Annual Governance Report 2011/12

Introduction

1 Scope of Responsibility

1.1 Stevenage Borough Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, Stevenage Borough Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the council's functions and which include arrangements for the management of risk.

1.3 Stevenage Borough Council has approved and adopted a Local Code of Corporate Governance (17 March 2008), which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. A copy of the code can be obtained from the Council Offices.

1.4 This Statement explains how the council has complied with the code and also meets the statutory requirements in section 4(2) of the Accounts and Audit (England) Regulations 2011, in relation to the publication of an Annual Governance Statement.

1.5 The council has in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. The CIPFA/SOLACE guidance for implementing the framework recommended that the local authorities Chief Financial Officer (S151 Officer) and Monitoring Officer are responsible for ensuring that the framework and subsequent statement are completed with adherence to the local code. The Strategic Management Board agreed to this recommendation and therefore the Strategic Director (Resources) and the Borough Solicitor, together with a corporate governance team, have been given this responsibility.

2 The Purpose of The Governance Framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively and economically.

2.3   The governance framework has been in place at the council for the year ended 31 March 2012 and up to the date of approval of the Statement of Accounts.

2.4   Stevenage Homes Ltd, previously an Arms Length Management Organisation for the council was integrated with the council from 1 Dec 2011. On 28 November 2011, Stevenage Homes submitted a 'State of the Company' report to their Board. The report provided a position statement on the performance of Stevenage Homes Limited prior to integration with the council. The report considered:

- Operational Performance
- Financial Performance
- Human Resources
- Strategic Risk

From 1 December 2011, Stevenage Homes (Housing Services) were subject to the governance arrangements of the council, though harmonisation of protocols will be carried out. Consequently, the processes set out in this statement apply.

3   The Governance Framework

3.1   Corporate Governance Group meet six times per year to drive continuous improvement of the council's Governance Framework and develop the assurance framework with a focus on the CIPFA six core principles of corporate governance.

3.2   In addition, a review of the requirements that make up the CIPFA Six Principles of Corporate Governance has been carried out to identify any weaknesses and Service Based Governance Statements have been compiled that contribute to overall assurance for the 2011/12 Annual Governance Statement.

3.3   Following integration of Stevenage Homes, as outlined in paragraph 2.4, the Housing Services were assigned to the responsibility of the Council's Strategic Director Communities. Due to interim integration arrangements, the Strategic Director Communities has provided assurance that robust governance arrangements have been in place for these services from 1 Dec 2011 to 31 March 2012.

3.4   The key elements of the systems and processes that comprise the council's governance arrangements are summarised in sections 4 to 20

3.5   At the end of each section, any identified improvement actions have been summarised. These actions are set out in the Action Plan at section 22 with planned delivery timescale.

Governance Arrangements

4   Establishing and Monitoring the Achievement of Objectives

Establishing objectives
The council's vision for the town and strategic ambitions and associated priorities are set out in the Corporate Plan (Making a Difference) 2008 – 2013. The Plan links with the Stevenage Community Strategy which is produced in liaison with the council's strategic partners on SoStevenage, the Local Partnership.

Each strategic ambition has an associated programme of work with projects to deliver the priorities and these are set out in the council's Corporate Improvement Programme. As part of the Performance Management Framework, programme governance arrangements are in place to monitor delivery.

The council has made considerable progress since the publication of the Corporate Plan (Making a Difference) in 2008 and publish an Annual Report each year to inform the community of our progress and advise any necessary changes of focus to reflect:

- Local Government Legislation
- Results of Community Consultation
- Analysis of local data and demographics

In response to emerging changes in Local Government Legislation and the economic environment, an interim review of the Corporate Plan was carried out during 2010/11. The review indicated that some minimal revision was required to the ambitions and priorities. In addition the council adopted a set of co-operative principles that recognise that the support and partnership of organisations, residents and staff is needed to run services. These revisions were communicated through the Annual Report 2011.

A full review of the Corporate Plan commenced during 2011/12 to define what the council wants to achieve over the next five years. It is intended that the full review of the Corporate Plan will:

- Determine focussed priorities that are achievable with the council's resources in the current financial context
- Enable the council to clearly articulate the co-operative approach, recognising that the support and partnership of organisations, residents and staff is needed to run services
- Demonstrate a commitment to community involvement in service design and delivery
- Assign clear performance measures and targets to monitor success.

In January 2011, the council launched its new Cooperative Principles, which promote and support the close working relationships the council has with the town's residents and organisations. The principles were communicated to the public in the Annual Report 2011. More information is provided in Section 11 of this Statement.

4   Establishing and Monitoring the Achievement of Objectives

Monitoring the achievement of objectives
Arrangements to monitor performance include quarterly monitoring of:
- The Corporate Improvement Programme
- Balanced Scorecard results
- Strategic Risk

Further detail on the Performance Management Framework is set out in section 17

Residents' views on priority activity and perceived outcomes is established through local consultation

During 2011/12, consultation and participation activity has included:
- Two Café Choice events – at Stevenage Day in June and in the town centre in December
- 'Your Choice, Your Voice' community conference – residents were invited to tell us what they think of council services, and help shape the budget for the next few years
- A town-wide survey – questionnaires were sent to around 4,000 homes seeking views on how well services are delivered and what our priorities should be for the town.
- Tenants' Survey – questionnaires were sent to 2,500 council tenants seeking views on the delivery of housing services.

In May 2009 the council was assessed as 'achieving status' of the Equalities Standard for Local Government. Following changes in legislation, our equality and diversity action plan was developed in 2011/12, outlining a programme of activity for completion in 2013 to implement improvements to our equalities and diversity arrangements across the council.

Our approaches to consultation and engagement and ensuring equalities and diversity, articulate how we ensure that all groups in the community have a voice, can be heard, are consulted and can access council services in a fair and equal way. For further information on consultation, please see section 8.

The effectiveness of the overall arrangements to monitor performance is also informed by:

- The work of managers within the council
- The roles performed by the Monitoring Officer and Chief Financial Officer
- The work of the Shared Internal Audit Service
- The Annual Audit and Inspection Letter
- Reports by other review agencies and inspectorates
- Performance management arrangements and related regular reporting.

Improvement Activity:
The council considers the governance processes in place to 'Establish and Monitor the Achievement of Objectives' robust and no significant improvement actions are identified. However, as indicated, in keeping with the council's current arrangements and schedule for the review of ambitions and priorities, the Corporate Plan is being reviewed during 2012/13 to ensure current standards are maintained.

5   The Facilitation of Policy and Decision-Making

Constitution

The Council has an approved Constitution which details how the council operates, how decisions are made and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The majority of the Council's functions are vested in the Executive. Those Council functions which are not vested in the Executive (mainly planning and development and licensing functions) are taken by various regulatory committees appointed by the Council.

