the following section. In addition, the Council has considered emerging governance issues for 2024/25 and have included those in the Statement as issues to be monitored and addressed through the coming year.

## The Council’s Governance Framework

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. Good governance leads to effective:

- Leadership and management
- Performance and risk management
- Stewardship of public money, and
- Public engagement and outcomes for our citizens and service users.

The governance framework incorporated into this Annual Governance Statement has been in place at Barnet Council for the year ended 31 March 2023 and up to the date of the approval for the statement of accounts.

Table 1, below, provides a summary of the governance framework:

<p><b>Council, Cabinet and Leader</b></p> <ul style="list-style-type: none"> <li>• Provide leadership, approve the budget, develop and set policy.</li> <li>• Approve the Constitution which sets out how the council operates.</li> <li>• Agree council Corporate Plan priorities, developed in consultation with residents and stakeholders.</li> </ul>	<p><b>Scrutiny and Review</b></p> <ul style="list-style-type: none"> <li>• Overview and Scrutiny function commissions review council policy and can challenge decisions.</li> <li>• GARMS Committee includes the audit function and reviews governance and promotes and maintains high standards of conduct by councillors.</li> </ul>
<p><b>Decision Making</b></p> <ul style="list-style-type: none"> <li>• All decisions made in compliance with law and council Constitution.</li> <li>• Meetings are usually held in public.</li> <li>• Decisions are recorded on the council website.</li> </ul>	<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>• Risk Management Strategy ensures proper management of risks.</li> <li>• Risk registers identify both strategic and operational risks.</li> </ul>
<p style="text-align: center;"><b>Council Management Team</b></p> <p>Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective Council Management Team (CMT)</p>	

## Governance Arrangements

The Council's governance arrangements comprise two key elements:

1. The systems and processes which are in place to ensure that adequate controls exist (internal control framework; external audit; the Constitution; schemes of delegation; codes and protocols; and written decisions being subject to a report clearance process before they are published). The strategic direction of the authority is set out in the Corporate Plan and the Council regularly monitors via its decision-making framework, delivery of its strategic objectives.
2. Good governance is underpinned by the behaviours of Members, officers and partners which includes, but is not limited to, adherence to the decision-making framework as set out in the Constitution, adherence to codes and protocols, the culture and values of the organisation, and how the authority is accountable to and engages with the community it serves.

## Assessing our delivered of good governance against the Governance Core Principles (CIPFA) for 2023/24

Figure 2 – Delivering Good Governance Core Principles (CIPFA)

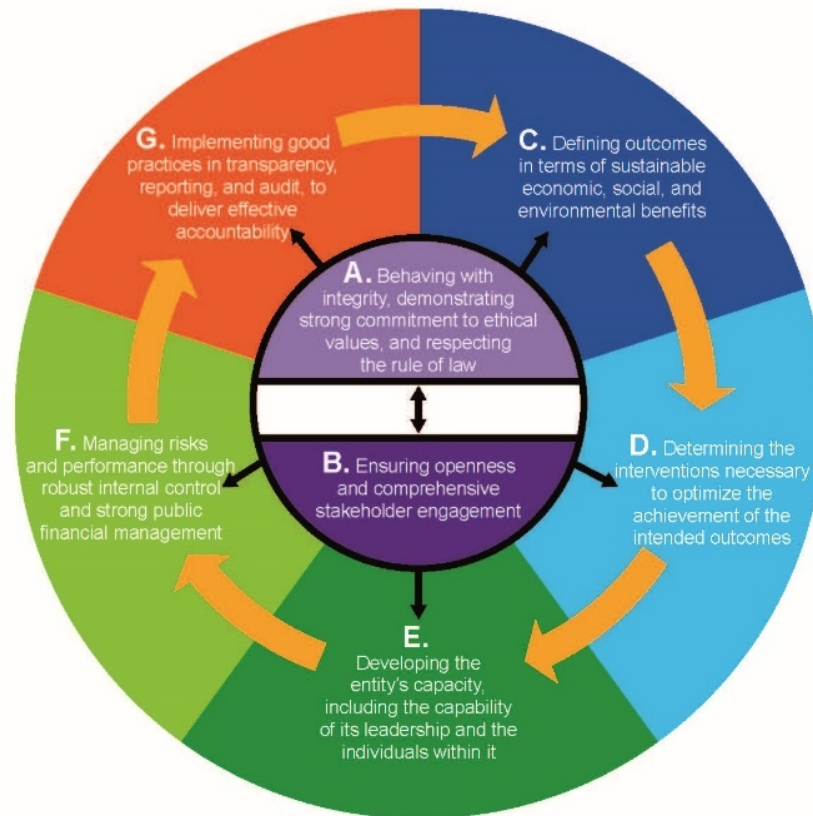


Table 2, below, identifies Barnet Delivering Good Governance Core Principles (CIPFA) for 2023/24

CIPFA Principles	Examples from 23/24
<p>A) <i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></p>	<p>The Council has recently undertaken a wholesale review of the constitution to enable it to move to a cabinet system of governance.</p> <p>On 26 July 2022, Council passed a motion instructing officers to undertake a review of the council’s governance arrangements to:</p> <ul style="list-style-type: none"> <li>• Move to an Executive System</li> <li>• Introduce an Overview &amp; Scrutiny function; and</li> <li>• Strengthen opportunities for public participation.</li> </ul> <p>Officers set up a Governance Review project to commence a review of the council’s current formal governance arrangements and the steps required to make a legal change to a different governance system, comprising of an all-out change from one governance option to another under the Localism Act 2011. The new Constitution and governance arrangements were effective from 23 May 2023. Further information about the Governance Review Project can be found here - <a href="#">Agenda for Governance, Audit, Risk Management and Standards Committee (GARMS) on Monday 16th October, 2023, 7.00 pm (modern.gov.co.uk)</a></p> <p>The Constitution defines the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions. Following the change in Governance arrangements in 2023, the council’s constitution was re-written to reflect the move to Cabinet model. Barnet’s Constitution is available on the council website - <a href="#">Constitution</a></p>
<p>B) <i>Ensuring openness and comprehensive stakeholder engagement.</i></p>	<p><b>Complaints Process</b></p> <p>Complaints are an important way for an organisation to be accountable to the public, as well as providing valuable prompts to review organisational performance and the conduct of the people that work within and for it. The council’s aim is to ensure that when things go wrong, it responds quickly to put things right. The council is committed to learning from and improving its performance in response to customer feedback.</p> <p>The Council operates a two-stage corporate complaints procedure:</p>

