Annual Governance Statement 2013/14

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, which requires all relevant bodies to prepare 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 authority's 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 2014 and up to the date of approval of the Statement of Accounts.

3	The Governance Framework

3.1   Corporate Governance Group meet at least four 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 2013/14 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
Residents, partners and staff views on priority activity and perceived outcomes are established through local consultation. During 2013/14, consultation and participation activity included:

- A postal Residents Survey to capture residents' general views and perceptions of the council and the services we provide.

- Various methods were used to ensure that all stakeholders were provided with opportunities to be involved with the budget setting process:
  - A telephone survey was carried out seeking residents' views on the prioritisation of services and the savings exercise
  - Residents were provided with an opportunity to contribute views on the budget setting proposals online
  - Four staff focus groups were held between August and September 2013.

- The Café Choice consultation process was used to establish residents' service priorities and the impact of savings options:
  - The first two café choices established residents' service priorities and preferred options for achieving savings.
  - For the third Café Choice a range of proposals taking these priorities into account were tested. Respondents were asked their opinion about how much each proposal would affect them.

- Consultation was carried out with Community Associations on community centre usage, finances and governance arrangements.

- A postal satisfaction survey of our General Needs Housing tenants was carried out. Undertaken every two years, the survey helps to assess our performance in meeting the needs and aspirations of tenants.

The council's vision for the town, and strategic ambitions and associated priorities are shaped by the views expressed by residents and 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.

The council's new Corporate Plan was developed in 2012/13 and approved by Council in July 2013.

The plan:
- Sets out improvement priorities that are achievable with the council's resources in the current financial context
- Articulates the council's co-operative approach to service delivery, 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.

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.

4 Establishing and Monitoring the Achievement of Objectives

In October 2013, the council invited a team from the Local Government Association to carry out a corporate peer challenge at the council. The team concluded, as part of their 'health check' of the organisation that, the council had a clear set of well-grounded and understood political priorities that were detailed in the corporate plan. However, the council would need to manage expectations and organisational resources, recognising that not all priorities could be delivered at once. In response, the council has been reviewing the content of the Corporate Improvement Programme to ensure that projects for delivery are appropriately prioritised having consideration for organisational resource available.

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.

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.

Corporate Values
In April 2014 the council launched its new corporate values which will support the council's co-operative approach to service delivery outlined in the Corporate Plan. The new values focus on improving the lives of Stevenage residents and will guide the way in which elected members, senior officers, managers and all SBC staff work and behave in the future, both inside the organisation and externally with residents, partners, stakeholders and those who pay for council services.

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. All Executive meetings are open to the public but on occasions the press and public may be excluded if it is considered necessary. Notification of major and 'key' decisions to be taken or any decisions to be taken by the Executive in private must be published at least 28 days before the decision is taken. 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 to take non-Executive decisions and an Audit Committee has also been appointed as an Advisory Committee to the Council. The political management structure is detailed in the Council's Constitution which is subject to periodic review.

In October 2013, the Local Government Association peer team invited to carry out a corporate peer challenge at the council, stated in their feedback that, "It was evident that there was strong and well-articulated political leadership who are effective advocates at a local, regional and national level."

5   The Facilitation of Policy and Decision-Making

Overview and Scrutiny

The Council has four Scrutiny Committees – one Overview and Scrutiny Committee and three Select Committees each with a different area of responsibility. The Committees undertake scrutiny studies on topics/services they decide upon for themselves, and also assist Portfolio Holders in developing new policies. This approach provides an opportunity for members to carry out service reviews in which they undertake their own research, with each Member taking a lead on a specific area, setting up focus groups and receiving feedback and challenge from external agencies and residents. In addition, arrangements to safeguard against conflicts of interest and ensure robust and transparent decision making have been sustained and are considered robust. Additionally the Overview and Scrutiny Committee formally considers budget and policy framework matters before final consideration by the Executive and recommendation to Council. The decisions of the Executive are submitted to the Overview and Scrutiny Committee 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.