Executive

Under the Council's Constitution, the Executive meets on a monthly basis and comprises the Leader of the Council and seven other Councillors from the Majority Group. Both the Leader of the Council and each of the seven Councillors have a specific area of responsibility, as their Portfolio. The Portfolio areas are:-

- Children and Young People, Culture, Sport and Leisure
- Community, Health and Older People
- Economy, Enterprise and Transport
- Environment and Regeneration
- Housing
- Resources
- Safer and Stronger Communities

- The Leader of the Council has Portfolio responsibility for Town Twinning, Modernisation of Local Government (new political structures and the Constitution), Media and Communications, Public Consultation, Partnerships, Members' Services including the Modern Member Programme and the Civic Suite.

The Council appoints the Leader who then appoints the Executive and identifies their Portfolio areas. Major and 'key' decisions are required to be published in advance on the council's website as part of the Leader's four month 'Forward Plan/Rolling Programme' and will generally be discussed in a meeting open to the public. All decisions must be made within the parameters of the overall policy and budgetary framework, which has been set by full Council. Any decision the Executive wishes to take outside the budgeting or policy framework must be referred to Council for approval.

Decision-making

All matters for Member level decision are documented in a standard report format. Reports are produced on a standard template to facilitate understanding and all reports are supported by comprehensive assessment of the legal, financial and other implications of the proposed recommendations. Strategic Directors meet with their relevant Portfolio Holders on a regular basis to brief them on all aspects within their remit.

The council also has a series of regulatory Committees and in 2006 established an Audit Committee. The political management structure is detailed in the Council's Constitution which is subject to periodic review.

5   The Facilitation of Policy and Decision-Making

Overview and Scrutiny

The council has seven Development & Scrutiny Committees that mirror the Executive portfolios in terms of their remit. The Committees undertake scrutiny studies on topics/services they decide upon for themselves, and also assist Portfolio Holders in developing new policies. Relevant Committees formally consider budget and policy framework matters before final consideration by the Executive and recommendation to Council. Each month the decisions of the Executive are sent to all Scrutiny Members and a 'call-in' procedure is in place should there be concerns regarding the process to decision making by the Executive on a particular matter and which results in a matter being reconsidered by the decision maker.

Compliance with recent legislation

In accordance with the provisions of the Local Government and Public Involvement in Health Act 2007 the council was required to adopt new arrangements for its executive governance to come into effect from May 2011. At an Extraordinary meeting of the Council in December 2010 it was agreed that 'a Leader and Cabinet Executive (England) model' prescribed in Section 11 of the Local Government Act 2000 (as amended) be adopted with the following principal elements:

(a) The Council appoints a Leader for a 4 year term unless he or she is removed from office, or is disqualified or ceases to be a Councillor.

(b) The Leader appoints a cabinet (Executive) of between 2 and 9 councillors and allocates any areas of responsibility (portfolios) to them. The Leader also determines the scheme of delegation for the discharge of the executive functions of the Council.

(c) The Leader appoints a Deputy Leader from the Cabinet (Executive) whose term of office will be the same as the Leader's save that the Leader can replace the Deputy at any time. The Deputy Leader will exercise all the powers of the Leader in their absence.

(d) The Council will be able to remove the Leader by a majority resolution of the Council.

(e) The 'Local Choice Functions' set out in the Council's current Constitution will be maintained.

Improvement Activity:

The council considers the governance processes in place to 'The Facilitate Policy and Decision-Making' robust and no significant improvement actions are identified.

6   Compliance With Policies, Procedures, Laws And Regulations

Governance Structure

The Council has structured its processes and procedures for the Executive and Scrutiny Committees plus other Committees such as the regulatory ones, to minimise the risk of it acting in contravention of its own policies and external laws and regulations. It also appoints officers, qualified to undertake statutory responsibilities such as contained within Section 151 of the Local Government Act 1972, and Section 114 of the Local Government Finance Act 1988 (Chief Financial Officer). The Monitoring Officer, who is the Borough Solicitor, is the Council's senior legal advisor, responsible for reporting to the Council on any act or proposed act by the Executive, or by any Committee, or individual Member or officer that could give rise to a contravention of the law, a code of practice or maladministration. He is also available to provide professional legal advice to Members and officers of the Council.

Regulation Guidance

The council has a duty to ensure that it acts in accordance with the relevant legislation in the performance of its functions. It has developed policies and procedures for its officers to ensure that, as far as possible, all officers understand their responsibilities both to the Council and to the public. Two key documents are the Financial Regulations and the Contract Standing Orders, which are available to all Members and officers on the council's Intranet, as well as being available to the public as part of the Constitution. The Financial Regulations and Contract Standing Orders are reviewed at least annually and any proposed amendments are put forward to Council for approval. Heads of Service and senior management carry responsibility for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice.

To assist in developing a corporate governance framework, key policies and procedures have been brought together to form the corporate backbone of the council's governance and management control arrangements. Key documents in the council's corporate backbone include:

- The Constitution (which includes the Code of Conduct for Members, an Employee Code of Conduct, protocol on Members/officer relations, financial regulations, budget and policy framework, contract standing orders)
- Members' Register of Interests
- Corporate Plan
- Corporate Improvement Programme.
- Risk Management Policy and Risk Management Guide
- Performance Management Framework
- Communications Strategy
- Whistle Blowing Policy
- Corporate Procurement Strategy
- Business Continuity Policy

Improvement Activity:

The council considers the governance processes relating to 'Compliance with Policies, Procedures, Laws and Regulations' robust and no significant improvement actions are identified.

7 Receiving and Investigating Complaints from the Public

Complaints relating to Service Delivery

The council has a robust complaints procedure, which is publicised via the council's website and in council buildings. Complaints can be received anywhere in the council but are coordinated centrally by staff in the council's Customer Service Centre. Details of the procedure and complaints forms are available on the council's website and in the Customer Service Centre.

However, the process has not been reviewed for several years. We plan to review the complaints and compliments system during 2012/13. In addition, Customer Access Reviews are planned to improve customer access and reduce failure demand. These reviews will include consideration of how complaints are handled.

Complaints regarding Member Conduct

Complaints about Members and allegations that a Member has breached the Code of Conduct are dealt with separately by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the statutory scheme in Part 3 Local Government Act 2000 (as amended).

However, the Localism Act changes entirely the ethical standards regime for Members. It is not known for certain when this change will be brought into force or what the detail of the scheme will be as Statutory Instruments are awaited. However, an implementation date of 1 July is anticipated. Preparations are underway and the progress of emerging implementation is being watched carefully by the Borough Solicitor and Chief Executive, and the Leader of the Council is aware of developments.

Under the Localism Act, the council will be able to make its own Code of Conduct for Members. Several models are in circulation, including separate drafts from DCLG and the Local Government Association. It is also open to the council to keep its existing code, in so far as it does not conflict with the yet unknown Statutory Instruments to be made under the Act.

