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AUDIT COMMITTEE

Date: Wednesday, 24 March 2021

Time: 6.00pm

Location: Virtual (via Zoom)

**Contact: Ian Gourlay (01438) 242703
committees@stevenage.gov.uk**

Members: Councillors: T Callaghan (Chair), J Gardner (Vice-Chair), S Barr, S Booth, L Chester, D Cullen, L Kelly and G Lawrence.
Mr G Gibbs (Independent Co-opted Non-voting Member)

AGENDA

PART I

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 9 FEBRUARY 2021

To approve as a correct record the Minutes of the meeting of the Audit Committee held on 9 February 2021.

Pages 3 – 6

3. PROPOSED SAFS ANTI-FRAUD PLAN 2021/22 AND PROGRESS WITH 2020/21 ANTI-FRAUD PLAN

To consider the proposed Shared Anti-Fraud Services (SAFS) Anti-Fraud Plan 2021/22 and progress with the 2020/21 Anti-Fraud Plan.

Pages 7 – 24

4. SIAS INTERNAL AUDIT PLAN 2020/21 - PROGRESS REPORT

To consider a progress report on the Shared Internal Audit Service (SIAS) Internal Audit Plan 2020/21.

Pages 25 – 42

5. PROPOSED SIAS INTERNAL AUDIT PLAN 2021/22

To consider the proposed Shared Internal Audit Service (SIAS) Internal Audit Plan for 2021/22.

Pages 43 – 62

6. SECTION 106 AGREEMENTS

To consider a report back on Section 106 Agreements, as agreed by the Committee at its meeting held on 17 November 2020.
Pages 63 – 72

7. JOINT ICT INVESTMENT STRATEGY - PROGRESS

To consider a presentation (attached) regarding progress on the Joint ICT Strategy, as agreed by the Committee at its meeting held on 10 September 2020.
Pages 73 – 88

8. REVIEW OF CORPORATE AND SERVICE GOVERNANCE ARRANGEMENTS

To consider a report providing a review of Corporate and Service Governance arrangements.
Pages 89 – 114

9. URGENT PART I BUSINESS

To consider any Part I business accepted by the Chair as urgent.

10. EXCLUSION OF PUBLIC AND PRESS

To consider the following motions –

1. That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.
2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

11. STRATEGIC RISK REGISTER

To note the latest Strategic Risk Register for Stevenage Borough Council and developments on risk management issues.
Pages 115 - 154

12. URGENT PART II BUSINESS

To consider any Part II business accepted by the Chair as urgent.

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Tuesday, 9 February 2021

Time: 6.00pm

Place: Virtual (via Zoom)

Present: Councillors: Teresa Callaghan (Chair), John Gardner (Vice-Chair), Stephen Booth, Laurie Chester and Graham Lawrence.
Mr Geoffrey Gibbs (Independent Co-opted Non-voting Member).

Start / End Time: Start Time: 6.00 pm
End Time: 6.52 pm

1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors Sandra Barr and Lizzy Kelly.

There were no declarations of interest.

2 **MINUTES - 17 NOVEMBER 2020**

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on Tuesday 17 November 2020 be approved as a correct record and signed by the Chair.

3 **EXTERNAL AUDIT OF ACCOUNTS 2019/20**

Neil Harris from Ernst & Young (E&Y) provided an update to Members on the External Audit accounts for 2019/2020. Neil Harris (E&Y) advised Members that the audit accounts for 2019/20 had not been concluded yet. He explained that he was liaising closely with the Council officers to reach a conclusion.

In answering a series of questions from the Chair and Members of the Committee, Neil Harris (E&Y) advised Members that he needed more time to conclude as there were 2 main outstanding issues as well as some smaller outstanding queries to be resolved by SBC. He advised Members that he would keep them updated on the report's progress and stressed that he is fully resourced to conclude the report.

In responding to a question from a Member, Neil Harris (E&Y) explained that he had re-assessed his target date for concluding the External Audit accounts in early January as the EY was not able to meet that deadline and following discussion with officers, a collective decision had been taken to aim to conclude it by March.

The Strategic Director (CF) advised Members that this year had been difficult, as staff had been working remotely and there were some outstanding queries that her Team was working to respond, but the delay in receiving PPE queries from EY had

meant these enquiries are currently being dealt with by the Finance department.

It was **RESOLVED**:

1. That Neil Harris (E&Y) keep Members of the Committee updated on the External Audit accounts 2019/20.
2. That the External Audit accounts 2019/20 be completed in readiness for consideration by the Committee in March 2021.
3. That the verbal update be noted.

