

Annual Governance Report 2012/13

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 putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its 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(3) 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 its communities. 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 services and value for money.
- 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 2013 and up to the date of approval of the Statement of Accounts.

3 The Governance Framework

- 3.1 Corporate Governance Group now forms Part B of Corporate Risk and Governance Group. The Corporate Risk Group and Corporate Governance Group were merged to form part A and Part B of this group from April 2013. The aim of bringing the groups closer together is to enhance the links between risks and governance arrangements, 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 2012/13 Annual Governance Statement.
- 3.3 The key elements of the systems and processes that comprise the council's governance arrangements are summarised in sections 4 to 19.
- 3.4 At the end of each section, any identified improvement actions have been summarised. These actions are set out in the Action Plan at section 21 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. 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 a new corporate plan needed to be developed to reflect the changed economic landscape. 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. It was agreed that the new Corporate Plan would reflect this co-operative approach.

The council's new Corporate Plan was developed in 2012/13 and will be submitted to Council for approval in July 2013.

The plan:

- Reflects a streamlined approach consisting of clear and focussed improvement priorities that are achievable with the council's resources in the current financial context
- Clearly articulates the co-operative approach, recognising that the support and partnership of organisations, residents and staff is needed to run services
- Demonstrates a commitment to community involvement in service design and delivery
- Will assign clear performance measures and targets to monitor success.

The council is currently developing a programme ('Forward Together') aimed at changing the organisation to deliver against the corporate plan in a world of reducing resources.

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 and through development of a co-operative council commitment document in 2012. In addition, the principles were communicated to staff by the Chief Executive at (roadshow) presentations in February 2013 and through promotion of co-operative posters across the council. 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 are established through local consultation.

During 2012/13, consultation and participation activity has included:

- Three Café Choice events – in the town centre in October 2012, December 2012 and March 2013
- Review of Resident Involvement
- Housing Leaseholder Satisfaction survey
- Housing customer conference in June 2013 with 79 attendees
- Council Tax consultation through a variety of methods incorporating views from 1085 residents in total
- Survey on sheltered housing
- Survey on Housing Allocations policy
- Community Safety perceptions of young people consultation focus at Café Choice
- Consultation on draft strategies including the Corporate Social Responsibility strategy and draft community strategy

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 and refreshed in 2012/13, outlining a programme of activity to implement improvements to our equalities and diversity arrangements across the council.

A self assessment to establish the council's state of play on equalities and diversity practice has been initiated during 2012/13 and will be completed in 2013/14. This will help inform the direction of travel and further activities required by the council to improve and develop equalities and diversity.

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.

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

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. 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

The Council's Constitution and administrative procedures have been amended to take account of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. Arrangements have been put in place to ensure that details of Key Decisions to be taken are published 28 days in advance of the decisions being taken. The same applies to decisions to be taken by the Executive in private. Copies of Background Documents (or links thereto) are now also published with each Executive agenda.

Improvement Activity:

The council considers the governance processes in place to '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

During 2011/12 and 2012/13 Stevenage Borough Council and Stevenage Homes followed independent robust complaints policies and procedures. Following the successful transfer of Stevenage Homes to the council on 1 December 2011 the Customer Focus team has initiated work to develop a new process based on best practice from both organisations. The new policies and procedures will be rolled out across the council during 2013/14. The new process will bring together and enable learning from complaints, compliments and customer feedback including ideas, comments and suggestions. Complaints can be received anywhere in the council but are centrally co-ordinated by the Customer Focus team. The new consultation and engagement e-platform will be used to strengthen the customer feedback and complaints mechanisms and support the new arrangements.

On completion of this project the Customer Focus team will conduct reviews across the council Service Delivery Units to improve accessibility and ensure quality of customer care.

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 a scheme devised pursuant to Chapter 7 of the Localism Act 2011.

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. Activity to review and develop the process started in 2012/13 as indicated above and summarised below:

Action: Complete relevant strands of the Customer Focus Strategy, in particular a review of corporate complaints procedures. (Ref 1 of Action Plan at section 21)

Action: Complete relevant strands of the Customer Focus Strategy in relation to Customer Access Reviews. (Ref 2 of Action Plan at section 21)

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 consultation and engagement commenced 2012/13. A summary of progress to date is set out below:

- Residents have been consulted through two Café Choice events in the town centre on their views about where, when and how they would like the council to engage with them.
- A consultation and engagement strategy outlining the principles by which the council will engage with residents and key stakeholders has been developed taking account of feedback from staff and residents.
- The consultation needs of the council have been mapped as well as views of key service managers and heads of service to begin development of a specification for an online e-consultation gateway tool which should decrease costs and improve quality of consultation across the council.
- The mapping of the aggregated cost of consultation across the council has been initiated and will be used to develop a clear business case for the online e-gateway.
- An update of the consultation and engagement guidance and toolkit documents has been initiated.