Improvement Activity:

Whilst the council considers the governance processes for 'Receiving and Investigating Complaints' provide sufficient assurance, they have not been reviewed for several years. As a result plans are in place to review and update the processes as set out below:

Action: Complete relevant strands of the Customer Focus Strategy in relation to the Customer Access Review Project and in particular arrangements to deal with failure in service delivery (Ref 1 of Action Plan at section 22)

Action: Complete relevant strands of the Customer Focus Strategy, in particular a review of corporate complaints procedures. (Ref 2 of Action Plan at section 22)

8	Establishing Clear Channels of Communication with all Sections of the Community and other Stakeholders, Ensuring Accountability and Encouraging Open Consultation

Communication

The council regards communication as key to its work and essential in meeting its corporate ambitions and framework of values. It supports the decision-making process and helps to improve service quality and foster good relationships between staff, Members and stakeholders.

The council's Corporate Communications Strategy, Let's Talk, sets out the process to ensure the council communicates its aims and achievements to all stakeholders. The purpose of the strategy is to determine how the council will establish and maintain clear and relevant two-way channels of communication in order to create an informed and recognisable profile for Stevenage Borough Council and a positive image of the town as a whole.

The strategy sets out our Communications Pledge, which is:
> We will communicate clearly, openly, accurately and regularly with our residents, with our partners, and with each other, in order to promote mutual understanding, and give a better service to the people of Stevenage.

A Communications Forward Plan is maintained and submitted to Strategic Management Board monthly to ensure that robust communication is carried out across all council services and with key stakeholders.

Consultation

A review of the council's approach to participation and engagement with the community, voluntary and private sector commenced during 2011/12. A summary of progress to date is set out below:

- Building on the excellent relationship we have with the voluntary and community sector we worked with them to make sure their views were considered when we developed our approach to supporting them.
- We surveyed over 400 businesses in the town asking for their views on how they currently support, or would like to support, local groups through staff volunteering, business advice and use of other skills.
- A consultation audit was initiated to establish the level and nature of consultation being carried out by services across the authority

This information has informed the consultation and engagement framework that is currently being implemented. However, further improvement is planned and the findings from the research will inform a revised consultation and engagement framework for implementation from July 2012.

Councillor Call for Action

The council introduced in April 2009 the Councillor Call for Action arrangements (CCfA). This is designed to resolve service failure issues at a local level, when previous attempts at resolution have been unsuccessful. Additionally a formal Petition Scheme, including provisions for E.Petitions was introduced in 2010.

Improvement Activity:
Whilst the council considers the governance processes for 'Communication with All Sections of the Community and Other Stakeholders..' provide sufficient assurance, the consultation framework is currently being reviewed.
Action: A draft report on the revised consultation and engagement framework is scheduled for consideration by Executive in July 2012. (Ref 3 of Action Plan at section 22)

9   Incorporating Good Governance Arrangements in Respect of Partnerships and Reflecting these in the Council's Overall Governance Arrangements

'Significant Partnership' Governance

Partnerships are a key component for service provision. The council has two significant partnerships:
- SoStevenage, the local partnership
- Stevenage Leisure Limited (SLL)

In addition, there are emerging significant partnerships through shared services.

SoStevenage includes a governance statement in its *Guide to SoStevenage* that sets out risk and performance management arrangements.

The governance arrangements for **SLL** are subject to contractual arrangements and underpinned by a detailed management agreement.

The council's Corporate Risk Group monitors consistency of risk management across key partnerships as identified in section 10.

Stevenage Homes Ltd (SHL) was considered a significant partner to 30 November 2011. As an Arms Length Management Organisation arrangements with SHL were also underpinned by detailed management agreements. Following consultation with residents, SHL was integrated with the council from 1 December 2011. (Please see section 18 for further information)

In addition to the governance processes above, the council is a leading partner in the development of the Community Strategy, liaising with SoStevenage partners regarding the setting of priorities and actions for delivery, and seeking the partnership's agreement for implementation.

Shared Service arrangements

The council has been working with other Hertfordshire local authorities during 2011/12 to consider and establish shared service initiatives:

- A Shared Internal Audit Service (SIAS) went live from July 2011
- A Housing Benefits and Local Taxation Service shared with East Herts District Council went live from the end of March 2012.

East Herts, North Herts and Stevenage councils have, in a strategic business case, agreed that there were likely to be significant benefits arising from partnerships for the following:

- ICT
- Human Resources and Payroll
- Facilities Management; and
- Print services

A detailed business case will be submitted to the three Executive Committees in July 2012.

9   Incorporating Good Governance Arrangements in Respect of Partnerships and Reflecting these in the Council's Overall Governance Arrangements

The arrangements for managing these projects and the governance arrangements for the ensuing partnerships are likely to differ. However, there are a number of common principles that apply to all. All project work has been and will be undertaken jointly by the partners in line with good project management practice. Decisions that need to be signed off by Members are signed off concurrently. Partnership governance arrangements are formal and involve both Member and senior management oversight of the partnerships from all participating partners.

Partnership Governance Guidance
A Partnership Toolkit is available to all staff on the council's Intranet. The Toolkit offers best practice approaches to the structures, agreements and procedures that should be in place to make partnerships more effective and reduce risk.

In summary, the Toolkit sets out guidance on:
   − Governance arrangements
   − Risk management
   − Financial arrangements
   − Communication and engagement
   − Dispute resolution

Improvement Activity:
The council considers the governance processes in place relating to 'Incorporating Good Governance Arrangements in respect of 'Partnerships and reflecting these in the Council's Overall Governance' robust and no significant improvement actions are identified. However, as indicated, the council is pursuing further shared service arrangements with other Hertfordshire authorities.

The council hope that sharing services may provide an opportunity for improvements to the sustainability and resilience of services in scope, delivering a level of quality and efficiency that is not achievable individually. The detailed business case will outline possibilities.

10   Risk Management

Policy and Direction
The council has an approved Risk Management Policy, and a Risk Management Guide is available to all employees. Strategic and Operational Risk Registers are in place. Both the Strategic and Operational Risk Registers require risks to be scored in terms of their likelihood and impact for inherent and residual risk, a risk owner to be identified and a mitigation strategy to be in place with associated action dates. Strategic risks are linked to the council's ambitions and priorities. All risks are subject to regular review.

During 2011/12 each service has identified both Strategic and Operational risks. The Strategic Risk Register is monitored, on a quarterly basis, by the Council's Strategic Management Board (SMB). The Audit Committee also review the latest Strategic Risk Register as a standing agenda item.

The Resources Portfolio Holder is the Council nominated Member Risk Management Champion and assists with embedding risk management in the business of the council. Portfolio Holders are briefed regularly by the relevant Strategic Director.