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 are reviewed at least annually and Contract Standing Orders are reviewed as required with any proposed amendments 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 Guidance
- 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
Stevenage Homes successfully transferred to the council on 01 December 2011. We have two separate corporate complaints systems (one for housing services and one for non-housing council services). Both systems and processes are effective. The customer focus team are developing a new process based on best practice from both the housing services system and the system in place for other council services. The new improved customer complaints and feedback system will facilitate effective monitoring to review service quality and enable learning from feedback & complaints. This will be in place from 01 July 2014. In addition, online consultation opportunities will be used to strengthen the customer feedback and complaints mechanisms and support the new arrangements.

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, activity to review and develop the process is being carried out as indicated above and reflected in the action below:
Action: Review and implement an aligned customer complaints and feedback mechanism.
        (Action 1 of Action Plan at section 21)

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. Following initial consultation with residents regarding how they would like the council to engage with them, a consultation strategy was developed and approved by Executive in June 2013.

One of the areas of council focus the Local Government Association peer team invited to carry out a corporate peer challenge on the council in October 2013 were asked to consider was the council's plans for improving relationships and engagement with our citizens. In their feedback, the peer team stated that the council's, "Engagement with citizens is strong. Member's community representative role is clearly embedded and, encouragingly, appreciated and acknowledged by officers."

A system to provide opportunities for online consultation and engagement is currently being developed to improve the quality and accessibility of our consultation activity. However, in addition to enhancing online engagement opportunities, the council continues to provide a range of appropriate opportunities for residents to get involved. Opportunities offered in 2013/14 are summarised in section 4.

In May 2009 the council was assessed as 'achieving status' of the Equalities Standard for Local Government. At this time the council put plans in place to strive for Excellent Accreditation under the Framework. A self-assessment was completed in spring 2013 to identify the gaps and risks that existed to obtaining this award and a number of recommendations made. In light of the reducing resources available, the council has now put in place a revised action plan 'Accessible Services, Inclusive Communities' that will support its new aim to be re-accredited with Achieving status in 2016.

Our plans and approaches with regard to consulting and engaging our communities, promoting equality and celebrating diversity demonstrate our commitment to positive outcomes for local people. The council wants to ensure that all of our diverse communities are able to have a say in council decision-making, and can access council services that are fair, open to everyone who needs them and support people in having the same outcomes as everyone else.

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

Councillor Call for Action
The council introduced in April 2009 the Councillor Call for Action arrangements (CCfA). The arrangements are 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.

Improvement Activity:
The council considers the governance processes for 'Communication with All Sections of the Community and Other Stakeholders, Ensuring Accountability and Encouraging Open Consultation' robust and no significant improvement actions have been identified.

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 significant partnership arrangements 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 41 members across the public, private and voluntary and community sectors. Board terms are for three years and Board membership was refreshed at the 2014 Annual Forum. Elections will be required in January 2017.

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. During 2012/13 work began to review the membership and function of the Action for the Environment partnership. This work continued through to 2013/14 and the partnership has been refreshed and renamed the SoStevenage Environmental Partnership. Work was carried out in 2013/14 to review the Social Inclusion Partnership that will improve focus on completing key actions.

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

The council has established shared service arrangements with other Hertfordshire local authorities as outlined below:

- A Shared Internal Audit Service (SIAS) has been in place since July 2011
- A Housing Benefits and Local Taxation Service shared with East Herts District Council has been live since the end of March 2012
- A shared service for ICT, Print and Graphic Design, and Business Improvement went live August 2013.

The council hope that sharing services will result in improvements to the sustainability and resilience of those services, delivering a level of quality and efficiency that is not achievable individually.

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

Governance arrangements for the shared services are likely to differ. However, there are a number of common principles that apply to all. 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

10   Risk Management

Policy and Direction

The council has an approved Risk Management Policy, and a Risk Management Guide is available to all employees.

During 2013/14 each service has identified both Strategic and Operational risks. Strategic risks are linked to the council's ambitions and priorities and 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.

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. All risks are subject to regular review.