These activities have informed the online e-gateway and the council's commitment to consultation and engagement as outlined in the new strategy. The strategy will be signed off by Executive in June 2013.

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 and although this is no longer a statutory requirement the facility remains in place.

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

Improvement Activity:

Whilst the council considers the governance processes for 'Communication with All Sections of the Community and Other Stakeholders, Ensuring Accountability and Encouraging Open Consultation' provide sufficient assurance, the consultation framework is currently being reviewed as outlined above.

Action The draft consultation and engagement strategy is scheduled for consideration by Executive in June 2013. (Ref 3 of Action Plan at section 21)

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 terms of reference and Guide to SoStevenage are refreshed annually and ratified at the SoStevenage Annual Forum each January.

The SoStevenage Board consists of 42 members across the public, private and voluntary and community sectors. We are currently two years through the three year term for Board members and elections will need to be held to reconfirm Board membership for January 2014.

The SoStevenage partnership consists of a number of theme partnerships as outlined in the SoStevenage Guide. These partnerships are reviewed as appropriate to ensure effectiveness, good governance and accountability. A review into the SoStevenage Board and Executive frequency and function in 2011 highlighted the positive perceptions amongst partners of the current Board and Executive structure, frequency and purpose. The SoSafe partnership was reviewed and streamlined in early 2011. During 2012/13 work began to review membership and function of the Action for the Environment partnership. This work will continue through to 2013/14. Work will also be carried out in 2013/14 to review the Social Inclusion Partnership and the Business Forum to increase their effectiveness.

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.

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

During 2011/12, the council established shared service arrangements with other Hertfordshire local authorities as outlined below:

- 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.

During 2012/13 Stevenage, East Herts and North Herts councils worked together on a draft business case to explore whether shared support services was a viable option for them in relation to:

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

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

Following North Herts decision to withdraw from shared services arrangements for reasons local to them, Stevenage Borough Council and East Herts Council have reviewed arrangements for the two authorities and agreed to proceed, seeking a formal decision for the following shared services from July 2013:

- ICT
- Print and Graphic design
- Business Improvement

In addition, informal shared service arrangements are being pursued covering payroll and facilities management services focused upon shared procurement and shared use of a common payroll system.

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.

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. Any residual risk score of 10 or above (a 'High' or 'Very High' level risk) is deemed outside the council's risk appetite (above tolerable level). A clear process of escalation for risks above 'tolerable' level is outlined in risk management guidance for officers. Strategic risks are linked to the council's ambitions and priorities. All risks are subject to regular review.

During 2012/13 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

Operational Risk Management

Operational risk 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 local assessment by the Performance and Improvement Team.

In addition, a process of peer review was introduced during 2012/13 to help to embed operational risk management and enhance the quality of operational risk management.

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 (Zurich) have provided a programme of risk management consultancy to strengthen and embed our risk management arrangements. Zurich has provided regular training and awareness workshops to Heads of Service on the council's approach to risk. The council has supported this with in-house training and the offer of one to one training appropriate to need. Officer training is now particularly focused on risk identification and the development of operational level risk registers. Between April 2012 and April 2013, training has been provided for Housing services, Environmental services, Housing, Community and Communications and Leisure services.

Risk management training has been provided for Members annually since 2009/10 as part of the Modern Member Programmes.

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, and no significant improvement actions are identified. The Shared Internal Audit Service assessment of risk management arrangements for 2011/12 achieved a 'substantial assurance' rating. A follow-up audit on the 2012/13 arrangements concluded that any appropriate actions to enhance risk management arrangements had been implemented and no further actions were 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
- The appointment of an independent person as defined in Chapter 7 of the Localism Act 2011.

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.

Later audits have not identified any necessary further improvements.

Complaints regarding Members

The Members' Code of Conduct was revised pursuant to Chapter 7 of the Localism Act 2011 and approved by Council in July 2012. Complaints about Members and allegations that a Member has breached the Code of Conduct are dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer).

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 2012/13, measures have been taken to increase awareness of the code using the council's staff magazine, 'Link'.