4 **INTERNAL AUDIT PLAN 2020/21 - PROGRESS REPORT**

The SIAS Client Audit Manager updated Members on the Internal Audit Plan for 2020/21. He outlined the details of high priority audit recommendations and the progress made since last update. He provided the following key updates:

1. Housing repairs
2. Tree Management
3. Council's Shared Anti-Fraud Services
4. 28 out of 29 audits had been completed.

He informed Members that the Homelessness & Housing Advice and Housing Allocations audits were deferred to Q1 or Q2 of 2021/22 in agreement with the Council, due to operational pressures arising from the Council's pandemic response.

It was **RESOLVED**:

1. That the amendments to the Internal Audit Plan, as at 22 January 2021, be approved.
2. That the status of critical and high priority recommendations be noted.
3. That the Internal Audit Progress report be noted.

5 **ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2021/22**

The Strategic Director (CF) updated Members on Annual Treasury Management Strategy including Prudential Code Indicators for 2021/2022. She advised Members that the Annual Treasury Management Strategy including prudential indicators was forward looking, which included the following:

- Treasury Management Strategy
- Investment Strategy
- Capital Plans and prudential indicators
- Minimum Revenue Provision (MRP) Policy

It was **RESOLVED** that the following amendments to the report be reported to the Executive for onward recommendation to Council:

- On Paragraph 4.5.3, the operational boundary – inclusion in this paragraph of the actual amount, as set out in the Strategy itself (Appendix A).
- On Paragraph 4.6.1 the date in the final row of the table, should read December 2020 instead of 2021.
- References to Queensway Properties LLP, should be changed to Queensway Properties (Stevenage) LLP.
- On Paragraph 4.3.3 – the colours in the table on projected external investment balances contained in this paragraph to be changed to make the table easier to read.

6 **URGENT PART I BUSINESS**

None.

7 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED**:

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.

2. That Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

8 **PART II MINUTES - AUDIT COMMITTEE - 17 NOVEMBER 2020**

It was **RESOLVED** that the Part II Minutes of the Audit Committee meeting held on Tuesday 17 November 2020 be approved as a correct record and signed by the Chair.

9 **URGENT PART II BUSINESS**

None.

CHAIR

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Stevenage Borough Council

Anti-Fraud Plan 2021/22

Recommendation

Members are recommended to:

1. Approve the Anti-Fraud Plan 2021/22; and
2. Note the activity taken to protect the Council against fraud and corruption in 2020/21.

Contents

- 1 Purpose
- 2 Background
- 3 Anti-Fraud Plan 2021/22
- 4 Current Anti-Fraud Activity (2020/21)
- 5 Further Reading

1 Purpose

- 1.1 This report provides details of the Council's anti-fraud and corruption arrangements for 2021/22. The Anti-Fraud Plan ensures that the Council considers and acknowledges the risk of fraud, has in place appropriate policies and processes to deter/prevent/investigate fraud, and that senior officers understand their role in protecting the Council against fraud.

2 Background

- 2.1 Recent reports have been provided to officers and are being used by Shared Anti-Fraud Service (SAFS) to ensure that the Council is aware of its fraud and corruption risks and finds ways to mitigate or manage these effectively wherever possible. Details of these reports and other recommend reading for Committee members can be found at **Section 5** of this report.
- 2.2 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector, fraud loss across local government in England exceeds £2billion each year, with some more recent reports indicating levels considerably above this.
- 2.3 The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, and CIPFA provide advice and best practice guidance to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for vigilance in recognising fraud risks and the investment of sufficient resources into counter fraud activities.
- 2.4 It is essential that the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, and plans to deal with the investigation and prosecution of fraud and corruption.
- 2.5 Stevenage Borough Council is a founding partner of ~~the Shared Anti-Fraud Service (SAFS)~~. Members of this committee and Senior Leadership Team have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution working with services and staff at all levels.