CIPFA Principles	Examples from 23/24
	<ul style="list-style-type: none"> <li>• Stage 1 - Complaints are investigated and responded to by the relevant service manager or equivalent of which the complaint concerns.</li> <li>• Stage 2 - Where the complainant remains unhappy with their stage 1 response, they may escalate their complaint, which is investigated further and responded to by the relevant senior manage</li> </ul> <p>If the complainant remains dissatisfied after going through the Council’s complaints procedure, they can escalate the matter to the LGSCO.</p> <p>The <a href="#">Corporate Complaints and Local Government and Social Care Ombudsman (LGSCO) Annual Report 2022/2023</a> ward reported to the Governance, Audit, Risk Management and Standards Committee (GARMS) in October 2023.</p>
<p><i>C) Defining outcomes in terms of sustainable economic, social, and environmental benefits</i></p>	<p><b>The Corporate Plan</b></p> <p>The overall budget and policy framework of the council is set by the Council and all decisions are made within this framework. Our Plan for Barnet sets out our visions for an Engaged and Effective Council, how we Care for our People, our Places, and our planet. The Corporate Plan 2023-26 demonstrates how we will put our plan into practice and deliver for our residents, communities, and businesses.</p> <p>The Barnet Corporate Plan can be found <a href="#">here</a>.</p> <p>It is developed alongside the budget through consultation with residents and other stakeholders in the borough, and which sets out how Our Plan for Barnet will be achieved.</p> <p>Performance against the plan is monitored throughout the year. Progress is reviewed quarterly.</p> <p>From the Plan, service plans and business plans are developed and individual officer work plans are agreed, with performance targets agreed at every level. Detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money, and performance is monitored and managed at every level on a regular basis.</p>



<p><i>D) Determining the interventions necessary to optimise the achievement of the intended outcomes</i></p>	<p><b>Determining Interventions</b></p> <p>In the new Cabinet System decision makers receive objective and rigorous analysis of a variety of options when making decisions, indicating how intended outcomes would be achieved and the associated risks, for instance in the challenge and review process that underpins the setting of the annual budget and savings plans. All key decisions include details of the financial, legal, environmental and equality implications, to allow Members and officers to make informed decisions.</p>
<p><i>E) Developing the entity's capacity, including the capability of its leadership and the individuals within it</i></p>	<p>A comprehensive induction programme is provided to all new Councillors following the local elections in May 2022, as well as following any By Elections.</p> <p>The Council has achieved Charter Plus status for its Member Development Programme.</p>
<p><i>F) Managing risks and performance through robust internal control and strong public financial management</i></p>	<p><b>Internal Control</b></p> <p>The system of internal control is a significant part of the Council's governance arrangements and is designed to manage risk to a reasonable level, if operating effectively it cannot eliminate all risk and can only provide reasonable, not absolute assurance of effectiveness.</p> <p>The system is based on an on-going process designed to:</p> <ul style="list-style-type: none"> <li>• make sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud;</li> <li>• that public money is properly accounted for and is used economically, efficiently and effectively;</li> <li>• that the Council operates in a lawful, open, inclusive and honest manner;</li> <li>• that the Council has effective arrangements for the management of risk;</li> <li>• that the Council enables human, financial, environmental and other resources to be managed efficiently and effectively;</li> <li>• that the Council secures continuous improvement in the way that it operates;</li> <li>• that the Council properly maintains records and information;</li> <li>• that the Council ensures its values and ethical standards are met: <ul style="list-style-type: none"> <li>▪ identify and prioritise the risks to achievement of the Council's policies, aims and objectives,</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ evaluate the likelihood of those risks being realised together with the impact should they be realised, and</li> <li>▪ manage them efficiently, effectively, and economically.</li> </ul> <p>In 2023/24 the most common high-level risks related to budget pressures (in total nine out of 18 high level risks), particularly around Adults and Children’s services, as well as affordability of the Council’s capital programme. Other common themes related to governance and business continuity (generally, and specifically responding to a cyber security event), housing (increases in temporary accommodation demand and impacts of elevated demand in responding to issues relating to private rental sector), and climate change.</p> <p>The Council has an established approach to risk management, which is set out in the Risk Management Framework (RMF). The RMF outlines the different levels of risk – strategic, service, team, and project – and how they should be managed. Strategic and service risks are reviewed on a quarterly basis by risk owners/managers and Directorate Senior Leadership Teams before undergoing a “check and challenge” by the corporate risk team and final review by the Council Management Team (CMT). Strategic and high level (15+) service risks are presented to GARMS Committee, and high level (15+) risks are included within the Our Plan for Barnet – Delivery and Outcomes Framework quarterly reporting to Cabinet for scrutiny by Members. More detail on these risks can be found in reports to the GARMS Committee (see <a href="#">here</a>)</p> <p><b>The Three Lines of Defence in Effective Risk Management and Control</b></p> <p>See below in figure 3.</p>
<p><i>G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability</i></p>	<p><b>Internal Audit provide independent assurance on key financial systems and areas of service delivery on a risk-based approach.</b></p> <p>Please see the open and ongoing issues 24/25.</p>

