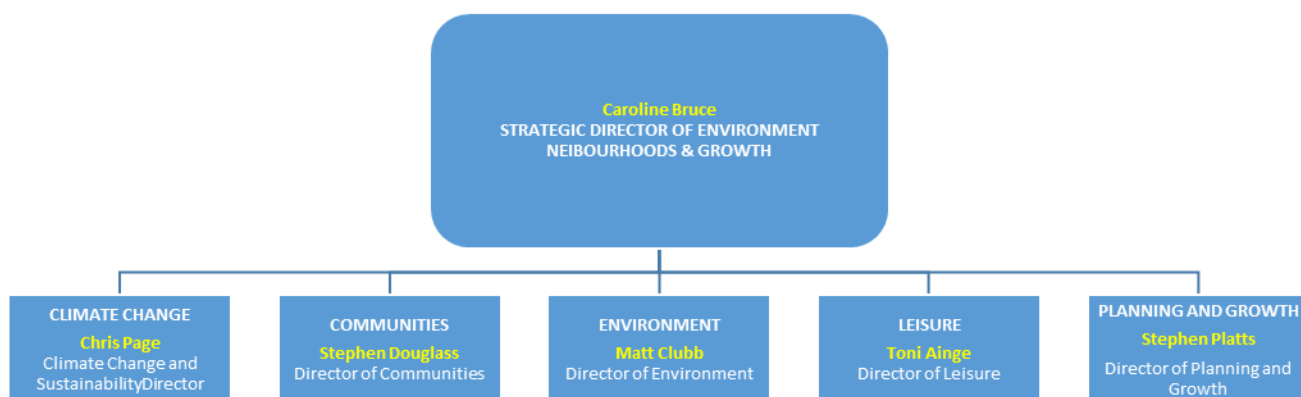


Item No: 6	Classification: Open	Date: 6 September 2023	Meeting Name: Audit, Governance and Standards Committee
Report title:		Governance Conversation – Caroline Bruce	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment, Neighbourhoods & Growth	

Introduction to the Department

1. Since the last governance conversation in 2022 the department has changed considerably with the transfer out of Public Health and the transfer in of Planning and Growth on 1 April 2023 as a result of the Chief's Executive's review of senior management. The department's name changed from Environment and Leisure to Environment, Neighbourhoods and Growth. On 21 June this year, Southwark's leisure centres successfully transferred to direct council control and 350 colleagues became council employees.
2. The department supports seven cabinet members and three deputy cabinet members.
3. The department is made up of five directorates/divisions:
 - Climate Change and Sustainability
 - Communities
 - Environment
 - Leisure
 - Planning and Growth



The Department in numbers

4. The gross expenditure budget for Environment, Neighbourhoods and Growth in 2023/24 is £203m with an income budget of £109m from grants, fees and charges.

Directorate	Gross Expenditure	Income	Net Expenditure Budgets
	£'000	£'000	£'000
Communities	18,200	(5,195)	13,005
Environment	132,179	(74,694)	57,485
Leisure	36,777	(7,185)	29,592
Sustainability / Climate Change	1,778	(1,144)	634
Planning & Growth	14,558	(20,931)	(6,373)
TOTAL EN&G	203,492	(109,149)	94,342

5. The department also delivers a Capital Programme of £218m.
6. The department has fully adopted the agreed corporate practices in all financial systems, financial management arrangements, financial governance arrangements and financial practices. The budget monitoring system adopted in Southwark requires each chief officer to produce a budget monitoring report monthly (with a four monthly report to Cabinet) in accordance with the corporate timetable.
7. The department has a bottom-up monthly budget monitoring process (from budget holder reviews right through to chief officer) with rigorous challenges at each step of the process. This ensures that all projections are robust, sound and clearly owned by service managers in line with council objectives. The rigorous challenge process results in a complete, timely and accurate record of the use of resources and gives the assurance of reliable financial information for the council.
8. The department's proposals for achieving savings required as part of the annual budget setting process follows budget principles and the priorities of the Council by focusing on the core provision of quality services, efficiency savings, smarter procurement and robust contract management. The department also seeks to maximise income through fees and charges for discretionary services.

Community Infrastructure Levy

9. Community Infrastructure Levy (CIL) is the sum of funding collected through the planning approval process from major development sites across the Borough to pay for the implementation of new infrastructure to support the growth of communities. CIL is split into strategic CIL (70% of receipts) which is spent on Borough-wide infrastructure projects such as the construction of new tube stations

The remainder is made up of neighbourhood CIL (25% of receipts and administration CIL (5% of receipts).