3 Anti-Fraud Plan 2021/22

- 3.1 The reports and papers mentioned previously and guidance from National Audit Office (NAO) and the Ministry of Housing Communities and Local ~~Government~~ (Government) (MHCLG) recommend that organisations have effective and robust counter fraud and corruption measures. These measures must include the acknowledgement of fraud and corruption as a tangible risk, policies and procedures to deter and prevent fraud and resources to investigate fraud and

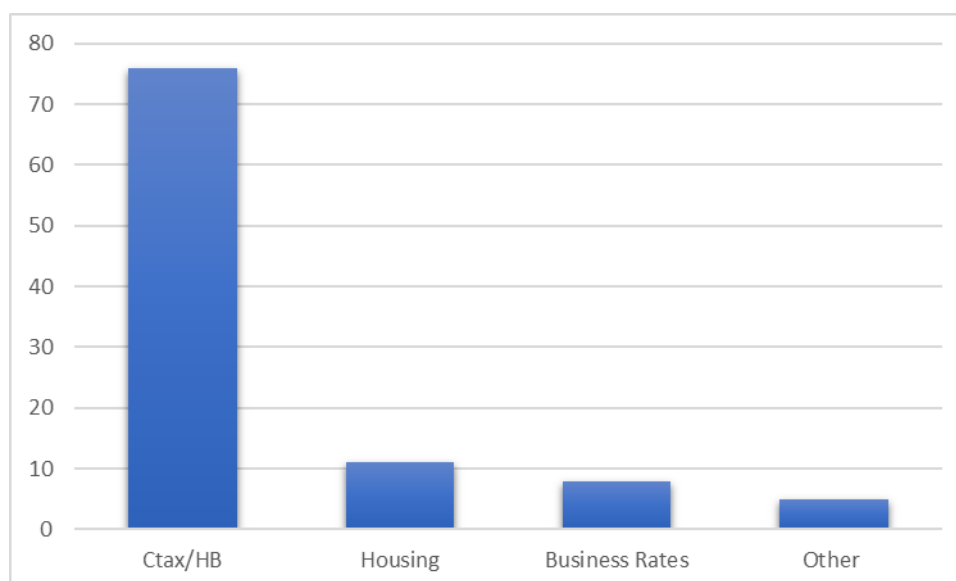
recover losses. Above all an organisation should have a plan to protect itself against fraud and corruption.

- 3.2 Council officers and SAFS develop an anti-fraud plan each year and the proposed plan for 2021/22 is attached for approval by this Committee.
- 3.3 The Anti-Fraud Plan for 2021/22 has been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) by adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
- 3.4 We have adopted the FFCL checklist as a 'To-do' list and we will use this to track responsibility for each action/objective and then identify how the Council is doing in that area, rating each and providing evidence to support this. In future years we will use this framework to review the Councils performance adding/editing actions/objectives as they arise or become relevant to the Council.

4. Anti-Fraud Activity 2020/21

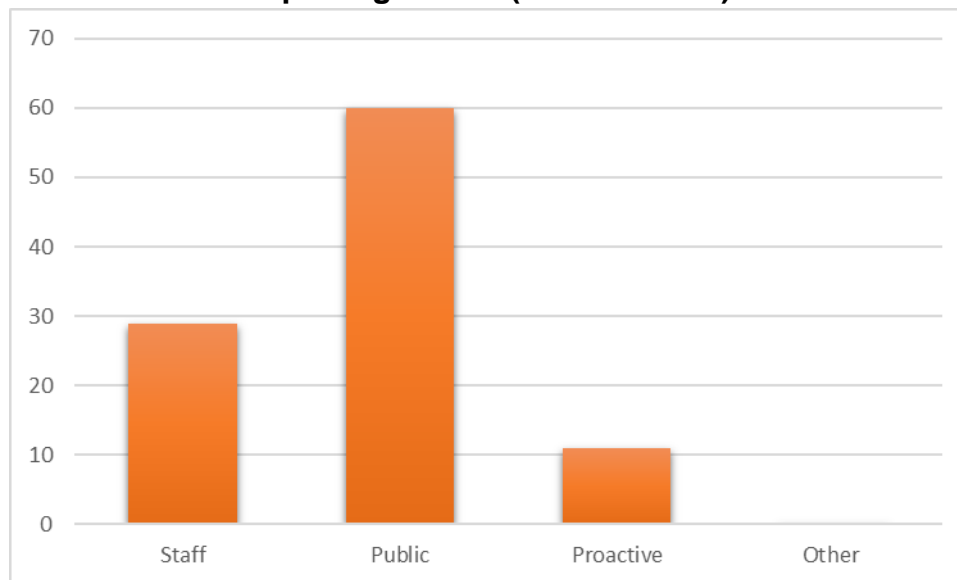
- 4.1 Between April and December 2020 SAFS received 100 allegations (referrals) of fraud affecting Council services. It should be noted that these are only allegations at this stage and although not all will need to be investigated each will be reviewed and appropriate action taken, if needed.
- 4.2 Table 1 shows the number of allegations of fraud received by the Council and which services these relate to. The majority of matters, 76, relate to council tax and/or housing benefit matters, 11 referrals are about housing applications and 8 are about business rates or Covid business grants. ~~Five (5)~~5 cases are recorded as 'other', these were matters about payroll/ mandate/ blue badge abuse or that did not relate to the Council directly.