Corporate Risk Group
A Risk Management Group led by the Strategic Director (Resources), with representation from each directorate, set up in July 2008, meets quarterly. The group's role is to oversee and review the reporting process and the development of the council's approach to risk. The Chair of the Audit Committee and the Members' Risk Champion are invited to this group. The Risk Management Group reviews the content of the Strategic Risk Register before it goes to SMB and quality assures the risk management process as summarised below:

- Considers whether the content of the Strategic Risk Register reflects the risk environment the organisation is facing
- Identifies new or emerging risks that may require management at corporate level
- Challenges mitigation actions planned to manage new and existing strategic risks
- Monitors consistency of risk management across key partnerships
- Considers quality and content of Operational Risk Registers at least annually
- Considers the council's risk appetite

The council's risk appetite was clarified during 2011/12. CRG agreed that any residual risk score of 10 or above (a 'High' or 'Very High' level risk) is above tolerable level. A clear process of escalation for risks above 'tolerable' level was set out for officers.

Operational Risk Management
The Operational Risks Registers are developed and monitored by the relevant Head of Service. Action plans are developed to mitigate key risks and delivery monitored. Any risks which should be escalated to strategic level are added to the quarterly review of the Strategic Risk Register and reported to SMB. A report on the status of Operational Risk Registers is submitted to Strategic Management Board on a quarterly basis. The report identifies when Operational Risk Registers for each service delivery unit were last reviewed and provides an indication of the quality of the register, based on assessment by the Performance and Improvement Team.

10   Risk Management

Project Risk Management
The council also requires project risks to be identified for major projects and capital schemes when seeking approval from Executive. Identified risks are added to the Strategic Risk Register where appropriate. Project risks are further defined in Project Initiation Documents and monitored by Project Managers during the implementation phase of projects.

Training
Since 2008/09, the council's insurers have provided a programme of risk management consultancy to strengthen and embed our risk management arrangements. Training and awareness workshops have been provided for Heads of Service on the council's approach to risk by Zurich in 2008, followed up with in-house training in 2009. Further training on risk identification was carried out by Zurich with Heads of Service in May 2011 and officers are offered one to one training appropriate to need. Officer training is particularly focused on the development of operational level risk registers. Risk management training has been provided for Members annually since 2009/10 as part of the Modern Member Programmes. In 2011/12, this training focused on the launch of a new 'pocket sized' Risk Management Guide for Members. We will continue to enhance training to meet particular needs.

Improvement Activity:
The council considers the governance processes in place in relation to 'Risk Management' robust, achieving a 'substantial assurance rating from the Shared Internal Audit Service for 2011/12 and no significant improvement actions are identified.

**11   Developing, Communicating and Embedding Codes of Conduct Detailing the
Standards of Behaviour for Members and Officers**

Member Codes and Protocols
The standards of conduct and personal behaviour expected of Members and officers of the council,
its partners and the community, are defined and communicated through codes of conduct and
protocols. These include:
- Members' Code of Conduct
- Member/Officer Protocols
- Members Register of Interests
- Officers Code of Conduct
- Anti-Fraud and Corruption Policy
- Regular performance meetings for staff linked to corporate and service objectives that
identify development needs
- Standards Committee with an independent Chairperson.

In 2011, in advance of the MPs' expenses scandal, the council commissioned a review of all
Councillor's expenses, allowances and reimbursements. Improvements that have resulted include:
- Clarity on what is reasonably claimable
- More regular public reporting
- A revised guide covering Members expenses.

Recent audits have not identified any necessary further improvements.

Complaints regarding Members
As outlined in section 7, under the Localism Act, the Council will be able to make its own Code of
Conduct for Members. Several models are in circulation, including separate drafts from DCLG and
the Local Government Association. It is also open to the Council to keep its existing code, in so far
as it does not conflict with the yet unknown Statutory Instruments to be made under the Act.

Officer Code of Conduct
The Employee Code of Conduct was revised and reported to Council in February 2011. The code:
- Sets out the general standard of conduct expected of officers
- Includes a re-statement of the law and guidance on officers accepting gifts and hospitality
- Includes a statement of the statutory requirements (with criminal sanctions for default) for
officers to register certain interests.

During 2011/12, measures have been taken to increase awareness of the code using the Council's
'Message of the Day', the staff magazine,' Link' and Induction processes.

11	Developing, Communicating and Embedding Codes of Conduct Detailing the Standards of Behaviour for Members and Officers

Organisation's Values

In January 2011, the council launched its new cooperative principles, which promote and support the close working relationships the council has with the town's residents and organisations. The principles were communicated to the public in the Annual Report 2011. Staff communication was initiated by the Chief Executive's Road-show references to the Council's Cooperative Agenda. However, further communication with staff is necessary to ensure that the principles are widely applied and embedded in corporate culture.

Improvement Activity:

Whilst the council considers the governance processes in place to 'Develop, communicate and embed Codes of Conduct detailing standards of behaviour for Members and officers' sufficient, the Council's Cooperative Principles are not fully embedded in corporate culture. An action to address this is set out below:

Action: Communicate change of values to cooperative principles to staff (Ref 4 of Action Plan at section 22)

12　　　　Member and Officer Capacity and Capability

Officers

The council's approach to developing officers aims to find a balance between appropriate capacity, continuity of knowledge and renewal of thinking that encourages officers to develop their capabilities to meet the current and future needs of the organisation.

During 2011/ 12 the council prepared for and then reassumed direct responsibility for housing services and transferred the ALMO in house. This has resulted in an increase in more than one third of staff and so all HR programmes of work have been adjusted accordingly. As well as holding briefing sessions, we have also progressed more than 250 staff through a formal induction programme.

The transfer is delivering savings which are arising in the main from organisation restructures. The HR team have supported the design, creation and launch of new posts across that senior management structure and also in performance improvement.

Training is designed in accordance with corporate and individual needs, in addition to the technical and professional training requirements that ensure compliance with legislative and corporate governance changes.

Training during the year has continued to focus on how to support managers and staff during periods of corporate change (including developing project management skills and cultural awareness and health and wellbeing issues) has resulted in reduction in absence levels in the organisation and the sickness levels are now below the national averages for both public and private sectors.

Training during 2011/12 has focused also on multi-skilling staff to ensure resilience and as directed by corporate needs to facilitate business continuity has included:
- Microsoft Office IT skills training
- Change management training including TUPE awareness
- Management training, incorporating managing team dynamics

Housing staff are being incorporated into the council's training programmes.

In addition, we helped 46 officers obtain NVQs in Cleansing and Support Services, Waste Management Operations and Grounds Maintenance.

The last staff survey from 2009 gave a generally positive response regarding staff feeling adequately skilled to do their job.

However, the organisation recognises that it would benefit from continuing to be more proactive about the development of staff for the future. This issue is important not least because it is linked to staff retention and staff engagement. Succession planning is an important way to target training and development, and a refresh of the Workforce Planning Policy and People Strategy is planned following implementation of Single Status.

During the year ending March 2012, 98% of performance appraisals were completed. However, a review of the performance appraisal process may enhance meaningful performance dialogue for all staff with their managers. The design and implementation of a Competency Framework is planned following implementation of Single Status to support resourcing, pay and the performance management of officers throughout the council.

12   Member and Officer Capacity and Capability

Council positions for more than 700 staff were reviewed during 2011/12 as part of the Single Status work programme (incorporating harmonisation of pay and conditions). In addition, some technical competency frameworks have been reviewed and are in place e.g. in the Customer Service Centre to support skills development and resilience.

