



Annual Governance Statement  
Islington Council  
2023/24  
(Draft unaudited)

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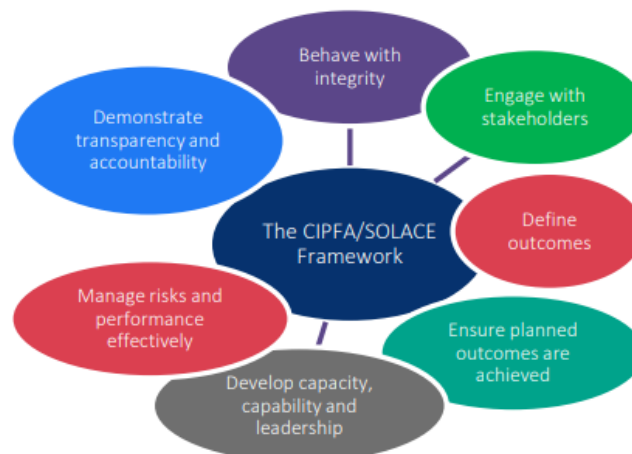
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## Executive Summary

Good governance lies at the heart of Islington Council’s ability to achieve the ambitions it sets out in the Islington Together 2030 plan. In a time of increasing financial pressures and with a high number of recent examples of governance failures in the local government sector, it is vital to have strong governance arrangements in place. The council is committed to acting in the public interest, in managing its finances, and making inclusive, robust decisions and plans that ultimately deliver improved outcomes for those it serves.

The Annual Governance Statement (AGS) is a valuable means of explaining to the community, service users, taxpayers and other stakeholders the council’s governance arrangements and how the controls it has in place manage the risk that it will fail to deliver its strategic outcomes. A description of the council’s main governance arrangements is provided in section 2 of this AGS.

The council has arrangements in place to meet all relevant requirements of the CIPFA<sup>1</sup>/SOLACE<sup>2</sup> Framework including the 7 “core principles” illustrated below:



The council is required by law to conduct a review, at least once a year, of the effectiveness of its governance arrangements, and communicate this publicly in an Annual Governance Statement. Details of the council’s 2023/24 review are provided in sections 3 and 4 of this AGS. The review process has been undertaken in an open and honest manner and has considered the council’s performance across all of its activities.

The 2022/23 Auditor’s Annual Report provided an independent view of the council’s governance arrangements from Grant Thornton. An amber rating was given for 1 out of 3 criteria which was for Financial sustainability (no change from 2021/22). A green rating was given for 2 out of 3 criteria including governance and improving economy, efficiency and effectiveness which was a significant improvement compared with the amber ratings from 2021/22.

<sup>1</sup> Chartered Institute of Public Finance and Accountancy

<sup>2</sup> Society of Local Authorities Chief Executives

The Head of Internal Audit has given the council an overall opinion of moderate assurance for 2023/24.

Compliance with the Financial Management Code: the self-assessment review against the CIPFA Financial Management Code reported as part of the 2024/25 budget is designed to support good practice in financial management and to assist the council in demonstrating their financial sustainability. All local authorities were required to demonstrate full compliance against the 6 principles within the Code by 31 March 2024. It is the opinion of the Section 151 Officer that the council is financially resilient and delivers value for money.

Performance outcome	2023/24	2022/23	2021/22
Annual Governance Statement (control deficiencies)	TBC	No significant governance issues identified	No significant governance issues identified
Head of Internal Audit opinion	Moderate assurance	Moderate assurance	Moderate assurance
Ofsted inspection rating	Outstanding	Outstanding	Outstanding

The 2022/23 AGS identified weaknesses in 8 governance areas – a progress update is provided in table 2 section 4 and summarised here:

**2022/23 Governance issues monitored and reported for 2023/24**

**1. Constitution**

The Constitution was health checked and legal compliance was ensured in 2023/24. A further review of the Constitution using some external support was approved by Audit and Risk Committee on 18 March 2024 to set up a new Constitutional Working Group to achieve an outcome of making sure the Constitution remains fit for purpose. The Financial Regulations and Scheme of Delegation are due to be updated and this forms part of the Constitution review project for 2024/25.

**2. Backlog of stage 2 complaints**

The stage 2 backlog was cleared in mid-May 2023, and there are no known further backlog of complaints at stage 2 since this period. Both the LGSCO<sup>3</sup> and HO<sup>4</sup> have been updated. On 12 July 2023, the LGSCO confirmed its satisfaction with the council’s response to the backlog and ended the investigation.

A Special Report was issued on this issue for which the council has responded robustly and implemented all actions in response. There are currently no known stage two complaints in the backlog.

<sup>3</sup> Local Government Social Care Ombudsman

<sup>4</sup> Housing Ombudsman

### **3. 15 Schools in deficit**

There were 15 schools in deficit as of 31 March 2024. A School Deficit Management Board has been established chaired by the Director of Learning and Achievement that routinely scrutinises schools in deficit to ensure that that robust plans are in place to achieve a balanced budget. This Board includes senior representatives from a range of disciplines and produces high level summary reports to the Director of Children's Services and Corporate Director of Resources. There is a high priority recommendation outstanding with a deadline of 31 March 2024 for one school.

The School Organisation Plan is scheduled to be approved later this year which will also assist in getting a grip of the problem.

### **4. Approval of business cases for new capital schemes**

Amendments to the capital finance structure are in place with a focus on strengthening governance and delivering improvements. A review of all capital boards and their terms of reference has been undertaken with recommendations to be taken to CMT in June 2024. The team are inputting into the wider governance review which includes clarifying the constitution, financial regulations and schemes of delegation. The business case process is also being reviewed to ensure decisions on major projects are properly scrutinised.

### **5. Procurement Act**

The council needs to ensure it has adequately prepared for the introduction of the new Procurement Act, which is expected to come into force in 2024/25. The Bill will introduce changes to requirements placed on public sector buyers, including greater requirements to publish information about procurement and contract-related decisions. There is a governance risk of non-compliance with the Procurement Act.

### **6. Transparency Code (2015)**

Non-compliance with publication requirements specified in the Transparency Code for contracts register reporting leads to organisational reputational risks and lack of transparency with contracts information availability. It is important to have a complete and accurate contracts register, with regular revisions to ensure it contains details of all contracts and all contract owners. Governance monitoring arrangements for compliance with all aspects of the Transparency Code should be strengthened and responsibilities made clearer.

This review found the Council was compliant in the majority of areas (such as Finance, Fraud and HR) under the Transparency Code in 2023/24.

## **7. Audit Opinions for 2021/22 and 2022/23 Statement of Accounts**

Delivery of the 2021/22 Statement of Accounts audit was achieved with external audit opinions provided for the council's main accounts and Pension Fund on 14 December 2023 and published on 4 January 2024.

Delivery of the 2022/23 Statement of Accounts audit was completed and external audit opinions provided for the council's main accounts and Pension Fund on 25 March 2024 and published on 2 April 2024.

This was a highly significant achievement for the council; enabled through the skill of the council's finance team and development of an excellent working relationship with the external audit team.

## **8. Public Health directorate de-merged from Camden Council**

The directorate has robust mechanisms in place to ensure and assure governance measures, with a Commissioning and Governance group designed to give specific attention and focus to these matters, which reports directly into the Directorate Management Team (DMT).

Additional areas of focus in 2023/24 included developing joint governance arrangement with Camden for oversight of joint contracts shared between the boroughs, following the separation of the shared public health department, which is ongoing. The Department is also working with adults' and children's services to review future arrangements for services commissioned via section 75 arrangements with the NHS, with the reorganisation of the Integrated Care Board.

Public Health has also been working closely with Commissioning and Governance leads in adult and children's services, as part of a newly established community of practice, to share learning and best practice.

### **2023/24 Governance issues to be monitored and reported in 2024/25**

The 2023/24 review has identified 8 new areas where governance arrangements can be strengthened, and these are summarised below and in table 2 in section 4:

#### **1. Financial sustainability – Medium term financial strategy**

Islington Council, in line with many other local authorities, is facing a significant forecast financial savings requirement to arrive at a balanced revenue budget for 2025/26 and over the medium term.

If there is not a significant increase in local government funding settlements, other revenue sources or a reduction in assumed budget pressures from key service areas (such as, Adult

Social Care, Children and Young People and Environment and Climate Change), then the savings requirement in 2025/26 will be greater than the level of general fund savings agreed for the 2024/25 budget year.

This will require very difficult decisions as regards expenditure for the council to maintain a sustainable and robust financial position going forward. The medium-term financial position does not assume the use of one-off reserves to close future budget gaps, in line with the council's medium-term financial strategy core principles.

Despite the very challenging financial position, the Council continues to protect and enhance the vital council services that residents rely on, with the medium-term budget prioritising the delivery of the principles and priorities set out in Islington Together 2030.

## **2. Final Accounts Audit Certificates**

An outstanding objection to the 2020/21 Statement of Accounts means the audit certificate for that year and subsequent years 2021/22, and 2022/23 will not be issued until the objection is fully resolved. External audit have not given the Council reason to think the objection is valid at this time, This still needs to be resolved with the objector however.

Unfortunately, the council cannot issue a formal notice of conclusion for the 3 years of audits until the objection is cleared, despite receipt of audit opinions for those years. Due to the length of time since the raising of the original objection this governance issue is highlighted for monitoring closely in 2024/25 by the Section 151 Officer, since may impact future years.

## **3. International Financial Reporting Standard 16 Leases**

A new international financial reporting standard, IFRS16, will be coming into force in 2024/25 that will change the way the Council accounts for its leases. This will essentially force the Council to include more assets and liabilities on its balance sheet than it would previously, as operational leases that could have previously been accounted for as expenses must now be classified as "finance leases". This is likely to notionally increase both the Council's debt and its total assets as a result.

Implementation is effective from 1 April 2024 and requires non-financial input from the wider council. Work has started as part of the 2023/24 closing process to identify the impact implementation will have on the council. Improvements to the lease register will be made to ensure we can meet future reporting requirements. The Section 151 Officer will be kept updated on progress, as well as Executive and Audit and Risk Committee as necessary.

## **4. Internal Audit – outstanding recommendations not actioned**

Outstanding recommendations not actioned in a timely way are a governance issue particularly where health and safety issues are concerned e.g. asbestos. This has been reported by one Directorate. The position is regularly reviewed by the Corporate

Management Team, those charged with governance and reported to Audit and Risk Committee. This is also managed with updates to the Corporate Health and Safety Board.

## **5. Leases and concession agreements**

There is a significant governance risk issue in relation to the leases and concession agreements in place for one entity. A failure to pay the council in respect of property related costs incurred in the occupation and operation of some of the council's affordable workspaces.

## **6. Equal pay legal claims**

Legal claims have been undertaken against several local authorities where it was identified that there was not equal pay for work of equal value between men and women. Prior to these claims becoming known, the council had already initiated a systematic review of its pay and grading structure. The work has involved conducting an analytical review of current arrangement for pay, grading and allowances, identifying any areas of risk and ensuring full compliance with recent legal cases.

## **7. Debt management strategy and reporting**

The council is reviewing its debt management strategy which intends to improve the approach to the resolution of debt owed to the council. The strategy sets out the methodology to achieve this vision through preventing avoidable debt, resolving debt to agreed standards and improving capability to resolve debt economically, efficiently and effectively.

A strategy is important for the governance of debt reduction maximisation targets in order to facilitate greater improvements for the short-term and long-term financial sustainability of the council. This will set the approach to lower the level of expensive debt write-offs incurred. A project plan is required to identify milestones and timeframes.

The council is committed to addressing each of these governance issues and has prepared an action plan to enable this, shown in section 4 of the AGS. Progress in implementing the action plan will be carefully monitored during the year ahead, and an update will be reported in next year's AGS.

Signed by:

Victoria Lawson  
Chief Executive

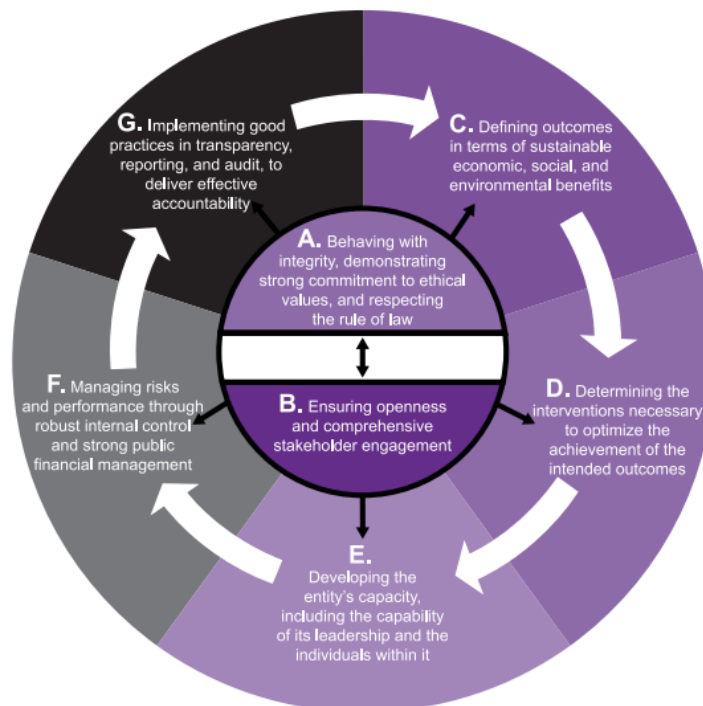
Councillor Kaya Comer-Schwartz  
Leader of the Council



## 1. Introduction

- 1.1 Good governance is about how an organisation such as a local authority 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.
- 1.2 The Delivering Good Governance in Local Government: Framework (2016), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), sets the standard for local authority governance in the United Kingdom.
- 1.3 The framework is designed to help local authorities develop and implement high standards of governance, to ensure that:
- resources are directed in accordance with agreed policy and priorities;
  - there is sound and inclusive decision making; and
  - there is accountability for the use of resources to achieve desired outcomes for residents and communities.
- 1.4 The framework sets out seven core principles, as illustrated in **Figure 1** below, that underpin good governance in the public sector. It shows that achieving good governance is a continuous process of evaluation and review.

