

London Borough of Barnet
Annual Governance Statement 2022-2023



To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2022/23 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 2023/24.

SIGNED: _____ Date: xx xxxx 2023

Leader of the Council

SIGNED: _____ Date: xx xxxx 2023

Chief Executive

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 2015¹ 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 Constitution². The Code is consistent with the principles of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016³. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

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

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

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 (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. Secondly, 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.

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:
 - identify and prioritise the risks to achievement of the Council's policies, aims and objectives,
 - evaluate the likelihood of those risks being realised together with the impact should they be realised, and
 - 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 2023 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.

The Annual Governance Statement

The Annual Governance Statement is drafted from an annual assessment, which allows the Council to review the effectiveness of their operating governance arrangements.

Barnet Council has an assurance framework which mainly includes the Council's formal governance arrangements and the Assurance Directorate. This 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 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.

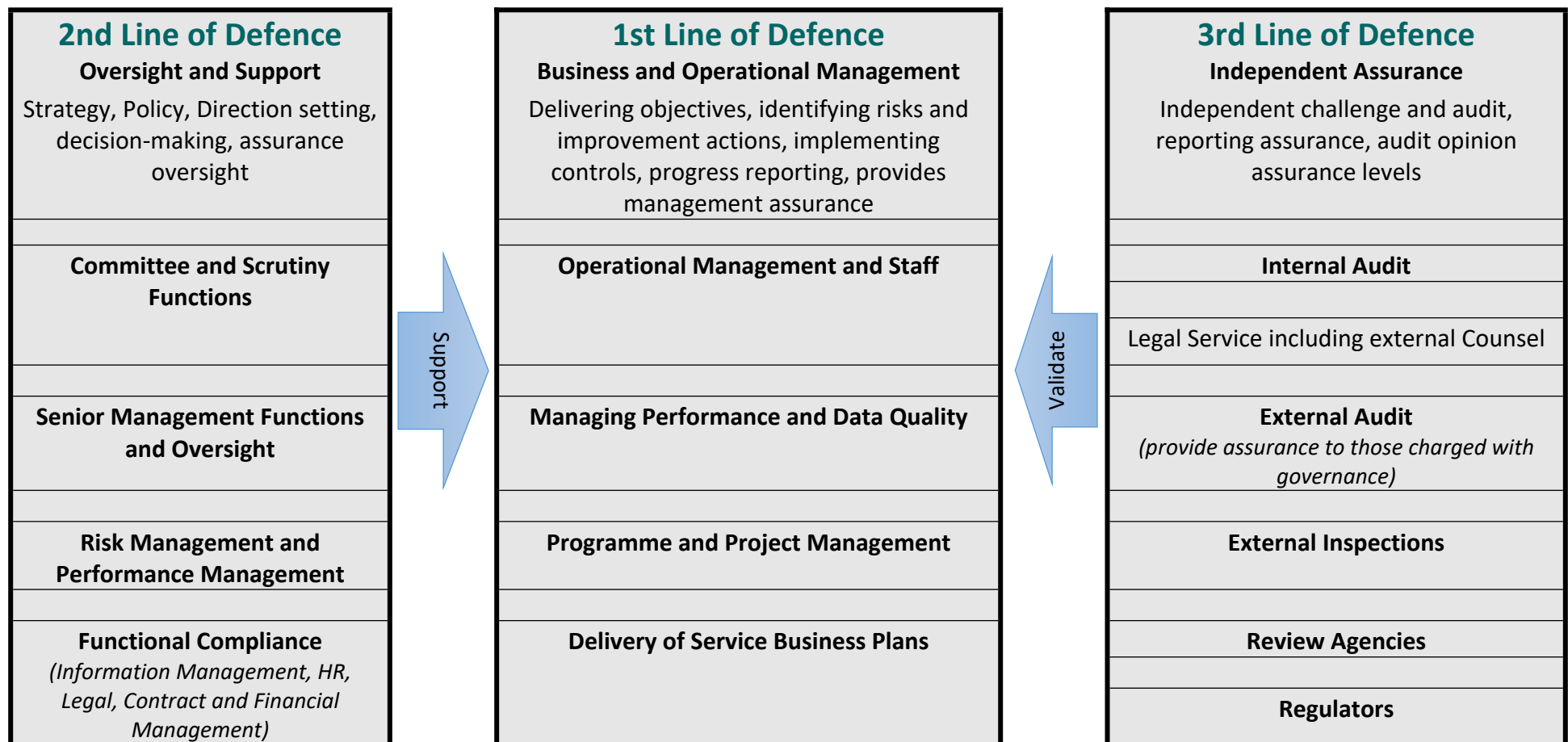
The Three Lines of Defence assurance model helps Elected Members and Senior Management understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance to help inform Key Areas of Improvement.