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

Organisation's Values

The council has committed to the values of co-operative working through its membership and leadership of the national co-operative council's network. The principles were communicated to the public in the Annual Report 2011 and through development of a co-operative council commitment document in 2012. In addition, the principles were communicated to staff at Chief Executive (road show) presentations in February 2013 and through promotion of co-operative posters across the council. However, further communication with staff is necessary throughout 2013/14 to ensure that the principles are widely applied and embedded in corporate culture. Co-operative council communications is one of a number of communications campaigns that will be undertaken by the Corporate Communications team in 2013/14.

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: Continue to communicate change of values to co-operative principles to enhance understanding (Ref 4 of Action Plan at section 21)

12 Member and Officer Capacity and Capability

The council has a number of ongoing measures and work streams in place to ensure member and officer capacity and capability. These include:

- A member development programme
- A staff learning and development programme
- An apprenticeship programme
- Proactive management of sickness absence
- A project to implement the National Single Status Agreement in respect of pay and reward
- An confidential employee assistance service, available to all employees, offering counselling, financial and legal advice
- A comprehensive Occupational Health Service with access to physiotherapy and psychological services, as necessary
- A proactive employee relations service which ensures that performance and disciplinary matters are resolved promptly and effectively provides advice and support for service restructures, TUPE transfers etc.
- A comprehensive Health and Safety Service which ensures the health, safety and well-being of all employees to enable them to do carry out their roles effectively and safely.

During 2012/13, following the transfer of staff to the council from Stevenage Homes Ltd and the joining together of two Human Resources Services, the Human Resources & Organisational Development Service (HR & OD) has been operating an interim structure pending the outcome of a proposal to establish shared support services with East Herts and North Herts Councils as it was not prudent to undertake a formal restructure before the outcome of this proposal was known. This interim structure meant that there was no Head of Service in post between June 2012 and January 2013, and a number of posts were either left vacant, or filled on a short-term basis, resulting in a significant backlog of work.

In January 2013, agreement was reached that the shared services proposal would not go ahead in respect of HR & OD and the council was therefore in a position to take steps to establish a permanent structure for the HR & OD Service. An interim Head of Service was appointed from February 2013 and in March 2013, the council's Strategic Management Board gave approval to proposals for a permanent structure for the service. A consultation process was launched with staff affected during the same month. This was quickly followed by the appointment of a permanent Head of HR & OD.

The permanent structure will be finalised by the end of October 2013. The HR & OD Service will be structured into four teams to support member and officer capacity and capability as follows:

Strategic HR & OD (Head of HR & OD)

Development and implementation of Council-wide HR & OD strategy.

Learning and Development

Leadership and management development.

Workforce development.

Performance Development Management (PDM) policy and process.

Investor in People.

Apprenticeship programme.

Induction.

Employee Resourcing

Recruitment (including safeguarding).

Pay and reward (post implementation of Single Status).

Workforce planning.

On-line HR manager/employee self service.

HR system.

12 Member and Officer Capacity and Capability

Business Partnering and Policy Development

Employment policy.

Employee relations work.

Strategic and professional HR advice and support.

Health and Safety

Compliance with Health and Safety legislation.

Professional advice in respect of best health and safety practice.

Improvement Activity:

The council considers that the governance processes in place to monitor and develop 'Member and officer capacity and capability' are sufficient when implemented. However, as a result of the interim structure in place for HR during 2012/13, corporate induction has been in a period of review and no formal corporate induction events have been carried out. The corporate induction programme was discussed with Strategic Management Board in March 2013 and is due to recommence, with a target for all staff recruited this year to attend induction training by end of June 2013.

Action: Revised Induction Programme to be delivered during 2013/14 and induction modules to be developed tailored to staff needs. (Ref 5 of Action Plan at section 21)

The implementation of Single Status is currently in progress to harmonise terms and conditions. Though it is recognised that a review of the performance appraisal process may enhance meaningful performance dialogue for all staff with their managers, activity to develop the council's People Strategy and competency based framework will be scheduled following implementation of Single Status to ensure appropriate alignment of policies and procedures.

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 Audit Champion 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.

2012/13 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 2013. From the internal audit work undertaken in 2012/13 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.