**Figure 1 – Delivering good governance core principles**

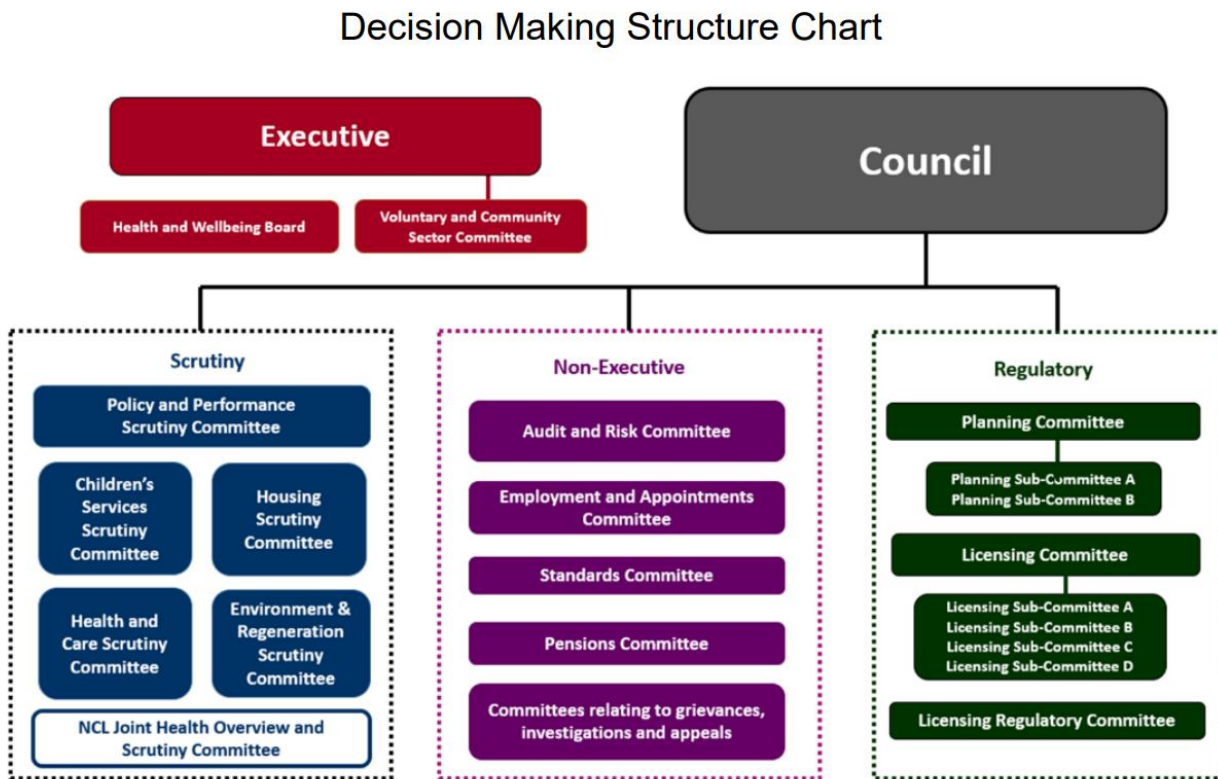


- 1.5 This Annual Governance Statement (AGS) demonstrates how Islington Council's governance arrangements deliver these seven principles in practice. It is divided into the following sections:
- Section 2 – explains the key elements of Islington Council's governance framework.
  - Section 3 – describes how the council has reviewed the effectiveness of its governance arrangements in 2023/24 and gives the main findings of this review.
  - Section 4 – summarises the actions the council will take in the year ahead to address the main governance issues identified in the review of effectiveness.

## 2. Islington Council's Governance Framework

- 2.1 Islington Council is responsible for ensuring that its business is conducted in accordance with the law and that public money is safeguarded and properly accounted for and used in a way that represents value for money. Additionally, the council has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 In discharging these responsibilities, Islington Council is responsible for putting in place proper arrangements for the governance of its affairs and the effective management of risk. To achieve this, the council has adopted a code of governance which is consistent with the seven principles of the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).
- 2.3 The council's code of governance consists of a number of policy documents and procedures and is underpinned by an ethos and shared values in which the highest standard of conduct is expected from all Members and officers.
- 2.4 A key component of the code of governance is the council's written Constitution. This sets out how decisions are made and the procedures which are followed to ensure efficiency, transparency, and accountability to residents. The council's constitution can be found on the council's website: [Islington Council Constitution](#).
- 2.5 The Constitution defines the roles and responsibilities of the executive, non-executive, scrutiny and chief officer functions. **Figure 2**, illustrates the council's policy and decision-making processes, as defined by the Constitution.
- 2.6 For 2024/25 the scrutiny structure will be renamed into the following categories: **Corporate Resources and Economy Scrutiny Committee, Health, Wellbeing and Adult Social Care Scrutiny Committee, Children and Young People Scrutiny Committee, Environment, Climate and Transport Scrutiny Committee and Homes and Communities Scrutiny Committee.**

**Figure 2 – Islington Council’s decision-making structure chart**



- 2.7 Audit and Risk Committee is a key component of the council’s governance framework. Its purpose is to provide an independent focus on the adequacy of governance, risk and internal control arrangements. It has right of access to all the information it considers necessary and can consult directly with internal and external auditors. Audit and Risk Committee’s responsibilities include:
- reviewing the external auditor’s reports and annual audit letter;
  - approving internal audit’s annual Audit Plan and reviewing its reports;
  - approving the council’s Annual Governance Statement; and
  - considering the council’s arrangements for risk management.
- 2.8 The Local Government Act 2000 requires all councils to establish a Standards Committee to consider the standards of conduct and behaviour of councillors. It advises on the Members’ Code of Conduct, hears cases on potential breaches, grants dispensations in certain circumstances and hears complaints that have been referred by the Monitoring Officer.
- 2.9 Section 3 of this Annual Governance Statement reviews the effectiveness of the Audit and Risk Committee and Standards Committee in 2023/24.

- 2.10 Another significant aspect of the council's code of governance is its system of internal control, which is designed in accordance with the council's key rules and procedures, including the Constitution, Code of Conduct for Employees and Financial Regulations. The system of internal control is intended to identify the risks that threaten the achievement of the council's strategic aims and objectives, to evaluate the likelihood and impact of those risks, and to manage them economically, efficiently and effectively.
- 2.11 Appendix A sets out in more detail the core elements of the council's code of governance and demonstrates how these align to the seven principles of the CIPFA/SOLACE framework.
- 2.12 The rest of section 2 highlights certain aspects of the council's governance arrangements that have seen significant developments in 2023/24.

### **The Council's Corporate Governance Review**

- 2.13 In mid-2022, the council commissioned a comprehensive review of the council's governance arrangements. This review made several recommendations, which the council turned into a programme of work. This started in January 2023.
- 2.14 The first phase of the programme is a detailed review of the council's Constitution, to ensure it is up to date and fit for purpose. An initial statutory compliance health check, presented to the Audit and Risk Committee in March 2023, identified several areas where the Constitution needs to be updated to make it legally compliant. These changes were agreed by council in July 2023.
- 2.15 Further work is ongoing to improve and update the council's Constitution with the overall aim to recommend to Full Council a revised version of the Constitution in 2024/25. By September 2024, the review aims to develop a shorter, logically structured, more accessible document that will provide clearer and more focused decision making to benefit the organisation and enable stronger engagement with residents.
- 2.16 A Constitution Working Group will need to be established to steer the work of the constitution review.
- 2.17 Additional working groups are being set up to cover specific aspects of the work above.
- 2.18 The programme of work also includes:
- providing training for Members and legal staff on governance issues.
  - Scheme of delegation and financial regulations
  - reviewing report and procurement templates and guidance to cover options appraisals, data, insight and officer advice to support recommendations.

- 2.19 The council is also considering extending the corporate governance review programme in 2024/25 to look at scrutiny arrangements across the council and the governance of integrated care partnerships.
- 2.20 The council will continue to monitor this programme of work in the year ahead. This is summarised in section 4 of this AGS.
- 2.21 The corporate governance review has prompted senior management within directorates to begin reviewing local schemes of delegation and internal control arrangements, to further strengthen these arrangements.

### **Complaints Process**

- 2.22 Complaints are an important way for an organisation to be accountable to the public, as well as providing valuable prompts to review organisational performance and the conduct of the people that work within and for it.
- 2.23 The council has a formal two-stage process for managing complaints with the process set out on the council's website. At stage 1, a complaint is passed to the relevant department, who investigate and aim to respond within ten working days. Departmental complaints officers record and report on all complaints, and the service response is monitored. If having received a stage 1 response, the complainant is dissatisfied, they can ask that within one month the Corporate Customer Service Team at stage 2 of the complaints process look at their concerns, and, if necessary, carry out an independent investigation. The council aims to respond within 20 working days.
- 2.24 The council's aim is to ensure that when things go wrong, it responds quickly to put things right. The council is committed to learning from and improving its performance in response to customer feedback.
- 2.25 After a special report was issued from the Housing Ombudsman highlighting a number of concerns over handling of complaints for housing repairs where there was a significant backlog. Since May 2023, the council no longer has backlog of stage 2 complaints clearly demonstrating the outcome from the governance steps implemented.
- 2.26 A bi-weekly Complaints Review Project Board led by the Corporate Director of Community Engagement and Wellbeing provides oversight and governance. The Project Board reviews a weekly highlight report and examines service performance and improvement.
- 2.27 There is now robust scrutiny of all stages of the complaints process, supported by comprehensive governance arrangements. However, due to the high escalation rate from stage 1 for housing, it has been necessary for the retention of additional temporary staff to keep up with the demand at stage 2. This resource will remain in place until the escalation rate falls to acceptable levels.

- 2.28 Section 4 of the AGS explains how the council will monitor the implementation of this plan in the year ahead and details actions the council is proposing.

### **Responding to the impact of high inflation**

- 2.29 As outlined in Appendix A, the council has robust arrangements in place to set a balanced annual budget and medium-term financial strategy (MTFS). The council's financial management processes are agile and able to respond to changes in the external environment to allow outcomes to be achieved, despite significant and increasing pressures on available resources.
- 2.30 In 2023/24, the Consumer Prices Index reported a peak of 8.7% in April 2023 and then a sharp downward decline to 3.2% in March 2024. High inflation rates have had a significant impact on the council's financial planning for 2023/24, eroding available resources, and acting as a constraint on budgets while many residents were also struggling with rising prices. The sections below set out how the council has responded to energy inflation specifically and the cost-of-living crisis.

### **Energy Inflation**

- 2.31 The council procures electricity and gas for its own buildings, streetlighting, landlord supplies in its housing portfolio and on behalf of clients including leisure centres and schools.
- 2.32 Like many other organisations, Islington Council faced significant energy inflationary pressures of over 200% during 2022/23. As a result, the council terminated existing arrangements in 2023/24 and joined a public sector buying organisation (PBO) for 2023/24 and 2024/25. The pressures were partially mitigated using the PBO. Challenges remain from the commodity related market and the Ukraine war, but the energy market has stabilised. The council's current energy supply agreements end on 31 March 2025 and new supply agreements need to be in place for when these contracts end. To this end the council is once again looking to secure a PBO for up to 4 years.
- 2.33 The electricity and gas for the council's own non-domestic buildings and streetlighting is paid for directly by the general fund, supplemented by an additional energy contingency built into the medium-term financial strategy (MTFS) from 2023/24. Housing landlord energy costs are paid from the Housing Revenue Account. Others who access the council's energy services are responsible for their own costs. The council is reviewing the appropriateness of signing a Power Purchase Agreement (PPA) to purchase a proportion of the energy directly from a renewable generation facility, which may support efforts for climate change and net zero carbon.

### **Cost-of-Living Crisis**

- 2.34 The cost-of-living crisis continues to have a significant impact on Islington's residents and businesses. The council is committed to helping the borough's most vulnerable residents through the cost-of-living crisis. In addition to a core offer of support that has been

protected despite many years of funding pressure, significant new activity was introduced to maximise the effectiveness of the council's local response, as outlined below:

- ongoing delivery of the council's core offer of financial and other support for residents and businesses;
- maximising the effective targeting of relevant government grants, such as the Household Support fund, and ensuring they were rapidly distributed;
- implementation of a new council tax support scheme for 2024/25 that will provide additional support to over 8,000 low-income working age households taking them out of paying any council tax;
- the council's income maximisation team helping residents claim an additional £6.2m of annual entitlements during 2023/24;
- maximising the effective targeting of relevant government grants, such as the Household Support fund and council tax support fund, ensuring they were rapidly distributed;
- a one-off £1m Hardship Fund running through 2023/24 to support working households on low incomes who are renting;
- working with voluntary sector partners to maximise the borough's collective offer, with a particular focus on a network of warm spaces along with cost-of-living events;
- data measures across all directorates to monitor the impact of the crisis, to help assess if the council's actions are making a difference and to understand and to respond to what will inevitably be a disproportionate impact on some local communities;
- a communications campaign to maximise awareness and take up of the support available, including a Cost-of-Living Summit and dedicated area on the council's website; and
- a Cost-of-Living Board to coordinate this activity and ensure that the council and partners are doing all they can to support residents and businesses.

## **Cyber and Data Security**

2.35 A key element of good governance is having effective arrangements in place for the safe storage, use and sharing of data. Cyber crime continues to grow in intensity fuelled by the global political tensions that have continued over the last year. The council's ongoing programme of activity to reduce cyber risk has progressed well.

2.36 Recent activity of significance has included:

- The transition of many key business applications to the cloud including the Taranto parking system and all the NEC (Northgate) products, encompassing the departments for Public Protection, Planning and, Revenues and Benefits. This reduces the likelihood and impact of a cyber attack;
- An initiative to move the secondary data centre out of the council's premises in Newington Barrow Way to other third-party hosting arrangements, including Azure, which is a group of unique physical buildings located all over the globe that house a group of networked computer servers.
- A cloud-based Security and Incident Management (SIEM) system;
- Continued achievement of Public Sector Network Certification (PSN);
- An ongoing training programme on cyber security for all staff; and
- The appointment of a new Head of Cyber Security.

