

LONDON BOROUGH OF BARNET

Annual Governance Statement



2020/21

CERTIFICATION

To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2020/21 except for those areas identified in Section 7. 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 2021/22.

SIGNED: _____ Date: _____

Leader of the Council

SIGNED: _____ Date: _____

Chief Executive

1. INTRODUCTION

Barnet Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also 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.

Barnet Council acknowledges its responsibility for ensuring that there is effective governance within the Council and as such 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[1] and 6[2] of the Accounts and Audit Regulations 2015¹ [as amended by The Accounts and Audit (Amendment) Regulations 2021²] 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 Audit Committee alongside this Statement and published as part of the Constitution³. The Code is consistent with the principles of the of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

2. GOVERNANCE

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.

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

² <https://www.legislation.gov.uk/uksi/2021/263/made>

³ <https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD359&ID=359&RPID=24619495>

3. GOVERNANCE ARRANGEMENTS

The Council's governance arrangements comprise two key elements. Firstly, the systems and processes which are in place to ensure that adequate controls exist including the internal control framework, external audit, the constitution, schemes of delegation, codes and protocols. The strategic direction of the authority is set out in the B Plan and the Council regularly monitors via its committees and decision-making framework delivery of its strategic objectives. Secondly, good governance is underpinned by the behaviours of Members, officers and the partners which includes but is not limited to adherence to the decision-making framework, 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.

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.

The system is based on an on-going process designed to:

- make sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud;
- that public money is properly accounted for and is used economically, efficiently and effectively;
- that the Council operates in a lawful, open, inclusive and honest manner;
- that the Council has effective arrangements for the management of risk;
- that the Council enables human, financial, environmental and other resources to be managed efficiently and effectively;
- that the Council secures continuous improvement in the way that it operates;
- that the Council properly maintains records and information;
- that the Council ensures its values and ethical standards are met:
 - a. identify and prioritise the risks to achievement of the Council's policies, aims and objectives,
 - b. evaluate the likelihood of those risks being realised together with the impact should they be realised, and
 - c. manage them efficiently, effectively and economically.

The governance arrangements as outlined above have been in place within Barnet Council for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Where improvements in the governance arrangement are required (as outlined in Section 7) they will be addressed in the coming year.

4. THE ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement is made up of statements that are underpinned by the Council's governance arrangements. An assurance framework exists, primarily the Council's formal governance arrangements and the Assurance Directorate, which enables Members and Senior Management to identify the principal risks to the Council's ability to meet its key objectives. Elected Members and Senior Management can map out both the key controls to manage the risks and how they are assured that these controls are effective in identifying, managing and mitigating risks.

This framework is designed to provide assurance, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved, except for those areas identified in Section 7 which require further improvements.

An annual assessment via the Annual Governance Statement gives the Council an opportunity to review that effectiveness of the governance arrangements operating within the Council. In addition, 'the three lines of defence assurance model' helps Elected Members and Senior Management 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.

The Three Lines of Defence in effective Risk Management and Control

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 in section 7 of the report and will be addressed in the coming year.

2nd Line of Defence Oversight and Support Strategy, Policy, Direction setting, decision-making, assurance oversight	 Support	1st Line of Defence Business and Operational Management Delivering objectives, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance	 Validate	3rd Line of Defence Independent Assurance Independent challenge and audit, reporting assurance, audit opinion assurance levels
Committee and Scrutiny Functions		Operational Management and Staff		Internal Audit
Senior Management Functions and oversight		Managing Performance and Data Quality		Legal Service including external Counsel
Risk Management and Performance Management		Programme and Project Management		External Audit (provide assurance to those charged with governance)
Functional Compliance (Information Management, HR, Legal, Contract and Financial Management)		Delivery of Service Business Plans		External Inspections
				Review Agencies
		Regulators		

5. HOW HAS THE ANNUAL GOVERNANCE STATEMENT BEEN PREPARED?

The Council has reviewed significant governance issues from previous years and identified new issues that have arisen during the year. Detailed updates on these issues are set out in the following sections.

The Council has a Code of Corporate Governance to reflect the CIPFA Framework which includes an assessment of our compliance with the seven principles of Good Governance⁴ which is reported to the Audit Committee alongside this Statement.

The Annual Governance Statement reports on significant governance issues over the last year and how the Council has responded to them. It should be noted that during this period there have also been notable achievements including the responding to the pandemic whilst delivering many elements of the council's core business and continuing to build on improvements in Children's and Adult Services.

⁴ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

6. HOW DO WE KNOW OUR ARRANGEMENTS ARE WORKING?

Within this Annual Governance Statement, the Council has undertaken an assessment of significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2021/22 and will continue to be monitored. Any issues that have been resolved during 2020/21 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 2021/22.

7. SIGNIFICANT GOVERNANCE ISSUES

EXISTING ISSUES – CARRIED FORWARD FROM 2020/21

7.1 COVID -19 and Recovery Planning

Covid-19 has had a significant impact on Barnet during 2021/21. Residents, partners, local businesses, staff and the services the Council provides have all been significantly impacted. In addition to the emergency planning, business continuity and public health response, several services were initiated to deliver critical services and support to the residents and businesses, whilst existing services had to rapidly adjust to new ways of working to ensure continuity of delivery.