Members
The Modern Member Programme (MMP) is working well and Members are engaged with the programme reporting an average level of satisfaction with training of 90% and regularly attending the events. The attendance rate of 64% is the best in the region.

Skills development for Councillors aligns to specific roles and groups, recognising the different skills requirements in Councillor Roles. During 2011/12 a training programme was carried out for Councillors in scrutiny groups to support the development of chairing skills, questioning skills, research techniques and community engagement.
In addition, all Councillors receive refresher training and skills development in relation to legislative matters, financial awareness, ethics, code of conduct and risk management.

We are now planning member and staff training in the use of social media.

Induction training for new Councillors includes core competence training to ensure compliance with constitutional codes of conduct and practice, in addition to service function overviews and skills training in accordance with Councillor Roles.

Improvement Activity:
The council considers that the governance processes in place to monitor and develop 'Member and officer capacity and capability' are sufficient. The implementation of Single Status is in progress to harmonise terms and conditions.
Activity previously identified relating to 'Member and officer capacity and capability' have been deferred until after implementation of Single Status to ensure appropriate alignment of polices and procedures.

Consideration will be given to the appropriate way forward once Single Status has been implemented.

13 Internal Audit Arrangements

Annual Audit Coverage

The council's Internal Audit service was transferred to the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council from the 1 June 2011. Annual audit coverage is determined through a risk assessment, which is influenced by external regulatory requirements and the strategic and operational risks of the council. By reviewing the council's systems of internal control in accordance with an approved Audit Plan, Internal Audit contribute to the council's corporate governance framework. Internal Audit operate to defined standards (CIPFA/IIA). The Head of Assurance reports to the Council's Assistant Director of Finance (Deputy Section 151 Officer) and Strategic Director (Chief Financial Officer/Section 151 Officer) and provides updates on internal audit progress and issues at regular Section 151 meetings. The Head of Assurance provides an independent opinion on the adequacy and effectiveness of the system of internal control. From 2006/07 this report has been submitted on a yearly basis to the Audit Committee. The main responsibility of the Internal Audit Service is to provide assurance and advice on the internal control systems of the council to SMB and Members. Internal Audit review and appraise the adequacy, reliability and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems, providing advice on matters pertaining to risk and control.

2011/12 Audit Report

The Head of Assurance's Annual Internal Audit Report and Assurance Statement was reviewed by SMB and reported to the Audit Committee in June 2012. From the internal audit work undertaken in 2011/12 the Shared Internal Audit Service (SIAS) can provide Moderate assurance on the adequacy and effectiveness of the council's control environment. The assurance is broken down between financial and non-financial systems as follows:

- **Assurance opinion on financial systems:** SIAS overall opinion is Substantial Assurance; whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk
- **Assurance opinion on non-financial systems:** SIAS overall opinion is Moderate Assurance; whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.

The 2010/11 Annual Governance Statement highlighted some particular recommendations relating to the declaration of officer interests. Some progress has been made during 2011/12 with the review of, and awareness raising in regard to the Officer Code of Conduct. However, appropriate actions for the following recommendations are to be considered:

- The relevant Strategic Director or Head of Service is made aware of officer interests within their service areas. An assessment of whether action needs to be taken to manage an officer interest and any action taken should be documented.
- Procedures for the management review of the Interest Register should be developed and approved for use.
- Separate registers for Officer Interests, and Gifts and Hospitality are maintained
- To ensure adequate separation of duties in the Strategic Director Resources review of the declarations made in the Officer Interests Register, and Gifts and Hospitality Register, an alternative officer reviews any declarations made by the Strategic Director Resources

The recommendations made are being reviewed by relevant officers and appropriate plans developed.

Improvement Activity:
The council considers that the 'Internal Audit Arrangements' are robust and no significant improvement actions have been identified.

14   Audit Committee

An Audit Committee was first established in May 2006 and its duties include advising and commenting on:

Internal Audit matters including:
- − the Annual Internal Audit Plan
- − the adequacy of management response to Internal Audit reports and recommendations
- − the Chief Internal Auditor's Annual Report and opinion
- − summaries of specific internal audit reports

External Audit matters including:
- − the External Auditor's plans for auditing and inspecting the Council
- − the Annual Audit and Inspection Letter from the external auditor
- − the report to those charged with governance
- − proposals over the appointment of the External Auditor
- − scope and depth of external audit work

- − anti-fraud and corruption issues including the Council's policies on anti-fraud and corruption, and 'whistle-blowing'
- − The Council's Constitution in respect of Contract Standing Orders and Financial Regulations
- − The Council's Risk Management arrangements
- − The Council's arrangements for delivering value for money
- − The Council's Annual Governance Statement
- − The Statement of Accounts and related Capital Determinations

The Audit Committee is an advisory committee of the council. It has been constituted in line with best practice recommendations from CIPFA guidance. In 2011/12 the membership of the Audit Committee includes only one Executive Member, two Opposition Members, a Majority Group Scrutiny Member and the Chair plus one other Member who is neither on the Executive, nor serves on a Scrutiny Committee. The Committee is further supported by an independent representative who, in addition to independence also brings further financial/accounting professional skills. The Committee has received specific training by our external auditors and in-house training on the Statement of Accounts and Treasury Management. The operation of the Audit Committee has been particularly effective. As such it has, in itself, significantly contributed to further strengthening the Council's overall systems of Internal Control.

The structure and role of Audit Committees was subject to the consultation on the review of local public audit arrangements published in March 2011. The consultation set out options for independent audit committees to appoint auditors. The Department for Communities and Local Government (CLG) published a response to a consultation on the Framework in January 2012. The response indicates that the following key principles will apply regarding the appointment of an auditor:

- • Local public bodies will have a duty to appoint an auditor from the register of local public auditors
- • Appointment of the auditor will be made by the full council on the advice of an Independent Auditor Appointment Panel.
- • The independent Appointment Panel will have an independent chair and a majority of independent members

CLG plan to hold further discussions with local authorities to determine the detail of the future framework of local public audit and its implementation.

The council currently has a contract with Grant Thornton for the provision of External Audit Services. As a result the council has sufficient time to develop and establish the necessary processes for the appointment of auditors.

Improvement Activity:
The council considers that the operation of the 'Audit Committee' is robust and no significant improvement actions have been identified.