### **Commissioning and Procurement**

- 2.37 The council has strong governance arrangements in place in relation to commissioning and procurement practices. This allows it to focus on maximising value for money, social value for the borough and on delivering high-quality procured services that meet contractual commitments and are based on strong supplier relationships.
- 2.38 The council has a clear direction for Commissioning and Procurement as set out in the Progressive Procurement Strategy 2020/27, agreed by the Executive on 15 October 2020: Progressive Procurement Strategy 2020/27. The strategy sets out the council's general approach regarding money spent with third parties. It covers all aspects of supply chain management and is divided into three themes. These themes are active leadership, progressive supply partnerships and achieving community benefits.
- 2.39 The council has a Progressive Procurement approach meaning that spending, both direct and with suppliers, should have the maximum positive impact for Islington people overall, especially the most disadvantaged. In as far as reasonably possible, the council would like to spend within Islington, and that the council's purchasing decisions support Islington people through creating employment, skills training and other opportunities. We also want to help and enable Islington business, particularly small business.
- 2.40 The Islington Together 2030 Plan has community wealth building as its fourth mission with Progressive Procurement cited within it as how to get there. Similarly, the Community Wealth Building Strategy was agreed by Executive 11 January 2024 and includes progressive procurement as one of its key pillars. Progressive procurement aims to help us boost and lock in wealth creation through the progressive use of local purchasing power.



- 2.41 The strategy is supported by the council's Procurement Rules and individual service and commissioning plans. The Strategic Procurement and Supply Assurance service supports officers to comply with the legislative and governance framework for procurement and supply. That service includes highly qualified and experienced senior officers. Extensive suites of guidance, templates and forms ensure that important aspects of the procurement and supply process are clearly set out and available to all officers.
- 2.42 Internal challenge is delivered on significant decisions by a Commissioning and Procurement Board, senior managers from all areas of the council and specialist experts. A board of operational managers form the Supply Chain Practitioners Group which reviews working practices and champions key priorities for service departments like social value and net zero carbon. Members provide direction through a variety of forums including the Progressive Procurement Steering Group.
- 2.43 The new contracts register will help the council better understand its decisions for the whole organisation, lead to improved category management which look at spend holistically as categories for the entire organisation rather than individual teams and improve forward planning. A greater roll out of that contracts register is planned for 2024/25 with more data included and increased internal organisational access.
- 2.44 The council has been faced with multiple changes in procurement law including the Health Care Services (Provider Selection Regime) Regulations 2023 which were enacted from 1 January 2024 and the Procurement Act 2023 and Procurement Regulations 2024, which are expected to be enforced from October 2024. In combination, with multiple pieces of secondary legislation and statutory guidance, there are significant changes which need to be prepared for including increased transparency publications.
- 2.45 Whilst value for money will remain the core objective of procurement, the new requirements bring in segregated processes for certain health and social care arrangements, different and more flexible procedures, a forthcoming central digital national platform, new conflicts assessments and a public debarment list. Alongside this there will be new contract management requirements and new public notices for during the procurement process, during the contract management process and general annual, biannual and quarterly notices.
- 2.46 For the council this means a range of new requirements e.g. a suite of new templates and guidance, retraining the workforce and getting systems fit for purpose for the future.
- 2.47 The council's preparedness for the implementation of the new Procurement Bill and contracts register is considered in section 4 of the AGS.

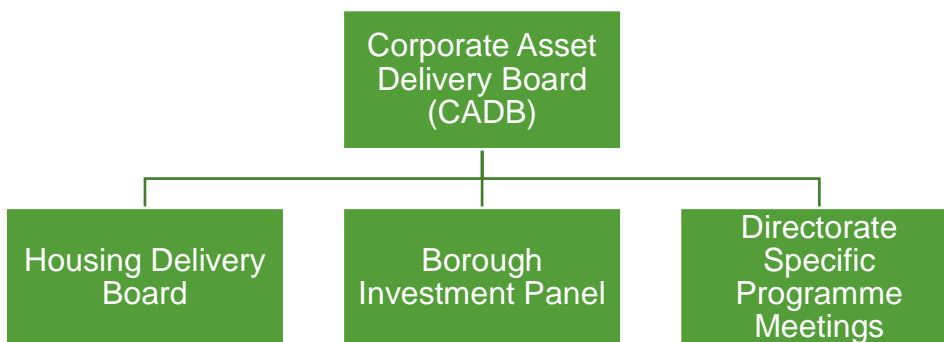
### **Capital Programme and Governance**

- 2.48 The council's [Corporate Asset Strategy](#), introduced in March 2020, was designed to deliver a strategic, long-term approach to managing and enhancing the council's community asset base. Alongside a formal three-year capital programme, the council

also includes in the annual budget setting report the latest indicative capital expenditure estimates over the next 10 years.

2.49 Oversight and governance of the capital programme is supported by a framework of advisory boards with member and officer involvement, as shown in **Figure 3**:

**Figure 3 – Capital programme oversight**



- **Corporate Asset Delivery Board (CADB)** – This consists of officers and Members to oversee, and scrutinise, the council’s capital programme and the overall delivery of the corporate asset strategy. It has oversight of the other capital boards. It has no decision-making authority. Executive/Council approval is required for any capital investment decisions in line with the Constitution and Financial Regulations.
- **Housing Delivery Board** - consisting of officers and Members, integrating the governance of new homes delivery and major works across the council’s existing stock.
- **Borough Investment Panel** - consisting of officers and Members and accountable for recommending approval of all Community Infrastructure Levy / section 106 investment decisions, and overseeing spend.
- **Directorate specific programme delivery meetings**, some of which have member involvement e.g. Climate Action Executive Board, and others which only consist of officers e.g. Education Capital Board. These are accountable for all other asset development and capital programme activity and are subject to wider directorate governance arrangements.

2.50 As part of setting the 2024/25 budget, all commitments for future years were built into the capital programme including all externally funded schemes when identified.

2.51 Despite these arrangements being in place, the council has identified some areas of concern in relation to the capital programme. These include:

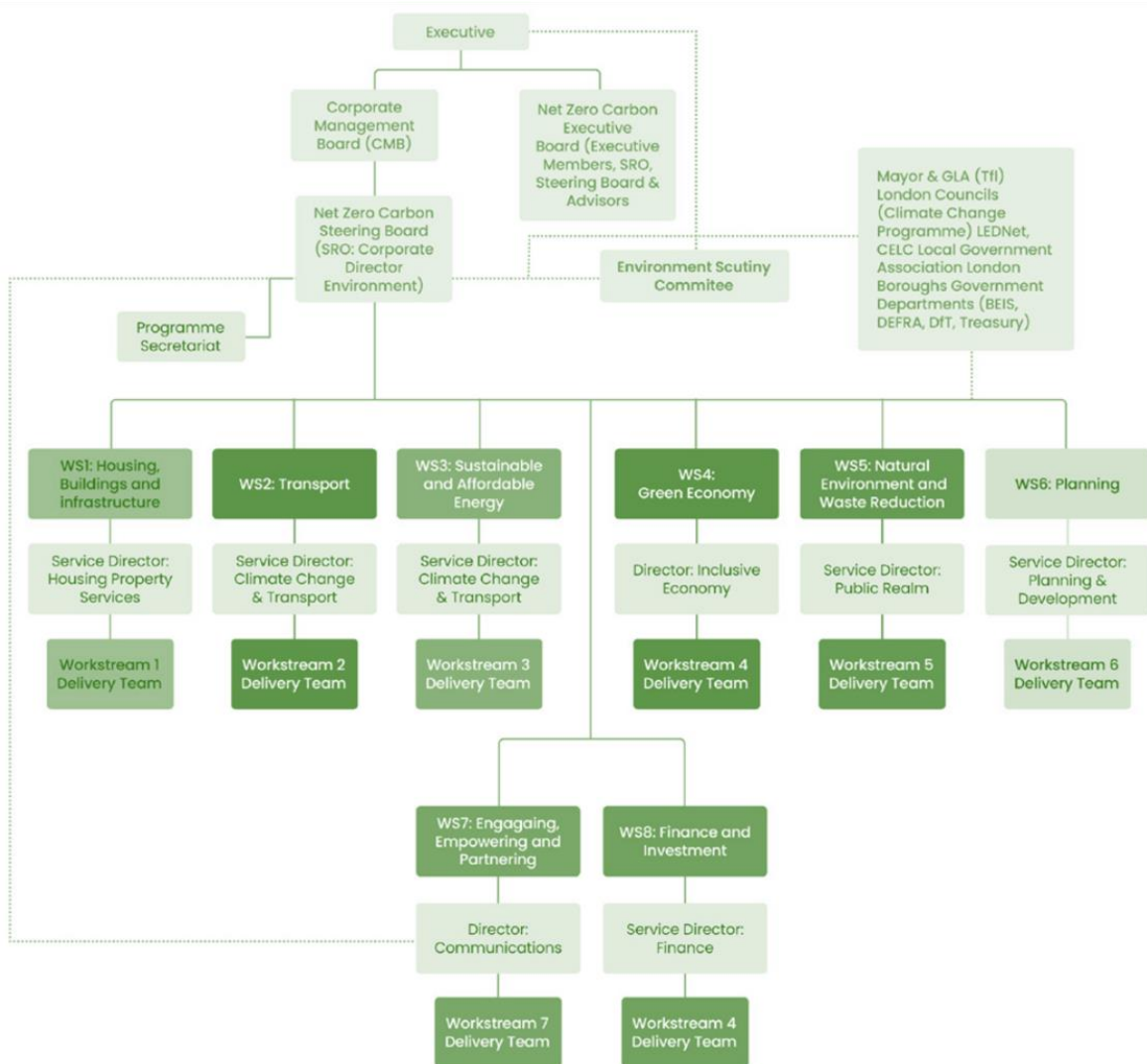
- the quantity and quality of capital related boards;
- the process for submitting business cases;
- the lack of consideration for revenue budgets needed as part of capital bids;
- the non-strategic short-term approach to the allocation of capital resources;
- the absence of meaningful capital management information reported quarterly; and
- the shortage of challenge of programme slippage.

- 2.52 To address these issues, improvements to the capital finance team structure have been implemented to centralise all capital resources including technical, corporate and business partnering staff. There is an improved focus on delivering improvements and strengthening governance.
- 2.53 The team is undertaking a programme of work to address the following areas of concern:
- A proposed revised structure of capital boards and terms of reference is planned to be discussed at the Corporate Management Team in June 2024 with the aim to strengthen and streamline existing arrangements.
  - The previous business case process is being reviewed to ensure it fits to the council's processes, ensuring that revenue implications are factored in.
  - The Community Wealth Building team are creating a Strategic Asset Management Plan (SAMP) due to be completed in Summer 2024. This will aid strategic budget setting decisions on what the council's priorities are for capital expenditure.
  - Planned improvements to capital management information are to be undertaken including use of PowerBI dashboards, and reporting the whole life costs of a scheme with a focus on what is being delivered, rather than focussing on a single year.
  - The team is also actively involved in the wider governance review revising the Constitution, Financial Regulations and Schemes of Delegation. A training plan is also in development to educate Members, Corporate Directors and Project Managers of their responsibilities as stated in these documents.
- 2.54 These new arrangements have been noted in section 4 of the AGS.

### **Vision 2030: Building a Net Zero Carbon Islington by 2030**

- 2.55 The long-term nature and impact of many of local government's responsibilities mean that it should plan for sustainable outcomes that are within its financial means and take a longer-term view when making decisions that balance the combined social, economic and environmental impact of policies.
- 2.56 The council demonstrates this in one of its five strategic missions, to achieve a greener, healthier Islington by 2030, as set out in the Islington Together 2030 Plan. A key strand of this mission is to deliver a net zero carbon Islington by 2030, as outlined in the Net Zero Carbon strategy - [Vision 2030: Building A Net Zero Carbon Islington By 2030](#).
- 2.57 Vision 2030 recognised the importance of establishing a cross-departmental governance structure that extends across the organisation. The key elements of that structure are set out in Figure 4 below. The programme is split into eight workstreams, labelled WS1 to WS8 in Figure 4:

**Figure 4: Governance arrangement for the net zero carbon programme**



- 2.58 The Environment and Regeneration Scrutiny Committee receive twice annually performance updates from the boards, detailing the progress against the published commitments in Vision 2030. Each Scrutiny Committee meeting has also included a Scrutiny Review dedicated to different elements of the Net Zero Carbon programme.
- 2.59 The council is working collaboratively with other local authorities in the London Councils Climate Change Programme to share best practice, join up activity, and grasp economies of scale. It is also engaging with partners in the Net Zero Carbon Task and Finish Group to consider options such as joint communication campaigns, bulk procurement and monitoring and funding.
- 2.60 In April 2023, the council held a special public meeting of the Environment and Regeneration Scrutiny Committee to engage local stakeholders on the council’s net zero carbon strategy. This was an opportunity to explain the council’s programme and hear

from stakeholders on how to take the work forward. A new Special Scrutiny meeting was held in March 2024.

- 2.61 To help reach net zero carbon by 2030, in September 2022, Islington Council's Pension Fund rebalanced its equity holdings by reducing its shares in UK companies (thereby reducing its ownership of UK energy companies) and adopting a 'Global Paris-Aligned Index' for all passively managed equities. The council's pensions team with advisors executed a large transaction in which it sold UK shares in a FTSE based Index and acquired £164m in a new Paris-Aligned Index fund. Carbon emissions from 'listed portfolio assets' - the companies that the fund invests in to secure a return for its members - have reduced by 40% between 2021 and 2023.
- 2.62 Achieving net zero carbon by 2030 will require an unprecedented level of funding. The Cities Commission for Climate Investment (3Ci) is a partnership between Connected Places Catapult, Core Cities UK, London Councils and other local authorities across the UK aimed at supporting local authorities secure the necessary long-term finance for achieving net zero. In 2022/23, Islington Council submitted its return to 3Ci in which it identified potential projects that are necessary to achieve a net zero carbon Islington by 2030. London Councils have secured £2m from London Boroughs to support rapid action across the seven themes of their Climate Programme including Retrofit, Low Carbon Transport and Renewable Power.

### 3. Review of Governance Framework Effectiveness

- 3.1 The council has a responsibility to undertake, at least annually, a review of the effectiveness of key elements of its governance framework including the system of internal control. The council has carried out this review in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The review has drawn on the following sources of information:
- The council's corporate governance review, detailed in section 2 of this AGS
  - External Audit outcomes
  - Internal Audit outcomes, and the Head of Internal Audit's annual opinion
  - Audit and Risk Committee
  - Standards Committee
  - Reports from inspectorates and Ombudsmen
  - Scrutiny arrangements
  - Risk management arrangements

- Information governance arrangements
- Performance and budget monitoring information
- Self-assessments undertaken by Corporate Directors in February and March 2024

3.2 Further details on the key sources of information considered in the review are set out below. In addition to this annual review, senior leadership and management routinely review elements of the governance arrangements throughout the year, to streamline and improve processes and make sure these arrangements remain fit for purpose.