Table 1. Types of fraud being reported- (100 Referrals)



4.3 Table 2 shows who is reporting suspicions of fraud to the Council. Of the 100 matters reported 29 came from members of staff, 60 were reported by the general public and 11 came about as a result of proactive/data-analytics.

Table 2. Who is reporting Fraud- (100 Referrals)



'Other' includes reports from public bodies such as the Police or DWP.

4.4 SAFS carried forward 82 live cases from 2019/20 and currently 62 cases are open and under investigation with estimated fraud losses/savings of £576k. [\(Although we use an estimated value of loss in these cases this can vary once the matter is resolved\).](#)

4.5 At the time of this report many cases raised for investigation are still in the early stages, however, of the 11 investigations closed in year fraud loss/savings in excess of £145k has been reported.

'Fraud Loss' is fraud that has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.

4.6 A significant number of cases have been delayed or suspended due to the restrictions with face to face interviews resulting from social distancing and some cases where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), have been delayed as staff working for the DWP have been redeployed during the Covid crisis.

4.7 Officers have ensured the Council's compliance with the National Fraud Initiative (NFI) for 2020/21 and officers, supported by SAFS, are currently reviewing the output and reports from this exercise.

4.8 A detailed report of all counter fraud activity undertaken in 2020/21 will be provided to this Committee in the early summer 2021.

5. Further Reading

- *Councillors Workbook on Bribery & Fraud Prevention*
- *Fighting Fraud and Corruption Locally a Strategy for the 2020's.*
- *Tackling Fraud in the Public Sector.*
- *COVID-19 Counter Fraud Measures Toolkit.*
- *UK Annual Fraud Indicator 2017.*
- *Fraud and Corruption Tracker 2019.*
- *United Kingdom Anti-Corruption Strategy 2017-2022.*
- *Local Government Transparency Code.*
- *The National Fraud Strategy: Fighting Fraud Together.*
- *CIPFA Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption.*

Stevenage Borough Council

Anti-Fraud Plan 2021/22

in partnership with

The Shared Anti-Fraud Service



SAFS

Shared Anti-Fraud Service
Fighting Fraud in Partnership

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Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that Stevenage Borough Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Policy states that the Council;

- **is opposed to fraud and corruption,**
- **recognises the need for staff and Members to support the policy,**
- **expects Members and staff to adhere to the highest standards of honesty and integrity,**
- **that Members and staff will act in accordance with legal requirements and Council procedures,**
- **that individuals and organisations that deal with the Council meet the same standards.**

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Ministry for Housing Communities and Local Government (MHCLG), National Audit Office (NAO), Local Government Association (LGA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published including by CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss (including reputational, service as well as financial) and should be prevented where possible and pursued where it occurs. The latest annual estimates of fraud risk to local government exceed £7bn.

The Fighting Fraud and Corruption Locally, A Strategy for the 2020’s, published in March 2020 is supported by CIPFA, the LGA, SOLCACE and a number of External Auditors.

The new Strategy compliments work undertaken in 2019 by CIPFA, NAO and Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 adding to its three ‘Pillars’ of **Acknowledge, Prevent & Pursue** with a fourth **Governance** with an overarching aim **Protect** which sits across all Pillars:

Governance: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Ensuring a tone from the top

Protect: Against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



Stevenage Borough Council Anti-Fraud Plan 2021-2022

The Councils Plan will be overseen by the Shared Anti-Fraud Service (SAFS) but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption, the Council also has a duty to protect the public and it does this through its work across all services but in particular by sharing information and knowledge through communications either directly or via its website. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud through a number of channels

The Anti-Fraud Plan follows current best practice contained in the Fighting Fraud and Corruption Locally Strategy (FFCL) and elsewhere. The FFCL checklist attached at **Appendix A** will be completed by March 2022 and reported back to this Committee then, with updates throughout the year. This will help determine if there are any further actions or activities that should be added to the Fraud Plan via an in-year update.

SAFS Resources 2021-2022

Anti-Fraud Arrangements

Stevenage Borough Council is a founding partner of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. In 2019 the SAFS Partnership won the '*Outstanding Partnership*' award at the Tackling Economic Crime Awards.