In September 2020, the Policy and Resources Committee received a report on the organisational response to Covid-19 and preparation for the next phase⁵. The report outlined the Council's response in the following areas:

- Emergency Planning and Business Continuity
- Decision-making;
- Outbreak management;
- Public health and health & safety leadership and support;
- NHS Test and Trace;
- Excess death management;
- Redeployment and running critical services;
- Financial resilience;
- Workforce support;
- Communities - and supporting the following – residents and communities;
- Children & young people;
- Adults;
- Faith groups; Volunteers;

⁵ Policy & Resources Committee, 24 September 2020, Organisational response to Covid-19 and preparation for the next phase: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&Mid=10198&Ver=4>

- Businesses;
- Town centres;
- Transport;
- Education;
- Elderly and venerable;
- Admission provision and hospital discharge;
- PPE;
- Leisure, culture and lifestyle;
- Parks and open spaces

The pandemic and emergency response has the potential to impact on the impact on the Councils governance arrangements by taking decisions or actions which have not been subject to oversight and scrutiny by elected Members.

Strong governance during a crisis also supports disaster recovery and resilience. Ensuring that robust governance arrangements were in place for key decisions relating to the pandemic was a significant issue in 2020/21. At the end of March 2020, the Council took the decision to suspend face-to-face committee meetings in line with advice from national and local government. Barnet operate a Committee System of governance and there is no provision for individual Member decision-making and significant decisions should be approved by committees. Several emergency decisions had to be taken by officers in consultation with Members, relying on provisions in the constitution relating to public health functions and acting in an emergency These decisions were subsequently ratified by an Urgency Committee meeting at the end of April 2020⁶ and a delegation was provided to officers to take any future pandemic related decisions in consultation with the relevant committee chairmen.

The pandemic highlighted a requirement to revise governance arrangements relating to enable urgent or emergency decisions to be taken by officers in exceptional circumstances so that the Council can react quickly without the requirement to convene a committee meeting whilst retaining Member oversight. In October 2020 Council⁷ agreed to amend Article 10 (Decision-Making) of the Constitution to give a delegation to the Chief Executive to take decisions in exceptional circumstances on emergency matters which would normally require a committee decision where it is not possible to convene a meeting of a committee following consultation with relevant Members.

Since September 2020, the Council's pandemic response has continued through a further national lockdown between December 2020 and March 2021. Despite the lockdown, the Council's focus has been on recovery planning and future financial sustainability as set out below.

⁶ Urgency Committee, 27 April 2020: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=716&MId=10375&Ver=4>

⁷ Council, 20 October 2020, Item 11.2, Appx T and U: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=10235&Ver=4>

Recovery Planning (including the Barnet Plan)

Our Covid-19 Recovery Planning programme has continued throughout the year, led by the council's Deputy Chief Executive. The programme has co-ordinated activity across the organisation in the past year, with the majority of council services now recovered and operating normally. The programme has been structured around the themes of the Barnet Plan 2024 in order to embed recovery into the council's long-term vision for the borough.

The programme is currently focused on the final 'unlocking' of services that have been restricted by Covid-19 regulations or deprioritised due to the pandemic response, in line with the government's roadmap out of lockdown.

Other areas of unlocking continue to build upon changes implemented through the response to Covid-19. In-person social care services in Adults and Family Services are being restored alongside digital models, while libraries continue to look at blended service models. This will be in place until all services have been unlocked in line with this roadmap, with any recovery activity beyond this falling into the Barnet Plan, where it will be monitored by the outcomes framework.

It is clear that – as well as being a pressing social and economic need – recovery provides an unparalleled opportunity for the council to work with partners to collectively re-think how we operate individually and together. There are numerous examples of positive changes that have been implemented throughout our response to Covid-19 that we should build upon and retain in the future.

These activities are incorporated into Barnet's new Barnet Plan⁸, which was agreed at Full Council 2 March 2021⁹. The COVID-19 recovery planning has fed into the Plan and has enabled us to achieve a stable foundation on which to deliver our longer-term vision:

"We care about the borough and want it to be a great place to live, work and visit. Listening to and working with residents and others, we want people to have opportunities to live healthy and fulfilling lives in safe and thriving communities. Providing good quality customer service in all that we do."

The plan focuses on four priorities over the next four years:

- Clean, safe and well run – A place where our streets are clean and anti-social behaviour is dealt with so residents feel safe. Providing good quality, customer friendly services in all that we do
- Family Friendly – Creating a family friendly Barnet, enabling opportunities for our children and young people to achieve their best
- Healthy – A place with fantastic facilities for all ages, enabling people to live happy, healthy lives

⁸ <https://www.barnet.gov.uk/sites/default/files/2021-03/022176%20-%20BC2135%20-%20BARNET%20Corporate%20plan%202021%20-%202025%20-%20FINAL%20%281%29.pdf>

⁹ Council, 2 March 2021, Item 10.1: <https://barnet.moderngov.co.uk/jelListDocuments.aspx?Cid=162&Mid=10237&Ver=4>

- Thriving – A place fit for the future, where all residents, businesses and visitors benefit from improved sustainable infrastructure and opportunity.

In the delivery of our vision we will be adopting preventative measures to help people remain healthy, happy and independent in all aspects of life and consider equalities in all that we do. A key tenet of the plan is the focus on Barnet as a place where the council is just one of the bodies responsible for making it a great place to live and work. The plan sets out how we intend to work with others, through statutory partnerships and more informal relationships, on shared problems to achieve the best outcomes for our residents and businesses.