### **External Audit**

- 3.3 The council's external auditors, Grant Thornton, have issued their unqualified audit opinions for the 2021/22 and 2022/23 Statement of Accounts in sequence of December 2023 and March 2024. This was a significant achievement for the council, enabled through the skill of the internal finance team and an excellent working relationship with the on-site external audit team.
- 3.4 The unaudited 2022/23 Statement of Accounts was published by 31 May 2023. Grant Thornton have completed their audit work on the 2021/22 and 2022/23 accounts and have provided updates on progress to the Audit and Risk Committee in 2023/24. In these updates, external audit have not reported any significant governance issues, or highlighted any material errors in the financial statements. An objection to the accounts remains outstanding and requires Grant Thornton to fully investigate and resolve.
- 3.5 In previous years external audit has consistently provided an unqualified audit opinion on the council's statement of accounts and statutory grant claims, with few adjustments required to the statements and claims following their audits.
- 3.6 In their final 2022/23 Auditor's Annual Report for Islington Council dated March 2024, Grant Thornton did not identify any significant weaknesses in the council's financial sustainability, its governance arrangements or in its arrangements for improving economy, efficiency and effectiveness in 2022/23. They made two recommendations to strengthen arrangements under financial sustainability (table 1 includes an update on the 3 2021/22 audit recommendations):

**Table 1: External Audit recommendations (2021/22 and 2022/23)**

Ref.	External audit recommendation	Management Response	Update (March 2024)
<b>2021/22</b>			
1	There should be enhanced reporting on savings delivery to Members to show progress on delivery of savings	The council implemented this recommendation as part of its budget monitoring in 2022/23.	This has now been updated. Monthly reporting to CMT and Executive.
2	Consideration should be given to rationalising the number of risks in the corporate risk report, and to developing a training module for all staff, to raise awareness of risk across the organisation	<p>Given the breadth of the council's responsibilities, the challenging external environment and the ambitious mission in the strategic plan, the council does not believe it has an unreasonable number of risks within its corporate risk report. The council follows the risk framework in terms of deciding if a risk fulfils criteria for corporate level. The council did close six principal risk during the last year providing evidence that it is working to incrementally tighten up the corporate risk profile.</p> <p>The council will consider how best to develop and deploy a training module to raise risk awareness across the organisation.</p>	Partially met.
3	The council should develop a data quality strategy. Directorates set their own KPIs. Information passed to the corporate performance team is signed off as accurate by the relevant director but there is nothing in place which outlines how data will be verified as accurate, complete and timely.	The council will seek to develop a data quality strategy.	<p>In progress.</p> <p>The council was expecting to issue a data quality strategy in March 2024. However, the development of the strategy will be completed by July 2024/25.</p>

Ref.	External audit recommendation	Management Response	Update (March 2024)
<b>2022/23</b>			
4	<p><b>Financial Sustainability</b></p> <p>There should be enhanced reporting on savings delivery to Members to show progress on the delivery of savings plans including figures for expected savings and actual savings achieved to date.</p> <p>The council should improve the clarity of the reports on savings delivery to clearly state what level of savings have been achieved at outturn. Without this, Members may not have clear sight over how expected savings are progressing.</p>	<p>Agreed – improvements had been made to provide information on savings delivery within our regular financial monitoring. These have been enhanced in Quarter 3, 2023/24 to further improve transparency of delivery.</p>	<p>New recommendation raised in the 2022/23 Annual Auditor's Report – to be audited 2023/24</p>
5	<p><b>Financial Sustainability</b></p> <p>The council should continue to make every effort to not use general fund balances to balance the budget and continue to focus on the identification of efficiencies within Children and Adult Social Care.</p>	<p>Agreed – we welcome the recognition that making savings in Adults and Childrens services is both difficult and required in the wider financial context. The council intends to continue to balance its annual recurrent income and expenditure to avoid the use of reserves. This strategy includes the continued identification of efficiencies within Adults and Childrens Services.</p>	<p>New recommendation raised in the 2022/23 Annual Auditor's Report – to be audited 2023/24</p>

3.7 The statutory deadline for publishing audited 2021/22 accounts was 30 November 2022. Delays in signing audit opinions are widespread across the local authority sector and were first highlighted by Sir Tony Redmond's independent review of local authority financial reporting and external audit in 2020. In the National Audit Office's report 'Progress update: Timeliness of local auditor reporting on local government in England' (January 2023), it states that auditors gave opinions on just 12% of local authority 2021/22 financial statements by the November 2022 deadline – down from 45% in 2019/20 and 97% in 2018/19.



- 3.8 Only 1%<sup>5</sup> of audited 2022/23 final accounts in England were published by 30 September 2023, the statutory deadline. There remains a small risk that Islington Council's 2023/24 audited Statement of Accounts which are due to be published by 30 September 2024 are delayed due to unforeseen external audit resourcing reasons. KPMG, the council's new auditors, have given assurances that they are fully resourced for the 2023/24 audit of Islington Council's accounts with the expected start date of the audit in July 2024.
- 3.9 The reasons for the continuing delay in publishing audited accounts across the local government sector are complex. Recent uncertainty over how to value infrastructure assets meant many audit opinions were delayed. CIPFA provided clarity on infrastructure assets, and in the meantime a significant backlog of audits has built up, and a lot of audit resource is being absorbed in resolving the backlog. Other factors contributing to the delays include:
- Capacity problems within audit firms and difficulties retaining experienced auditors.
  - The increasing complexity of local audit work,
  - Lack of a sector leader for local government audit to co-ordinate and respond efficiently to emerging risks and issues where a national steer is required.
- 3.10 The government have consulted on proposals in to set a Phase 1 backstop date of 30 September 2024. The backstop date will require local bodies to publish their audited financial accounts for all financial years up to and including 2022/23. This announcement is supported by the Financial Reporting Council. This does not directly impact Islington Council since the council's audited 2022/23 Statement of Accounts received an unqualified opinion on 25 March 2024 and were published on 2 April 2024. For future financial years' accounts, to prevent such recovery work causing delays to future audits, the Phase 2 proposals involve establishing new statutory backstop dates for all financial years up to and including 2027/28.
- 3.11 The backlog in the publication of audited accounts by local bodies has grown to an unacceptable level. The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC to develop measures to address the delay in local audit. The proposals that have been developed maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)). The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

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<sup>5</sup> Public Sector Auditor Appointments (PSAA)

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

3.12 Phase 2: 'Backstop' proposals for the recovery period, financial years 2023/2024 to 2027/2028.

The proposed changes to the Accounts and Audit Regulations 2015 would require (subject to consideration of potential exceptions – see below) Category 1 authorities to publish audited accounts by the following dates for financial years 2023/2024 to 2027/2028:

2023/24: 31 May 2025

2024/25: 31 March 2026

2025/26: 31 January 2027

2026/27: 30 November 2027

2027/28: 30 November 2028

As per the Phase 1 backstop proposals, the NAO<sup>6</sup> is proposing that the Code of Audit Practice would require auditors (unless specific circumstances apply) to issue their opinion in time for the authority to publish its accounts by the specified dates.

3.13 The timely completion of external audits is vital in providing local authorities with accurate and reliable financial information to plan and manage their services and finances effectively. It ensures local authority financial arrangements, including whether value for money is being achieved, are transparent to the taxpayer, and facilitates assurance for the public sector more broadly through the audit of the Whole of Government Accounts.

3.14 An outstanding objection to the 2020/21 Statement of Accounts means the audit certificate for that year and subsequent years 2021/22, and 2022/23 will not be issued until the objection is fully resolved. Grant Thornton external auditors believe the objection is immaterial however still need to conclude on resolving it with the objector. The council cannot issue a formal notice of conclusion for the 3 years of audits until the objection is cleared, despite receipt of audit opinions for those years. This leaves the council at risk of the possibility, although unlikely of having their accounts reopened.

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<sup>6</sup> National Audit Office

3.15 The governance risk this delay poses for Islington Council is considered in section 4 of the AGS.

### **Internal Audit**

3.16 The council has a statutory duty to maintain an effective Internal Audit function. The primary objective is to provide the Council, via the Audit Committee, with independent and objective assurance that risk management, governance and internal control processes are operating effectively. Internal Audit also seek to provide advice on risk and control issues within individual processes. This is achieved through a planned programme of work based on an annual assessment of the principal risks facing the Council.

3.17 The Internal Audit Strategy, presented annually to the Audit and Risk Committee, details the role and objective of Internal Audit within the organisation and the overall strategic approach to providing assurance.

3.18 Internal Audit retains flexibility in its approach in order to provide coverage of emerging risks, and to meet the changing needs of the organisation. To this end, while Internal Audit deliver a risk based annual plan approved by the Audit and Risk Committee, Internal Audit also remain responsive to the needs of auditees and wider stakeholders and continues to provide ad hoc control advice and support where required.

3.19 The 2023/24 Internal Audit plan delivered approximately 720 audit days. This resulted in the delivery of 32 audits, covering all of the council's directorates, as well as cross-cutting reviews. The 2023/24 Interim Internal Audit Report was presented to the Audit and Risk Committee in January 2024 and the 2023/24 Annual Internal Audit Report will be presented to the Audit and Risk Committee in September 2024. In 2023/24, 32 audits, as well as further follow up activity, was undertaken as follows:

- Ten principal risk audits;
- Three key financial systems audits;
- Nine establishment audits (three schools, five tenant management organisations and one voluntary sector organisation);
- One control design assessment;
- Two grant certification audits; and
- Seven extended follow ups of limited and no assurance audits from prior years.

3.20 The work undertaken during 2023/24 has enabled the Head of Internal Audit to form a reasonable conclusion on the council's control framework, risk and governance arrangements. For the year ended 31 March 2024, the Head of Internal Audit's opinion is that there is moderate assurance over the adequacy and effectiveness of the council's

arrangements – overall the council's systems for control, risk and governance are generally adequate with some improvement required.

3.21 In relation to follow up activity, the Controls Board met quarterly in 2023/24 to monitor the progress of implementation of audit recommendations and CMT received bi-monthly updates. A further programme of work is being undertaken in the first quarter of 2024/25 to assess the implementation of open actions. Residual risks will be closely monitored through follow up audits, the Controls Board and CMT monitoring, in 2024/25.

### **Audit and Risk Committee**

3.22 The Audit and Risk Committee deals with a range of matters including council accounts and audit functions, electoral registration functions and matters that relate to the governance of the council.

3.23 The Audit and Risk Committee performance work outcomes for 2023/24 include:

- reviewing and approving of 2 years of audited 2021/22 and 2022/23 Statement of Accounts and associated Annual Governance Statements for publication;
- challenging and reviewing role for officers' work arising from audit findings reports, annual auditor reports, Internal Audit work, fraud and risk reports;
- monitoring the effectiveness of the council's corporate governance activities and promotes high standards of member conduct;
- undertaking several deep dives on higher risk Council areas such as safeguarding, challenging governance arrangements and processes, new build capital programme and social care market instability.
- The Audit and Risk Committee has independent members suitably qualified and trained to support the committee in an advisory capacity. The level of questioning by these members was evidenced through meeting minutes.

### **Standards Committee**

3.24 The Standards Committee is responsible for considering whether complaints about a breach of the Code of Conduct for Members should be investigated, and for hearing cases on potential breaches, grants dispensations in certain circumstances and hears complaints that have been referred by the Monitoring Officer. A report to the November 2023 Standards Committee revealed that that in 2022/23 1 formal complaint against a councillor was received which was heard by the Standards Committee with 3 additional complaints about councillors were received that did not require the Standards Committee to convene.

3.25 In the June 2023 Standards Committee meeting Members agreed plans to strengthen the role of the Standards Committee and to a revised Terms of Reference. The Committee

will now receive the Annual Report on Members Standards and Conduct in future years, and it was agreed the committee would accept responsibility for determining future requests for dispensations to any member in respect of statutory and non-statutory disclosable interests.

- 3.26 The Standards Committee in June 2023 approved a revision to the 'Arrangements for Dealing with Standards Allegations' (2012), to make the procedure for dealing with complaints about councillors clearer, more accessible and fit for purpose. The revised procedure, called the 'Arrangements for Dealing with Complaints under the Members' Code of Conduct', gives greater clarity on the role of the Standards Committee.
- 3.27 In January 2023 the Standards Committee found, on a balance of probabilities, that an Islington Councillor improperly communicated confidential information, and brought the council into disrepute, contrary to paragraphs 4 and 5 of the council's Code of Conduct for Members, and in breach of the Nolan Principles of Integrity, Accountability and Leadership. This case demonstrates the strengthening role of the Standards Committee in visibly upholding ethical conduct.

### **Principal Risk Report and Risk Management Strategy and Framework Report**

- 3.28 The Principal Risk Report and a revised Risk Management Strategy and Framework was agreed by the Audit and Risk Committee in June 2022. An update on the Principal Risk Report was presented to the Audit and Risk Committee in January 2024. This update highlights the following key risks:
- Financial stability and resilience - High demand for council services are having a significant impact on the council's budget. The budget setting process for the 2024/25 financial year was particularly challenging amidst significant economic uncertainty. There is a significant budget gap to close over the medium-term period to 2026/27, and beyond.
  - Declining financial resilience of residents - the cost-of-living crisis is likely to remain over the next few years and will present challenges for residents to remain financially resilient, a significant proportion of whom already face long term income deprivation.
  - Cost of energy - An unpredictable fuel and energy market has given rise to significant risk to the council's energy purchasing, and is expected to remain high until the end of the war in Ukraine.
- 3.29 Section 2 of the AGS set out the arrangements the council has in place to manage these risks, including flexible and robust medium term financial planning arrangements. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code authorities can demonstrate their financial resilience in meeting foreseen demands and unexpected financial shocks and pressures.

- 3.30 Islington Council undertook a self-assessment against the FM Code as part of its 2022/23, 2023/24 and 2024/25 budget setting process. The latest assessment (informing the 2024/25 budget) showed the council achieves a high level of compliance against 78% of the FM Code statements of standard (or best) practice. Where there is only a medium level of compliance (22%), actions have been identified to take the council to a high level.