SAFS is a partnership with each organisation paying an annual fee for Hertfordshire County Council to provide a contracted service across all partners. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every partner has a seat on that Board. For the Stevenage Borough Council the Assistant Director Finance and Estates is the Board representative.

Although SAFS provides much of the Councils proactive, reactive and operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

Budget

In December 2020 the SAFS Board agreed to increase the fees for all Partners by 1% to meet increased service costs. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

Stevenage Borough Council fees for 2021-2022 have been set at £105,080. This sum is payable quarterly.

Staffing

The full complement of SAFS in 2021-2022 will be 19.6 FTE.

Stevenage Borough Council will have exclusive access to 1 FTE Counter Fraud Officer (Investigator), access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. An Accredited Financial Investigator is also available to assist in money laundering or proceeds of crime investigations.

The Council will continue to second its Tenancy Fraud Investigator to SAFS/HCC for their work to be managed and directed by SAFS management, with that officer being mentored and trained alongside other staff working for SAFS.

SAFS also has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support Councils the in-house legal team.

SAFS will also provide alerts (local and national) to Council officers and senior management of new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance National Fraud Intelligence Bureau (NFIB) and the National Anti-Fraud Network(NAFN).

Workplans & Projects 2021/2022

SAFS will work in the following areas delivering specific activity agreed with service managers.

Service Area	Agreed Projects
Central Services / Finance	General Support and advice on fraud matters. 3 Reports to Audit Committee. Qtly Meetings with officer group to consider any new and emerging fraud risks and performance against SAFS KPIs SAFS attendance at Corporate Governance/Enforcement Groups. 10 fraud training/awareness events for staff/members in year. AML/ MLRO Provision- Policy review and training. Liaison with SIAS on fraud risks as part of the Audit Plan and areas of weaknesses identified either through the Audit Plan or from SAFS work. Review of all current and any new Anti-Fraud and Corruption arrangements.
Revenues and Benefits	Reactive investigations for HB/CTRS. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Assist with potential fraud resulting from Covid Grant Schemes administered by the Council. Post payment assurance of grant schemes.
Housing Services	Reactive and proactive work to identify and investigate fraud against SBC housing stock including unlawful sublet, abandonment, succession fraud and RTB application funded through money laundering or other crime. Reactive investigations for housing application or homelessness fraud Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraudulent applications and, where appropriate, investigate these.
Data- Analytics	Use of data and technology to prevent or identify fraud. Assist with NFI 2020/21 output and reports. FraudHub. Agreeing a programme for upload of data-sets and reporting of matches to relevant services. Lead on a county-wide Council Tax Review Framework. Use of data-analytics to identify fraud/evasion of business rates and rate collection. Review extension of NFI Powers to ‘other’ crime and debt collection.
Other / Contingency	Identify fraud risks and training in other areas including payroll, licensing, parking services, planning, procurement processes & contract management. Ensuring that the TFI seconded to SAFS is able develop and join the GCFP s part of the SAFS collective application and maintain that professional standard through training delivered by SAFS/HCC as a ‘learning organisation’.

SAFS KPIs.

SAFS will work to a set of KPIs agreed with senior officers and can be found at **Appendix B** and progress with delivering these will be reported to senior officers and Audit Committee throughout the year.

SAFS - Standards of Service.

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
 - The FraudHub will be funded by the Council
 - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
 - Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
 - SAFS will work with Council officers to identify data-sets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, UK GDPR, PACE, CPIA, HRA, RIPA, IPA* and relevant Council policies
9. Reactive fraud investigations.
 - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 24 hours of receipt
 - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3rd parties including police, DWP, Action Fraud.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each case.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
 - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
 - Where criminal offences are identified SAFS will draft a report for Council officers to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal in line with the Council's policies.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Finance Audit & Risk Committee as agreed in the SAFS Partnership Contract.

**Data Protection Act , UK General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

No.	Action or Activity from the FFCL Checklist	Pillar	Responsibility	Achieved RAG	Evidence/Plans	Date reviewed	Reviewing officer
1	The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.	GOVERN					
2	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 (and this checklist).	GOVERN					
3	the relevant portfolio holder has been briefed on the fraud risks and mitigation	GOVERN					
4	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources	GOVERN					
5	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	GOVERN					
6	The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	ACKNOWLEDGE					
7	There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	ACKNOWLEDGE					
	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	ACKNOWLEDGE					
8	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	ACKNOWLEDGE					
9	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	ACKNOWLEDGE					