13 Internal Audit Arrangements

The 2011/12 Annual Governance Statement highlighted some particular recommendations relating to governance for declaration of officer interests. A follow-up audit was carried out by the Shared Internal Audit Service in 2012/13. The resulting report indicated that where appropriate, activity to address the recommendations has now been implemented as summarised below:

Recommendation	Status February 2013
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	Implemented: The Strategic Director (Resources) reviews the Register each month and passes any relevant information on to appropriate Strategic Director / Head of Service. Details of his actions are recorded.
Procedures for the management review of the Interest Register should be developed and approved for use.	Implemented: The Officer Code of Conduct sets out details of the rules regarding declaration of interests.
Separate registers for Officer Interests, and Gifts and Hospitality are maintained	No further action: The Council receives very few declarations of interests that to retain two separate registers would be inefficient.
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	Implemented: Declarations made by the Strategic Director resources would be referred to the Chief Executive.

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 2012/13 the membership of the Audit Committee includes one Executive Member and two Opposition Members. The Chair 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. Following consultation, the Department for Communities and Local Government (CLG) published a draft Local Audit Bill in July 2012 setting out a vision for the new Local Audit Framework. The draft Bill identifies that bodies will appoint their own (eligible) auditors and sets out the requirements of that process. In summary:

- The requirement for local bodies to take into consideration the advice of an independent panel before making the appointment of their auditor.
- This independent 'auditor panel' must consist of a majority of independent members, and have an independent chair.
- Appointment of the auditor will be made by the full council on the advice of an Independent Auditor Appointment Panel.

14 Audit Committee

Consultation on the Draft Bill was carried out between July and August 2012. In January 2013, a Committee appointed by the Government to conduct pre-legislative scrutiny of the Draft Local Audit Bill published its findings. The Government responded to a variety of recommendations made by the Committee at the end of April 2013. In relation to a recommendation for the performance of the new audit framework to be included in the Government's post-implementation review, the Government has committed to undertake a post-implementation review of the new audit framework once it is in operation and the impact in terms of costs and benefits to the public sector.

The council currently has a contract with Grant Thornton for the provision of External Audit Services. This arrangement continues until 2016/17.

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 Medium Term Financial Strategy 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.

Identification of savings is Member led and focussed on the alignment of financial resource to corporate direction and delivery of service priorities, creating a clear link to the council's corporate plan.

Savings and growth options are reviewed by a cross party group (Leaders Services Priority Group) before approval by the Executive and Council. Options that are approved as part of the budgetary process have implementation plans where appropriate and staff related options are co-ordinated by Human Resources.

The council are currently reviewing the budget implementation process, developing a new methodology to enable the delivery of the necessary £3m savings over the next three years that results from the projected reduction in government funding and other economic pressures.

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 2012/13:

Face to face

- Engagement with voluntary and community sector groups currently in receipt of community funding, and engagement with the youth council and other youth related stakeholders relating to specific 2013/14 budget proposals.
- A Café Choice event was held in the town centre to consult on the council's key priorities for improvement as outlined in the draft Corporate Plan 2013-2018. These priorities inform the council's policy framework from 2013/14 to 2018 and therefore drive the council's medium term budget setting process.

Online

- Opportunities for people to contribute to the budget consultation exercise were provided through a dedicated area on the Council's website that brings 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 comment specifically on the 2013/14 budget proposals.

Feedback that the council received as part of the community engagement process will continue to be fed into the budget setting process. Information about how the community have been, and can continue to be, involved in the process will be included in any communications around the proposals.

15 Ensuring Economic, Efficient and Effective Use of Resources

A quantitative survey of residents across the town is being planned during 2013 to help inform the Medium Term Financial Strategy. This will enable residents to input into any strategic discussions around longer-term budget savings and the future shape of the council.

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. The 2011/12 Annual Audit Letter stated that 'The Council has a good track record in managing expenditure against budget. This reflects good performance in challenging times'.

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 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 (a cross-party group) reviewed the savings and the Council's Medium Term Financial Strategy (MTFS) and the assumptions underpinned within it and associated policies e.g. Fees and Charges Strategy. The council are currently developing a new methodology to enable the delivery of the necessary £3m savings over the next three years that results from the projected reduction in government funding and other economic pressures. 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) - 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 2012/13 include the following:

- The setting of detailed annual budgets, Council Tax, Housing Rents and Capital Programme
- Review of the 30 Year Housing Revenue Account (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

16 Financial Management

- 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
- The Capital Strategy has been reviewed and has been replaced by a 15 year investment need which comes into force 1 April 2013 and replaces the current 5 year strategy.
- 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 enhanced its treasury management arrangements following the Icelandic Banks collapse in line with the CIPFA Revised Treasury Management Code and Guidance. This included 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 implementation of these arrangements refreshed the council's focus on the importance of financial security, liquidity and yield from investments, security being the most important. Officer Treasury Management meetings are regularly held between the Treasury Team and the Assistant Director (Finance) and there is an Member Treasury Management Steering Group which is updated and debates any potential changes to the Strategy, (e.g. Use of Money Market funds) prior to formal inclusion in the Strategy.