### **Information Governance Arrangements**

- 3.31 In 2023/24, the council received 2,119 Freedom of Information requests, an increase of 220 requests compared to the previous year. The council responded to 88% of requests within 20 working days, just below the Information Commissioner's Office (ICO) target of 90%. The council received 495 Individual Rights Requests, an increase of 124 requests compared to the previous year and responded to 74% within the target timeframe. Almost 50% of the Individual Rights Requests are for historic children's social care files which are complex and often involve a significant number of paper files that must be scanned and reviewed. This is a complex process which can exceed the statutory timeframe. The council also saw a significant increase in requests for housing repairs information which made up approximately 30% of all the requests received.
- 3.32 Following a review of how information requests are managed a centralised team was created to deal with Freedom of Information (FOI) and Subject Access Requests (SAR) under the corporate and Digital Information Governance team. A phased approach was taken in setting up the new operating model with areas moving over from June 2023 and all areas fully centralised from October 2023. There has been a positive improvement on compliance and the final two quarters of 2023/24 were above 90% for FOIs. SAR compliance has also improved, with 90% being achieved in quarter 3, the volume of requests and their complexity continues to be a challenge and the team are identifying improvements to processes, these include investigating specialist redaction software and scanning options for historic paper files.
- 3.33 The ICO carry out compulsory audits or ask organisations to participate in a 'consensual' audit. The council has not been required to participate in any audits by the ICO in 2023/24. The council are required by law to refer data breaches to the ICO where they meet the threshold for reporting. The council reported two incidents in 2023/24. One was closed with no further action as the ICO was satisfied with the mitigating actions taken by the council and the other is still pending with the ICO.
- 3.34 Individuals are entitled to escalate complaints to the ICO, where they have a Freedom of Information or Data Protection concern, for example a late/incomplete subject access request, or alleged data breach of data protection legislation. The ICO can issue a decision notice in response to an FOI complaint (this can be for or against the council). The ICO can also issue practice recommendations or fines in relation to breaches of data protection legislation. There was one decision notice issued against the council in 2023/24. There were no practice recommendations or fines issued against the council for breaches of data protection legislation in 2023/24.

3.35 Individuals are entitled to appeal an ICO decision notice or data protection complaint to the First Tier Tribunal (FTT). Whilst these appeals are against the ICO, the council can be added as a second respondent by the ICO or the FTT. On 19 April 2024, the FTT concluded that further information was likely to be held and directed the council to conduct a new search and issue a revised response within 42 days.

### **Care Quality Commission and Ofsted**

3.36 The Care Quality Commission (CQC) is an independent regulator of health and social care in England. On the CQC website, none of the council's services have been assessed as inadequate or requiring improvement. Most recently, the CQC assessed Islington Council's Supported Living Service for Adults with Learning Disabilities as 'Good'. This was based on a full review in 2019, and a reassessment of the data in July 2023. The Islington Reablement Service and Islington Council Shared Lives service were assessed as good in CQC's latest inspections (reported in 2019).

3.37 The Health and Care Act 2022 reintroduced the regulation of local authority functions relating to Adult Social Care to be delivered by the CQC. The national roll out started in late 2023, but no timelines have been confirmed with Islington Council, although an assurance visit will take place prior to November 2025. A Local Government Association (LGA) Peer Review was commissioned by Islington Council to mirror the new assurance process and support preparations. Areas of strength and areas for consideration were outlined in the final report with a plan in place and progressing to address the findings.

3.38 The Office for Standards in Education, Children's Services and Skills (Ofsted) is a government department that inspects services providing education for learners of all ages. Ofsted reports are published on its website. The latest Ofsted reports show that of the council's 39 maintained primary and secondary schools:

- 5 schools are Outstanding (13% of all maintained schools)
- 32 schools are Good (83% of all maintained schools)
- 1 school requires improvement (2% of all maintained schools)
- 1 school is Inadequate (2% of all maintained schools)

3.39 For the Council's total schools (including academies and free schools) there are 19 outstanding, 45 good, 2 requires improvement and 1 inadequate.

3.40 Ofsted carried out a focused visit in October 2022, inspecting the council's arrangements for care experienced children and young people. It concluded that arrangements were strong, making one recommendation that the council improve the consistency of recording actions in supervision records and align them to findings from case audits. No significant governance issues were identified in this report.

## Local Government and Social Care Ombudsman and Housing Ombudsman

- 3.41 The Local Government and Social Care Ombudsman (LGSCO) conducts independent, impartial investigations of complaints about service failure and maladministration in local authorities, in line with Part III of the Local Government Act 1974. The LGSCO sends the council annual reviews of its performance, which the council signposts on its website: [Local Government and Social Care Ombudsman Reports | Islington Council](#). These are reviewed by the Audit and Risk Committee.
- 3.42 The latest available Annual Review letter (2023), covering the period 2022/23, shows the LGSCO upheld 71% of complaints against the council (compared to a sector average of 77%), and were satisfied the council had successfully implemented its recommendations in 100% of cases. The council provided a satisfactory remedy before the complaint reached the Ombudsman in 17% of upheld cases (compared to an average of 15% in similar organisations).
- 3.43 In August 2022, the council received notification from the LGSCO of their intention to investigate the delay in response times under section 26D of the Local Government Act 1974. The council was in contact with LGSCO about the matter, to highlight the actions the council had taken and proposed to take to address the issue.
- 3.44 In July 2023, the LGSCO informed the council that they were formally satisfied with the council's response in accordance with section 31(2) of the Local Government Act 1974.
- 3.45 The Housing Ombudsman (HO) resolves disputes involving the tenants and leaseholders of social landlords and is the final stage for complaints that have already been responded to as part of the council's internal complaints process. In December 2022, the HO informed the council of its decision to launch a Section 49 investigation into Islington's handling of damp and mould complaints. In January 2023, the HO enquired about the stage 2 investigation backlog and the council's plans to resolve this.
- 3.46 The HO issued a special report on the council in October 2023, following an investigation which commenced in December 2022. Between 12 December 2022 and 30 June 2023, the HO issued 30 determinations, including 14 cases where it found severe maladministration on at least one of the issues raised by the resident. The council (landlord) has a severe maladministration rate of 24.7% which is nearly four times the national average of 6.7%.
- 3.47 In all 30 cases, the HO found either service failure, maladministration or severe maladministration for at least one aspect of the complaint. In complaints about the landlord's complaint handling, every case had a failing – a 100% maladministration rate – while the landlord's 83% maladministration rate for property condition was above the national average of 66% and the 94% for complaints about anti-social behaviour was far above the national average of 52%.
- 3.48 The HO ordered the council (landlord) to apologise to residents in 17 instances and pay a total of £66,441, an average of over £2,000 per case. Over half of this (£33,792.49) was



for complaints about property condition. The HO ordered the landlord to pay out £7,625 for the impact of poor complaint handling on residents. Overall, during the monitoring period the HO made 186 orders or recommendations to put things right.

The council has continued to deliver improvement actions on the outcome of the HO report and has provided regular updates across the monitoring period to the Housing Scrutiny Committee and the HO investigation team. The HO investigation team confirmed in April that they are satisfied that the Council have implemented all of the recommendations and they have discharged the P49 monitoring period

- 3.49 The council has addressed the previous backlog of stage 2 complaints and is proposing further improvements to the arrangements in the coming year. Section 4 of the AGS summarises the actions proposed.

### **Performance and budget monitoring information**

- 3.50 A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it enforces financial discipline, strategic allocation of resources, efficient service delivery and accountability.
- 3.51 This is demonstrated in the Provisional Outturn report for 2023/24, showing an overall net, break-even position for the General Fund. The council had sufficient contingency budgets it could call upon to achieve this outturn position. The council continues to monitor the levels of reserves (through the monitoring of the 2024/25 budget position and MTFs) to ensure they provide the financial resilience the council needs.
- 3.52 The provisional outturn for the HRA showed an in-year deficit of £12.987m, which was balanced by contributions from HRA reserves. The deficit was primarily due to a temporary use of Revenue Contribution to Capital Outlay (RCCO) towards the financing of new build and property acquisitions programmes, aligning with the council's treasury management strategy to delay external borrowing and as such the associated interest charges by utilising HRA reserves to finance HRA capital expenditure.
- 3.53 90% of the capital programme was delivered (with capital expenditure of £152m delivered against a revised 2022/23 budget of £169m). The variance against the budget was due to a variety of delays across the programme, for example where clarity was needed on the Net Zero Carbon strategy.
- 3.54 The financial position of Islington's schools remains challenging, mirroring the national picture with schools facing increasing cost pressures. Individual school balances in Islington have been declining since 2018/19, when they totalled £11.732m, down to £6.291m at the end of 2022/23. There were 15 schools in deficit as of 31 March 2023 (29% of maintained schools). The Education and Skills Funding Agency gives guidance on the level of balances schools should hold. In Islington, only 17 schools had balances above the suggested level as at 31 March 2023, down from 21 schools at the start of the year.

3.55 The main causes for the decline in schools' balances have been reported in the 2022/23 Provisional Outturn report:

- Reducing pupil numbers. 90% of school funding is pupil-led – each reduction in pupils equates to an average loss of funding per pupil of £5,430 in primary and £8,040 in secondary schools.
- Increased numbers of elective home educated pupils – there are currently 356 elective home educated pupils, at a cost of £1.9m in lost funding for the council's schools. This is an increase of 197 from before the pandemic, and 270 since 2016/17.
- Increasing numbers of pupils with SEND. Education health and care plans increased at a rate of 10.4% per annum in Islington in 2021/22.
- Below inflation per-pupil increases in funding under the national funding formula. This is significantly less than the increases in energy costs and likely staff pay awards in schools, as well as other cost pressures.

3.56 The council is currently reviewing the scrutiny arrangements for schools' finance and formulating recovery plans to ensure their future sustainability. This issue will be monitored through section 4 of the AGS.

### **Self-Assessment**

3.57 In accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016), a self-assessment of the effectiveness of governance arrangements was completed in February and March 2024 by each directorate, at Director level, to inform the AGS. Where these self-assessments identified particular governance issues or areas where improvements are needed, these are detailed in section 4 of the AGS.

## **4. Governance Issues**

4.1 A key element of the annual governance statement is to identify any significant governance issues. Table 2 below summarises the governance issues which management will continue to monitor and address in the year ahead.

**Table 2 – Governance issues monitored in 2023/24 and emerging in 2024/25**

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
<b>2022/23 Governance issues monitored and reported for 2023/24</b>					
1	<p>The council is undertaking a review of its Constitution, and this has identified areas where changes and updates are needed.</p> <p>Without these changes, the Constitution may not be legally compliant, up to date, or internally consistent.</p> <p>Updating the Constitution would make the document more accessible and would help Members and officers take decisions more robustly with more clarity over who takes which decisions.</p>	<p>Complete the review of the council's Constitution.</p> <p>The Constitution Review Working Group will oversee this work and recommend to Full Council a revised version of the Constitution, including all its parts upon completion of the review.</p> <p>The Constitution Review Working Group will also review report and procurement templates and guidance.</p>	Corporate Director of Resources	December 2024	<p>The Constitution was health checked and legal compliance was ensured in 2023/24.</p> <p>A further review of the Constitution using some external support was approved by Audit and Risk Committee on 18 March 2024 to set up a new Constitutional Working Group to achieve an outcome of making sure the Constitution is fit for purpose.</p> <p>The Financial Regulations and Scheme of Delegation are due to be updated and this forms part of the Constitution review project for 2024/25.</p>
2	<p>The council has a significant backlog of stage 2 complaints, and the response times for these complaints has increased significantly. It is coming under increasing scrutiny from the Housing Ombudsman and the</p>	<p>Implement and monitor delivery of an improvement plan to address the backlog of stage 2 complaints. This plan includes increasing the capacity of the corporate complaints team, changes to working practices, a full review by an external consultancy, and the</p>	Corporate Director of Community Engagement and Well-being	December 2023	<p>The stage 2 backlog was cleared in mid-May 2023, and there has been no further backlog of complaints at stage 2 since this period. Both the LGSCO and HO have been updated. On 12 July 2023, the LGSCO confirmed its satisfaction with the councils' response to the backlog and ended the investigation.</p>

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	<p>Local Government and Social Care Ombudsman.</p> <p>The complaints process is an important way service users and the public can hold the council to account. A deterioration in this process can erode the council's ability to demonstrate ethical conduct and the delivery of desired outcomes.</p>	<p>establishment of a bi-weekly Complaints Review Project Board to monitor progress and implementation of the plan.</p> <p>Other plans include implementing:</p> <ul style="list-style-type: none"> <li>• A performance dashboard for the department to track progress, risks, issues and mitigation plans across the financial year.</li> <li>• Bi-weekly Department Management Team meetings focussing on business governance</li> <li>• Quarterly Department Management Team feedback reporting on complaints, Subject Access Requests and Member Enquiries.</li> </ul>			<p>There is now robust scrutiny of all stages of the complaints process, supported by comprehensive governance arrangements. However, due to the high escalation rate from stage 1 for housing, it has been necessary for the retention of additional temporary staff to keep up with the demand at stage 2. This resource will remain in place until the escalation rate falls to acceptable levels, but until then, continues to place a strain on council resources as a result of the agreed overspend.</p> <p>[Housing Ombudsman – HO]</p> <p>[Local Government and Social Care Ombudsman LGSCO]</p>
3	<p>There were 15 schools in deficit as of 31 March 2023 (29% of maintained schools).</p> <p>Internal Audit have also raised high priority recommendations in relation to some schools in their annual audit plan.</p>	<p>Formalise scrutiny arrangements for schools' finance, and recovery plans to ensure the future sustainability of Islington's schools</p>	<p>Corporate Director of Children's services</p> <p>and</p>	<p>March 2024</p>	<p>There were 16 schools in deficit as of 31 March 2024.</p> <p>A School Deficit Management Board has been established chaired by the Director of Learning and Achievement that routinely scrutinises schools in deficit to ensure that that robust plans are in place to achieve a balanced budget. This Board includes senior representatives from Corporate Finance and produces</p>