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 below of the report and will be addressed in the coming year.



How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from the 2021/22 statement and there are detailed updates on each issue in the following section. In addition, the Council has considered emerging governance issues for 2023/24 and have included those in the Statement as issues to be monitored and addressed through the coming year.

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 2023/24 and will continue to be monitored. Any issues that have been resolved during 2022/23 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 2023/24.

2022/23 Governance Issues

1	Centre for Governance and Scrutiny Governance Risk and Resilience Framework	<p>The 2020/21 Annual Governance Statements, the Council committed to undertake a review against the Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework.⁴ A self-assessment against the Framework was completed by the Monitoring Officer and Head of Governance. In addition, the Monitoring Officer and Head of Governance reviewed several Public Interest and Best Value reports from authorities where there have been significant governance failures to identify lessons learnt.</p> <p>This work was reported to Council Management Team (CMT) in April 2022 where it was agreed that further work should be undertaken on this including workshops during 2022/23 and that an action plan should be developed and implemented. It was agreed that progress on delivering the action plan will be monitored via the Annual Governance Statement during 2022/23.</p> <p>During 2022/23 the Council undertook the following activities:</p> <ul style="list-style-type: none">• Held a facilitated workshop with CMT to self-assess against the CfGS Framework.• Held six Senior Management Team facilitated workshops during October 2022 (83 out of 130 senior managers attended) which explored governance issues, particularly what works well in our current arrangements, and what could be improved. Three key areas for development in the new Executive governance system were identified as:<ul style="list-style-type: none">➤ Enhancing Member/Officer Relationships➤ Community Engagement➤ Decision-Making <p>Officers have produced a Governance Review Culture report which summarises: the findings from CfGS Framework; CMT workshop next steps report; SMT workshops next steps report; and lessons learnt from Public Interest and Best Value reports. The Culture report summarises findings and has an associated Action Plan covering the following themes:</p> <ul style="list-style-type: none">➤ Strategic Planning and Oversight➤ Communication and Engagement➤ Training and Support
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⁴ www.cfgs.org.uk/governancerisk

		<p>Implementation of the Action Plan will be monitored via regular reports to CMT and the 2023/24 Annual Governance Statement.</p> <p>Status: Open</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
2	<p>Local Government Ethical Standards</p>	<p>In January 2019, the Committee for Standards in Public Life published a report on local government ethical standards⁵ which included 15 best practice recommendations. To comply with the recommendations, some minor updates were required to the Members Code of Conduct. The best practice recommendations and actions were reported to and agreed by the Constitution & General Purposes Committee (12 October 2020⁶) and Council (20 October 2020⁷).</p> <p>During 2022/23 a single recommendation remained outstanding as follows:</p> <div data-bbox="683 632 2040 874" style="border: 1px solid black; padding: 5px;"> <p><u>Best Practice Recommendation:</u></p> <p>Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies.</p> <p>Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p> </div> <div data-bbox="683 874 2040 1224" style="border: 1px solid black; padding: 5px;"> <p><u>Current:</u></p> <p>The first part of the recommendation is within the Council’s control but the second part is down to the subsidiary companies.</p> <p>The Council has a number of bodies which it has established to discharge various functions including (but not limited to): The Barnet Group (including Barnet Homes (and subsidiaries) and Your Choice Barnet; Regional Enterprise (Re) until 31st March 2023; and joint ventures. The Barnet Group has set up subsidiary companies and the Council is not a shareholder to these companies.</p> </div>

⁵ <https://www.gov.uk/government/collections/local-government-ethical-standards>

⁶ [Agenda for Constitution and General Purposes Committee on Monday 12th October, 2020, 6.00 pm | Barnet Council \(moderngov.co.uk\)](#) (see item 10, Appendix A)

⁷ [Agenda for Council on Tuesday 20th October, 2020, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) (see item 11.2, Appendix A)

Actions:

Details of separate bodies established or owned will be included in the Council's Annual Governance Statement.