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 and management 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
- Monitors consistency of risk management across key partnerships
- Considers the status of operational risk registers on a quarterly basis
- Reviews high/very high operational risks on a six monthly basis
- Considers the risk prioritisation elements and impact levels that contribute to the council's risk appetite
- Considers and contributes to the provision of risk management training and guidance for officers and Members as required

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. In addition, a process of operational risk peer challenge at Director Management Meetings introduced in 2012/13 helps to embed and enhance the quality of operational risk management. Any risks identified for escalation to strategic level are added to the quarterly review of the Strategic Risk Register and reported to Strategic Management Board.

A report on the review 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 when the register was last considered by the relevant Directorate Peer Group.

10	Risk Management

Operational risk management arrangements for 2013/14 were considered by the Shared Internal Audit Service achieving a "substantial" assurance audit opinion (issued February 2014).

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 2013 and April 2014, training has been provided for the Housing, Community and Communications service (now restructured to Business Strategy, Community and Customer Services), Leisure, Environmental Health and Children's Services, and the Human Resources and Organisation Development Service.

Between 2009/10 and 2012/13 risk management training was provided for Members annually as part of the Modern Member Programme. In 2012/13, the 'pocket, Risk Management Guide' was launched that provides Members with guidance in identifying and assessing risks to inform the decision making process. Corporate Risk Group has agreed for further risk management training to be offered to Members during 2014.

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 corporate risk management arrangements for 2013/14 achieved a 'substantial assurance' rating.

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 July 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.

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

Corporate Values

In April 2014 the council launched its new corporate values. The new values replace the council's current values, Stevenage Homes Ltd values, and Co-operative Principles. The new values focus on improving the lives of Stevenage residents and will guide the way in which elected Members, senior officers, managers and all Stevenage Borough Council staff work and behave in the future, both inside the organisation and externally with residents, partners, stakeholders and those who pay for council services.

In order to achieve real and lasting behaviour change the new values will be embedded into the council's Modern Member Programme, the Leadership and Management Programme and the Gateway to Management Programme.   A set of desired leadership and management behaviours and staff behaviours associated with the values will be developed and will form part of the council's appraisal process for officers. These behaviours will also be taught in all the council's staff development programmes and all relevant Human Resources policies and procedures will be operated in accordance with the values.

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, new corporate values were launched in April 2014 and the council are taking a pro-active approach to ensure that the values are embedded corporately. Planned activity is set out below:

Action: Incorporate the new corporate values into the Corporate Learning and Development Programme and Leadership and Management Programme (Action 2 of Action Plan at section 21)

Action: Embed the new corporate values into new Human Resources Policies, as appropriate. (Action 3 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 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 carry out their roles effectively and safely.

In the 2012/13 Annual Governance Statement, improvement activity was identified relating to the reinstatement of corporate induction and development of induction tailored to individual needs. Following a period of review, corporate induction training was reinstated in July 2013 and is currently carried out every two months. Further development to 'routeway induction plans', tailored to individual needs is planned for 2014/15.

In addition, to support the development of staff two new development programmes have been introduced:

- Gateway to Leadership
- Leadership and Management Development Programme.

It was also advised that the implementation of Single Status was in progress - New terms and conditions for council officers as part of implementation have now been developed resulting in the harmonisation of remuneration arrangements for all council staff. The new terms and conditions will apply from 1st July 2014.

Improvement activity to develop a competency framework had previously been deferred to allow for the development of policies and procedures resulting from the implementation of Single Status. A competency framework for job descriptions, person specifications and associated appraisals is now in the early stages of development, with the following actions completed:

- A new specific competency template has been introduced and is now in use for all new/revised jobs.
- Appraisals process reviewed in 2013/14 with implementation planned for September 2014 based on a competency framework.

12   Member and Officer Capacity and Capability

During 2013/14, the Human Resources & Organisational Development Service was structured into four teams to support member and officer capacity and capability. The service is now effectively delivering the following functions:

Strategic Human Resources & Organisational Development (Head of Human Resources & Organisational Development)
Development and implementation of Council-wide Human Resources & Organisational Development strategy.