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
			Corporate Director of Resources		<p>high level summary reports to the Director of Children's Services and Corporate Director of Resources.</p> <p>There is a high priority recommendation outstanding with a deadline of 31 March 2024 for one school.</p>
4	The council has identified areas where it could strengthen governance arrangements surrounding the approval of business cases for new capital schemes.	Implement the new Terms of Reference for the Corporate Asset Delivery Board, which sets out the business case requirements for all new capital schemes.	Corporate Director of Resources	April 2024	The revised finance team structure is in place with a focus on strengthening governance and delivering improvements. A review of all capital boards and their terms of reference has been undertaken with recommendations to be taken to CMT in June 2024. The team are inputting into the wider governance review which includes clarifying the constitution, financial regulations and schemes of delegation. The business case process is also being reviewed to ensure decisions on major projects are properly scrutinised.
5	The new Procurement Bill is expected to come into force in 2024. This will introduce changes to requirements placed on public sector buyers, including greater requirements to publish information about procurement ahead of time, and publicise new contract opportunities, procurement results and information on contract performance.	<p>Review current procurement rules, written procedures and forms to ensure compliance with the new Procurement Bill.</p> <p>Ensure officers receive adequate training and guidance on the requirements of the Bill and the operational and governance changes that will be required.</p>	Corporate Director of Community Wealth Building	April 2024	<p>The Procurement Act received royal assent in October 2023. The Act is supported by secondary legislation, such as the forthcoming Procurement Regulations 2024, and supplementary guidance. The Council will have only six months' notice for 'go live'.</p> <p>The Act, even without secondary legislation or supplementary guidance, places a considerable resource strain on the council which it is seeking to offset within the existing budget or established procurement reserve.</p>

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
					<p>The focus the council has taken is in the four areas aligned to the recommendations of the Government Commercial Function namely: Process and policy; Systems; People; and Transition. The council is currently on track with its goals on the programme of work. Moving forward the extensive additional requirement being placed on the council will create a resource pressure which the council will be legally obligated to meet.</p> <p><b>Procurement Act</b></p> <p>The council needs to ensure it has adequately prepared for the introduction of the new Procurement Act, which is expected to come into force in 2024/25. The Act will introduce changes to requirements placed on public sector buyers, including greater requirements to publish information about procurement and contract-related decisions. There is a governance risk of non-compliance with the Procurement Act.</p>
6	The council is not currently complying fully with the requirements of the Local Government Transparency Code, which requires local authorities to publish on its website specific information about the council including lists of expenditure over specified values, and statutory	Ensure information on the council's website is fully compliant with the Local Government Transparency Code.	Corporate Director of Resources  Corporate Director Community Wealth Building	March 2024	<p>There are multiple areas under the Transparency Code for which compliance with has been reviewed:</p> <p>For procurement information: Following our engagement with the Information Commissioners Office, a corrective plan has been put in place. The plan places the council behind the required publication programme. The intention of the working plan is to bring to alignment publication with the Transparency Code. Supply Assurance have been tasked with compiling data sets of multiple different sources of</p>

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	<p>notices for contract awards and extensions.</p>				<p>variable quality. The information to be published for 2023/24 in the contracts register is currently non-compliant with the Transparency Code.</p> <p>Property information: This is compliant.</p> <p>Finance information: Expenditure exceeding £500 requires publication. This is compliant.</p> <p>For Human Resources information: This is compliant.</p> <p>For Fraud: Information which incorporates submissions from the council's three investigative teams (Internal Audit Investigations, Parking and Housing) was published on the council's website from November 2023.</p> <p>For Parking information: the parking reporting requirements are covered by the annual parking report that is published on the website.</p> <p><b>Transparency Code (2015)</b></p> <p>Non-compliance with publication requirements specified in the Transparency Code for contracts register reporting leads to organisational reputational risks and lack of transparency with contracts information availability. It is important to have a complete and accurate contracts register, with regular revisions to ensure it contains details of all contracts and all contract owners.</p>

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
					Governance monitoring arrangements for compliance with all aspects of the Transparency Code should be strengthened and responsibilities made clearer.
7	<p>External audit's opinion on the 2021/22 accounts has not yet been issued, reflecting sector-wide delays in publishing audited accounts.</p> <p>To be able to effectively plan and budget for the future, the council needs accurate and timely information about its financial position, which is confirmed in the publication of audited accounts.</p> <p>Untimely audits can contribute to governance failure if warning signs are not communicated in time, or with sufficient clarity. Continued delays could erode transparency and public confidence in how taxpayers' money is spent.</p>	Work with Grant Thornton to plan and co-ordinate the delivery of the 2021/22 and 2022/23 audits, to complete both audits by the 30 September 2023 statutory deadline for publishing audited 2022/23 accounts. Prepare an action plan based on lessons learnt in the previous audit visit, to ensure a smooth audit engagement in July 2023.	Director of Finance	30 September 2023	<p>Delivery of the 2021/22 Statement of Accounts audit was achieved with external audit opinions provided for the council's main accounts and Pension Fund on 14 December 2023 and published on 4 January 2024.</p> <p>Delivery of the 2022/23 Statement of Accounts audit was completed and external audit opinions provided for the council's main accounts and Pension Fund on 25 March 2024 and published on 2 April 2024.</p> <p>An outstanding objection to the 2020/21 Statement of Accounts means the audit certificate for that year and subsequent years 2021/22, and 2022/23 will not be issued until the objection is fully resolved. Grant Thornton external auditors believe the objection is immaterial however still need to conclude on resolving it with the objector because the council cannot issue a formal notice of conclusion for the 3 years of audits until the objection is cleared, despite receipt of audit opinions for those years.</p> <p>Due to the length of time since the raising of the original objection this governance issue is highlighted for monitoring closely in 2024/25, since may impact future years.</p>



No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
8	<p>Islington Council's Public Health department de-merged from Camden Council at the end of 2022/23, while retaining a small range of shared functions via a memorandum of understanding agreement.</p> <p>Additional governance measures were introduced during 2022/23 to ensure that the de-merger was handled effectively. A Commissioning and Governance group within the council, with specific responsibility and focus on matters of governance, reports directly to the Directorate Management Team.</p> <p>The department will need to undertake a post-implementation review to ensure governance arrangements under the new structure are robust.</p>	<p>Review governance and internal control arrangements within the new single-borough department of Public Health to ensure arrangements are up to date and reflect best practice.</p>	<p>Director of Public Health</p>	<p>December 2023</p>	<p>The directorate has robust mechanisms in place to ensure and assure governance measures, with a Commissioning and Governance group designed to give specific attention and focus to these matters, which reports directly into the Directorate Management Team (DMT).</p> <p>Additional areas of focus in 2023/24 included developing joint governance arrangement with Camden for oversight of joint contracts shared between the boroughs, following the separation of the shared public health department, which is ongoing. The Department is also working with adults' and children's services to review future arrangements for services commissioned via section 75 arrangements with the NHS, with the reorganisation of the Integrated Care Board.</p> <p>Public Health has also been working closely with Commissioning and Governance leads in adult and children's services, as part of a newly established community of practice, to share learning and best practice.</p>

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
<b>2023/24 Governance issues to be monitored and reported in 2024/25</b>					
9	<p><b>Financial sustainability – Medium term financial strategy</b></p> <p>Islington Council, in line with many other local authorities, is facing a significant forecast financial savings requirement to arrive at a balanced revenue budget for 2025/26 and over the medium term. If there is not a significant increase in local government funding settlements, other revenue sources or a reduction in assumed budget pressures from key service areas (such as, Adult Social Care, Children and Young People and Environment and Climate Change), then the savings requirement in 2025/26 will be greater than the level of general fund savings agreed for the 2024/25 budget year. This will require very difficult decisions as regards expenditure for the council to maintain a sustainable and robust financial position going forward. The medium-term financial position does not</p>	<p>Produce Quarterly MTFS Update Reports for CMT, Executive and Policy and Performance Scrutiny to consider at regular intervals in the financial year the medium and longer-term considerations arising from the quarterly budget monitoring reports, emerging risks and issues and the ongoing medium-term budget process. Ongoing from April 2024</p> <p>Deliver a balanced budget monitoring financial position in the 2024/25 financial year, without resorting to the use of available contingency budgets so that reserves can be replenished at financial year outturn. March 2025</p> <p>Deliver a balanced budget for 2025/26 and over the 5-year MTFS including agreeing the 2025/26 to 2029/30 savings proposals to close the forecast medium-term budget gap, subject to full and timely consultation. February 2025</p>	All Corporate Directors	2024/25	New governance issue

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	<p>assume the use of one-off reserves to close future budget gaps, in line with the council's medium-term financial strategy core principles. Despite the very challenging financial position, the council continues to protect and enhance the vital council services that residents rely on, with the medium-term budget prioritising the delivery of the principles and priorities set out in the council's Strategic Plan – Islington Together 2030.</p>	<p>Assess compliance against the CIPFA Financial Management Code, reported annually as part of the budget process, with any actions or recommendations implemented on an ongoing basis. February 2025</p> <p>Produce an annual balance sheet analysis (as part of the annual budget process), providing a snapshot of the council's financial position detailing assets, liabilities, and reserves, and assisting understanding of the underlying financial position of the council. This will include an assessment against the council's Minimum General Fund Balance and Earmarked Reserves Level. February 2025</p> <p>Restore, where appropriate to do so, financial sustainability mechanisms in the 2025/26 budget report, that were used on a one-off basis to balance the 2024/25 budget, encompassing inflation-energy-demand contingency, financial resilience, and capital financing budgets. February 2025</p>			

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
		Over the medium-term, to aim where possible to restore earmarked reserves to a level well in excess of the 2023/24 opening position, and to increase the General Fund balance. February 2029			
10	<p><b>Complaints policy</b></p> <p>The council has seen a significant increase in housing repairs reported, including a rise in damp and mould cases and an associated increase in housing complaints. With demand exceeding resource, this led to a backlog at stage 1 of the complaints process. The increase in demand and associated escalations also subsequently led to a backlog of stage 2 complaints, which peaked at 200 stage 2 complaints in January 2023.</p> <p>The backlogs were highlighted as an area of concern by the Local Government and Social Care Ombudsman (LGSCO) in August 2022 and in December 2022 following two high profile media</p>	<p>The development of a complaint improvement plan. Including the introduction of enhanced governance and reporting arrangements, procurement of a new Govmetric complaint management system and a performance dashboard for the department to track progress.</p> <p>Consolidation of the two housing complaint teams into a single unit as well as increased staffing levels to deal with historic under-resourcing.</p> <p>Monthly progress updates are provided to the Lead and regular reports to CMT.</p>	Corporate Director of Community Engagement and Wellbeing	<p>Monthly reporting to CMT</p> <p>September 2024</p>	Ongoing Governance Issue

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	cases on damp and mould in Islington, the Housing Ombudsman (HO) contacted the council to inform of their intention to undertake an investigation into the handling of damp and mould cases.				
12	<p><b>Final Accounts Audit Certificates</b></p> <p>An outstanding objection to the 2020/21 Statement of Accounts means the audit certificate for that year and subsequent years 2021/22, and 2022/23 will not be issued until the objection is fully resolved. Grant Thornton external auditors believe the objection is immaterial however still need to conclude on resolving it with the objector. Unfortunately, the council cannot issue a formal notice of conclusion for the 3 years of audits until the objection is cleared, despite receipt of audit opinions for those years. Due to the length of time since the raising of the original objection this governance issue is highlighted for monitoring closely in 2024/25</p>	<p>Monitor progress of Grant Thornton on their objection work.</p> <p>Request a project plan with milestones and final deadlines if the suggested deadline of 31 May 2024 for delivery of the objection resolution is not achieved.</p> <p>Report in-year outcomes to Audit and Risk Committee.</p>	Corporate Director of Resources	31 May 2024	New governance issue

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	by the Section 151 Officer, since may impact future years.				
13	<p><b>International Financial Reporting Standard 16 Leases</b></p> <p>Implementation is effective from 1 April 2024 and requires non-financial input from the wider council. Establish the governance for the project team. Ensure that the governance for the project team is clearly established with appropriate reporting arrangements to the Section 151 Officer and as necessary to local authority management Executive and Audit and Risk Committee.</p>	<p>Mandatory implementation of IFRS 16 Leases for production of the 2024/25 Statement of Accounts as of 1 April 2024.</p> <p>CIPFA have confirmed that there will be no further delays to IFRS 16 implementation beyond 1 April 2024. It notes that authorities should therefore commence or recommence their preparations as soon as possible.</p>	<p>Corporate Director of Resources</p> <p>All Corporate Directors</p>	<p>2024/25</p> <p>31 March 2025</p>	New governance issue
14	<p><b>Internal Audit – outstanding recommendations not actioned</b></p> <p>Outstanding recommendations not actioned in a timely way are a governance issue particularly where health and safety issues are concerned e.g. asbestos. This has been reported by one Directorate. The position should be reviewed by Corporate Management Team, those</p>	<p>Internal Audit outstanding recommendations to be reported to Audit and Risk Committee if remain outstanding after more than one year.</p> <p>Attendance by the recipient of the audit recommendation at Audit and Risk Committee will be required to explain the reasons for non-action.</p>	<p>All Corporate Directors</p> <p>Corporate Director of Community Wealth Building</p>	March 2025	New governance issue

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	charged with governance and reported to Audit and Risk Committee.		Corporate Director of Resources  All Corporate Directors		
15	<p><b>Leases and concession agreements</b></p> <p>There is a significant governance risk issue in relation to the leases and concession agreements in place for one entity. A failure to pay the council in respect of property related costs incurred in the occupation and operation of some of the council's affordable workspaces.</p>	<p>Debt reporting arrangements to be put in place.</p> <p>Introduction of a new debt management strategy for property costs.</p>	Corporate Director of Community Wealth Building	May 2024	New governance issue
16	<p><b>Equal pay legal claims</b></p> <p>Legal claims have been undertaken against several local authorities where it was identified that there was not equal pay for work of equal value between men and women. Prior to these claims becoming known, the council had already initiated a systematic review of its pay and grading</p>	A systematic grading review is under way led by a dedicated programme team.	Director of Human Resources	April 2025	New governance issue

No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	structure. The work has involved conducting an analytical review of current arrangement for pay, grading and allowances, identifying any areas of risk and ensuring full compliance with recent legal cases.				
17	<p><b>Debt management strategy and reporting</b></p> <p>The council is aiming to set up a debt management strategy which intends to improve the approach to the resolution of debt owed to the council. The strategy sets out the methodology to achieve this vision through preventing avoidable debt, resolving debt to agreed standards and improving capability to resolve debt economically, efficiently and effectively.</p> <p>A strategy is important for the governance of debt reduction maximisation targets in order to facilitate greater improvements for the short-term and long-term financial sustainability of the</p>	<p>To set up a project team to design a new debt management strategy for the council.</p> <p>A project plan is required to identify milestones and timeframes.</p>	<p>Director of Finance</p> <p>Head of Revenues and Technical Services, Financial Operations &amp; Customer Services</p>	2024/25 [Director of Finance to confirm]	New governance issue



No.	Governance issue	Action	Responsible Officer	Target Date	Progress Update (31 March 2024)
	council. This will set the approach to lower the level of expensive debt write-offs incurred.				