Delivery of the Recovery Plan and Barnet Plan are progressing as unlocking continues and services begin to open up further. Policy & Resources Committee¹⁰ have recently approved the allocation of Covid-19 funding for recovery and delivery of the Barnet Plan in the following areas:

- Improvements in CCTV, enforcement and improved Customer Service
- Supporting education recovery, children's emotional and mental health and employment
- Improvements in integrated care
- Supporting employment and sustainability
- Improvements in insight

One-off contingency funding to assess impact in the following areas has also been agreed:

- Improvements in customer services, parks and cleansing
- Support to tackle violence against women and girls
- Support victims of domestic abuse
- Support employment
- Support to voluntary, community and faith sector

Financial Sustainability

Financial sustainability is a key element to the recovery programme which needs to deliver a robust Medium Term Financial Strategy (MTFS) in order to support the continuation of council's operations to support residents. Marked by the COVID-19 pandemic, 2020/21 was a turbulent year, but ended strongly for the council. The budget set in March 2020 was marked by a lack of any planned reliance on the use of reserves. By March 2021, the Council has not relied on reserves, and has in fact made contributions to reserves. There were planned contributions of £6.640m, with a further unplanned amount of £9.749m added to corporate reserves and provisions.

¹⁰ Policy & Resources Committee, 16 June 2021, Item 7, Business Planning 2022-26:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=692&Mid=10888&Ver=4>

Costs of the pandemic incurred during the year were substantially covered through government funding received, with a balance £8.443m being taken forward to the new year to fund anticipated costs. This balance, together with the reserves created above, are one-off, but they will help to manage pandemic recovery costs during 2021/22.

The first lockdown was announced in late March 2020, and for several months thereafter there was great uncertainty over the level of cost that might be incurred and the extent of government funding. An early report (to the June 2020 Financial Performance & Contracts Committee¹¹) estimated that costs could be as high as £52.4m, with funding at that point only covering half of that. There were widespread concerns at the time that many councils could be pushed into a financial crisis. As it turned out, further financial support was provided. Announcements in July and later in November mean that government has substantially funded the local costs of the pandemic. The sums received have been managed carefully, targeting resources towards areas of greatest need as they were identified while still ensuring there were proper safeguards and effective management of public money. A total of £85.0m was received and £76.6m spent (excluding business support and support for schools). The balance so far unspent is already committed to a range of known further costs in the new year as being directed to areas such as support to employment, business support and ongoing social care impacts.

The pandemic impact also extends to the Medium Term Financial Strategy. The MTFs, which covered 2021-26, was based on service delivery assumptions rooted in the months leading up to March 2020, and so reflects a 'pre-pandemic' profile of council operations. At that point, the MTFs indicated a remaining savings requirement for 2022/23 of £8.6m, rising to £14.1m by 2024/25. A key priority for the council in the new financial year (2021/22) and through the budget planning process for 2022/23 and the MTFs period will be to understand the post-pandemic operation of council services and the impact of that on the MTFs.

In particular, the council will need to identify areas affected for a short period only by the pandemic, as opposed to where the pandemic has had a longer term or even permanent effect. In essence, a 'fundamental financial review' is required for all budgets affected (or possibly affected) by the pandemic. Key areas for review include latest or emerging trend data for social care (Adults and Children's) including mental health and domestic violence support, car parking income, business rates receipts and local business and employment support, and resident expectations of services such as housing provision, leisure, and parks and open spaces, among others. A report was taken to the June Policy & Resources Committee¹² with recommendations regarding the approach to revising the MTFs and setting a budget for 2022/23 to support delivery of the Barnet Plan.

¹¹ Financial Performance & Contracts Committee, 8 June 2020, Item 7: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&Mid=10106&Ver=4>

¹² Policy and Resources Committee, 16 June 2020, Item 7: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&Mid=10888>

Business rates receipts in particular are subject to external factors including the local economic recovery, tapering of expanded rate reliefs, changes in consumer habits and national policy changes. The council will continue to monitor business rates receipts in line with other key areas of review.

The council will work with schools during 2021/22 to provide support to them in managing their finances.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

7.2 Emergency Planning and Organisational Preparedness

Under the Civil Contingencies Act 2004, the London Borough of Barnet is defined as a Category 1 Responder, along with other Category 1 Responders such as Police, Fire and Ambulance Service. During any emergency that occurs in Barnet, the role of the council is to support and assist the emergency services in life saving and operational activities; then take the lead during the recovery phase to ensure the community has a swift return to normality.

Barnet has a duty under the Act to identify risks and hazards that have the potential to impact the borough and its communities and on that basis, to plan for such emergencies, exercise those plans and to make its residents aware of the hazards in their area and how they can prepare for an emergency. Hence, our contingency planning and business continuity arrangements (how we maintain service delivery in the event of incidents and disruption) have a key role in our ability to manage our resources, effectively, efficiently and economically.