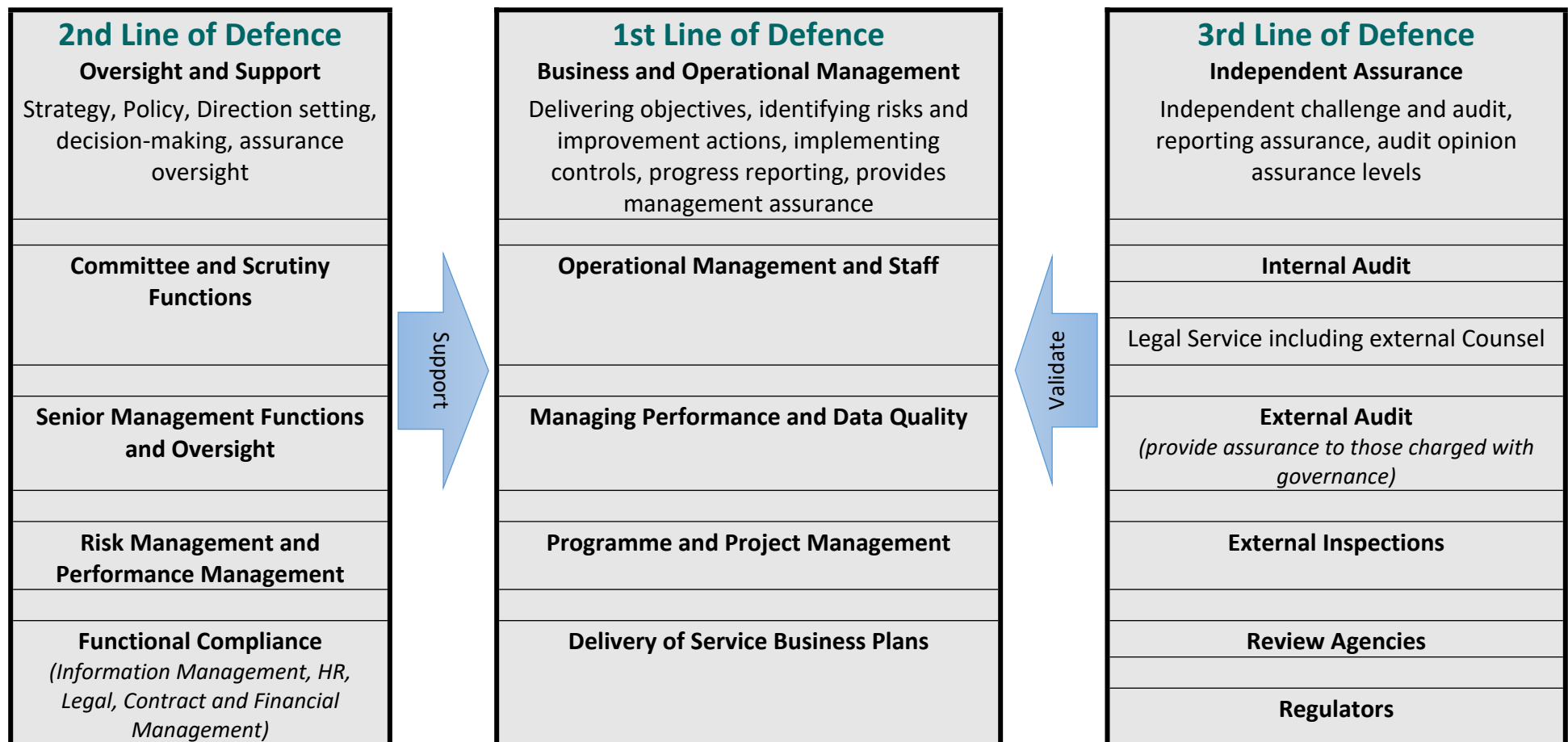
## The Three Lines of Defence in Effective Risk Management and Control – (CIPFA Principle F)

The three lines of defence model is designed to provide confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

As assurance is derived from multiple sources, the “Three Lines of Defence” concept helps identify and understand the different sources of assurance.

Where controls are not operating effectively then improvements to strengthen the control environment are required, such issues are set out below of the report and will be addressed in the coming year.

Figure 3, The three lines of defence.



### How do we know our arrangements are working?

Within this Annual Governance Statement, the Council has undertaken an assessment of previously identified significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2024/25 and will continue to be monitored. Any issues that have been resolved during 2023/24 will no longer be monitored through the Annual Governance Statement but will continue to be monitored through appropriate channels.

We consider that the Council are compliant with the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the Code is documented via a separate Code of Corporate Governance 2024/25 - this Code is reported to Council and forms part of the Council's Constitution.

### Local Government Association (LGA) Peer Challenge

In June 2023, the Council elected to undertake an LGA Corporate Peer Challenge. Some of the feedback from the review related to governance arrangements including:

1. Support and Development for Cabinet Members – to enable Cabinet Members to fully undertake their strategic role as well as updated processes relating to the new Executive system;
2. Policy and Administrative Support – ensuring that the Administration have appropriate political and policy support;
3. Review of Company Governance and Loan Arrangements – to ensure that these arrangements link to the council's priorities, and that risk is managed appropriately.

In response to the Peer Challenge, an Action Plan was reported to Cabinet on 5<sup>th</sup> September 2023: [Agenda for Cabinet on Tuesday 5th September, 2023, 7.00 pm \(moderngov.co.uk\)](#) The LGA undertook a progress review on 23<sup>rd</sup> February 2024. At the time of drafting the Statement, formal feedback from the LGA was awaited. However, a summary of the progress against the feedback is detailed below:

1. Support and Development for Cabinet Members – Cabinet Forward Plan is being co-produced with Cabinet; regular meetings between individual Cabinet Members and their linked director/key officer; early engagement with Cabinet on key decisions; training for Cabinet Members and officers;
2. Policy and Administrative Support – a review of support for Cabinet is taking place; and training and development for officers will take place on cultural shift in relation to policy development; and
3. Review of Company Governance and Loan Arrangements – update as detailed in sections below.

Work will continue during 2024/25 on addressing the governance related recommendations in the LGA Peer Challenge.

## Governance Issues Identified Throughout 2023/2024

The table below summarises the specific governance issues identified. These have been categorised as:

- Ongoing Issue (previously identified)
- New or Amended Issue – identified in 2023-2024
- Closed Issues – issue is now closed on the Annual Governance Statement but is being managed as ‘Business as Usual’

Governance Issue	Responsible Officer
<b>OPEN / OPEN (Amended)</b>	
1. Annual Internal Audit Opinion - Key Findings	Head of Internal Audit
2. Auditor Capacity and Impact on Audit of Accounts	Executive Director Strategy & Resources / Head of Internal Audit
3. Company Governance and Loan Arrangements	Executive Director Strategy & Resources / Monitoring Officer / / Head of Governance
4. Cyber Security and Business Continuity	Assistant Director Customer & Digital Services / Head of Organisational Resilience
5. Housing Regulation	Head of Strategic Housing
6. Financial Resilience	Executive Director Strategy & Resources
7. Emergency Planning and Organisational Preparedness	Head of Organisational Resilience
8. Centre for Governance and Scrutiny Governance Risk and Resilience Framework	Monitoring Officer and Head of Governance
9. Industrial Relations	Assistant Director Human Resources & Organisational Development
<b>CLOSED:</b>	
• Change of Governance Arrangements	
• Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration	
• Workplace Wellbeing	
• Emerging Legislation and Inspection Regimes	