Learning and Development
Leadership and management development.
Workforce development.
Performance Development Management (PDM) policy and process.
Apprenticeship programme.
Induction.

Employee Resourcing
Recruitment (including safeguarding).
Pay and reward (post implementation of Single Status).
Workforce planning.

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:
Whilst the council considers that the governance processes in place to monitor and develop 'Member and officer capacity and capability' are sufficient, improvement activity has been identified to enhance the corporate induction process and to facilitate effective performance appraisal dialogue between staff and their managers.

Action: Develop and implement 'routeway induction plans' to tailor the induction process to individual needs. (Action 4 of Action Plan at section 21)
Action: Continue with the implementation of a competency based framework for job descriptions, person specifications and associated appraisals. (Action 5 of Action Plan at section 21)
Action: Implement and embed the recently revised performance appraisal process. (Action 6 of Action Plan at section 21)

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.

2013/14 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 2014. From the internal audit work undertaken in 2013/14 the Shared Internal Audit Service (SIAS) can provide Substantial 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 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.

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 Audit Partnership Manager's Annual Report and opinion
- to consider summaries of specific internal audit reports, as requested

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 from the National Audit Office over the appointment of the External Auditor
- scope and depth of external audit work

- Arrangements made for the cooperation between Internal Audit, External Audit and other bodies
- 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 2013/14 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 being considered as part of the review of audit and accountability arrangements across local government. The Local Audit and Accountability Act 2014 received Royal Assent in January 2014. The Act delivers the Government's commitment to close the Audit Commission and replace it with a new local audit framework. Part three of the Act sets out the requirements for local authorities to appoint an external and independent auditor within specified timeframes, and using a specified process.

The council currently has a contract with Grant Thornton for the provision of External Audit services. This arrangement continues until September 2015.

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. In order to take a longer term view and to change the focus needed for the setting of prudential budgets, a new approach of Priority Based Budgeting (PBB) has been developed for the financial years 2014/15 to 2016/17. PBB has identified and prioritised savings across the whole organisation, which will help to ensure that the council's financial and service delivery priorities are achieved over the next three years. PBB helps to set the future focus of the council in a world of diminishing resources.

The PBB process has six key stages from Stage 1 – Determining the baseline, Stage 2-Engagement through to Stage 6 – Implementation and change management. The savings options identified spanned the three year period of the PBB process and were agreed by Members in November 2013 for both the Housing Revenue Account and the General Fund.

The Local Government Association peer team invited to the council to carry out a corporate peer challenge in October 2013 were asked to challenge and feed into the council's approach to Priority Based Budgeting and the council's future plans for financial and organisational resources. The peer team's feedback in relation to financial planning was very positive, stating that, "The council has a strong approach to financial management and the approach to Priority Based Budgeting (PBB) has enabled Members, staff and VCS partners to be well informed on the financial challenges faced by SBC."

The financial planning process commences with the Medium Term Financial Strategy in July and the identification of budget pressures and savings targets. 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.

Following public consultation, formal approval (growth bid) follows as part of the annual budget setting process in January for the Housing Revenue Account and February for the General Fund.

In year pressures are reported to SMB and Executive, as part of the quarterly monitoring process for approval, with any mitigating actions.

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.

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 carried out a series of consultation exercises to support the PBB process in prioritising services and savings options for the period 2014/15- 2016/17 in response to the forecasted Government funding reductions. The consultations were conducted in line with Government guidelines and with the Council's Co-operative commitment to involve the public in decision making.

Participants were provided with the background for the required savings and potential delivery options and asked to indicate their preferred approach, and priority services.

15   Ensuring Economic, Efficient and Effective Use of Resources

In order to ensure that a cross-section of stakeholders were involved, a variety of opportunities for input were provided, as summarised below:

- Two Café Choice events were held in the town centre
- A telephone survey was carried out involving 1,000 residents
- Residents were provided with an opportunity to contribute online
- Four staff focus groups were held during August and September 2013

Feedback the council receives 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 is included in communications around the 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. The 2011/12 Annual Audit Letter highlighted the council's good track record in managing expenditure against budget, reflecting a good performance in challenging financial times. The 2012/13 Annual Audit Letter acknowledges that this has continued into 2012/13.