## 5. Conclusion

- 5.1 The council has identified 8 new governance issues and has proposed a set of actions to address them, as outlined in Table 2 in section 4. It will continue to monitor and address these in the year ahead, and report progress in next year's Annual Governance Statement. A progress report has been provided for the 8 governance issues disclosed in 2022/23, with a further 6 month progress report to be provided on this report during 2024/25.

## Appendix A – Summary of Islington Council’s Governance Framework – CIPFA/SOLACE Principles

This section details the key elements of the council’s governance framework, and demonstrates how these align to the core principles of good governance set out in the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p>Islington Council expects the highest standard of conduct and behaviour from all its Members and officers. This expectation is formally set out in the Codes of Conduct for Members and Employees, which are underpinned by the Seven Principles of Public Life (the Nolan Principles). Following the Committee on Standards in Public Life publishing “Leading in Practice: A Review by the Committee on Standards in Public Life” in January 2023. The Code of Conduct for Members was reviewed in 2023. The Standard’s Committee agreed an updated Code of code in June 2023 and it was subsequently agreed by Council in July 2023. The Code of Conduct will be reviewed again in 2024 as part of a wider review of the Constitution.</p> <p>The Standards Committee is responsible for considering whether complaints about a breach of the Code of Conduct for Members should be investigated, and for hearing complaints which have been investigated. The council’s ‘Arrangements for Dealing with Complaints under the Members’ Code of Conduct’ was reviewed and approved by the Standards Committee in March 2023.</p> <p>The Director of Law and Governance is the Monitoring Officer who reports to the Corporate Director of Resources. The Monitoring Officer advises Members on the scope of powers to take decisions, maladministration, financial impropriety, and budget and policy framework issues, and can report to Full Council (or to the Executive) if they consider any proposal or decision has or would give rise to unlawfulness. A new Chief Executive started in January 2024.</p>

Appendix A – Summary of Islington Council’s Governance Framework – CIPFA/SOLACE Principles

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
	<p>Compliance with policies and legislation is managed through a range of corporate written rules and procedures which define how decisions are taken and the processes and controls required to manage risk and act in the public interest. These include:</p> <ul style="list-style-type: none"> <li>• <a href="#">The Constitution</a></li> <li>• <a href="#">Financial Regulations (Part 6 of the Constitution)</a></li> <li>• <a href="#">Procurement Rules (Part 6 of the Constitution)</a></li> <li>• <a href="#">Code of Conduct for Members (Part 6 of the Constitution)</a>, including procedures on the Register of Interests</li> <li>• Code of Conduct for Employees</li> <li>• Anti-Fraud and Corruption Policy</li> <li>• <a href="#">Corporate Complaints Policy</a></li> <li>• <a href="#">Members Allowance Scheme (Part 7 of the Constitution)</a></li> </ul> <p>The council is undertaking a detailed review of the Constitution. Further details are provided in section 2 of this AGS. The Constitution is available on the Council’s website and intranet.</p> <p>The council is undertaking a review of the Anti-Fraud and Corruption Strategy and Policy in line with best practice. This was presented to Audit and Risk Committee in July 2023.</p>

Appendix A – Summary of Islington Council’s Governance Framework – CIPFA/SOLACE Principles

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
	<p>The council has an established whistleblowing policy in accordance with the requirements of the 1998 Public Interest Disclosure Act. Whistleblowing arrangements are a key element of the council’s overall governance arrangements. It is the mechanism to empower the honest majority in the fight against fraud and corruption. The council’s Whistleblowing Officer is the Head of Internal Audit, Investigations and Risk Management.</p> <p>Several other policies are also in place and available to officers via the council’s Intranet pages, including Human Resources (HR) policies (including discipline procedures), information governance policies and service-specific policies. All key policies and guidance for officers, including the Code of Conduct for Employees, are highlighted to new starters as part of the corporate induction process, and compliance is monitored through the council’s performance management processes.</p>
<p>Principle B:</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>	<p><b>Ensuring Openness</b></p> <p>The council is committed to transparency and believes residents have a right to see what is going on and to hold the council to account. Council meetings are open to the public; the only exception is for agenda items that are exempt or confidential within the terms of the Constitution. The time, date and location of public meetings are displayed on the council’s website. The Forward Plan, published on the council’s website, lists the key decisions the council will make over the next four months. All committee minutes and decisions are documented on the council’s website in a timely manner, and the criteria, rationale and considerations used in any decisions are clear. The financial, legal, and environmental implications of all key decisions must be considered and publicly reported on the council’s website, as is an equality impact assessment for each key decision.</p>

Appendix A – Summary of Islington Council’s Governance Framework – CIPFA/SOLACE Principles

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
	<p>In the <a href="#">Islington Together 2030 Plan</a>, the council commits to further modernising and opening up the way it communicates with residents, and will publish a new Communications and Campaigns Plan in 2023/24 to accelerate this change.</p> <p><b>Stakeholder and Community Engagement</b></p> <p>The council regularly engages and consults with residents and the wider community on a diverse range of issues. Various communication channels are used, including the council’s websites, email, social media channels, public meetings and the quarterly magazine, IslingtonLife, delivered to residents. Throughout the pandemic and now in relation to the cost-of-living crisis, the council has engaged extensively with community groups, using their insight to shape its communications materials and approach so that the council can make sure important messages reach the right people through channels they trust.</p> <p>Examples of engagement include targeted communications once Covid vaccinations had started such as ‘Near Neighbours’, as well as the launch of the ‘We are Islington’ helpline earlier in the pandemic. Surveys of residents are undertaken to test perceptions of the council, its services, and the priorities for residents. The findings are used to shape policy and communications. The Resident Survey of 1,000 residents provides insight into resident perception and satisfaction which is used to inform service planning. The council recognises that regular ongoing engagement is essential to keeping residents’ experiences at the forefront during decision making.</p> <p>As part of Let’s Talk Islington, from November 2021 to August 2022, the council engaged with more than 6,000 residents to understand their perceptions and experiences of inequality and their priorities and aspirations for Islington. The council assembled an Inequality Taskforce of civic, academic, and business leaders to bring new perspectives in tackling inequality. The findings and reports from these initiatives, published on the council’s website, helped shape the <a href="#">Islington Together 2030 Plan</a>.</p>

Appendix A – Summary of Islington Council’s Governance Framework – CIPFA/SOLACE Principles

Core Principles of the CIPFA/SOLACE framework	Examples of the governance arrangements the council has in place
	<p>More recently, the council’s Challenging Inequality action learning sets provide an opportunity for residents to work closely with councillors and council officers to act on the direct feedback of Islington residents. A model of ongoing community conversations will be rolled out with the publication of the Community Power Framework in 2023.</p> <p>The council facilitates a number of networks with community partners, in particular for voluntary sector organisations and faith communities working to promote equalities outcomes for communities with protected characteristics. These organisations, funded through the Voluntary and Community Sector (VCS) Partnership Grants Programme 2021-2024, can be viewed on the council’s website. Under this programme, the council has made commitments of £2.7m per year until March 2024. This is supplemented by an annual programme of community and equality events delivered in partnership with the borough’s voluntary and community sector as well as some delivered directly by the council. All voluntary organisations that receive awards are required to comply with the council’s minimum standards for VCS organisations and are subject to proportionate grant monitoring that aligns with the council’s audit approach.</p> <p>Islington’s 16 ward partnerships are led by ward councillors and give residents, community groups and businesses the opportunity to shape services and improve their neighbourhoods. Ward partnerships act as a forum for community engagement – bringing together ward councillors, service providers, and local communities to identify and address issues and priorities relevant to the ward. They are an essential arena for the resident’s voice and views to be heard, and an important arena for civic participation, where local issues are raised.</p> <p>In 2022, the council launched the Thriving Neighbourhoods programme, which gives local people the opportunity to submit suggestions for improvements to the shared spaces on the council’s estates. Over 200 projects so far have been funded by the Thriving Neighbourhoods programme, including improved playgrounds and community centres.</p> <p>The Islington Youth Council, set up in 2011, is made up of 14 youth councillors who have been elected to represent the views of children and young people in Islington. By attending meetings, taking part in consultations, and engaging other</p>

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	<p>young people through social media, the Youth Council helps determine how money is spent on services for children and young people and plays an important role in holding council leaders and decision makers to account.</p> <p>Governance arrangements for partnerships with institutional stakeholders are formally documented in Memorandums of Understanding or other formal terms of reference. This ensures the purpose, objectives and intended outcomes for each partnership is clear, and resources can be used optimally to achieve the desired outcomes. Examples include the council’s pooled funds arrangements with other health providers under Section 75 of the National Health Service Act 2006, details of which are reported in the council’s Statement of Accounts.</p>
<p>Principle C:</p> <p>Defining outcomes in terms of sustainable, economic, social and environmental benefits</p>	<p><b>Defining Outcomes</b></p> <p>The central aim of the council’s administration is to create a more equal future in Islington. The council’s priorities to achieve its vision of a more equal borough are set out in the <a href="#">Islington Together 2030 Plan</a> which sets out the strategic framework that will drive the council’s work with its partners over the coming years. The council’s biggest ever engagement programme called Let’s Talk Islington informed the council’s vision and priorities in the <a href="#">Islington Together 2030 Plan</a>.</p> <p>The Islington Together 2030 Plan sets out five key missions in order to create a more equal future for Islington by 2030:</p> <ul style="list-style-type: none"> <li>• Child Friendly Islington: Islington is a place where all children and young people are rooted in a community where they feel safe, can thrive and are able to be part of and lead change.</li> <li>• Fairer Together: Everyone in Islington who needs extra help can access the right support for them at the right time and in the right place</li> </ul>



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	<ul style="list-style-type: none"> <li>• Safe Place to Call Home: Everyone in Islington has a safe, decent, and genuinely affordable place to call home.</li> <li>• Community Wealth Building: There is a sustainable, inclusive, and locally rooted economy in Islington, where wealth is fairly shared and residents and businesses feel they have a stake in their community.</li> <li>• Greener, Healthier Islington: People in Islington can live healthy and independent lives and enjoy London’s greenest, cleanest, and healthiest neighbourhoods.</li> </ul> <p>The strategic plan details some of the key programmes which will deliver these missions. The 2023/24 budget enables the delivery of the priorities set out in the <a href="#">Islington Together 2030 Plan</a>, by including growth to support manifesto commitments and continued transformation funding to put strategic priorities into practice.</p> <p><b>Sustainable economic, social, and environmental benefits</b></p> <p>The council considers and balances the combined economic, social, and environmental implications of policies and plans in all key decisions, and this is documented on the council’s website. The <a href="#">Medium Term Financial Strategy 2023/24 to 2025/26</a> demonstrates how the council takes a longer-term view in its decision making, balancing plans for sustainable outcomes with short term financial constraints.</p> <p>Fairness is at the heart of Islington Council’s strategic vision. The council’s Challenging Inequality Programme sets out the council’s long-term ambition for challenging inequality and promoting inclusion, through its role as a strategic leader, employer, service provider and commissioner. The <a href="#">Challenging Inequality Strategy</a>, published on the council’s website, presents the specific actions and the outcomes that will be monitored to ensure this vision translates into tangible change for residents and staff. In a commitment to openness and accountability, the governance and monitoring of this programme is covered by a wide range of structures including the Challenging Inequality Programme Board (made up of council directors and service leads), staff networks, the Race Equality Working Group for elected</p>

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	<p>Members, the Challenging Inequality Coalition of community groups, and the Challenging Inequalities Partners Working Group of a variety of organisations and institutions. Progress will be reported publicly and refreshed via an annual stocktake.</p> <p>The council declared a Climate Emergency in June 2019, recognising the need to drastically reduce carbon emissions in the borough. A pledge has been made to work towards being a net zero borough by 2030, and the <a href="#">Vision 2030: Building a Net Zero Carbon Islington by 2030</a> strategy was adopted in November 2020.</p> <p>The Affordable Energy Board has been replaced by a Net Zero Carbon Executive Board with a wider remit. This board is developing strong interfaces with other council officer/member boards to manage strategic risks. This area has also been included in the council’s Principal Risk Report to ensure that the risk cause, consequence, and mitigating actions are tracked and monitored.</p>
<p>Principle D:  Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p><b>Determining Interventions</b></p> <p>Decision makers receive objective and rigorous analysis of a variety of options when making decisions, indicating how intended outcomes would be achieved and the associated risks, for instance in the challenge and review process that underpins the setting of the annual budget and savings plans.</p> <p>All key decisions include details of the financial, legal, environmental and equality implications, to allow Members and officers to make informed decisions.</p> <p>The council recognises that an evidence-based approach is essential to keeping residents’ experiences at the centre of what it does. Active stakeholder engagement played a significant role in the development in the Islington Together 2030 strategic plan. The council designed a tiered engagement strategy, aspiring for a mix of mass engagement (large-</p>

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	<p>scale, light-touch methods to reach as many local people as possible), and targeted approaches to engage with different communities across socio-economic status, ethnicities, sexualities, genders, ages, faiths, and disabilities.</p> <p><b>Planning Interventions</b></p> <p>The council’s strategic priorities are fully aligned to the annual budget and MTFS. The council has considered long term pressures on funding streams, such as council tax, business rates and the government funding settlement.</p> <p>The council works in partnership with a wide range of organisations from the statutory sector, third sector and business sector to deliver services for local people and drive forward improvements in Islington. Partnership working includes different types of relationships – from contractual arrangements between the council and other organisations to deliver services or projects through to strategic forums (some of which are required by statute, others voluntary) which bring partners together around the table to agree how best to tackle key challenges and shared priorities. Some have funding to allocate and targets to meet, others provide a steer to inform individual partners’ priorities and commissioning.</p> <p>Governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership remains appropriate, effective and fit for purpose. In addition, the council’s Financial Regulations provide guidance on best practice in managing partnership arrangements.</p> <p>Where the relationship is a contractual one, i.e. funding to deliver an agreed service, the contract or service level agreement will set out requirements around use of funding, what is to be delivered, targets, measurable outputs and how the contract is to be monitored, reviewed and evaluated. Contracts and budgets are managed by the relevant department with the Corporate Director having overall responsibility. Where the relationship is a strategic one, for instance membership of a partnership such as the Safer Islington Partnership, the Terms of Reference will set out governance and accountability arrangements.</p>