## Open On-Going Issues to be Monitored in 2024/25

<p><b>1</b></p>	<p><b>Annual Internal Audit Opinion - Key Findings</b></p>	<p>Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs). The Opinion covers the Internal Audit work completed delivering the 2023/24 Audit Plan to 31 March 2024. This issue is monitored via every Annual Governance Statement.</p> <p>The Annual Opinion will be drafted in May 2024 and will be presented to the Governance, Audit, Risk Management &amp; Standards Committee in June 2024 (<a href="#">here</a>).</p> <p>Key issues arising from the Opinion only will be monitored via this Statement. At this stage, the main issue identified is the low rate of implementation for agreed actions. The target is 90% for critical and high priority actions to be implemented within agreed timescales; Audit advice and/or agreed actions not being implemented could lead to a deterioration in the Council's control environment resulting in a Limited Assurance Annual Opinion. The implementation rate so far this year has been: Q1 - 39%; Q2 - 19%; Q3 - 67% i.e. the target has not been met in any of the periods.</p> <p><b>Status:</b> Open</p> <p><b>Responsible Officer:</b> Head of Internal Audit</p>
<p><b>2</b></p>	<p><b>Auditor Capacity and Impact on Audit of Accounts</b></p>	<p>The 2022/23 Statement highlighted significant delays with auditing of the Council's accounts by the external auditors. Details of this issue are on pages 25-26 <a href="#">here</a>.</p> <p>The independent audit of a local authority's statutory accounts and arrangements for achieving value for money is a key transparency and accountability mechanism which is fundamental to sustaining public confidence in systems of local democracy. Local audit enables taxpayers, and local bodies themselves, to have confidence that financial accounts are true and fair, and that the authority has been acting with propriety and has arrangements in place to secure value for money through the economic, efficient, and effective use of its resources.</p> <p>Recent years have seen delays in audit completion due to increased regulatory requirements of audit firms and capacity and capability issues within the external audit sector. Despite this, the council's accounts to 2019/20 have been successfully audited. In 2020/21, an additional issue relating to the reporting of infrastructure assets led to delays in local authority audits, principally for highways authorities. This has</p>

	<p>resulted in delays to the audit of the council’s 2020/21 financial statements and a delay in the commencement of the 2021/22 and 2022/23 external audits.</p> <p>The most recent update from the Council’s external auditor for the years 2020/21 through to 2022/23 advised that they are likely to complete the 2020/21 audit by 30 September 2024, but they will be unable to complete audits for 2021/22 and 2022/23 by the backstop date (as set out below). This is likely to mean disclaimed audit opinions for those two years. The implications of this will need to be carefully managed and updates reported to committee in a timely manner.</p> <p>A joint statement consulting on proposals to clear the backlog of historical audits and ‘reset’ the system was issued by Department for Levelling Up, Housing and Communities (DLUHC) in February 2024. The consultation proposes putting a date in law (the “backstop date”) of the 30 September 2024, by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The outcome of the consultation will be factored in to external auditor plans for the audits of the 2021/22 and 2022/23 accounts.</p> <p>On a wider level, the government has recognised the issues in the audit sector. In June 2023 the Public Accounts Committee (PAC) recommended DLUHC, the Financial Reporting Council (FRC) and other system partners set out how to tackle capacity, capability and leadership in local audit, as well as how to ensure developments are made in the long-term market and workforce to address existing issues. PAC also recommended DLUHC set out contingency plans should the legislative programme not allow for the establishment of the Audit, Reporting and Governance Authority (ARGA) during this Parliament.</p> <p>In the absence of the external assurance, and to provide transparency and accountability to elected councillors and residents, the council continues to maintain a strong internal audit function and regular dialogue with the GARMS Committee to ensure councillors are kept up to date of progress, on-going issues and actions that are being taken to address any concerns. The council also undertakes a robust monthly monitoring framework for both revenue and capital spend which is reported to both CMT and Cabinet.</p> <p><b>Status:</b> Open</p> <p><b>Responsible Officers:</b> Executive Director Strategy and Resources / Head of Internal Audit</p>
--	--

## Open (Amended) Issues to be Monitored in 2024-2025

<p><b>3</b></p>	<p><b>Company Governance and Loan Arrangements</b></p>	<p>The 2022/23 Statement reviewed the separate bodies and their reporting arrangements and concluded that robust arrangements were in place and that this issue should be closed (see pages 8-12 <a href="#">here</a>).</p> <p>However, the Council completed a Local Government Association Peer Review in June 2023 and one of the recommendations was: “Undertake a review of company governance and loan arrangements, providing clarity of responsibility around the management of risk.” As such, it was decided that this issue should remain open and be monitored during 2024/25.</p> <p>During the year, the Council has undertaken a review of:</p> <ul style="list-style-type: none"> <li>➤ Council companies and subsidiaries including capturing key company information (purpose, lead officer, directors, insurance arrangements, auditors, memorandum of understanding or articles of association, reserved matters, loans to the company, etc.);</li> <li>➤ Council investments including investment/asset details, business case, monitoring arrangements, benefits realisation, senior responsible officer, partners, and links to council decisions;</li> <li>➤ Council Loan arrangements including name of loan, sponsor, relationship manager, loan compliance officer, key third party contact, business cases/financial appraisals, commercial or service income, links to council decisions, other key documents, regulatory guidance, management of counterparty risk, related companies, details of loan facility, drawdown, loan principal repayment, interest rate, and recourse in the event of default; and</li> <li>➤ Council trusts including name of trust, address, date of trust, title numbers, key documents, and council decisions relating to the trust.</li> </ul> <p>Work to collate key information on companies and subsidiaries, investments, loans, and trusts has been completed, but the Council must ensure that the risks around these areas are being appropriately managed. An officer group (which included the Deputy Chief Executive, Section 151 Officer, Monitoring Officer, and other lead officers) has agreed that the collated information should be reported to the quarterly Council Management Team Assurance meeting to build in a regular strategic review of these entities. Given the potential risks relating to these types of bodies, this issue will continue to be monitored via the 2024/25 Statement.</p> <p>The council has also identified several opportunities to accelerate regeneration and development of new homes through making loans to partner organisations, some of which it owns in part or whole. Given the changing</p>
-----------------	--	--