The Monitoring Officer and Head of Governance will discuss with separate bodies whether they currently publish board papers and encourage them to do so.

In the 2021/22 Statement, the council's subsidiary companies were identified as:

- The Barnet Group Ltd⁸; Barnet Holdings Ltd; Regional Enterprise Ltd; LBB BX Holdings Ltd (which includes BXS GP Ltd and BXS Ltd Partnership); Hillgreen Homes Ltd; Barnet Education and Learning Services Ltd.

It was established that only the following subsidiary company published information on their website:

- Barnet Education & Learning Service (BELS)⁹

The following subsidiary companies did not publish information on their websites:

- The Barnet Group Ltd; Barnet Holdings Ltd; Regional Enterprise Ltd; The Inglis Consortium; BX Holdings Ltd (which holds the Council's interests in BXS GP Ltd and BXS Ltd Partnership); Hillgreen Homes Ltd.

It was noted in the 2021/22 Statement that the performance of some subsidiary companies was reported via the council's governance arrangements. For example, Regional Enterprise (Re) performance was regularly reported to the council's Financial Performance & Contracts Committee¹⁰ and Barnet Homes (which is a subsidiary of Barnet Group) performance was regularly reported to the same committee.

An action area for 2022/23 was to review the reporting arrangements in place for all the council's subsidiary companies and ensure that they are reported either to a council committee or are publicly accessible elsewhere.

In addition, the Government published a response on 18 March 2022 to the recommendations made by the Committee on Standards in Public Life. Many of these responses will require primary or secondary legislation. The Council reviewed the response to relevant recommendations and sought to address these during 2022/23 to ensure that we are in alignment with recommended best practice in relation to ethical standards.

⁸ *Note: The Council is not a shareholder to The Barnet Group subsidiary companies: Your Choice Barnet Ltd; Barnet Homes Ltd; The Barnet Group Flex Ltd; Open door Ltd; and Bumblebee Lettings.

⁹ [Meeting Minutes | Barnet Education & Learning During 2022/23](#)

¹⁰ [Browse meetings - Financial Performance and Contracts Committee | Barnet Council \(moderngov.co.uk\)](#)

During 2022/23 the Monitoring Officer and Head of Governance reviewed the:

		<ol style="list-style-type: none">1. Reporting arrangements for all the separate bodies established or owned by the council and worked with responsible officers to improve openness and transparency where this is required. This review included performance reporting via the council’s governance arrangements and reporting via the bodies own websites; and2. Government responses to the Committee on Standards in Public Life and ensured that these are addressed. <p>An update on the areas to be monitored during 2022/23 is set out below:</p> <p>The Barnet Group Ltd</p> <p>The London Borough of Barnet has a wholly-owned Local Authority Trading Company, The Barnet Group. The Barnet Group includes Barnet Homes, the council’s Arms-Length Management Organisation, which manages the council’s social housing stock on its behalf and delivers its statutory homelessness and housing allocation service. Barnet Homes and The Barnet Group have independent non-executive boards that have responsibility and accountability for effective governance, risk management, focus, and regulatory, statutory, and legislative compliance. The London Borough of Barnet appoints an independent board member as chair of The Barnet Group, and two councillors are also appointed for effective oversight. The Barnet Group’s boards publish financial statements and annual accounts to obtain reasonable assurance and have in place a range of controls including regarding risk management and an internal audit programme undertaken by independent 3rd party experts that is overseen by its Audit and Risk Committee.</p> <p>The council has delegated responsibility to Barnet Homes for overseeing homelessness and allocations, as well as the management and maintenance of its residential stock in accordance with a ten-year management agreement. In addition to the assurances provided by The Barnet Group’s own governance structure and internal controls, during 2022/23 the London Borough of Barnet received ongoing assurance through regular performance reporting to the Housing and Growth Committee and the management team-led Strategic Review Board. An agreed annual Delivery Plan for Barnet Homes sets out the actions and measures to delivering the relevant sections of the council’s Housing and Growth Delivery Plan, and regular reporting on this provides additional assurance to the council.</p> <p>The Barnet Homes Management Agreement includes a requirement for Barnet Homes to take part in an annual benchmarking process through expert housing consultancy Housemark, allowing valuable comparisons with our peers (local authorities and ALMO’s) across London on a wide range of cost and quality measure. The Barnet Homes results for the 2021/22 financial year were produced in February 2023,</p>
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		<p>once again evidencing high performance levels in most areas of service delivery across both quality and cost measures, including:</p> <ul style="list-style-type: none"> • Top quartile performance for tenant satisfaction with overall landlord service provided • Top quartile performance for the cost of delivering housing services (excluding major works) <p>The Barnet Group publish Board agendas and minutes to their website¹¹ and information relating to their subsidiary companies (The Barnet Group Flex Ltd, Opendoor Homes and Bumblebee Lettings) are also on The Barnet Group website. Annually the Council’s Policy & Resources Committee approve of The Barnet Group Budget and Business Plan¹². Delivery of social housing funded through the Council’s £XXXM loan to Opendoor Homes is governed through loan agreements.</p> <p>Performance of the subsidiary companies have been reported via the council’s governance arrangements:</p> <ul style="list-style-type: none"> • Barnet Homes performance is reported quarterly to the Housing & Growth Committee¹³ • Your Choice Barnet Performance is reported quarterly to the Adults & Safeguarding Committee¹⁴ <p>Regional Enterprise</p> <p>Regional Enterprise (RE) was a joint venture between Capita (51%) and the London Borough of Barnet (49%) created in 2013 to deliver development and regulatory services on behalf of the Council. The Council’s arrangement with RE ceased on 31 March 2023 and all council services delivered by the joint venture have been returned. RE contract performance was reported via the council’s governance arrangements. Some elements are reported to Policy & Resources Committee¹⁵, some to the Housing & Growth Committee¹⁶ and some to Environment & Climate Change Committee¹⁷.</p> <p>Barnet Holdings Limited</p> <p>Barnet Holdings is the holding company which owned the Council’s 49% share of RE and allowed the Council to appoint directors to the Joint Venture. An elected Member and Council officer are appointed as directors. Due to the end of the contractual relationship between the Council and Capita RE, the company will be wound up and shares sold.</p>
<p>¹ Board meetings – The Barnet Group</p> <p>² Item 18: Agenda for Policy and Resources Committee on Wednesday 22nd February, 2023, 7.00 pm (moderngov.co.uk)</p> <p>³ Item 11: Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm (moderngov.co.uk)</p> <p>⁴ Item 12: Agenda for Adults and Safeguarding Committee on Wednesday 15th March, 2023, 7.00 pm (moderngov.co.uk)</p> <p>⁵ Item 9: Agenda for Policy and Resources Committee on Tuesday 13th December, 2022, 7.00 pm (moderngov.co.uk)</p> <p>⁶ Item 11: Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm (moderngov.co.uk)</p> <p>⁷ Item 12: Agenda for Environment and Climate Change Committee on Wednesday 15th March, 2023, 7.00 pm (moderngov.co.uk)</p>	<p>The Inglis Consortium</p> <p>The Inglis Consortium¹⁸ is a limited liability partnership established in 2011 for the purposes of land acquisition, development and disposal related to the Millbrook Park development site in Mill Hill,</p>	

¹⁸ [Mill Hill East | Barnet Council](#)

London. The designated members were: VSM Estates (57.55% of profit share); London Borough of Barnet (13.9% of profit share); and Annington Property (28.55% of profit share). The company is dormant and therefore no reporting is required.

BXS GP Limited and BXS Limited Partnership

BXS GP Limited Acts as a general partner to BXS Limited Partnership whose principal activity is the redevelopment of the Brent Cross Town site in North London. The Council, through its subsidiary LBB BX Holdings, and Related Argent are joint shareholders of the company whose work is undertaken by the BX JV Board which meets monthly to develop and implement the business plan agreed by the shareholders to bring forward the development in the interests of the council and its development partner. The Board comprises three members (officers) from the Council and three from Related Argent. Decisions of the shareholder are typically taken by Housing and Growth Committee, or in some circumstances Policy and Resources Committee or full Council, although the Chief Executive holds a delegation to take shareholder decisions should they be required outside the committee cycle.