Whilst responding to Covid, the Emergency Planning team have been working to review and update our key plans including our Severe Weather Plan and our Fuel Management Plan which included a new Traffic Management Plan. We have reviewed ourselves against Resilience Standards for London and fed back our state of preparedness to London Resilience. We have developed virtual training programmes and recruited and delivered these to six new Silver responders, four new Local Authority Liaison Officers (LALO's), 12 new BECC Officers and three new BECC Managers thus ensuring our on-call Emergency Response teams are adequately resourced and fully trained. We also created a best practice paper on three key actions identified in the Grenfell Action Plan, on how local authorities can ensure suppliers and contractors are clear of their obligations and work alongside local authorities should a major incident occur. This paper is being presented to the Local Authorities' Panel, the body that provides London local government input into resilience issues and oversees the work programme of the London Resilience Group, and once agreed will be shared with all 33 London Borough's to encourage best practice across London.

Throughout this period the Organisational Resilience team have maintained a full response team to address any other non-Covid emergencies arising to include fire and flood evacuations and major loss of services.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

7.3 Improvement of Key Services Delivered via the Capita CSG and RE Contracts

The council has two strategic contracts with Capita. The first, the Customer and Support Group (CSG) contract, is for the delivery of the council's "back office" functions, including customer services, information technology, revenues & benefits and estates. The second relates to the provision of development and regulatory services (DRS), including planning, highways, environmental health, regeneration and cemetery and crematorium. This contract is delivered through a joint venture between Capita and the council, known as Regional Enterprise Ltd (RE).

In 2018, the council's Capita CSG and RE contracts were reviewed¹³, with the Finance and Strategic HR services returning in-house in April 2019. In July 2019¹⁴ the phase II review concluded that part of the Regeneration service (the Skills, Employment and Economic Development team and the Director of Place role) should be returned to the council, further strengthening strategic control in a key area of the council's activities. It was also agreed that the Safety, Health and Wellbeing Service be returned to the council and that the remaining services should be reviewed alongside the year 6 (CSG) and year 7 (Re) contract reviews. In addition, the Integrated Programme Management Office, which co-ordinates the management of the Brent Cross Programme, also returned to the Council in January 2020.

In 2020, a review of the Pensions Administration Service was completed and it was agreed that it would be transferred from Capita to the West Yorkshire Pension Fund (WYPF), which is a specialist provider of Local Government Pension Fund Administration Services¹⁵. The Pensions Administration Service was transferred to the WYPF in November 2020 and is now operating satisfactorily.

Other services provided under the CSG and RE contracts are under review through the Year 6/7 Review process. In January 2020 the Financial Performance & Contracts Committee agreed the terms of reference¹⁶. The review was initially paused in 2020 as the team focused on Covid response activities, but it is now underway, with a view to confirming the proposed categorisation of individual services as either:

- a) retained services

¹³ Policy and Resources Committee, 19 July 2018 – Item 8:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9725&Ver=4>

¹⁴ Policy and Resources Committee, 19 June 2019 – Item 7:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9850&Ver=4>

¹⁵ Policy and Resources Committee, 19 February 2020 – Item 9:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9853&Ver=4>

¹⁶ Financial Performance and Contracts Committee, 29 January 2020 – item 9:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10105&Ver=4>

- b) returning services, or
- c) further review services.

The review is supported by an independent market insights report commissioned from Grant Thornton¹⁷. Regular oversight and scrutiny is being provided by the Financial Performance & Contracts Committee¹⁸.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

7.4 Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration

The council's revenue budget receives regular scrutiny via the Council Management Team and committee arrangements. Capital expenditure can be significant and should be focussed on the development and maintenance of infrastructure to support the council's strategic aims. As such, it is appropriate for this Statement to give an overview of the capital programme to provide additional assurance that it is robust, deliverable and has the appropriate level of oversight and scrutiny.

The council has is expected to deliver over £450m of capital investment in 2021/22. There is a broad Capital Programme which ranges across relatively small-scale initiatives to significant infrastructure projects and programmes.

Within this portfolio, the regeneration of Brent Cross Cricklewood, Highways and Housing are the most significant programmes of work. Beyond these programmes, the council has a diverse portfolio of Capital Delivery Projects.

7.4.1 Brent Cross Cricklewood

Brent Cross Cricklewood comprises three main elements: Brent Cross Thameslink; Brent Cross South; and Brent Cross North.

While Brent Cross North is deferred, both Brent Cross West Station (BXW) and Brent Cross Town (BXT), formerly known as Brent Cross South, have made significant progress through the planning and design stages.

The BXW Rail Systems and Sidings works commenced in January 2019 with the replacement Train Operating Company (TOC). The TOC facility is now occupied and the sidings became fully operational in March 2021. Works have commenced on the BXW Station itself and the construction is now well advanced, with work happening now on the slow and fast platforms. The track slews undertaken by Network Rail to realign the rail tracks to create the space for the new platforms have been safely delivered, and now substantially de-risks the delivery of the station and the 2022

¹⁷ Financial Performance and Contracts Committee, 17 March 20201 – item 10:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10109&Ver=4>

¹⁸ Financial Performance and Contracts Committee, 8 June 2021 – item 8:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10799&Ver=4>

opening date. Practical completion of the station is scheduled for late Spring 2022, with opening late 2022¹⁹.

All the land needed to deliver the first phases of the scheme has now been identified and the required Compulsory Purchase Order Notices issued in line with the programme and prior to the expiry of the Orders.

Brent Cross South has also started on site with significant progress being made so that plot development can commence in Spring 2022. The Exploratory open space is now open ahead of the works starting on the upgrades to Claremont Park. This Park is due to open in Spring 2022. The Pavilion (also known as the temporary visitor centre) is due to open this autumn.