		<p>nature of the portfolio of loans and investments, it is now proposed to update and broaden the investment portfolio review undertaken by a third-party financial consultant (31ten) most recently undertaken in March 2023. During 2024/25, the council will also develop several indicators to monitor the nature of its capital risk exposure in a more nuanced way.</p> <p><b>Status:</b> Open (amended)</p> <p><b>Responsible Officers:</b> Monitoring Officer / Executive Director Strategy &amp; Resources / Head of Governance</p>
4	<p><b>Cyber Security and Business Continuity</b></p>	<p>In the 2022/23 Statement, the Council monitored an issue relating to cyber security and information management (see pages 16-17 <a href="#">here</a>). Due to the potential impact of this issue on the council’s systems and services, this issue has been monitored during 2023/24. However, the emphasis of the issue has changed and now focusses on cyber security and business continuity (rather than cyber security and information management) as it is considered that there is a significant risk to service delivery in the event of a loss access to the Council’s IT network and associated systems. The update on this issue is as follows:</p> <p>The threat of cyber security is a key risk to the authority’s data, systems, and services; there is consistent monitoring and controls in place to mitigate this risk. Despite the ongoing actions taken to reduce risk in this area, cyber security remains a significant risk due to the potential impact and likelihood of a cyber-attack.</p> <p>There is a continued maturing, structured approach that proactively reviews technical controls in place to ensure they are in line with changing threat levels, so that technologies and processes evolve to mitigate the threat. The Council works with relevant agencies and partners both locally and nationally, such as the National Cyber Security Centre, to ensure live threats and intelligence are monitored and responded to. This ensures awareness and vigilance remain high, and clear protocols to respond to evolving threats are developed and maintained.</p> <p>Whilst it is not considered best practice to publish technical mitigations in place to thwart a cyber-attack these are being continually updated and improved. In 2023/24 Barnet:</p> <ul style="list-style-type: none"> <li>➤ Implemented technical changes that detect and monitor traffic to the network;</li> <li>➤ Began implementing recommendations following a PwC audit on third party supply chain;</li> <li>➤ A communications campaign to staff and partners around cyber security and awareness; and</li> <li>➤ Following the November 2023 PwC audit report on Business Continuity, the service has and will continue to link with business continuity leads to ensure updated reports reflect cyber security risk.</li> </ul>

		<p>Cyber security and information management will continue to be reflected through 2024/25 statement.</p> <p><b>Status:</b> Open (amended)</p> <p><b>Responsible Officers:</b> Assistant Director Customer and Digital Services / Head of Organisational Resilience</p>
5	<b>Housing Regulation</b>	<p><b>Fire Safety</b></p> <p>The 2022/23 update outlined the Council’s response to the ‘Building a Safer Future’ government initiative and associated legislation which included: the appointment of an ‘Accountable Person’; delivering a Fire Safety Investment Programme for high-risk council owned housing blocks; Barnet Homes undertaking fire risk assessments for low and medium rise blocks and delivering a programme of associated safety works; and regular updates in risk assessments in private sector residential buildings.</p> <p><b>Building Safety</b></p> <p>‘Building a Safer Future’ (BSF) is a Government-led initiative in response to the Grenfell Tower tragedy. It is a framework within which the shortcomings identified in the post Grenfell review of Building Regulation and Fire Safety can be addressed. These shortcomings include the way high-rise residential buildings are built and managed. BSF is also intended to deal with situations where residents may raise concerns about the safety of their buildings, which they may feel are not taken seriously by their landlord. Two key pieces of legislation support this initiative – the Building Safety Act and the Fire Safety Act.</p> <p>The new Building Safety Regulator, working under the responsibility of the Health and Safety Executive and with responsibility for ‘high risk’ / ‘in-scope’ buildings (e.g., residential blocks over 18 metres, but other criteria may be defined through subsequent statutory instruments) will be operational in 2023/24. Following formal introduction of the Acts an additional £0.9m per annum has therefore been included in the Housing Revenue Account {HRA} Business plan as revenue expenditure within the plan to deliver the requirements of ‘Building a Safer future’ and associated legislation.</p> <p>An update on the council’s progress in putting in place the requirements of the Building Safety Act was submitted to <a href="#">Housing and Growth Committee on 23<sup>rd</sup> March 2023</a>. The Committee also approved the following recommendations:</p> <ol style="list-style-type: none"> <li>1. Note that the Council will be the ‘Accountable Person’ for the purposes of the Building Safety Act 2022 and ask Council to approve that the functions of the ‘Accountable Person’ be delegated to the Deputy Chief Executive and that the Constitution be updated; and</li> </ol>

2. Approve that the Housing Management Agreement between the Council and Barnet Homes be updated as some duties of the 'Accountable Person' will be carried out by them as agent for the council.

Fire safety has continued to be monitored throughout 2023/24 with the following highlights:

- The £52m Fire Safety Investment Programme for high-risk council owned housing blocks is now complete.
- Barnet Homes have delivered the fire risk assessment survey programme for low and medium rise blocks totalling 900+ reports. An assessment of future investment need has been developed and budget provision of £29.5m for a 5-year investment programme has been approved. Due to the unforeseen Moss Hall Fire and the wider impact this programme has been extended to 7 years with an additional £3.6million required to deliver the Moss Hall wider project. These works will include compartmentation; fire doors to communal areas and flats; fire detection systems; emergency lighting and fire signage. Due to latest update from DLUCH on the response being proportionate on buildings under 11m a new assessment tool is being created to identify the risk of each building which may lead to variations on the delivery of work. This task will be completed in 2024.
- Implementation of the Moss Hall wider fire safety project for timber frame houses which will run from 2023 to 2026.
- Implementation of Fire Door inspection programme.
- Structural assessments of high rise buildings and conversions from EWI to PAS 9980 external wall assessments
- Registration of high-rise buildings on HSE portal, Building Safety Cases, Golden Thread digital system and Resident engagement strategy to 'go live' in Q1 2024.
- Quarterly meetings with Deputy Chief Executive and The Barnet Group (TBG) CEO as per note above regarding 'Accountable Person' status.
- Reporting regime for LFB of life safety equipment in high rise buildings
- Regular updates on risk assessments in private sector buildings (residential).