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	<p>Where a partnership is a mandatory requirement, e.g. the Safer Islington Partnership and Children’s Trust Boards, there will be an expectation set out in legislation on named partners to attend. Even in the case of non-mandatory partnerships such as the Children and Families Board or the Islington Partnership Board, partners may agree ‘mandatory’ membership from key organisations.</p> <p>Over the past decade, the council has worked closely with its partners through the Islington Partnership Board (IPB). The IPB discusses priorities for the borough, shares information about key issues affecting individual organisations and agrees joint working arrangement for cross cutting challenges such as youth unemployment and welfare benefit reforms.</p> <p>Where the partnership involves sharing data then either a contract or an Information Sharing Agreement will be in place.</p> <p>The Health and Wellbeing Board, which includes membership from the council, the Islington Integrated Care Board and Healthwatch Islington provides the mechanism for leadership of the local health and wellbeing system, maintaining an overview of account for improvement in health and wellbeing outcomes, and ensuring effective coordination and integration of commissioning plans to secure best use of resources and population health outcomes.</p> <p><b>Optimising the Achievement of Intended Outcomes</b></p> <p>The council has in place a robust Performance Management Framework to ensure effective delivery of services and priorities. Elements are:</p> <ul style="list-style-type: none"> <li>• Corporate Performance Indicators – performance measures covering the impact of key services and priorities;</li> </ul>

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	<ul style="list-style-type: none"> <li>• Internal monitoring and challenge around performance and delivery through Departmental Management Teams and CMT;</li> <li>• Public reporting and scrutiny through quarterly reports to scrutiny committees, including more in-depth scrutiny of specific topics; and</li> <li>• Overall monitoring of corporate performance through the Policy and Performance Scrutiny Committee.</li> </ul> <p>Performance reports are submitted to the council’s five scrutiny committees on a quarterly basis. The reports are published in the papers for the relevant meetings on the council’s website.</p> <p><b>Capital Programme</b></p> <p>The council’s <a href="#">Corporate Asset Strategy</a>, introduced in March 2020, ensures investment is directly linked to core council ambitions around fairness and community wealth building. It is designed to deliver a strategic, long-term approach to managing and enhancing the council’s community asset base. Alongside the formal three-year capital programme, the approved 2024/25 budget report included latest indicative capital expenditure estimates over the next 10 years.</p> <p>Oversight and governance of the capital programme is supported by a framework of advisory boards with member and officer involvement:</p> <ul style="list-style-type: none"> <li>• Corporate Asset Delivery Board (CADB) – This consists of officers and Members to oversee, and scrutinise, the council’s capital programme and the overall delivery of the corporate asset strategy. It has oversight of the other</li> </ul>

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	<p>capital boards. It has no decision-making authority. Executive/Council approval is required for any capital investment decisions in line with the Constitution and Financial Regulations.</p> <ul style="list-style-type: none"> <li>• Housing Delivery Board - consisting of officers and Members, integrating the governance of new homes delivery and major works across the council’s existing stock.</li> <li>• Borough Investment Panel - consisting of officers and Members and accountable for recommending approval of all Community Infrastructure Levy / section 106 investment decisions, and overseeing spend.</li> <li>• Directorate specific programme delivery meetings, some of which have member involvement e.g. Climate Action Executive Board, and others which only consist of officers e.g. Education Capital Board. These are accountable for all other asset development and capital programme activity and are subject to wider directorate governance arrangements.</li> </ul>
<p>Principle E:  Developing the entity’s capacity, including the capability of its leadership and the individuals within it</p>	<p>The council is committed to the ongoing professional development of Members and officers, to ensure everyone has the knowledge and skills they need to carry out their role effectively.</p> <p>After the local elections in May 2022, a significant induction programme for new Members was delivered. An ongoing programme of training and development is being provided to Members on both a group and individual basis, with several dates scheduled for planned training each year. This programme of work is overseen by a Member Training and Development Steering Group, whose membership includes the Leader of the council and the Chief Executive. Training includes appropriate skills and specific knowledge. Members have also attended various conferences and away days in 2023/24 to update their knowledge. Details of all training provided to Members is reported to the</p>

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	<p>Standards Committee in the <a href="#">Annual report on Standards and Member Conduct</a> and was last reported in November 2023.</p> <p>In March 2023 the council made a formal commitment to work towards achieving the Local Government Association’s Member Development Charter Status over the next three years and has a published <a href="#">Member Learning and Development Strategy</a>, agreed by Audit and Risk Committee in November 2023.</p> <p>In 2023/24 the council used a Check In Review approach to employee performance management. This approach ensured that meaningful conversations took place between managers and employees through a monthly Check In and every four months a review is required to manage and improve personal and organisational performance, ensuring that the council’s employees possessed the right skills and behaviours to help achieve success. A Policy and Performance Scrutiny Committee Working Group focused on improvements to performance development during 2022, resulting in a new approach to performance development being introduced from April 2023. All managers have participated in mandatory training as part of its implementation.</p> <p>New employees attend the council’s corporate induction programme, in addition to which directorate and role specific training is provided where needed. The council introduced a new learning management system (MyLearning) in 2022 which is now the central place for e-learning and course bookings. Information on staff training, development programmes and courses available are regularly publicised on the council’s intranet website, IC Bulletin and News Roundup. There is compulsory training for staff on key issues such as equality, data protection and cyber security and health and safety.</p> <p>The council continues to add to the existing wellbeing support available to staff. This includes providing support and resources on a range of topics including mental health and work/life balance. The council has several Mental Health Ambassadors who are available to listen and offer support to all staff in a confidential capacity. Staff participated in a Wellbeing Conversation - a focused check-in between managers and their teams on health and wellbeing and were</p>

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	encouraged to develop a personal wellbeing plan to be followed-up throughout 2023. The council is also investing in a range of initiatives to improve the safety of the workplace, such as carbon dioxide monitors.
<p>Principle F:</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p><b>Managing Risk</b></p> <p>The council’s Principal Risk Report is revised annually and presented to the Audit and Risk Committee. The process is led by the council’s Risk Manager and Head of Internal Audit, in consultation with risk owners, Directorate Managements Teams (DMTs) and CMT. Risk management updates and deep dives on individual principal risks are also included as applicable on the Audit and Risk Committee’s agenda.</p> <p>The council continued to promote its risk management strategy and framework in 2023/4. It continues to make efforts to improve the organisation’s risk maturity and move towards a more risk aware culture by embedding risk management into all decision making and business-as-usual practices. In January 2024, a new risk management training offer was launched for all staff, consisting of both face-to-face training and an e-learning module. These learning resources will equip staff with tools and techniques for identifying and managing risks and further embed the council’s risk management framework.</p> <p><b>Internal Audit</b></p> <p>The council’s Internal Audit annual plan sets out a programme of work designed to provide assurance that the council complies with relevant laws, regulations, internal policies and procedures and has taken action to mitigate the risks identified in the council’s Principal Risks Report. The plan is drafted from a number of sources including the council’s Principal Risks Report, an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits/fraud investigations, and CIPFA good governance guidelines. The 2023/24 Internal Audit plan was approved by the Audit and Risk Committee in March 2023. The Audit and Risk Committee receives Internal Audit</p>



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	<p>reports on progress and outcomes against the plan bi-annually. Internal Audit updates are also included as a standing item at each Audit and Risk Committee meeting.</p> <p>In relation to follow up activity, the Controls Board met quarterly in 2023/24 to monitor the progress of implementation of audit recommendations and CMT received bi-monthly updates. A further programme of work is being undertaken in the first quarter of 2024/25 to assess the implementation of open actions. Residual risks will be closely monitored through follow up audits, the Controls Board and CMT monitoring, in 2024/25.</p> <p>The council’s anti-fraud strategy promotes a zero-tolerance approach to fraud and incorporates the council’s fraud response plan. The council’s whistleblowing policy provides a mechanism for suspected fraud/wrongdoing to be reported in confidence. The outcome of fraud investigations are reported to the Audit and Risk Committee annually, with whistleblowing investigations outcomes reported bi-annually.</p> <p>The council continued to participate in the National Fraud Initiative in 2023/24.</p> <p><b>Managing Data</b></p> <p>Through its Information Governance Strategy, the council promotes a culture of good practice around the collection, storage, use and sharing of data, and compliance with legislation. Its application will continue to be tracked in the coming year. The council has an Information Asset Register and a Record of Processing Activity in place to ensure that it manages its information and identifies and mitigates any risks efficiently.</p> <p>A comprehensive Data and Information Management policy suite is in place to ensure staff are aware of their obligations to keep personal data secure. All staff are trained on their data protection and information governance responsibilities through mandatory e-Learning courses. This training also includes cyber security awareness training.</p>

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	<p><b>Managing Performance</b></p> <p>The council has a suite of corporate performance indicators to help monitor delivery of the priorities in the Strategic Plan through the council’s services. Performance is reported quarterly to CMT and relevant Scrutiny Committees, which includes a narrative update highlighting key successes, challenges and priorities going forward alongside the key performance indicator KPI scorecards. Performance measurement and reporting is used to identify areas of improvement to our services for residents.</p> <p>There are five scrutiny committees within the council, which provide constructive challenge and debate on policies and objectives and hold the work of the Executive and the council to account. They can undertake more in-depth research into particular areas of policy, and request evidence from other service providers and external organisations. Each Executive Member, accompanied by the relevant Corporate Director, is required to report annually to the relevant scrutiny committee on delivery of services and priorities within their portfolio.</p> <p>The North Central London Joint Health Overview and Scrutiny Committee is formed of the Chairs and in some cases the Vice Chairs of the Health Scrutiny Committees of Barnet, Camden, Enfield, Haringey, and Islington Councils. Its role is to scrutinise strategic sector-wide issues through regular engagement with NHS North Central London. The Joint Committee works independently of both the Executive and health scrutiny committees of its parent authorities.</p> <p>Accountability and effectiveness of other service providers is addressed through relevant partnership arrangements, including the Safer Islington Partnership, Children and Families Board and the Health and Wellbeing Board.</p> <p><b>Financial Management</b></p> <p>The council has a robust financial management framework in place to support both long-term achievement of outcomes and short-term financial and operational performance. The council sets and monitors an annual budget alongside a</p>

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	<p>multi-year MTFS. The MTFS seeks to identify required budget changes several years before any given budget report is agreed. This is a council-wide process involving all spending departments whereby estimates are worked up, challenged and refined as further information becomes known. It considers the most recently available budget monitoring information and the latest view on budget assumptions for the forthcoming financial year. Proposed savings are signed off as deliverable by key stakeholders across the organisation.</p> <p>The thoroughness of the overall budget setting process is considered by the Section 151 officer in their assessment of the overall robustness of the council’s budget estimates.</p> <p>In March 2024 the council approved a balanced budget for 2024/25, which included £10.770m of revenue budget savings and an increase in council tax by the maximum of 2.99% plus the Adult Social Care precept of 2%.</p> <p>In 2023/24, the council operated a quarterly budget monitoring system, whereby financial performance, and key risks against the approved budget were monitored and reported to the CMT, the Executive and the Policy and Performance Scrutiny Committee. When an under or overspend was reported, directorates took active steps to understand and report the underlying causes and address any forecast under or overspends.</p> <p>The Narrative Report accompanying the Statement of Accounts explains how financial performance against budget, reported to the Executive throughout the year, is consistent with the financial performance reported in the Statement of Accounts.</p> <p>CIPFA’s Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the FM Code authorities can demonstrate their financial resilience in meeting foreseen demands and unexpected financial shocks. Following the essential aspects of the FM Code shows they are meeting important legislative requirements. Islington Council undertook a self-assessment against the FM Code as part of its 2022/23, 2023/24 and 2024/25 budget setting processes. The compliance analysis is</p>

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	re-visited annually as part of the budget setting process, with any actions or recommendations implemented on an ongoing basis.
<p>Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>Clear, honest, and open communication with staff and customers is one of the most essential ingredients in providing effective public service. The council’s intranet includes details of best practice and training to help staff communicate effectively in an accessible way with colleagues and service users. This includes the Microsoft Office Digital Accessibility course, the Write First Time training course, corporate templates, and a writing style guide.</p> <p>Information published on the council’s website, including in its Publication Scheme includes information on how money is spent, Members’ allowances, how decisions are made and senior officer remuneration. The council is reviewing its compliance with the Transparency Code. This is noted in section 4 of the AGS.</p> <p>The Access to Information Policy sets out the council’s commitment to Freedom of Information and Environmental Information Regulations. The council’s commitment to compliance with Individual Rights, as set out in the UK General Data Protection Regulation, is demonstrated in the council’s Individuals Rights Policy. The council publishes on its website datasets of information that are frequently requested under a Freedom of Information request. The council is creating an Open Data Strategy to increase proactive publication. A restructure has been completed which centralised the teams across the organisation which deal with Freedom of Information and Subject Access Requests under the corporate Information Governance team.</p> <p>The following information is reported annually to Members and is available on the council’s website:</p> <ul style="list-style-type: none"> <li>• Statement of Accounts and Annual Governance Statement</li> </ul>

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	<ul style="list-style-type: none"> <li>• Internal Audit Annual Plan and Annual Report</li> <li>• External Auditor’s Annual Audit Report</li> </ul> <p>The Statement of Accounts complies with CIPFA’s Code of Practice requirements, allowing comparison with other local authorities. External Audit’s independent recommendations are acted upon and is reported to Members.</p> <p><b>Complaints Process</b></p> <p>The council has a formal two-stage process for managing complaints. The process is set out on the council’s website and copies are available from the Corporate Customer Service Team. The council’s aim is to ensure that when things go wrong, it responds quickly to put things right. It tries to learn from and improve its performance in response to customer feedback. Departmental Complaints Officers record and report on all complaints, and the service response is monitored. Customers and residents who are dissatisfied with how the council has dealt with a complaint can contact the Local Government and Social Care Ombudsman or the Housing Ombudsman; independent, impartial, and free services. The Ombudsman has powers to independently investigate complaints about how the council has acted.</p>