The scale of the changes to be delivered in the borough, and of the spend, mean that the programme has a corporate significance beyond that of most regeneration projects. In terms of Brent Cross Thameslink, the Council is exposed to the risk of cost overrun and grant clawback if the grant conditions, particularly key milestone dates, are not met. There is a mechanism for amending key milestones in agreement with Government, and currently the Council is meeting the agreed the programme on the station. The programme for the waste transfer station has been updated to reflect the interim move by the North London Waste Transfer Station to Seneca. This has been made with the full agreement of government through the Government Assurance Board.

The major risk for the programme related to securing the recent major railway possessions to deliver the new station platforms, which as mentioned above, were safely delivered throughout April – June 2021. However, the risk remains in relation to the smaller weekend and night possessions needed to deliver the station itself. The integrated industry supported programme developed in response to the delivery of the major key railway possessions is being regularly updated and the Mace, Network Rail and contractor teams are meeting to review this and ensure that works are co-ordinated and the possessions are maintained with maximum construction work taking place.

Cost and programme remain important risks to manage and these are regularly reviewed through the operational Client Reviews and the programme governance structure.

Ensuring that the station is operational ready by late 2022 is another risk that is being actively managed. The Memorandum of Understanding that was signed in 2020 by all rail industry and government partners, and confirmed the collaborative agreement to work towards delivering in line with the integrated programme, is now being updated to reflect the updated programme and workstreams to ensure that the station is operational ready. This is being managed by the Railway Operations Assurance Board now established and has the specific focus of ensuring the

¹⁹ Housing and Growth Committee, 14 June 2021- item 17:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=696&Mid=10845&Ver=4>

programme is maintained and rail related issues are resolved before impacting the programme. The Board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.

The programme will also deliver wide ranging benefits to the Council and the borough, including but not limited to, new homes to meet housing need, investment in infrastructure for the benefit of existing and new residents, and increased revenue from council tax and business rates. A benefits tracker has been established that is being reviewed on a regular basis throughout the programme lifecycle to ensure benefits are being realised in line with the business case.

Since the last Annual Governance Statement, the council acquired the Brent Cross South Retail Park in February 2021. The Park forms part of the wider Brent Cross regeneration scheme. The acquisition was made following a thorough review of the regeneration opportunities having regard to the existing S73 permission and S106 requirements alongside market conditions and development potential. It is anticipated that it will be brought into the Brent Cross South Joint Venture between the Council and Argent Related. Significant due diligence was undertaken by the Council and its advisors prior to purchase, particularly on the finance modelling, existing tenant mix and re-development strategy to inform the purchase price and ensure that there is not a negative impact on the General Fund during the holding period. The acquisition was funded through Council borrowing. The key risks relate to ensuring that the acquisition will have no impact on the General Fund and that the Council's acquisition and holding costs are covered prior to it being incorporated into the BXT Joint Venture. The Council has put in place appropriate internal resources and expertise supplemented by external property management as required to ensure that the Council will secure the required returns so that there will be no gap or negative impact on the General Fund. Monthly reporting is now in place to manage this asset through the council's governance structure.

The programme has a comprehensive internal governance structure within the Council, reporting to the Housing & Growth Committee for strategic direction and regeneration related decisions, the Policy & Resources Committee for budget decisions, and the Financial Performance & Contracts Committee for monitoring of key delivery contracts between the Council and Network Rail in respect of the Rail Sidings and Systems and Volker Fitzpatrick in respect of the station delivery contract. The Member Working Group has also been updated to receive reports programme wide. The updated terms of reference were approved at the Housing & Growth Committee in January 2021²⁰ and the Group subsequently met in February and is scheduled to next meet in late June.

Externally, programme progress, risks, issues, benefits realisation and finance are all reviewed monthly at the Government Assurance Board (attended by: the council; Ministry of Housing, Communities and Local Government; Department for Transport;

²⁰ Housing and Growth Committee, 25 January 2021- item 10:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=10228&Ver=4>

HM Treasury; Homes England; Greater London Authority; Transport for London; and the Infrastructure Projects Authority (IPA)).

Update reports on the overall project continue to be submitted to the Housing & Growth Committee on a quarterly basis. The programme is also now reporting to the Financial Performance & Contracts Committee²¹ and this is continuing quarterly now that the scheme has moved into the delivery phase and major contracts let. Through the Government Assurance Board, Government partners agreed to a joined-up approach in relation to audit and assurance reviews. The Infrastructure and Projects Authority (IPA) have carried out progress reviews previously, and it has been agreed that a follow up review will be council led. This review has taken place and is currently at draft report stage, providing 'Reasonable Assurance'.

7.4.2 Highways

The Council have different sources of capital investment on the highway network, but primary source of capital expenditure is through three main workstreams:

- Network Recovery Plan
- Local Implementation Plan
- Section 106 agreements with developers

The Environment Committee in January 2021 approved the capital expenditure of just over £6.7 million for the delivery of the 2021/22 Highway Network Recovery Plan (NRP)²². The work programme consists of carriageway and footway renewal works. This programme is mainly funded from Community Infrastructure Levy (CIL).

Another source of capital funding for highway infrastructure is through annual investment by Transport for London through the borough delivery programme called Local Implementation Plan (LIP). Barnet have been receiving in the order of £3m per annum over the last few years. However, currently the Council is waiting to hear from TfL for 2021/22 LIP allocation following a short term financial settlement with the government. Failure to receive the LIP funds is a risk to a number of capital projects, including sustainable transport, road safety, junction improvements and alike.