### **Damp and Mould**

The 2022/23 update detailed that; the council had been undertaking surveys of council housing stock; Barnet Homes recruiting a 'Healthy Homes Team' and linked investment to deal with damp and mould issues; and the approach to managing this issue in the private rented sector.

Since the original response to [Housing and Growth Committee on 17<sup>th</sup> January 2023](#), following the tragic case of Awaab Ishak, Barnet Homes has recruited additional resources and created a new 'Healthy Homes Team' to manage the current caseload of damp and mould. This is at a cost of circa. £0.200m per annum. We commenced 2023/24 with a revenue budget of £1.1m for staffing and revenue works expenditure and a £1m capital budget for improvements to the stock were required to deal with damp and mould issues.

The consultant Savills have completed property condition surveys at 100% of LBB's social housing stock. These surveys have identified damp and mould issues at different levels of severity. Repairs works have since been completed to rectify the 131 'severe' cases of damp and mould that were identified through the surveys.

To ensure that damp and mould cases are identified and addressed going forward, Barnet Homes' Damp and Mould Working Group has overseen the delivery of training for technical and non-technical staff on identifying and reporting damp and mould in tenants' homes. In addition, the options available to residents for reporting damp and mould issues have been expanded and simplified, and a communications campaign has been delivered to benefit residents.

From June to August 2023, the internal auditors for The Barnet Group (TBG), Mazars, completed an independent audit of TBG's approach to dealing with Damp, Mould and Condensation in residential properties. The result of the audit was 'adequate' assurance, with one minor and one moderate recommendation, as follows:

- Implement more detailed complaints performance reporting including analysis on service area sub-categories.
- Introduce formal damp and mould training which is mandatory for new starters and staff, and is required to be refreshed on a periodic basis by all staff.

TBG have since completed these actions.

### **Housing Regulation and Inspection**

Over the last few years the regulatory landscape for Housing has shifted significantly, especially for local authority housing, we have seen:

	<ul style="list-style-type: none"> <li>• Outcome-focused regulator.</li> <li>• Regulator of Social Housing (RSH) vision: “To deliver safe, quality homes for tenants to live in, and for tenants to enjoy universally good services”.</li> <li>• Social Housing (Regulation) Act 2023</li> <li>• Tenant Satisfaction Measures.</li> <li>• Introduction of proactive regulation of the revised consumer standards.</li> <li>• Consultation on new consumer standards July - October 2023. Awaiting outcome.</li> <li>• Safety and Quality Standard</li> <li>• Transparency, Influence and Accountability Standard</li> <li>• Neighbourhood and Community Standard</li> <li>• Tenancy Standard.</li> <li>• Accompanying Code of Practice.</li> </ul> <p>To ensure compliancy with this Regulation an inspection regime has been put in place which means all Landlords with over 1000 homes will be inspected every four years. The Regulator of Social Housing will look at the quality of our services, the safety of our homes and seek to understand what our residents think of us and how much they are involved in decision making. In preparation for inspection we will:</p> <ul style="list-style-type: none"> <li>• Undertake a self-assessment against the incoming consumer standards – gap analysis will identify any areas of focus.</li> <li>• Ensure all policies are up to date.</li> <li>• Take stock of current reporting and accountability framework between Barnet Homes and LBB.</li> <li>• Undertake a readiness exercise with Housing Quality Network.</li> </ul> <p><b>Status:</b> Open (amended)</p> <p><b>Responsible Officer:</b> Head of Strategic Housing</p>
--	---

6	<b>Financial Resilience</b>	<p>During 2023/24, several local authorities have issued Section 114 notices which has the effect of restricting all spending except on statutory services. Funding across the local government sector is challenging and without sound financial management, the Council could be at risk of issuing a notice. This emerging issue has therefore been monitored during 2023/24 with an update as detailed below.</p> <p>Following the November 2023 Autumn Statement and 2024/25 funding settlement, real-terms funding cuts for unprotected departmental spending coupled with high inflation and interest costs means there is real uncertainty for the sector over its medium-term financial sustainability. Added to this are potential government funding reforms (including 'fair funding' and a business rates reset) on the horizon that could have a significant, negative impact on funding levels in the next Spending Review period (commencing 2025/26).</p> <p>Additional government funding in the short term is highly unlikely to be a route to restoring the council to a sustainable financial position and limited assurance can be given regarding the Council's medium term financial position until the Government has set out the future of Local Government funding. Until this funding is confirmed the S151 Officer cannot confirm that future medium term financial strategies are robust and achievable. Despite the funding uncertainty, the S151 Officer can confirm that the Council is taking all measures to ensure its future financial sustainability by investing in housing and digital transformation, reducing costs in demand led services like social care and homelessness, and working alongside neighbouring boroughs and London Councils to ensure best practice is being adopted.</p> <p>In addition, the council maintains reserves to ensure financial sustainability and for other, non-recurrent purposes such as work on sustainability and transformation, expenditure linked to previous grant receipts or for unplanned one-off items. The Council's Financial Strategy states that <i>"A level of sustainable reserves will be maintained, this will be defined by the Section 151 Officer during the budget setting process, considering prevailing risks and opportunities. For 2024, this has been identified as £15m for general fund balance and £40m for earmarked non-ringfenced revenue reserves"</i>. Although there is a risk that the level of non-ringfenced revenue reserves may fall below £40m during the MTFS period, the Section 151 Officer considers the current level of reserves sufficient to manage financial sustainability and will be actively working to replenish some of the previous years' drawdowns. The MTFS for 2024-2030 includes plans to contribute further sums to reserves in order to build up financial resilience.</p> <p>As detailed in the Workplace Wellbeing item, financial stability has been causing anxiety amongst staff. An update on steps being taken to address this are set out below:-</p>
---	-----------------------------	--

The current UK financial crisis together with the shortfalls faced by the council, directly impact members of our staff both in their personal lives and at work. The council is committed to improving the wellbeing of our workforce and so must consider that financial hardship, as well as a lack of resources at work (increased workloads due to budget pressures, and fears over jobs), can lead to unhealthy levels of anxiety and stress for our workforce. There is also a risk of staff being impacted to such a degree that sickness absence levels rise and staff that are at work are not functioning at their best, which will directly impact service delivery. Measures are in place to manage this risk including the councils Workplace Wellbeing strategy and Action plan, which addresses workplace impacts on health, as well as the councils stress policy and risk assessments that identify work related stressors. We will continue to monitor the impact and intervene where appropriate.