15   Ensuring Economic, Efficient and Effective Use of Resources

Budget Process
The council has continued to review and develop its budgetary monitoring and control processes to ensure that financial resources are used to their best advantage. Financial Planning is underpinned by Service Planning identifying budget pressures as part of the Service and Financial Planning process, starting with the MTFS in July and then formal approval (growth bid) as part of the annual budget setting process in February, (January for the Housing Revenue Account). In year pressures will be reported to SMB and Executive as part of the quarterly monitoring process for approval, with any mitigating actions. The Performance Management Framework ensures that changes identified as part of the service and financial planning process are cascaded through to front line service provision through Performance Development Meetings (PDMs) as part of the management review processes for all members of staff. The effectiveness of these processes is recognised in the council's achievement of Investors in People (IiP) status. Effective Workforce Planning also forms a key part of the council's processes to seek to ensure effective use of resources. The council's Corporate Plan is supported by service planning and this ensures that improvements are in line with the council's corporate priorities. Economic and effective use of resources is subject to review through the work of both Internal and External Audit

Consultation to inform Use of Resources
The council provided a number of online and face to face opportunities for people to contribute to the budget consultation exercise in 2011/12. From September until January there was a dedicated area on the council's website that brought information together in one place about all the avenues available for people to get involved. As well as providing information about meetings and events, it included links to the Council's Facebook and Twitter pages, a link to the online community forum and an opportunity to complete a short online questionnaire. A community consultation event (the Community Conference) took place in November 2011 to seek residents' views and ideas on how the council could respond to the financial challenges it is facing. In December 2011 the consultation event Café Choice took place in a marquee in the town centre and provided residents with an opportunity to give their views on savings proposals.

Continuous Improvement
The council continues to be strongly committed to the principles of Best Value (BV) and continuous improvement. The BV methodology takes into account the requirements of the Government efficiency and collaboration agendas. An essential part of Internal Audit's role is to make recommendations, where appropriate, through Management Action Plans, to ensure measures are taken to improve and strengthen the efficiency and effectiveness of the council's Services.

The current unprecedented financial context the council faces requires ever more focus on budgetary control to ensure that the council delivers maximum effectiveness and efficiency with the resources available in times of economic constraint.

To support the council's commitment to efficient and effective use of its resources, special Challenge Board meetings were convened throughout the year to review the process for savings, and growth. Identifying potential opportunities for efficiencies with a view to challenging Heads of Service on the their total resources not just on options submitted for consideration, while ensuring options were aligned to the council's priorities. SMB and the Executive Portfolio Holders supported by officers then challenged the package of savings and growth bids. The Leaders Services Priority Group reviewed the savings and the Council's Strategy (MTFS) and the assumptions underpinned within it and associated policies e.g. Fees and Charges Strategy. Consultation with external groups also took place. This whole process will assist the council in seeking to ensure continuous improvement in its achievement of Value for Money.

Improvement Activity:
The council considers that the governance processes in place to ensure the 'Economic, Effective and Efficient Use of Resources' are robust and no significant improvement actions are identified.

16 Financial Management

Compliance with Financial management legislation and guidance
Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the S151 Officer.

Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and the role in the council demonstrates the five principles that define the core activities and behaviours of the role. The Chief Financial Officer is:

- A member of the Strategic Management Board
- Actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and decision align to the Council's financial strategy.
- A key lead on the promotion and delivery of good financial management of the Council, so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- Directs a finance team that is resourced to be fit for purpose
- Professionally qualified and suitably experienced.

The systems of internal financial control provide reasonable but not absolute assurance that finances must be safeguarded, that transactions are authorised and properly recorded, so that material errors or irregularities are either prevented or would be detected within a timely period.

Framework of Management Information
Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained or qualified staff, and a system of delegation and accountability. Ongoing development and maintenance of the various processes may be the responsibility of other managers within the council. In particular, the council's processes in 2011/12 include the following:

- The setting of detailed annual budgets, Council Tax and Housing Rents
- 30 Year HRA Business Plan to reflect the new HRA self financing regime
- Regular Treasury Management officer meetings to ensure compliance with the Treasury Management Strategy.
- Regular monitoring of actual income and expenditure against the annual budgets
- Specific detailed monitoring of the Council's salaries budget
- Availability of financial information at all times online 'live' within the Council's Financial Information system (Integra)
- Production of monthly reports for budget managers
- The detailed use of Commitment Accounting processes
- A quarterly budget monitoring process for the General Fund, HRA and Capital Programme, reporting to the Council's Executive
- Production of monthly Key Budget Indicators (KBI) reports to SMB
- Already defined capital expenditure guidelines as outlined in the Capital Strategy;
- Detailed monitoring of the Council's Capital Schemes through the Corporate Capital Review Group (CCRG) and reported on to Executive

- Continuous reviews, updating and reporting of the Council's General Fund and HRA Medium term Financial Strategies and the monitoring of finances against the Medium Term Plans and Capital Strategies
- Provision of financial training for Audit Committee Members to equip them to perform their roles in respect of financial management responsibilities, in relation to the Statement of Accounts.

Treasury Management
The council has enhanced its treasury management arrangements following the Icelandic Banks collapse in line with the CIPFA Revised Treasury Management Code and Guidance. This includes training of key staff and Members, improved information and regular reviews by Councillors in both Executive and Scrutiny functions (Audit Committee), and above all ensuring the security of the council's investments.

The controls created by management are evaluated to ensure that council ambitions are being achieved:

- Shape our community
- Regenerate Stevenage
- Create sustainable communities
- Move towards excellence.

Financial management arrangements
The council's financial management arrangements consist of a number of interrelated strands:

Financial Regulations – The regulations provide the framework for managing the council's financial affairs. They identify the financial responsibilities of the Executive, Portfolio Holders and officers. They also set out the procedures that the council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services, including standing orders for contracts.

Medium Term Financial Planning – The council publishes in its Budget Book revenue and capital projections for the next few years. The projections are reviewed and updated on at least an annual basis. The in year and the five year forecast are reviewed as part of the quarterly monitoring process, (key indicators - monthly, General Fund, HRA, Capital and Balance Sheet - quarterly). The council has a well established Capital Strategy which measures the performance of its capital sources. This has involved deferring and deleting £8million from the capital programme as a result of declining in year capital receipts, while still supporting the council's ambitions and priorities. The Strategy has been developed in consultation with stakeholders and partners and is co-ordinated by the Corporate Capital Review Group.

Budget Preparation – The council has a robust budgeting process driven by the objectives outlined in its Corporate Plan. In 2010/11 the Council was able to identify a savings package of some £1.65million for 2011/12, which while still focussing on efficiency savings included some service reductions. The Forward Plan bids were geared to help the residents of Stevenage affected by the recession.

Budget Management and Reporting – The management of budget over and under spends and the impact on the council's financial reserves, is implemented via the quarterly budget monitoring process. Budget variances and reasons for the variance are reported to SMB and then to the Executive for approval. The financial impact on future years is also highlighted together with the impact on current financial reserves. This then feeds into the risk management assessment of the

council's reserves which is designed to manage areas of known budget risk, the planning for predictable budget peaks and the identification of change management issues. The budget management process also reviews the progress of savings and forward plan bids together with carry forward budgets.

Officers are provided with information enabling them to manage their budgets. All budgets are assigned to responsible officers. Additionally, key budget control information is produced on a monthly basis for SMB and Heads of Service and periodically to Members.

Improvement Activity:
The council considers the governance processes for 'Financial Management' robust, as supported by audit reports and no significant improvement actions are identified.