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. This was achieved by 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 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.

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 decisions 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 2013/14 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
- 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
- Detailed monitoring of the council's Capital Schemes through quarterly monitoring 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
- The Capital Strategy has been reviewed and has been replaced by a 15 year investment need which came into force 1 April 2013 and replaced the current 5 year strategy.

16   Financial Management

− 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 a 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 Chief Financial Officer has set a debt cap of £1.5m for total revenue borrowing costs and a new integrated financial planning process is to be introduced from 2015/16. From 2014/15, a new capital reserve will be established to minimise the impact of borrowing on the General Fund.

Budget Preparation – The council has a robust budgeting process driven by the objectives outlined in its Corporate Plan. Since 2007/08, the General Fund has made cumulative savings of £10.4m. In 2014/15, Members approved a General Fund savings package of £1.123m and a Housing Revenue Account savings package of £623,000.

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.

16   Financial Management

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 2013/14, the Scorecard was presented to Executive Members on a quarterly basis by the Chief Executive, and presented to Overview and Scrutiny Committee by the Strategic Director Resources on a quarterly basis.

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.

The Customer Service Centre continues to achieve high levels of feedback from Customers who telephone or use the walk-in service. In 2013/2014, a total of 27,157 customers left feedback on the feedback system and in addition many customers provide verbal feedback of their experience.

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 2012/13 Annual Governance Statement reported that 97% of the planned audit days were completed by 31 March 2013, against a target of 95%. The performance in 2013/14 has improved, with the delivery of 99% of the planned days by 31 March 2014 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.
−   Ensuring that Head of Internal Audit arrangements provided through the Shared Internal Audit Service conforms to the 2010 CIPFA Statement on the role.

19   Review of Effectiveness of Internal Control

In the 2012/2013 Annual Governance Statement, 'Limited Assurance' relating to the contract management associated with the delivery of roofing reparations and other capital enhancements were advised. The follow-up Audit Reports issued by the Shared Internal Audit Service advise that improved controls are now in place resulting in 'Substantial Assurance' with good levels of assurance to support the Annual Governance Statement.

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 2013/14 Action Plan

The following significant internal control and governance issues were identified in the 2012/13 Governance Statement for delivery in 2013/14. 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 2013/14 identified through the review of the council's governance process against the six core principles at March 2013 is set out below:					
Principle 4	Section 7, Action 1 June 2013 AGS	Complete relevant strands of the Customer Focus Strategy (in particular review of Corporate Complaints procedures)	Head of Business Strategy, Community and Customer Services	March 2014	**In progress** Currently, two separate corporate complaints systems are used for the logging of customer complaints (the housing feedback system and the council's 'response' system). From 1 July 2014 an interim process for logging complaints using the existing housing system will be implemented. Further work will be carried out in 2014/15 to enhance customer feedback systems and opportunities. (see Action 1 2014/15)
Principle 1	Ref section 7, Action 2 June 2013 AGS	Complete relevant strands of the Customer Focus Strategy (in particular Customer Access Review Project)	Head of Business Strategy, Community and Customer Services	On completion of the action above	**In progress** A new customer focus programme is being developed that will incorporate the customer feedback system (referred to above), customer accounts, online customer access options, and automated payment systems. (see Action 1 2014/15)
Principle 6	Ref Section 8, Action 3 June 2013 AGS	Draft Consultation and Engagement Strategy to Executive	Head of Business Strategy, Community and Customer Services	June 2013	**Complete** Consultation and Engagement Strategy approved by June 2013 Executive