Hillgreen Homes Limited

In 2016, the Council set up a wholly owned company, Hillgreen Homes, as a legal entity to be utilised for the purpose of owning and selling private sale housing units. The company has two Barnet officers as directors. Accounts for a dormant company were filed on 5th September 2022.

Government Response to Committee on Standard in Public Life

The Council have reviewed the Government's response¹⁹ and the Council are compliant in all areas except the recommendations relating to:

1. Providing a legal indemnity to Independent Persons if their views or advice are disclosed; and
2. Updating the Whistleblowing Policy to include a named contact for the external auditor.

In relation to 1., officers are exploring with the Head of Insurance an amendment to the Council's insurance policy to include Independent Persons alongside Co-opted Members.

In relation to 2., the Whistleblowing Policy has been amended accordingly.

Conclusion

¹⁹ [Government response to the Committee on Standards in Public Life review of local government ethical standards \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/standards-in-public-life-review-of-local-government-ethical-standards)

		<p>Robust arrangements are in place in respect of the Local Government Ethical Standards and this issue will not be monitored through the Annual Governance Statement 2023/24.</p> <p>Status: Closed</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
3	<p>Emergency Planning and Organisational Preparedness</p>	<p>The 2020/21 Statement set out:</p> <ul style="list-style-type: none"> • The Council’s duties under the Civil Contingencies Act 2004 • How the Emergency Planning Team had been reviewing and updating key plans • That a review against Resilience Standards for London had been completed and state of preparedness had been reported to London Resilience • Recruitment had taken place for emergency response roles to increase capacity and resilience • Developing a best practice framework for responses to major incidents <p>Emergency Planning and Organisational Preparedness was monitored during 2021/22 which showed:</p> <ul style="list-style-type: none"> • Organisational Resilience Team were able to respond effectively through a team of trained responders. • A self-assessment rating of ‘Assured’ against the Resilience Standards for London • Review of the Borough Risk Register which was approved and adopted by the Borough Resilience Forum. • Low risk that Barnet would not be able to provide an adequate emergency response <p>Whilst robust arrangements have been in place in respect of emergency planning and organisational preparedness, the Council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement.</p> <p>In addition, the 2021/22 Statement noted that the 2022/23 review would include oversight of the Chemical, Biological, Radiological and Nuclear (CBRN) Borough Response Framework which was drafted in 2021/22.</p> <p>During 2022/23 Organisational Resilience has continued to provide:</p>

		<ul style="list-style-type: none"> • Skilled and trained emergency responders to maintain an adequate state of preparedness. • Captured and acted on lessons learnt following each emergency response. • Reviewed and updated key plans in line with the risk and London Resilience frameworks including a full review of the council’s Chemical, Biological, Radiological and Nuclear (CBRN) Response Plan. • Tested and exercised plans through live incidents and training. • Completed self-assessment to Resilience Standards for London and identified an action plan to improve resilience where improvement is identified. <p>There is low current risk that Barnet would not be able to provide an adequate emergency response.</p> <p>Whilst robust arrangements are in place in respect of emergency planning and organisational preparedness, the council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Organisational Resilience</p>
4	<p>Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration</p>	<p>The 2020/21 Statement provided assurance on the Council’s major capital programmes including:</p> <ul style="list-style-type: none"> • Brent Cross Cricklewood Regeneration Scheme including: delivery of the new Brent Cross Thameslink station; the acquisition of the Brent Cross South Retail Park; and programme governance arrangements • Highways Capital Investment • Housing Revenue Account capital portfolio • Council capital delivery projects (including: depot; education and families; town centres; greenspaces, parks and leisure; property and operations; and the Hendon Hub) <p>Governance of major capital programmes was an issue that was monitored during 2021/22. In the 2021/22 Statement, it was concluded that robust arrangements were in place in respect the governance of major capital programmes, including Brent Cross Cricklewood regeneration, and most of the issues referred to above will not be monitored through the Annual Governance Statement during 2022/23. However, as the Council had underwritten the development costs for the Brent Cross Thameslink station which remains a</p>