### **Inflation**

In 2022/23 the impact of inflation and increased interest rates on the Budget and Medium-Term Financial Strategy (MTFS) was monitored via the Statement. The update highlighted the impact on the revenue budget and requirement to drawdown on contingency to manage the in-year position. Details of this issue are on pages 23-24 [here](#). This issue has continued to be monitored during 2023/24 and the update is as follows:

When the 2023/24 budget was set, the Bank of England, Office for National Statistics and other forecasting organisations were estimating inflation to be around 5-6% in 2023. Based on this intelligence the Council budgeted for non-pay inflation to be just under 8%. The average non-pay inflation across contracts (including fuel, electricity and social care contracts factoring London Living Wage) was just under 10%. While the MTFS for 2023/24 made provision for inflation, given this, it was necessary to drawdown on contingency to help manage the in-year financial position.

During 2023/24, rising demand for services against a backdrop of rising inflationary costs in the sector continued to be a financial challenge to the authority with a forecast overspend at Q3 of £19m.

The Chancellor's budget on 6 March 2024 forecast inflation to return to 2.2% by the end of 2024 but given the economic volatility over the last financial year, it would be prudent to keep income and expenditure under review until the outturn has been established.

The Council will continue to monitor the impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to Cabinet.

### **Dedicated Schools Grant (DSG) and School Finances**

There are significant emerging pressures in the Dedicated Schools Grant and in individual schools finances. These are caused by increasing demands for help for children with additional needs including those with EHCP (Education, Health and Care Plans) and falling school roles in some parts of the Borough. A Schools Finance Group and a Schools in Financial Difficulty Group has been established and is progressing work to address some of these concerns in partnership with Schools Forum.

### **Reforms**

There are significant reforms proposed by central Government in relation to children's social care, Special Educational Needs and Disability (SEND) and childcare reforms. There are risks to the Local Authority associated with these proposals as the resources are insufficient to meet the requirements.

### **Housing Revenue Account**

The current inflation and interest rate environment is putting chronic pressure on Housing Revenue Accounts (HRA's) across London and the diminishing ability for HRA's to self-fund (through rental income) sustainably into the future.

Balancing the HRA budget has become more challenging due to the turbulent macro-economic environment, changing legislative requirements, government restrictions on the council's ability to increase rents, and the growing demand for increasingly costly resources. Significant on-going financial and operational challenges include:

- Increased cost of repairs/ major repairs due to the inflationary cost of labour/ materials significantly above CPI
- The current high interest rate environment affecting affordability of capital investment and development programmes, as well as meeting our statutory duties – e.g. Damp and Mould, Fire Safety, building safety regulations on Regeneration sites.
- Increasing cost of utilities rising above prior assumptions, meaning higher subsidy by the council for some households
- Increasing damp and mould costs, beyond the significant originally estimated investment the council has previously committed.



		<ul style="list-style-type: none"> <li>Potential cap on Rents. For 2023/24, Central Government applied a 7% cap on rent, which was significantly lower than the increased cost of repairs. Central Government has not yet notified local authorities of a cap for 2024/25.</li> </ul> <p><b>Status:</b> Open (amended)</p> <p><b>Responsible Officers:</b> Executive Director Strategy and Resources</p>
7	<p><b>Emergency Planning and Organisational Preparedness</b></p>	<p>In the 2021/22 Statement, the Council committed via a self-assessment process to provide a regular update on emergency planning and organisational preparedness. Details of this issue are on pages 13-14 here</p> <p>The council fully recognises the importance of contingency planning in support of its communities. The council committed considerable resource to this area, pre-pandemic, to meet our obligations under the Civil Contingencies Act 2004. The council continues to be well supported by officers in delivering its emergency response capabilities, through both senior managers on a voluntary basis and bronze officer roles subject to a supplementary role and on-call allowance.</p> <p>During 2023/24 Organisational Resilience has continued to provide:</p> <ul style="list-style-type: none"> <li>Skilled and trained emergency responders to maintain an adequate state of preparedness.</li> <li>Captured and acted on lessons learnt following each emergency response.</li> <li>Reviewed and updated key plans in line with the risk and London Resilience frameworks including a full review of the council’s Multi-Agency Flood Plan and Local Flood Plan.</li> <li>Tested and exercised plans through live incidents and training.</li> <li>Completed self-assessment to Resilience Standards for London (RSL) and identified an action plan to improve resilience where improvement is identified.</li> </ul> <p>RSL is an annual self-assessment undertaken by all London Boroughs against a set of 11 requirements, assessed using a scale of Developing, Established or Advanced. The assessment is signed off by the Chief Exec and shared with London Resilience who will accumulate responses in order to identify learning across regions and all London.</p> <p>Over the last 12 months the council has increasing our level of assurance across Community Resilience by developing greater connections and supported successful funding grants in this sector.</p>

		<p>Whilst our emergency planning and response to civil emergencies and business continuity incidents remains resilient, the Business Continuity Audit report dated November 2023 highlighted 3 high and 2 medium recommendations around documentation and procedures leading to an overall assessment of Limited Assurance.</p> <p>The 5 recommendations have been converted into an action plan with timeframes and work is already being progressed. Monthly monitoring of progress has been introduced with the Executive Director of Assurance sponsoring the project.</p> <p>To reflect this, we have decreased our RSL assessment of Business Continuity and Organisational Engagement to Developing and will target recovery of these areas over the following 12 months.</p> <p>Despite the above, there remains a low risk that Barnet would not be able to provide an adequate emergency response.</p> <p><b>Status:</b> Open (amended)</p> <p><b>Responsible Officer:</b> Head of Organisational Resilience</p>
8	<p><b>Centre for Governance and Scrutiny Governance Risk and Resilience Framework</b></p>	<p>The Council committed to undertake a review against the Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework. The Framework details the seven characteristics of good governance and allows councils to consider the positive and negative behaviours in each category.</p> <p>In addition to this review, the council explored the findings from several recent Public Interest and Best Value reports from authorities where there have been significant governance failures to identify lessons learnt.</p> <p>Further information on this review is detailed in the 2022/23 Statement <a href="#">here</a>.</p> <p>Following a review of the CfGS Framework and the Public Interest/Best Value reports, an Action Plan was developed and presented to Council Management Team. Officers from the various services have been addressing the issues raised and the Action Plan has been updated.</p> <p>Good progress has been made but will continue to be monitored via the Statement.</p> <p><b>Status:</b> Open</p> <p><b>Responsible Officers:</b> Monitoring Officer and Head of Governance</p>