No.	Action or Activity from the FFCL Checklist	Pillar		Achieved RAG	Evidence/Plans	Date reviewed	Reviewing officer
10	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	PREVENT					
11	Counter fraud staff are consulted to fraudproof new policies, strategies and initiatives across departments and this is reported upon to committee.	PREVENT					
12	The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	PREVENT					
13	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	PREVENT					
14	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	PREVENT					
15	There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	PREVENT					
16	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	PREVENT					
17	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	PREVENT					
18	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: – codes of conduct including behaviour for counter fraud, anti-bribery and corruption – register of interests – register of gifts and hospitality.	PREVENT					
19	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	PREVENT					
20	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this.	PREVENT					
21	The fraud response plan is linked to the audit plan and is communicated to senior management and members.	PREVENT					
22	There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.	PREVENT					

No.	Action or Activity from the FFCL Checklist	Pillar		Achieved RAG	Evidence/Plans	Date reviewed	Reviewing officer
23	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	PURSUE					
24	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	PURSUE					
25	All allegations of fraud and corruption are risk assessed.	PURSUE					
26	There is a programme of proactive counter fraud work which covers risks identified in assessment.	PURSUE					
27	The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	PURSUE					
28	The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress.	PURSUE					
29	Asset recovery and civil recovery are considered in all cases.	PURSUE					
30	The local authority shares data across its own departments and between other enforcement agencies.	PURSUE					
31	Prevention measures and projects are undertaken using data analytics where possible.	PURSUE					
32	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	PURSUE					
33	The counter fraud team has access to the FFCL regional network.	PURSUE					
34	There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	PURSUE					
35	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas. The counter fraud team has access to (through partnership/other local authorities/or funds to buy in) specialist staff for: – surveillance – computer forensics – asset recovery – financial investigations.	PURSUE					

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SAFS KPIs - 2021/ 2022

KPI	Measure	Target 2021/22	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 1 FTE on call at the Council. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit Committee. C. SAFS Attendance at Corporate Governance, Champion meetings, team management meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 1 Day. B. All other cases 2 Days on Average.	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre C. NAFN Access/Training for relevant Council Staff D. 10 Training events for staff/Members in year.	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported. C. Achieving a 60% success rate of cases selected for investigation. D. Assist in the recovery of property, prevention of loss or fraudulent RTB applications – 12 properties/applications in total.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the NFI 2020/21 Output and reports across services. B. Support the implementation of the Herts FraudHub at EHC. C. Consider other areas where the better use of data will benefit the Council financially.	Further develop a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

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Stevenage Borough Council
Audit Committee

24 March 2021
Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical and High Priority Recommendations
- c) Approve Proposed Changes to SIAS Audit Opinions

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.4 Internal Audit Plan Changes
 - 2.5 Critical and High Priority Recommendations
 - 2.7 Performance Management
 - 2.9 Proposed Changes to SIAS Audit Opinions

Appendices:

- A Progress against the 2020/21 Audit Plan
- B Implementation Status of Critical and High Priority Recommendations
- C Internal Audit Plan Items (April 2020 to March 2021) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2020/21 Internal Audit Plan as at 5 March 2021.
 - The findings for the period 1 April 2020 to 5 March 2021.
 - Details of any proposed changes to the approved Internal Audit Plan.
 - The implementation status of previously agreed audit recommendations.
 - An update on performance management information as at 5 March 2021.
 - Details of proposed changes to SIAS audit opinions.

Background

- 1.2 Internal Audit's Annual Plan for 2020/21 was approved by the Audit Committee at its meeting on 9 June 2020. The Audit Committee receive periodic updates against the Internal Audit Plan.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 5 March 2021, 74% of the 2020/21 Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since the last committee meeting on 9 February 2021:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Housing Repairs	Feb 2021	Satisfactory	Three Medium priority
Cash & Banking	Feb 2021	Good	None
Tree Management	Feb 2021	Good	Two Medium priority
Landlord Health & Safety Compliance	Feb 2021	Limited	Two High, one Medium, one Low priority

- 2.3 The table below summarises the position regarding 2020/21 projects as at 5 March 2021. Appendix A provides a status update on each individual project within the 2020/21 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	10	29
Draft Report Issued	5	14
In Fieldwork/Quality Review	12	34
In Planning/Terms of Reference Issued	2	6
Allocated	0	0
Not Yet Allocated	0	0
Cancelled	6	17
Total	35	100%

Proposed Audit Plan Changes

- 2.4 There has been no proposed change to the Internal Audit Plan since the last committee meeting.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations.