Section 106 funding is agreed between the Council and developers as part of the planning application process. These funds are secured to minimise the impact of major developments within the borough. Part of this fund is ring fenced for improvement to the transport network within the area of development.

All capital funding for highways are considered at Capital Strategy Board prior to decisions being made at Environment Committee and/or Policy and Resources Committee.

²¹ Financial Performance and Contracts Committee, 8 June 2021 – item 11:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10799&Ver=4>

²² Environment Committee, 18 January 2021 – item 9:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=10158&Ver=4>

The highway services, including capital programme is delivered by the Re Highway and overseen by the Council's Commissioning Team. Works progress reports are provided by Re Highway on a monthly basis to the Executive Director, Environment and the NRP progress to the Environment Committee on an annual basis²³.

7.4.3 Housing

The Housing Revenue Account (HRA) Capital Portfolio consists of:

- New build affordable housing schemes
- Major works to existing Council stock
- Repairs to existing Council stock
- Acquisition of homes on regeneration schemes
- Fire safety programme

The main risks and issues include general development risks such as programme delays, and land assembly. The council is undertaking a £51.9m investment programme to improve fire safety in council homes and despite some Covid-19 related delays this has progressed well during 2020/21, with £34m of the total budget now spent. Detailed building and fire safety inspections of medium and low-rise residential council buildings are also being undertaken.

Large council blocks that were built using the Large Panel System (LPS) construction method have been surveyed, with findings of significant issues. Some of the affected buildings have been completely vacated with mitigation works being undertaken at others.

The council's new build Housing Revenue Account Capital Portfolio consists of a range of schemes to deliver mainly affordable housing on HRA land. The council delivers this portfolio primarily through its relationship with Barnet Homes (BH), with BH acting as the Council's development agent.

The affordable housing, extra care and Upper and Lower Fosters programmes report monthly to the internal (council and BH) officer project boards, as well as to the council's officer Capital Strategy Board where programme progress, risks, issues, benefits realisation and finance are all reviewed.

The acquisition of properties on regeneration estates is delivered by the Re Regeneration team and reports to the office Growth and Regeneration Board monthly.

Programmes in relation to the management of Council stock are delivered through the Management Agreement with Barnet Homes.

General Fund Housing Capital projects includes:

²³ Environment Committee, 18 January 2021 – item 9:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&Mid=10158&Ver=4>

- Loan to Opendoor Homes for the delivery of affordable and mixed tenure housing
- Loan to Opendoor Homes for the acquisition of housing
- Delivery of 142 homes at Upper and Lower Fosters funded by Sage Housing Ltd

For the projects delivered by Opendoor Homes, the Council has a role in agreeing in the business case, and monitors progress in line with this. However, it's role once the business case has been approved is as funder.

For all projects recommendations on budget are considered at Capital Strategy Board prior to decisions being made at Policy & Resources Committee. Strategic decisions on individual projects are taken at Housing & Growth Committee. The affordable housing and extra care projects are all managed in line with the Council's project management/ capital delivery toolkit.

7.4.4 Capital Delivery Projects

Following a Capital Governance Review, arrangements have been strengthened across the wider capital programme which is investing in schools and other assets across the borough. To provide assurance that governance arrangements have been strengthened this Statement includes a summary of the Programme and its constituent elements.

The capital portfolio typically consists of buildings (excluding housing) such as schools, leisure centres, community centres parks and open spaces as well, as corporate projects such as office accommodation and operations bases.

The council's approach to delivery of Capital projects aims to be proportionate to the scale and complexity of the individual schemes.

Generally, smaller schemes that do not involve a form of construction are governed separately directly within services. Those projects of a more significant value follow the Council's Project and Programme Management methodology and are grouped by portfolio. The Brent Cross Programme, Housing and Highways are the exception to this approach as they are governed and reported separately.

The Council splits the delivery of the Capital Programme into six Portfolios each internally reviewed by an officer Portfolio or Programme Board:

1. Depot Programme
2. Education and Families Capital
3. Town Centres Capital
4. Greenspaces, Parks and Leisure Capital
5. Property and Operations Portfolio
6. Hendon Hub Programme

The programme reports monthly to the internal officer Capital Strategy Board where programme progress, risks, issues, benefits realisation and finance are all reviewed. Any significant escalations are taken to Council Management Team.

Recommendations on budget are considered at Capital Strategy Board and Council Management Team prior to decisions being made at Policy & Resources Committee. Strategic Decisions on individual projects are taken at relevant theme committees.

The programme reports quarterly to Financial Performance & Contract Management Committee to outline the status of project delivery across the Capital Portfolios and to provide visibility of the live projects between delivery and closure stages. The quarterly report identifies projects where there has been a variance to the full business case in terms of time cost and quality with a view to providing assurance on lessons learned for continued improvement in the performance of the Council's Capital Project Delivery.

Depot - The Depot Programme aims to reduce the property related costs associated with running the Streetscene services. The programme is reviewing the various leasehold arrangements currently in place and is investigating opportunities to make improvements to the current use of the sites.