Governance principle	Section and Ref	Action	Responsible Officer	Target Date	Progress
Progress against the significant actions for 2013/14 identified through the review of the council's governance process against the six core principles at March 2013 is set out below:					
Principle 3	Ref Section 11, Action 4 June 2013 AGS	Continue to communicate change of values to co-operative principles to enhance understanding	Head of Business Strategy, Community and Customer Services	June 2013	**Complete** The councils approach to co-operative working was embedded in the 2013 Corporate Plan. New Stevenage Borough Council Values came into effect from April 2014. Initial communication has taken place with staff through Chief Executive Roadshows, team cascade and the staff magazine.
Principle 5	Ref Section 12, Action 5 June 2013 AGS	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	**In progress** The corporate induction programme has been reinstated. Further work is required to tailor the induction process to individual needs. (see Action 4 2014/15)
Activity in response to high risk recommendations relating to the contract management associated with the delivery of roofing reparations and other capital enhancements referred to in section 19 of the June 2013 Annual Governance Statement was monitored by the Audit Committee. The follow-up Audit Reports issued by the Shared Internal Audit Service during 2013/14 advise that improved controls are now in place resulting in 'Substantial Assurance' with good levels of assurance to support the Annual Governance Statement.					
No significant actions were identified through the Internal Audit of the Corporate Governance Process 2012/13, leading to actions for 2013/14.					
No significant internal control and governance issues were identified as a result of the 2012/13 review of service based governance, leading to actions for 2013/14.					

In addition to the actions assigned for delivery in 2013/14, additional improvement activity, for delivery following the implementation of Single Status (harmonisation of pay and rewards) was identified in the 2013 Annual Governance Statement to enhance arrangements relating to Member and officer capacity and capability. Some progress has been made against these actions as outlined below:

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	A competency framework for job descriptions, person specifications and associated appraisals is now in the early stages of development with the following actions completed: A new job specific competency template has been introduced and is now in use for all new/revised jobs. The appraisals process has been reviewed with initial implementation of a competency based framework approach from September 2014. (See Actions 5 and 6 for 2014/15)
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	A new People Strategy is currently in draft for formal approval in June 2014 that will enhance the development arrangements for council officers.

Planned Improvement Activity

21	Significant Governance Improvement Actions Planned

Significant internal control and governance issues identified as part of the 2013/14 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 results from internal audit activity that the Shared Internal Audit Service has advised for inclusion in the Annual Governance Statement.

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

Governance principle	Action Ref and Section	Action	Responsible Officer	Target Date
Significant actions for 2014/15 identified through the review of the council's governance process against the six core principles for 2013/14 are set out below:				
Principle 1	Action 1 Section 7,	Following a review of current processes and procedures, implement an aligned customer complaints and feedback mechanism (to include relevant elements of the developing customer focus programme aims) Indicated target date is dependent on implementation of the online consultation gateway.	Head of Business Strategy, Community and Customer Services	March 2015

Governance principle	Action Ref and Section	Action	Responsible Officer	Target Date
Principle 3	Action 2 Section 11,	Incorporate the new corporate values into the Corporate Learning and Development Programme and Leadership and Management Programme	Head of Human Resources and Organisational Development	March 2015
Principle 3	Action 3 Section 11,	Embed the new corporate values into new Human Resources Policies, as appropriate	Head of Human Resources and Organisational Development	March 2015
Principle 5	Action 4 Section 12,	Develop and implement 'routeway induction plans' to tailor the induction process to individual needs.	Head of Human Resources and Organisational Development	March 2015
Principle 5	Action 5 Section 12,	Continue with the implementation of a competency based framework for job descriptions, person specifications and associated appraisals.	Head of Human Resources and Organisational Development	March 2015
Principle 5	Action 6 Section 12,	Implement and embed the recently revised performance appraisal process.	Head of Human Resources and Organisational Development	March 2015

No actions have been advised for inclusion as a result of Shared Internal Audit activity during 2013/14, leading to actions for 2014/15

No significant internal control and governance issues were identified as a result of the 2013/14 review of service based governance for delivery in 2014/15.

No significant actions were identified through the Internal Audit of the Corporate Governance Process 2013/14, leading to actions for 2014/15.

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