		<p>significant financial risk for the authority, this element only has continued to be monitored during 2022/23. The extract from the 2021/22 Statement on the Brent Cross Thameslink station is set out below:</p> <p>“Ensuring that the station construction is completed by late 2022 and is operational by March 2023 is another risk that is being actively managed as the construction phase of the station nears its end, and risks identified earlier in the scheme are increasingly likely to crystallise. The coming year will focus on delivering a functioning train station that is operating in a sustainable and safe manner. Overall delivery of the station including adherence to the agreed programme, continues to be overseen by the Railway Operations Assurance Board. The Board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.”</p> <p>The 2022/23 update is as follows: The station is now nearing completion and is expected to open later in 2023. Completion has been delayed by Network Rail strikes and the funeral of Her Majesty Queen Elizabeth II. The council are in ongoing discussions with the station contractor, VolkerFitzpatrick Limited, and Network Rail on the closeout process for the major station delivery contracts. Update reports have continued to be issued to Housing & Growth Committee, Brent Cross Governance Board and Government Assurance Board. An alternative funding strategy was also developed and approved to respond to any overspend risk. This element of the programme will continue to be monitored during 2023/24 until the major contracts have been closed out.</p> <p>Status: Open</p> <p>Responsible Officer: Deputy Chief Executive and Brent Cross Director</p>
5	<p>Annual Internal Audit Opinion – Key Findings</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 2022/23 audit plan to 31 March 2023.</p> <p>2022/23 Update</p> <p>The Annual Opinion will be drafted in May 2023 and will be presented to the Governance, Audit & Risk Management Committee in July 2023.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Internal Audit</p>

6	Cyber Security and Information Management	<p>The 2020/21 Statement:</p> <ul style="list-style-type: none"> • Highlighted that the Covid-19 pandemic had seen a significant increase in cyber-attacks on organisations. • Set-out the council’s approach to protecting against attacks and recovery. • Noted that Business Continuity plans were being reviewed across the organisation. <p>Cyber security was an issue that was monitored during 2021/22. Despite the actions outlined in the 2021/22 Statement taken to reduce risk in this area, cyber security remained a significant governance issue for the Council, and it was therefore monitored during 2022/23. The update is set out below:</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 Barnet successfully achieved accreditation following an annual Public Sector Network assessment. Internal audit in 2022/2023 focused on risks with regards to third party suppliers accessing Barnet systems and staff action and training; recommendations are being implemented. There is staff training and awareness already in place that compliments these controls, and we continuously look to increase the level of knowledge and awareness among staff to remind them to remain vigilant. The level of governance with regards security measures and reviews combines daily, weekly, monthly, quarterly, and annual measures to protect the information and system assets of the authority.</p> <p>Cyber security and information management will continue to be monitored as an issue during 2023/24.</p>
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		<p>Status: Open</p> <p>Responsible Officers: Assistant Director Customer and Digital Services and Head of Assurance and Business Development</p>
7	Emerging Legislation and Inspection Regimes	<p>In the 2021/22 Statement it was reported that there were areas where there would be:</p> <ul style="list-style-type: none"> • New legislation which had been progressing through parliament, or had recently become legislation; or • Changes to external inspection regimes which were due to take place, or where there had been substantial changes to the current inspection regime. <p>The following areas were identified for monitoring during 2022/23 in case of any governance issues arising:</p> <ul style="list-style-type: none"> ➤ Children’s Services – during the year a range of services would be inspected including a Children in Care Focussed Visit, SEND (Special Educational Needs and Disability) inspection, HIMP (Her Majesty’s Inspectorate of Prisons) inspection of the Youth Offending Service as well as New Park House Children’s Home. In addition, the Government’s SEND Review, Care Review and Education White Paper would be published all of which will impact on the authority. Risks relating to the children and young people aspects of contingency hotels would also be monitored. ➤ Adult Social Care (ASC) – the Health and Care Act came into effect at the end of April 2022. This brought into effect new duties and requirements on councils with ASC responsibilities. Councils would be required to implement the Cap on Care costs, which brought new duties to conduct Care Act Needs Assessments of people wishing to use the cap system and set up systems to monitor people’s progress toward £86,000 lifetime cap on care. Councils had been asked to conduct early assessments from April 2023 prior to the cap go-live in October 2023. The Act would also bring in a new national assurance regime of council’s ASC duties under the Care Act. This would involve enhanced data collection, monitoring and inspection, led by the Care Quality Commission, with go-live planned for April 2023. The national social care reform programme would also make several other requirements of councils, within the year 2022/23: the requirement to conduct fair cost of care exercises with the care market and plans to implement a new national performance reporting system including client-level data. 2023/24 would be a year of significant preparation for the changes to come into effect in April 2023, along with significant developments in year. ➤ Environment Act – the Environment Act 2021 introduced a range of duties on local authorities in relation to waste and recycling, air quality, protecting the natural environment and water. Details of the

implementation of, and new burdens funding for, these duties were still being developed by Government, but had the potential to create significant challenges for the Council. The Council would engage in sector-wide efforts to influence the development of these requirements, and the implications and any governance issues arising from them would be monitored accordingly.