Education & Families - The Education and Families Capital Programme delivers projects relating to Children, Schools and Education. Initiatives include;

- Modernisation programme which will oversee improvements to school infrastructure;
- Additional Places programme for Primary & Secondary Schools which has been able to re-provide 60 places at a primary school level and to create an additional 60 new places at a secondary school and facilitated the building of the new 6 form entry Saracens High School
- Special Educational Need (SEN) Schemes has enabled an additional 34 SEN places to be created at three schools and one Pupil Referral Unit,
- The creation of new nursery places and a new children's home.

Town Centres - The Council is developing its plans for capital investment to support regeneration and town centre improvements. In 2021 the programme will be moving forward with proposed plans for Finchley Square which looks to improve the town centre at Finchley Central.

Greenspaces, Parks & Leisure - The Greenspaces, Parks and Leisure programme covers the capital projects that cover the investment in these assets for the borough. Key elements of the programme include:

- The delivery of the Council's Parks and Open Spaces Strategy, which has been developed to guide future investment in parks, ensuring that they are practical and are part of the well-used fabric of the local community.
- Provision of modern facilities and enhanced outdoor space, contribution to council's strategic commitments to provide additional sports and playing pitches with increased usage by residents and users.

- The creation of two new leisure centres at Barnet Copthall and Victoria Park in New Barnet.
- The investment in the Council's Cemetery and Crematory infrastructure

Property & Operations - The Property and Operations Portfolio delivers projects that relate to the Council's civic estate such as office accommodation, the portfolio also covers projects relating to disposals and development. Projects in this portfolio are reviewed by officers at the Property Review Board.

Hendon Hub - The Hendon Hub programme is currently working to produce a Full Business Case for decision at Policy & Resources Committee. The Hendon Hub redevelopment is an aspirational new project that will deliver new and improved academic and civic spaces around The Burroughs in Hendon.

Working in partnership with Middlesex University and the Barnet Library Service, this project will provide new mixed-use accommodation and community facilities to Hendon, as well as a more welcoming and greener public realm designed with local people in mind. The proposals for Hendon will include creating a more pleasant environment in and around The Burroughs, making the area more accessible and inviting for everyone.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

7.5 Financial Control

During 2020/21, we continued to build on the work undertaken to strengthen controls amongst our processes in all areas with specific focus on ensuring all 2019/20 audit recommendations were implemented across Finance as well as embedding the improvements as part of the review carried out by Grant Thornton.

A key area of consideration in 2019/20 was the Finance initiative to complete self-assessments of the financial control environment. These assessments gave specific attention to best practice principles and throughout 2020/21 we considering additional differing controls principles as part of this. This led to a progressive approach to address the areas of weakness across all of our processes whilst prioritising the higher risk areas.

It was agreed at the time that Internal Audit would undertake a review later in the year to assess whether the identified controls were operating as expected. This work has now been completed and, although the scope of the reviews differed to those undertaken in previous years, in general the direction of travel on all the Key Financial Systems audits was either positive or stable; no deteriorations were noted. Throughout 2020/21, greater emphasis was placed on seeking to deploy system controls, provision of management information and accessibility to up to date policies and procedures.

The Internal Controls Board continued to take place on a monthly basis throughout 2020/21 and this embedded ongoing dialogue and accountability across departments and strategic partners.

During 2020/21, internal audit also undertook data analysis of payments made during COVID and did not identify any fraud. Several process improvements were highlighted as part of the findings and we are working to ensure these are embedded across the affected areas.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

7.6 Financial Risk

As the council's finances have become more challenging, we have begun to rely on a greater range of funding arrangements and financial mechanisms. Along with increased land holdings for regeneration schemes, some of which are income producing, this has led to a more complex financial environment. Significant financial arrangements and financial mechanisms are as follows:

- The acquisition of Brent Cross Retail park
- The loans to Open Door Homes
- Sage funding of Upper and Lower Fosters regeneration
- Loan agreement with Saracen Copthall LLP (SCLLP)
- Hendon Hub (*subject to committee approval*)

While extensive due diligence has been undertaken on each of these schemes to sure that they do not expose the council to unacceptable risk, in light of the increasing diversity of arrangements the council will, in 2021/2022, develop a portfolio approach to risk management including elements such as funding type, lender and asset class to ensure an appropriate level of exposure to any individual partner or funding model.

Financial risk will continue to be monitored through the Annual Governance Statement during 2021/22.

7.7 Pensions Administration

Following a review of options for the administration of the pension scheme, West Yorkshire Pension Fund (WYPF) were appointed as administrator of members records effective from 1 November 2020. The transition was completed to timetable.

Although a data improvement plan was partially completed pre-transition, West Yorkshire inherited a backlog of unprocessed leavers, which they are currently working through with Barnet officers assisting in the collection of information from employers. Progress is being monitored by both the Local Pension Board and Pension Fund Committee.

Because of missing data, we reported to The Pensions Regulator (TPR) that we were unable to send 2,600 Annual Benefits Statements (ABS's) due on 31 August 2020 and that we would be working with WYPF to gather the data necessary for the 2021 statements. TPR decided to take no action on this occasion. We also reported that due to an error by Payroll, a further 1,660 ABS's had to be re-issued in September 2020 to correct an overstatement in earnings.

Reviews of the records inherited by WYPF identified 59 deleted members records where no reason for deletion had been retained. Investigation identified that almost all were duplicate records properly deleted but the absence of any audit trail is a concern. However, a report to the Information Commissioners Office (ICO) confirmed that no further action is required by the ICO. Annual backups of membership records back to 2014 will be retained to enable records to be recreated if this is necessary.