10. CIL is used to mitigate the impact of new development and an uplift in population on a local area, and is a key tool to manage growth. CIL can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities as set out in section 216(2) of the Planning Act 2008, and regulation 59 Community Infrastructure Levy Regulations 2010 (as amended) (“CIL Regulations”). This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. This flexibility gives councils the opportunity to choose what infrastructure is needed to deliver their local plan.
11. It should be noted that charging authorities may not use the levy to fund affordable housing. Local CIL provides us with an opportunity to help tackle the inequalities within our communities and to ensure that residents benefit from the development that is taking place across Southwark.
12. In 2020/21, local CIL budgets were allocated to projects on a ward basis. A limited number of further allocations were made in July 2023. These projects, which were approved by Cabinet following consultation and ward member discussion, range in scale and are being implemented through both direct delivery by a number of council departments and grant allocation to community organisations. Due to the nature of the projects, the schemes involve considerable local consultation which protracts delivery and spend. It is envisaged that future local CIL allocations will be made via the Single Neighbourhoods Pot which will be the subject of consideration in Spring 2024.
13. Strategic CIL allocations have been made to support the Elephant and Castle Northern Line tube entrance and the Southwark Pensioners Centre.

Commercial and Investment

14. The current financial allocation (£2.5M) responds to a combination of required statutory compliance improvements to a number of premises in the commercial portfolio and also to improve premises in accordance Minimum Energy Efficiency Standards regulations. The outcome of this work will secure the council’s ability to let premises on commercial terms and protect the Property revenue contribution to strategic financial planning, and also meet its own environmental and emission improvement standards towards achieving Net Zero.
15. Recent additional capital bids are for a number of critical projects: investment to secure the long term future of significant heritage assets which are on the Heritage At Risk Register and which are backed up by improved borough community and resident facilities; investment in commercial premises refurbishment and improvements to secure long-term rental income streams and at highest achievable environmental standards, again to protect the Property revenue

contribution to the council's strategic financial planning and meet the council's carbon reduction policies.

Our workforce

16. Almost 1740 colleagues work in Environment, Neighbourhoods and Growth.
17. The council workforce is comprised of 54% female to 46% male. By contrast the department has 35% female to 65% male with female underrepresentation affected by the front line staff population at 81% male. Council-wide, the largest age group for both male and female in the 40 to 55 age group whilst in the department females are highest in the 25-39 age range and males highest in the 55+ group. Over 3.5% of the department's workforce are under 25, compared with 2.5% council-wide.

Departmental Governance Arrangements

Risk Management/Registers

18. The departmental risk register and associated controls and mitigations are being refreshed, as planned, in line with corporate requirements.
19. Risk management, and safe delivery of a diverse range of operations with a focus on good health and safety practice, are standard activities across the department's diverse operations

Assurance Statements

20. The annual Departmental Assurance Statement was completed to the required timescale.

Scheme of Management

21. The Scheme of Management was last updated on 9 August 2023 and is reviewed frequently.

Regular Governance Meetings

22. Departmental Liaison Committee (DLC) meetings are held quarterly, and follow divisional and directorate DLCs, attended by:
 - Strategic Director (chair)
 - Departmental Management Team
 - HR Strategic Business Partner
 - Union Representatives
23. Health and Safety Committee meetings are held quarterly, attended by:
 - Strategic Director (chair)
 - Health and Safety Manager
 - Departmental Management Team
 - Union Representatives

24. Departmental Contract Review Boards are held monthly, attended by:
 - Strategic Director (chair)
 - Departmental Management Team
 - Legal, Procurement and Finance colleagues
 - Report Authors
25. Departmental Management Team meetings are held weekly, attended by:
 - Strategic Director (chair)
 - Divisional Directors
 - Strategic HR Business Partner (as appropriate)
 - Departmental Finance Manager (as appropriate)
26. Regular Standing Agenda Items include Departmental and Corporate Forward Plans, Financial Monitors and Contract Registers
27. The Department's Senior Management Team is held bi-monthly with attendance as above plus heads of service from across the department.

Current Governance Issues

Key projects

28. There are a number of projects and programmes which are being delivered by the department and are significant for the council. These require active management, and political oversight through regular lead member briefings, to ensure that they deliver the desired outcomes. Non exhaustive examples include:
 - Borough plan commitments;
 - Insourcing and mobilising the leisure service;
 - Delivering the climate change strategy and action plan;
 - Delivering new private sector licensing schemes following the successful application to the Secretary of State;
 - A new delivery model for our domestic abuse service;
 - Streets for People;
 - Changes to building safety and building control regulations.
29. The content of the department's annual governance statement follows in Appendix 1.