The 2021/22 Statement also included a section on fire safety which had been monitored from 2020/21 onwards and would continue to be during 2022/23. A separate section on fire safety has been enclosed and merged with this section.

In addition to those areas above, several additional areas to be monitored during 2023/24 have been identified. Updates on all these areas are set out below:

Building Safety

‘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.

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.

An update on the council’s progress in putting in place the requirements of the Building Safety Act was submitted to Housing and Growth Committee on 23rd March 2023. The Committee also approved the following recommendations:

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

		<p>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.</p> <p>Fire safety has continued to be monitored throughout 2022/23 with quarterly updates provided to Housing and Growth Committee:</p> <ul style="list-style-type: none"> • 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. These works will include compartmentation; fire doors to communal areas and flats; fire detection systems; emergency lighting and fire signage; • Regular updates on risk assessments in private sector buildings (residential). <p>Housing Quality and Regulation</p> <p>Fire safety has been included in the Annual Governance Statement since the Grenfell Tower fire in June 2017. Given the progress in delivering the £52m fire safety investment programme in relation to the council housing stock is now complete, the changing regulatory environment, and the growing focus over the last 6 months on damp and mould, the fire safety update has been incorporated into a wider Housing quality and regulation update.</p> <p>Housing quality and landlord responsibility is a key priority for the Council. In terms of council housing stock failure to achieve regulatory requirements for the housing stock could lead to health, safety and compliance issues resulting in death to residents, staff and public, legal challenges, reputational damage and financial costs. The Housing Act 2004 (sections 3 and 4) requires local authorities to keep the housing conditions in their area under review and to inspect the same if it considers a Category 1 or 2 hazard (as defined by the Act) exists and gives powers to intervene where they consider housing conditions to be in breach of the same.</p> <p>Damp and Mould</p>
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8	Workplace Wellbeing	<p>In 2021/22 the following issue was identified to be monitored during 2022/23:</p> <p>The pandemic introduced many challenges for the council to maintain our employees’ mental and physical health and wellbeing whilst dealing with significant changes in the way we worked. Members of staff directly involved in the response where under considerable strain, worked long hours and were left exhausted. All staff were impacted by the pandemic, in particular the first lockdown meant that we had to quickly introduce safe ways of working from home.</p> <p>Measures that were introduced included:</p> <ul style="list-style-type: none"> ➤ Risk assessments and regular review, to manage risks introduced with the new ways of working ➤ Accessible advice and guidance on home working and working in isolation ➤ Provision of equipment to enable staff to work from home safely ➤ On-line activities, events and webinars with advice on healthy options and to enable staff to remain in regular contact with colleagues ➤ Regular promotion of our Employee Assistance programme and other staff welfare resources ➤ Development of an on-line “Wellbeing Hub” with wellbeing resources for staff to readily access <p>These enforced new ways of working have led to a rethink of how the council operates and a move to a more agile workforce. Many of the measures introduced will be maintained as well as new initiatives and resources being introduced. A Workplace Wellbeing Strategy was being produced in 2022/23 with an</p>