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 document has now been replaced by the 15 Year Investment Need for the Council's assets. Over the last few years more than £8million has been deferred/deleted from the capital programme as a result of declining in year capital receipts, while still supporting the council's ambitions and priorities. The 15 year Capital Investment Need has identified that from 2015/16 there is a shortfall in resources which officers are currently reviewing. The Investment Strategy has been developed in consultation with stakeholders and partners and is co-ordinated by the Corporate Capital Review Group. The Leaders Services Priority Group is to review the Investment Need identified for 2014/15 onwards during the 2013/14 financial year.

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, with a further £0.73million in 2012/13. The Council has achieved General Fund savings of some £8.4million since 2007/08. However a further £3million is required over the period 2014/15 to 2016/17.

16 Financial Management

Budget Management and Reporting –Budget variances and reasons for the variance are reported to SMB quarterly initiating the quarterly budget monitoring process to manage budget over and under spends and the impact on the council’s financial reserves. Following senior management scrutiny, reports are submitted to the Executive for approval. The financial impact on future years is highlighted in the reports together with the impact on current financial reserves. This then feeds into the risk management assessment of the council’s provisions and 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.

17 Performance Management – Objectives And Service Delivery

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.

During 2012/13, the Scorecard was presented to Executive on a quarterly basis by the Chief Executive. This process has been reviewed and from quarter four 2012/13, results will be presented to Leader's Briefing 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.

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. In 2012/13, the Customer Services team have yet again got the seal of approval from Govmetric –The team was awarded a runner up Gold Star for excellent customer services in recognition of their commitment to attaining customer feedback.

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 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 newly implemented Public Sector Internal Audit Standards for Internal Audit in Local Government in the UK was undertaken by the Head of Assurance.

The self-assessment concluded that the system of Internal Audit at Stevenage Borough Council is effective. External Audit have confirmed that they place reliance on the work of the Shared Internal Audit service provided at Stevenage Borough Council.

The 2011/12 Annual Governance Statement reported that 92% of the planned audit days were completed by 31 March 2012, no target was set by the SIAS Board due to it being a transitional year for the service. The performance in 2012/13 has improved, with the delivery of 97% of the planned days by 31 March 2013 against a target of 95%.

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

19 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 senior 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 (see section 13, page 20)
- Identification and appropriate review and communication of the authority's vision, ambitions and priorities
- Annual service planning processes, to align service development against strategic goals
- 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
- 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.

19 Review of Effectiveness of Internal Control

In March 2013, Internal Audit assigned 'Limited Assurance' to two audits relating to the contract management associated with the delivery of roofing reparations and other capital enhancements.

The 2013/14 Internal Audit Plan includes follow up audit activity to provide assurance to Audit Committee Members on the implementation status of outstanding recommendations and actions.

Improvement Activity: The self assessment concluded that the system of Internal Control at Stevenage Borough Council is effective. Any activity to address high priority recommendations made by Internal Audit as a result of their assessment of internal control process is monitored by the Audit Committee.

Progress on delivering improvement activity

20 Progress on 2012/13 Action Plan

The following significant internal control and governance issues were identified in the 2011/12 Governance Statement for delivery in 2012/13. Progress on the action plan is outlined below:

Governance principle	Section and Ref	Action	Responsible Officer	Target Date	Progress
Progress against the significant actions for 2011/12 identified through the review of the council's governance process against the six core principles at March 2011 is set out below:					
Principle 1	Ref section 7	Complete relevant strands of the Customer Focus Strategy (in particular Customer Access Review Project)	Head of Customer Services and Business Improvement (responsibility transfers to Head of Housing Community and Communications from June 2013)	June 2013	(Action partially completed during 2011/12 and 2012/13) Partial Completion - Carried Forward to 13/14 (see action ref 2 in 13/14 plan) On completion of the action below the Customer Focus team will conduct reviews across the council Service Delivery Units to improve accessibility and ensure quality of customer care.
Principle 4	Ref Section 7	Complete relevant strands of the Customer Focus Strategy (in particular review of Corporate Complaints procedures)	Head of Customer Services and Business Improvement (responsibility transfers to Head of Housing Community and Communications from June 2013)	March 2013	Carried Forward to 13/14 (see action ref 1 in 13/14 plan) Following the successful transfer of Stevenage Homes to the council on 1 December 2011 the Customer Focus team has initiated work to develop a new process based on best practice from both organisations. The new policies and procedures will be rolled out across the council during 2013/14.