Corporate Improvement Programme

The portfolio of projects agreed to deliver the council's ambitions and priorities (or meet legislative change) form the council's Corporate Improvement Programme. All projects on the programme are agreed by either SMB or the relevant Director. The Corporate Improvement Programme consists of two tiers of projects:

Tier 1 – capacity to deliver and progress monitored by Strategic Management Board quarterly
Tier 2 – capacity to deliver and progress monitored by Directors quarterly.

The monitoring arrangements put in place for the Corporate Improvement Programme create a structured process of managing change. It enables the organisation to maintain an effective balance of organisational change and 'business as usual' with the capacity that is available.

Balanced Scorecard

The council introduced a Balanced Scorecard for reporting performance information, from April 2008. The Scorecard provides a balanced view of performance across the council, providing a status on performance within service delivery areas that is based on robust performance data to aid decision making. Performance Reviews are held between Strategic Directors and relevant Heads of Service, where performance is not reaching target, or where there are data quality concerns. The scorecard is reviewed annually to ensure the suite of measures is appropriate and robust. The system:

- Requires Heads of Service to verify performance results entered by responsible officers before submission
- Produces an audit report for any amendments made to data outside the reporting window
- Allows formal quarterly reporting to Members of Executive on the council's performance
- Includes data quality status for individual indicators
- Sets out the trend of results that enables a comparison of quarterly results over time and year on year.

The Scorecard is presented to Executive on a quarterly basis by the Chief Executive.

Annual Report

An Annual Report is published that sets out the council's achievements against the ambitions and priorities in the Corporate Plan, reporting progress over the last year against planned objectives and setting out future plans. Where a future target has been revised from that originally identified in the Corporate Plan, the reason for the adjustment is explained.

Customer Satisfaction

The council has systems in place to measure customer satisfaction in the Customer Service Centre (CSC). Systems were developed further during 2008/09, with the introduction of Gov-metric, which allows customers to identify their satisfaction with Council services received in the Customer Service Centre or on the Council's website in real time.

In 2011/12, the council received the Govmetric Award for Council of the Year 2011 recognising both the high levels of customer satisfaction achieved and the high levels of feedback through Govmetric attained from customers.

Improvement Activity:
The council considers the governance processes for the 'Performance Management of Objectives and Service Delivery' robust and no significant improvement actions have been identified.

18   Stevenage Homes

A Housing Options appraisal involving several months of research and consultation with tenants was carried out in 2011. As a result, Stevenage Homes Ltd, previously an Arms Length Management Organisation for the council, was integrated with the council from 1 Dec 2011. On 28 November 2011, Stevenage Homes submitted a 'State of the Company' report to their Board. The report provided a position statement on the performance of Stevenage Homes Limited prior to integration with the council. The report considered:

- Operational Performance
- Financial Performance
- Human Resources
- Strategic Risk

In relation to strategic risk, risks deemed 'unacceptable' in the report included:
- The termination of the Management Agreement with the Council: Housing management transferred to the council on 1 December 2011 as outlined below. The council does not consider there to be any risk to the delivery of housing services.
- Self Financing leading to risks associated with Assets Management: Consultants have reviewed the 30-year HRA Business Plan to assess the impact of government funding decisions. Officers have modelled options for bridging the long term investment gap that was originally identified. This included the reprioritisation of housing capital programmes. The council monitors risk associated with both the HRA and Asset Management on its Strategic Risk Register
- Single Status: The council monitors risks associated with the delivery of Single Status on its Strategic Risk Register.
- Damage to relationship with the council: Stevenage Borough Council and Stevenage Homes have taken all possible measures to ensure that relationships are not damaged during the process of transferring Stevenage Homes' staff to the Council.

From 1 December 2011, Stevenage Homes (Housing Services) were subject to the governance arrangements of the council, though harmonisation of protocols will be carried out. Consequently, the processes to deliver good governance set out in this Statement apply.

All staff were consulted on initial restructure proposals following the integration, and changes agreed are now being implemented.

Improvement Activity:
As Stevenage Homes Ltd has integrated with Stevenage Borough Council, no forward actions apply for the forward management of Stevenage Homes as a separate organisation.

19 Review of Effectiveness of Systems of Internal Audit

The Accounts and Audit Regulations 2011 came into force from 31 March 2011. Paragraph 6 (3) states, "A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its system of Internal Audit".

To comply with the Accounts and Audit Regulations, a self assessment against the standards in the CIPFA Code of Practice for Internal Audit in Local Government in the UK was undertaken by the Head of Assurance.

The self assessment and peer review concluded that the system of Internal Audit at Stevenage Borough Council is effective. In addition, the External Audit Opinion confirmed that the Internal Audit service complied with the CIPFA Code of Practice.

The 2009/10 Annual Governance Statement reported that 96% of the planned days in the 2009/10 audit plan were delivered in year against a target of 95%. There was further improvement in performance in 2010/11, with the delivery of 98% of the 2010/11 planned audit days against a target of 95%. In 2011/12, 92% of the planned audit days were completed, no target was set by the SIAS Board due to it being a transitional year for the service.

Improvement Activity: The self assessment concluded that the system of Internal Audit at Stevenage Borough Council is effective

20   Review of Effectiveness of Internal Control

Stevenage Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Assurance's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework within the council are:

−   Internal Audit's independent risk based review and appraisal of the adequacy, reliability and effectiveness of internal controls within corporate systems. The Annual Internal Audit Report and Assurance Statement provide an overall opinion on the adequacy of the council's internal control environment and identifies any significant areas of weakness
−   Ongoing review by the monitoring officer of the business and decisions taken, which includes an assurance that the council has acted lawfully and that agreed standards have been met
−   Annual service planning, to align service development against strategic goals
−   Ongoing review and action identified by the Corporate Governance Group and officers assigned with responsibility for co-ordinating Corporate Governance arrangements
−   Ongoing review of the effectiveness of the Council's Overview and Scrutiny function in monitoring and challenging provision of council services
−   The Audit Committee agrees the annual audit plan and receives, considers and challenges Internal Audit reports including the Annual Internal Audit Report and Assurance Statement, and External Audit reports including the Annual Audit and Inspection Letter. The Committee also considers reports on risk management, fraud issues and other governance issues
−   Annual audit of the Council's Statement of Accounts and supporting systems by the external auditors leading to their opinion as published in the Statements.
−   Annual reviews and updates of the council's financial procedures
−   Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)
−   Ongoing review of strategic, operational and project risks and the actions required to mitigate identified risks
−   Self assessment of the corporate governance arrangements against the CIPFA/SOLACE framework for good governance.
−   The work of the Standards Committee in promoting and maintaining high standards of conduct by Councillors and co-opted Members
−   Annual self assessment declarations on the adequacy of the governance framework in departments, which include action plans to address significant weaknesses in internal control arrangements.