Performance Management

- 2.7 The 2020/21 annual performance indicators were approved at the SIAS Board meeting in March 2020.
- 2.8 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table below:

Performance Indicator	Annual Target	Profiled Target	Actual to 5 March 2021
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	78% (248.5/318 days) Note (1)	74% (235.5/318 days)
2. Planned Projects – percentage of actual completed projects to	95%	59% (17/29 projects)	52% (15/29 projects)

draft report stage against planned completed projects		Note (1)	
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (7 received) Note (2)
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	100% (2 High agreed)

Note (1) - this reflects the delay in starting to deliver the 2020/21 Internal Audit Plan and subsequent re-programming due to the pandemic.

Note (2) - 3 received in 2020/21 relate to 2019/20 audits.

Proposed Changes to SIAS Audit Opinions

- 2.9 As Members will be aware, all formal internal audit assignments result in a published report. The primary purpose of the report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.
- 2.10 SIAS currently uses a range of four assurance opinions within internal audit reports, these being Good Assurance, Satisfactory Assurance, Limited Assurance and No Assurance. Definitions for each opinion are provided within Appendix D of this progress report.
- 2.11 In April 2020, within their publication "Internal Audit Engagement Opinions – Setting Common Definitions", The Chartered Institute of Public Finance and Accountancy (CIPFA) recommended that a standard range of opinions and definitions were used by Internal Audit teams within the intention of:
- a) Increasing confidence amongst audit committee members and managers that the engagement opinion issued is consistently applied.
 - b) Assist the sharing, comparability and understanding of assurances across public bodies.
 - c) Supporting audit committee members and senior managers in their understanding of audit reports, in particular those that sit on more than one public sector audit committee, or in respect of partnerships and joint ventures.
 - d) Supporting the training of internal audit staff, helping to drive up the quality and consistency of audit opinions, and facilitate staff moving across different internal audit teams.
 - e) Reducing disruption when changing internal audit provider.
- 2.12 CIPFA provided the following four assurance opinions and definitions:

Assurance Level	Definition
Substantial Assurance	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- 2.13 Within their conclusions, CIPFA recommended that all Heads of Audit within public sector organisations adopted the above change, with those organisations not adopting the change disclosing the basis for this within their annual report.
- 2.14 In respect of implementing the above changes, this is seen as a minor adjustment to the existing SIAS ratings, given SIAS already adopt a four-tier rating with very similar definitions. The main change would therefore be replacing Good and Satisfactory Assurance with the new ratings of Substantial and Reasonable Assurance.
- 2.15 SIAS will be adopting the above change for all final reports issued from 1st April 2021, with the exception of any draft reports already issued to management prior to new financial year.

APPENDIX A - PROGRESS AGAINST THE 2020/21 INTERNAL AUDIT PLAN

2020/21 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 74 days									
Main Accounting System						8	Yes	7.5	Draft Report
Debtors						8	Yes	7	Quality Review
Creditors						8	Yes	3.5	In Fieldwork
Treasury Management						6	Yes	5.5	Draft Report
Payroll						10	Yes	9	Quality Review
Council Tax						6	Yes	5.5	Draft Report
Business Rates						6	Yes	3	In Fieldwork
Housing Benefits	Satisfactory	0	0	1	2	6	Yes	6	Final Report
Housing Rents						8	Yes	7	Quality Review
Cash & Banking	Good	0	0	0	0	8	Yes	8	Final Report
Operational Audits – 104 days									
Climate Change & Sustainability	Good	0	0	1	0	7	Yes	7	Final Report
Matters Identified by SAFS – follow up						7	Yes	7	Final Report
Community Development						0	N/A	0	Cancelled
Community Safety						0	N/A	0	Cancelled
Landlord Health & Safety Compliance	Limited	0	2	1	1	10	Yes	10	Final Report
Digitalisation Programme						10	Yes	5.5	In Fieldwork
Garage Lettings	Satisfactory	0	0	4	0	10	Yes	10	Final Report
Homelessness & Housing Advice						0	N/A	0	Cancelled
Housing Allocations						0	N/A	0	Cancelled
Housing Repairs	Satisfactory	0	0	3	0	10	Yes	10	Final Report
Leasehold Properties						10	Yes	0.5	In Planning