Governance principle	Section and Ref	Action	Responsible Officer	Target Date	Progress
Progress against the significant actions for 2011/12 identified through the review of the council's governance process against the six core principles at March 2011 is set out below:					
Principle 6	Ref Section 8	Draft report on revised Consultation and Engagement Framework to Executive	Head of Housing, Community and Communications	July 2012	Action revised (see action ref 3 in 13/14 plan) A consultation policy framework and consultation and engagement strategy are in development. The draft strategy has been developed in consultation with key stakeholders to ensure a range of views have been considered. A consultation toolkit is currently in development and completion is anticipated June 2013.
Principle 3	Ref Section 11	Communicate change of values of cooperative principles to staff	Head of Housing, Community and Communications	July 2012	Complete Cooperative Principles communication to staff: - Posters promoting co-operative working have been developed and displayed in Council buildings - Chief Executive Road shows in February 2013 made reference to the Council's cooperative approach. A further programme of internal communication activities is being developed. (see action ref 4 in 13/14 plan) Cooperative Principles communication to the community: - Initially communicated in the 2012 Annual Report - Council's co-operative commitment document is available on the council's website. - New draft Corporate Plan includes the co-operative principles and ethos. - New Stevenage Community Strategy includes the SoStevenage partnership's co-operative principles.
No significant actions were identified through the Internal Audit of the Corporate Governance Process 2011/12.					
No significant internal control and governance issues were identified as part of the 2011/12 review of service based governance, leading to actions for 2012/13.					

In addition to the actions assigned for delivery in 2012/13, additional improvement activity, for delivery following the implementation of Single Status (harmonisation of pay and rewards) was identified to enhance arrangements relating to Member and officer capacity and capability:

Governance Principle	AGS Section	Action	Responsible Officer	Comment
Principle 5	Section 12	Implement a competency based framework for Job Descriptions, Person Specifications and associated appraisals	Head of Human Resources and Development	<p>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).</p> <p>Consideration will be given to the appropriate way forward once Single Status has been implemented.</p> <p>The implementation of Single Status will address some common competencies through associated grading.</p>
Principle 5	Section 12	Refresh and update the Council's People Strategy (to include consideration of future workforce requirements)	Head of Human Resources and Development	<p>The development of the Council's People Strategy has been deferred by the Council's Strategic Management Board, as revisions need to consider the implementation of Single Status (complete harmonisation of terms and conditions).</p>

Planned Improvement Activity

21 Significant Governance Improvement Actions Planned

Significant internal control and governance issues identified as part of the 2012/13 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 4	Section 7, Action 1	Complete relevant strands of the Customer Focus Strategy (in particular review of Corporate Complaints procedures)	Head of Housing, Community and Communications	March 2014

Governance principle	Section and Ref	Action	Responsible Officer	Target Date
Principle 1	Ref section 7, Action 2	Complete relevant strands of the Customer Focus Strategy (in particular Customer Access Review Project)	Head of Housing, Community and Communications	On completion of the action above the Customer Focus team will conduct access reviews across the council Service Delivery Units to improve accessibility and ensure quality of customer care.
Principle 6	Ref Section 8, Action 3	Draft Consultation and Engagement Strategy to Executive	Head of Housing, Community and Communications	June 2013
Principle 3	Ref Section 11, Action 4	Continue to communicate change of values to co-operative principles to enhance understanding	Head of Housing, Community and Communications	June 2013
Principle 5	Ref Section 12, Action 5	Revised Induction Programme to be delivered during 2013/14 and induction modules to be developed tailored to staff needs.	Head of Human Resources Organisational Development	March 2014
Activity in response to high risk recommendations relating to the contract management associated with the delivery of roofing repairs and other capital enhancements referred to in section 19 will be monitored by the Audit Committee.				
No significant internal control and governance issues were identified as part of the 2012/13 review of service based governance.				
Delivery of governance actions agreed through the 2012/13 Internal Audit of Corporate Governance will be monitored throughout the year by the Council's Corporate Governance Group.				

Approval of Statement

22 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, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed are outlined in the tables above at sections 20 and 21 respectively.

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