In the run up to the 2022 triennial valuation, we will be using the actuaries' portal during 2021 to test the completeness and validity of the membership data.

No issues arose with Pension Saving Statements in the year and work to assist staff deal with the consequence of late statements for previous years is now largely complete.

Good progress has been made in tackling the backlog of admissions, bonds and cessations, with quarterly reports to Pension Fund Committee. WYPF performance as administrator has consistently achieved target service standards in 2021.

This area will be scrutinised by the Local Pension Board and the Pension Fund Committee and will not be a matter for the AGS in 2021/22.

7.8 Annual Internal Audit Opinion; Reasonable Assurance – Key Findings

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 2020/21 audit plan to 31 March 2021, including the work completed more recently to complete the audits that were delayed due to the COVID-19 response.

In 2020-21 the annual opinion overall is **Reasonable Assurance**. This is consistent with 2019/20 and an improvement on the previous two years, 2018/19 and 2017/18, when Limited Assurance was given.

Improvements have been shown during the year, particularly over key financial systems, and it is the Head of Internal Audit Opinion that the overall rating of Reasonable Assurance is appropriate. Although some high risk rated weaknesses were identified in individual assignments these are broadly isolated to specific

systems or processes. Further improvements are required to improve the adequacy and effectiveness of governance and control compliance in particular areas.

The key findings from the audits have been grouped into four themes in the Opinion which will be a continued focus of Internal Audit work in 2021/22:

- a) Financial control and fraud risk;
- b) Compliance / Policies & Procedures;
- c) Roles and responsibilities and staff training; and
- d) Oversight and governance arrangements.

7.9 Barnet's Fire Safety

Following the tragic fire on 14 June 2017 at Grenfell Tower in the Royal Borough of Kensington and Chelsea, this was identified as a significant governance issue and has been included in the Annual Governance Statements since. Activities to address fire safety matters continue to be coordinated across the council through a fire safety working group of officers whom report to Housing & Growth Committee regularly²⁴.

The Council is undertaking a £51.9m investment programme to improve fire safety in Council homes and, despite some Covid-19 related delays, this has progressed well during 2020/21, with £34m of the total budget now spent. Detailed building and fire safety inspections of medium and low-rise residential council buildings are also being undertaken.

Large Council blocks that were built using the Large Panel System (LPS) construction method have been surveyed, with findings of significant issues. Some of the affected buildings have been completely vacated with mitigation works being undertaken at others.

In 2020/21 the Council completed the data collection exercise regarding the external wall coverings of all residential buildings in the borough that are 18 metres or more in height. Several landlords in the private sector chose not to respond to requests for further information and enforcement processes will begin in 2021 to address these shortcomings.

For building that are under 18 metres, there will be a risk based approach in addressing issues. A survey has been undertaken and for Council buildings, with funding set aside to address concerns. For private sector buildings under 18 metres, a special projects request has been issued to Re to undertaken some more survey work.

Several specific blocks of concern continue to be closely monitored and in late 2020/21 the fire authority notified the council that some further joint inspections

²⁴ Housing and Growth Committee, 24 November 2020 – item 14
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=696&Mid=10227&Ver=4>

will be required to address issued identified and progress with recladding. A register of sites in is under development and continuously updated to ensure dynamic risk management is undertaken and progress with improvements is being delivered. There will also be an internal audit undertaken later in the year on Fire Safety in Private Residential blocks.

This issue is regularly reported to the Housing & Growth Committee and will continue to be monitored through the Annual Governance Statement during 2021/22.

8 CONCLUSION

The Council has faced significant challenges in 2021/22 to maintain existing services and respond to the Covid-19 pandemic. Members and officers have ensured that existing governance issues and risks have continued to be monitored and that there has been no weakening of the council's governance arrangements during this time.

As detailed in Section 7 above, several issues will carry forward to be monitored in 2021/22. In addition, the Council intend to:

Undertake a review against the Centre for Governance and Scrutiny Governance Risk and Resilience Framework²⁵; and
Ensure that all recommendations made by The Committee on Standards in Public Life Local Government on Local Government Ethical Standards (January 2019) have been fully implemented²⁶.

To summarise, the following governance issues will be key to the council's key priorities and focus in 2021/22: -

1. Governance Risk and Resilience Framework
2. Local Government Ethical Standards
3. Covid-19 including Recovery Planning and Financial Sustainability
4. Emergency Planning and Organisational Preparedness
5. Improvement of Key Services Delivered via the Capita CSG and RE Contracts
6. Governance of Major Capital Programmes
7. Financial Controls
8. Financial Risk
9. Annual Internal Audit Opinion – Key Findings:
 - a) Financial control and fraud risk;

²⁵ www.cfgs.org.uk/governancerisk

²⁶ Constitution and General Purposes Committee, 12 October 2020, Item 10, Appendix A: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=174&Mid=10215&Ver=4>

- b) Compliance / Policies & Procedures;
- c) Roles and responsibilities and staff training; and
- d) Oversight and governance arrangements.

10. Fire Safety

Over the coming year the Council will be taking steps to address the matters outlined in this Annual Governance Statement and addressed within the Annual Internal Audit Opinion to further enhance governance arrangements and control compliance within the authority.

We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.

The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.