		<p>associated action plan that will ensure continued management of these risks and lead to improvements in staffs general health and wellbeing.</p> <p>The 2022/23 update is as follows:</p> <p>Focus on Workplace Wellbeing continued during 2022/23 with the Strategy published and a particular emphasis on interventions including promotion of mental health and wellbeing, prevention of burnout and stress at work. During 2022-23, a considerable number of sickness absence days lost were attributable to mental ill health and stress; the most common cause of management referral to our Occupational Health (OH) providers was mental ill health and Employee Assistance Programme (EAP) saw an increase in referrals due to anxiety and stress at work and low mood. Analysis of staff feedback and OH/EAP data highlights issues with relationships between managers and staff, within teams, and staff feeling disengaged. There were indications of a high degree of ‘presenteeism’, in that many of our staff are present at work, but not performing at their best due to stress and anxiety. These findings were in line with other public services across the country.</p> <p>There are examples of good practices across the Council on support and interventions provided to employees on preventing mental ill health and managing mental ill health and stress at work however, there is a significant risk that the current culture of some parts of the organisation and management practices would inevitably lead to increased levels of absence, increases in disciplinary issues due to poor performance and an increase in staff turnover due to disaffection with the organisation.</p> <p>A focus on Workplace Wellbeing for 2023/24 will therefore continue to be one of the main priorities for the Council with a particular emphasis on providing relational wellbeing and psychological wellbeing support, support and training for managers, continuation of ‘Energising at Work’ coaching programme, culturally specific counselling for minoritized staff and a range of other management interventions at directorate levels. These initiatives will be integrated with a wider cross-Council leadership, organisational and development programmes. This will result in a healthier work culture at the council and therefore improved services to Barnet residents.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Health, Safety and Wellbeing</p>
9	Inflation	In 2021/22 the following issue was identified to be monitored during 2022/23:

		<p>The Council’s agreed Budget and Medium-Term Financial Strategy (MTFS) make provision for inflation. However, global events have increased upward pressure on inflation and interest rates, and it is not currently clear what the overall impact will be on council services and capital programmes. The council will 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 the Policy & Resources Committee.</p> <p>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.</p> <p>The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.</p> <p>The 2022/23 update is as follows:</p> <p>In 2022/23 inflation was as high as 11.1%, this created a sharp increase in cost of delivering services for the council and while the council’s agreed budget and Medium-Term Financial Strategy (MTFS) make provision for inflation, it was necessary to drawdown on contingency to help manage the in-year financial position. The Chancellor’s budget on 15th March 2023 forecast inflation to return to 2.9% by the end of 2023 but given the economic volatility over the last financial year, it would be prudent to keep this under review until the forecast has been achieved. 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 the Policy & Resources Committee or Cabinet.</p> <p>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.</p> <p>The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.</p> <p>Status: Open</p> <p>Responsible Officers: Executive Director Strategy and Resources</p>
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Conclusion

During 2022/23 the council has progressed and resolved some of the significant governance issues identified.

The following governance issues will carry forward from 2022/23 into 2023/24 (as detailed above): -

1. Governance Risk and Resilience Framework
2. Emergency Planning and Organisational Preparedness
3. Brent Cross Station Governance (linked to Governance of Major Capital Programmes items previously reported)
4. Cyber Security and Information Management
5. Head of Internal Audit Annual Opinion
6. Emerging Legislation and Inspection Regimes
7. Workplace Wellbeing
8. Inflation

In addition, Members and CMT have identified the additional areas to be monitored during 2023/24 via the Statement:

9. Auditor Capacity and Impact on Audit of Accounts

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.

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 resulted in delays to the audit of the council's 2020/21 financial statements and a delay in the commencement of the 2021/22 external audit. A temporary solution has been agreed by CIPFA/LASAAC for the infrastructure issue meaning that the audit of the 2020/21 accounts is now nearing completion with the 2021/22 audit due to commence in August 2023.

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 Audit Committee to ensure councillors are kept up to date of progress, on-going issues and actions that are being taken to address any concerns.

On a wider level, the government has recognised these issues in the audit sector and is establishing a new audit regulator, the Audit, Reporting and Governance Authority to replace the Financial Reporting Council. The government announced plans for the new regulator in March 2019, and published detailed proposals in March 2021; the new regulator is expected to be fully implemented in 2023.

10. Change of Governance Arrangements

It is expected that the Council will change governance arrangements from a Committee System to an Executive system effective from Annual Council (23 May 2023). The change will require the Council to adopt a new Constitution and implement several new processes and procedures including: introducing a single party Executive (or Cabinet); introducing decision-making by individual Members; creating a new overview and scrutiny function; and enhancing opportunities for democratic engagement. It is essential that the transition to the new arrangements is seamless and that the Council undertakes a process of reviewing and refining the new system during 2023/24. This is an issue that will therefore be monitored during the coming year.