<b>9.</b>	<b>Industrial Relations</b>	<p>The council has always sought to maintain positive industrial relations with staff and trade unions. This has included consulting with unions on major changes and working with them to resolve workplace issues. During the year 2023/24, some industrial relations challenges have developed that are expected to continue to impact the council during 2024/25. This has included localised industrial action taking place, that is ongoing.</p> <p>The council is working with trade unions, via the ACAS service, to resolve the current industrial dispute, and is committed to continue working closely with unions to minimise future industrial relations issues.</p> <p><b>Status:</b> Open</p> <p><b>Responsible Officer:</b> Assistant Director Human Resources &amp; Organisational Development</p>
-----------	-----------------------------	---

## Issues Closed in 2024-2025

9	<p><b>Change of Governance Arrangements</b></p>	<p>The 2022/23 Statement noted that the Council was due to change its governance arrangements from a Committee System to an Executive system in May 2023 and noted that the transition could represent a governance risk to the authority.</p> <p>The new governance arrangements were successfully implemented including the adoption of a new Constitution and all the associated arrangements. The system has embedded well with no significant issues arising. The Governance Review Project Closedown report was reported to GARMS in October 2023<sup>4</sup>. This issue will be closed and not be monitored during 2024/25.</p> <p><b>Status:</b> Closed</p> <p><b>Responsible Officers:</b> Head of Governance</p>
10	<p><b>Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration</b></p>	<p>In the 2021/22 and 2022/23 Statements the governance of major capital programmes has been monitored including: highways capital investment; Housing Revenue Account capital portfolio; and capital delivery projects. In those Statements, assurance was provided that these programmes were being managed appropriately (see pages 14-15 here). The only programme where a significant governance risk remained was in relation to construction of the Brent Cross Thameslink station as there was a potential significant financial risk to the authority. The 2022/23 Statement reported progress on completion of the station including the closeout process for the major contracts and alternative funding strategy to respond to any overspend risk.</p> <p>Brent Cross West station officially opened on the 10<sup>th</sup> December 2023 and has since been well used by the local population. Passenger numbers are expected to increase over the coming years as the wider Brent Cross Town development comes forward, 5 plots of which are already well under construction. The opening of the station marks a major milestone for the Brent Cross Regeneration, and will act as a catalyst bringing people, jobs and investment to the area.</p> <p>The council maintain an obligation to fund any operational deficit of the new Station until it turns profitable. This is expected to occur in year 1 or year 2 and a prudent reserve has been set aside to cover this obligation. The project team are maintaining regular contact with the station operator who will provide interim figures to ensure the council are sighted on the quantum of any funding required.</p>

<sup>4</sup> [Agenda for Governance, Audit, Risk Management and Standards Committee \(GARMS\) on Monday 16th October, 2023, 7.00 pm \(moderngov.co.uk\)](#) – Agenda item 11

		<p>Following physical completion of the station, the major delivery contracts will undergo the process of final accounting which will formally bring the station project to a close. Updates on the progress of this will continue to be reported to the Brent Cross Governance Board which has oversight of key decisions related to this and the wider Brent Cross development.</p> <p><b>Status:</b> Closed</p> <p><b>Responsible Officer:</b> Deputy Chief Executive and Brent Cross Director</p>
<b>13</b>	<b>Workplace Wellbeing</b>	<p>In 2021/22 and 2022/23 the Statement monitored the impact of the pandemic on employees' physical and mental health as these could have a significant impact the operational delivery of services (see pages 22-23 <a href="#">here</a>). The Statements detailed the actions that had been taken to address this issue including development and delivery of a Workplace Wellbeing Strategy; responses to increases in the prevalence of mental health issues in staff; and coaching programmes. These mitigating actions provided assurance that appropriate steps had been taken to support staff with a return to the office and engagement with new ways of working post-pandemic.</p> <p>However, staff are beginning to report increased levels of anxiety amongst staff due to the impact of financial sustainability in local government and the impact of inflation. The impact and response to this will be covered in the financial sustainability update below and Workplace Wellbeing will be closed as a separate issue.</p> <p><b>Status:</b> Closed</p> <p><b>Responsible Officer:</b> Head of Health, Safety &amp; Wellbeing</p>
<b>14</b>	<b>Emerging Legislation and Inspection Regimes</b>	<p>In the 2022/23 Statement an issue was monitored relating to new legislation and changes to external inspection regimes. Details of this issue are on pages 17-22 <a href="#">here</a>.</p> <p>At the time of drafting the 2022/23 Statement, the impact of many of these areas on services was unknown and this was the reason for the inclusion of the items. Following the updates provided in 2022/23, most of these areas have been managed by directorates and services as business as usual without a significant impact on the authority including: children's services; adult social care; Environment Act; housing quality and regulation; social housing and private sector rented housing. As such, these areas have not been monitored during 2023/24.</p>

		<b>Status: Closed</b> <b>Responsible Officer:</b> Various Directorates
--	--	---

## Conclusion

During 2023/24 the council has progressed and resolved some of the significant governance issues identified. The governance issues marked as 'open' above will carry forward for monitoring in 2024/25.

**To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2023/24 except for those areas identified below. We propose over the coming year to take steps to address the matters to further enhance our governance arrangements.**

**We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation on an on-going basis through the year and as part of our next annual review at the end of the 2024/25.**

**SIGNED:** \_\_\_\_\_ **Date: xx xxxx 2024**

**Leader of the Council**

**SIGNED:** \_\_\_\_\_ **Date: xx xxxx 2024**

**Chief Executive**