Content from the departmental Annual Governance Statement April 2023 Leisure Directorate

Work continues to enable the insourcing of the leisure service on 21 June 2023. This includes the TUPE transfer of 350 staff, health and safety compliance requirements across the sites, asset management, new ICT infrastructure and new finance systems, including collection of £7m of income. Robust governance arrangements have been put in place during 2022-23, to support this major insourcing, which will then also support the ongoing management and operation of the centres thereafter.

There has been a directorate restructure, with the new structure commencing in January 2023. The key strategic rationale for the restructure was to accommodate the leisure insourcing, to ensure that the directorate is well placed to meet future challenges and to address significant vacancies across teams. Other than the transfer of the in-house tree team into the directorate from the Environment Directorate, all other structural changes were within the remit of the existing Leisure Directorate. The directorate has fully participated in the regular annual external audit (BDO).

The directorate has delivered services within allocated revenue and capital budgets.

Environment Directorate

There has been a small scale realignment of services within the directorate, which has formalised the interim arrangements in place. This realignment saw a Parking, Network Management and Markets division created with a dedicated Head of Service to increase resilience within the management team and enable contribution to the delivery of Council aspirations around behaviour change. This was followed by a successful external recruitment exercise to the Head of Service Post.

There was also the transfer of the in-house tree team into the Leisure directorate following a restructure of the Leisure Directorate.

The directorate has fully participated in the regular annual external audit (BDO).

The directorate has delivered services within allocated revenue and capital budgets.

Communities Directorate Domestic Abuse Service:

During quarter 4 2021/22, we were notified of data irregularities by our Domestic Abuse provider.

Internal audit colleagues have been involved and during the year the council successfully transitioned to a new provider with the transfer of all clients.

In the meantime work continues preparing for the recommissioning of the domestic abuse/violence against women and girls service.

Community Safety Partnership:

Following a review of Governance arrangements for Safeguarding undertaken by the Independent Chair of the Children's & Adults Safeguarding Partnerships the arrangements for governance around the statutory community safety partnership have been refreshed and a new Partnership board launched on a par with the Children's and Adults Partnerships. This board will oversee compliance with the statutory duty across the partnership.

Among other things that Board will play a key role in the Serious Violence Duty which came into force in January 2023.

Southwark Stands Together and Equality, Diversity and Inclusion:

SST and our programme of becoming an anti-racist organisation continues as a priority. Governance arrangements for SST were refreshed with a new Board chaired by the Chief Executive with key senior officers, Trades Unions and staff networks to oversee delivery of the programme and refresh the action plan.

The council commissioned an external organisation to conduct an independent audit of equality, diversity and Inclusion work across the council. The audit will deliver in the Summer of 2023 and will lead to a refreshed EDI Framework action plan.

Climate Change and Sustainability Directorate

The directorate has gone through a restructure to better align with departmental and corporate priorities and ensure it is well placed to meet future challenges. Business plans including risk registers have been developed.

The climate change team was audited in 2021 and is implementing the findings. It has had a further audit in 2023 and are awaiting the findings.

The directorate actively manages both a capital and revenue budget and contributes to the overall departmental budget. It has operated within budget.

Planning and Growth Directorate: Budget

Post Covid commercial property rent debt levels are at a historic high. Concerns have been raised over instituting recovery action, particularly against smaller tenants. A carefully managed programme of action is now resuming, focusing initially on the highest and longest standing arrears first. Some degree of bad debt write off is expected.

Income from investment grade assets acquired over the last decade have provided performance resilience across the portfolio as a whole. At c. £22 million per annum the rent in charge from the portfolio is the highest it has ever been.

The first CIPFA return was provided in October 2022 for the setting of building control fees and charges.

Project specific external grant funding from GLA and Stride programmes is managed through officers in Sustainable Growth. There are currently no issues relating to this area of work from the governance or audit point of view.

Additional resources allocated to Community Infrastructure Levy has seen a 4 fold increase in payments received by the council.

Audit

Audit concerns over arrangements for reactive repairs to properties are being fully responded to, including an exercise to select appropriate firms of contractors approved and about to go out to tender.

A project audit of Sustainable Growth is taking place in June 23.

Reviews

Assets and estates are covered in the Review of Corporate resources currently under way, with initial feedback noting the relative strength of the commercial portfolio. Officers have contributed to and await the recommendations of the Southwark Land Commission, convened earlier this year and due to report in the coming months.

There is a Service Improvement Plan in place in building control which is being actioned. This will ensure that the requirements of the Fire Safety and Building Safety Acts are implemented.