Improvement Activity: The self assessment concluded that the system of Internal Control at Stevenage Borough Council is effective

Progress on delivering improvement activity

21	Progress on 2011/12 Action Plan

The following significant internal control and governance issues were identified in the 2010/11 Governance Statement for delivery in 2011/12. Progress on the action plan is outlined below:

Governance principle	Section and Ref	Action	Responsible Officer	Target Date	Progress
Significant actions for 2011/12 identified through the review of the council's governance process against the six core principles at March 2011 are set out below:					
Principle 1	1	Carry out Housing Options Feasibility Study	Head of Housing, Communications and Partnerships	September 2011	**Completed** The Housing Options feasibility study was completed in September 2011 Stevenage Homes Limited was integrated with the Council on 1st December 2011
Principle 1	2	Complete relevant strands of the Customer Focus Strategy in relation to arrangements to deal with failure in service delivery	Head of Customer Services and Business Improvement	Timeline subject to prioritisation of Strategy delivery	**Partial Completion - Carried Forward to 12/13** The Council launched a new website in August 2011 to help enhance customer information. A customer survey on website development and access is being carried out to inform future development. In addition, the Council won Govmetric 'Council of the Year' award. The award recognises the high level of satisfaction that Stevenage Borough Council customers feedback through the website and for service delivered through the Customer Service Centre. The Customer Focus Strategy has been rescoped and prioritised during 2011/12. However, full implementation will not be complete until June 2013. As part of the Programme, Customer Access reviews are planned to improve customer access options and reduce failure demand. (see action ref 1 in 12/13 plan)

Governance principle	Section and Ref	Action	Responsible Officer	Target Date	Progress
Principle 4	3	Complete relevant strands of the Customer Focus Strategy in relation to handling complaints	Head of Customer Services and Business Improvement	Timeline subject to prioritisation of Strategy delivery	**Carried Forward to 12/13** The Customer Focus Strategy has been rescoped and prioritised during 2011/12. However, full implementation will not be complete until June 2013. As part of the Programme, a corporate review of complaints is planned. Customer Access reviews will also include consideration of how complaints are handled. (see action ref 2 in 12/13 plan)
Principle 5	4	Implement a competency based framework for Job Descriptions, Person Specifications and associated appraisals	Head of Human Resources and Development	March 2012	**Deferred** The implementation of an officer appraisal and proposed competency framework has been deferred by the Council's Strategic Management Board, as consideration and introduction is not appropriate until after implementation of Single Status (complete harmonisation of terms and conditions). Consideration will be given to the appropriate way forward once Single Status has been implemented. The implementation of Single Status will address some common competencies through associated grading.
Principle 5	5	Refresh and update the Council's People Strategy and Succession Planning Policy	Head of Human Resources and Development	March 2012	**Deferred** The implementation of an officer appraisal and proposed competency framework has been deferred by the Council's Strategic Management Board, as revisions to the Council's People Strategy and Succession Planning Policy will need to consider the implementation of Single Status (complete harmonisation of terms and conditions).

Governance principle	Section and Ref	Action	Responsible Officer	Target Date	Progress
Principle 6	6	Review and implement the Council's consultation and engagement framework	Head of Housing, Communications and Partnerships	November 2011	**Partial completion - Carried Forward to 12/13** The Council's approach to consultation and engagement with the community, voluntary and private sector partners has been reviewed this year. A new consultation and engagement framework is currently being implemented and a consultation audit is being carried out (see action ref 4 in 12/13 plan)
Identified through the Internal Audit of the Corporate Governance Process 2009/10					
Principle 3	**7**	It is recommended that the Local Code of Governance is approved by Council; considered at the same time as the approval of the Annual Governance Statement. The Local Code of Governance should be updated to include: The date it was last reviewed by the Borough Solicitor; The date of the next review; and The date it was adopted by Council.	Borough Solicitor	July 2010	**Reported 'In progress' in 11/12:** A Report was prepared for submission June 2011 following submission of the 2010/11 AGS to the Audit Committee. However, given that we are changing the ethical standards regime as identified in section 7, it would be appropriate to wait until implementation to devise a Code of Governance around the changes. The Chief Executive has advised that as part of implementing the new standards regime, the Member/officer Protocol should be reviewed. It is anticipated that revised arrangements will be finalised in October 2012. However, this is not considered a significant action for carry forward to 2012/13, as current governance arrangements are considered robust, as indicated by the Internal Audit of Corporate Governance achieving 'substantial assurance'
No significant internal control and governance issues were identified as part of the 2010/11 review of service based governance, leading to actions for 2011/12.					

Planned Improvement Activity

22	Significant Governance Improvement Actions Planned

Significant internal control and governance issues identified as part of the 2011/12 review of the Governance Statement are set out in the table below. The recommendations have been aligned to the six core principles of corporate governance:
  − Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
  − Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles
  − Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
  − Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
  − Principle 5: Developing the capacity and capability of Members and officers to be effective
  − Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

Actions are deemed 'significant' if any of the following applies:
  • The related requirement in the local assessment of six principles has been scored at seven or below
  • The action applies to more than one requirement in the six principles local assessment
  • Analysis of Service Based Assurance Statements identifies a common concern
  • The action is in response to a high risk recommendation advised for inclusion as a result of internal audit activity.

These improvement actions are also set out in the relevant section throughout this report.

Governance principle	Section and Ref	Action	Responsible Officer	Target Date
Significant actions identified through the review of the council's governance process against the six core principles for 2011/12 are set out below:				
Principle 1	Section 7, Action 1	(Action partially completed 2011/12, completion of action carried forward from 2011/12) Complete relevant strands of the Customer Focus Strategy (in particular Customer Access Review Project	Head of Customer Services and Business Improvement	June 2013

Governance principle	Section and Ref	Action	Responsible Officer	Target Date
Principle 4	Section 7, Action 2	(Action carried forward from 2011/12) Complete relevant strands of the Customer Focus Strategy (in particular review of Corporate Complaints procedures)	Head of Customer Services and Business Improvement	March 2013
Principle 6	Section 8, Action 3	(Action partially completed 2011/12, completion of action carried forward from 2011/12) Draft report on revised Consultation and Engagement Framework to Executive	Head of Housing, Partnerships and Communications	July 2012
Principle 3	Section 11, Action 4	Communicate change of values of cooperative principles to staff	Head of Housing, Partnerships and Communications	July 2012
No significant internal control and governance issues were identified as part of the 2011/12 review of service based governance.				
Delivery of governance actions agreed through the 2011/12 Internal Audit of Corporate Governance will be monitored throughout the year by the Council's Corporate Governance Group.				

Approval of Statement

23   Approval of Statement by Chief Executive and Leader of the Council

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Strategic Management Board, relevant officers and the Audit Committee. As outlined above plans to address weaknesses and ensure continuous improvement of the system are in place.

We propose over the coming year to take steps to address the above matters, to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed …………………………………
Date …………………………………….
Cllr Sharon Taylor
Leader of Stevenage Borough Council

Signed …………………………………
Date …………………………………..
Nick Parry
Chief Executive of Stevenage Borough Council