APPENDIX A - PROGRESS AGAINST THE 2020/21 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Licensing						10	Yes	6.5	In Fieldwork
On-Street Parking						0	N/A	0	Cancelled
Play Service						0	N/A	0	Cancelled
Statutory Compliance – GF Property						10	Yes	9	Quality Review
Tree Management	Good	0	0	2	0	10	Yes	10	Final Report
Void Management	Satisfactory	0	0	1	1	10	Yes	10	Final Report
Procurement, Contract Management and Project Management – 33 days									
Partnerships/Shared Services						10	Yes	1.5	TOR Issued
Procurement Activity	Good	0	0	0	0	5	Yes	5	Final Report
Regeneration – SG1						10	Yes	3	In Fieldwork
Stevenage Bus Interchange						8	Yes	6	Quality Review
Risk Management and Governance – 12 days									
Risk Management						6	Yes	2	In Fieldwork
Corporate Governance						6	Yes	3.5	In Fieldwork
IT Audits – 12 days									
Payment Card Industry Compliance						6	Yes	5.5	Draft Report
Hardware Acquisition, Movement & Disposal						6	Yes	5.5	Draft Report
Shared Learning and Joint Reviews – 0 days									
Joint Reviews						0	N/A	0	Cancelled
Shared Learning						0	N/A	0	Cancelled

APPENDIX A - PROGRESS AGAINST THE 2020/21 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Ad Hoc Advice – 13 days									
General Advice and Process Mapping						13	Yes	11	In Progress
Completion of 19/20 Projects – 3 days									
Various						3	Yes	3	Complete
Contingency – 20 days									
Contingency						20	N/A	0	Through Year
Strategic Support – 47 days									
Head of Internal Audit Opinion 2019/20						3	Yes	3	Complete
Audit Committee						12	Yes	10	Through Year
Client Liaison						8	Yes	7	Through Year
Liaison with External Audit						1	Yes	1	Complete
Plan Monitoring						12	Yes	10	Through Year
SIAS Development						5	Yes	5	In Progress
2021/22 Audit Planning						6	Yes	6	Complete
SBC TOTAL		0	2	13	4	318		235.5	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
1	Cyber Security follow up (2018/19).	<p><u>Network access control.</u> Management should establish a network access control to block unknown or unauthorised devices from connecting to the Council’s IT network. This should include restricting the ability to physically connect to the IT network. Where there is a demonstrable need for a device to connect to the IT network, the Service should require: The purpose for the connection has been recorded Appropriate security controls have been enabled on the device connecting to the IT network The period of time that the device will require the connection All connections are approved before being allowed to proceed. Devices connected to the IT network should be reviewed on a routine basis.</p>	<p>The Council has created a Security & Network Team who has been tasked to look at security / network tools. There is also a planned upgraded Office 365 and in particular Intune to manage all mobile (non-network connected) devices. The plan is to ensure that only known devices are allowed to access Council systems.</p>	<p>ICT Strategic Partnership Manager.</p>	<p>Network Tools July 2019. Intune October 2019. Procurement of network tools revised to November 2020.</p>	<p><u>July 2019.</u> This is a new addition and the management response opposite is therefore the latest comment. <u>September 2019.</u> Intune MDM has been installed and will be rolled out to manage all mobile devices and Windows 10 laptops. Plan in place to upgrade all Laptops to windows 10 is in place to ensure control via Intune encryption using Bitlocker. Financial and resource restrictions have forced the procurement of network tools to financial year 2020/21. <u>December 2019.</u> Revised date as above. It is very rare (if ever) that someone connects</p>	<p>Partially implemented – continue to monitor. The network monitoring tool is the only outstanding element.</p>

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
						<p>an external device to the IT network. The Zero Clients do not allow the transfer of data to anything plugged into it.</p> <p><u>February 2020.</u> Revised implementation date as above.</p> <p><u>July 2020.</u> Budget obtained to purchase networking tools to cover this and other security areas. The procurement will start shortly.</p> <p><u>October 2020.</u> Project has a dependency on completion of the networking/Firewall upgrade. As any tools need to be able to work within those systems capabilities. The Networking project is at the end of the procurement phase but has come under some procurement and technical issues which are holding up</p>	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
						<p>implementation.</p> <p>January 2021. Access remotely: Our VDI Hosted desktop solution gives good security controls over who can access our systems. This will be strengthened with the installation of an upgraded system this year which will force Multi Factor authentication. Access via our buildings WiFi: This security is enforced as above, stopping any access. Physical access: Due to current lockdown and the decision to focus on our network and hosted desktop upgrade, the project to purchase network monitoring tools has been put on hold. The ability to access our system by plugging in a device to our system is reduced by our hosted desktop solution, as this is</p>	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
						<p>inaccessible without authentication. The tool to monitor and restrict physical access is scheduled for Q3 2021.</p> <p><u>March 2021.</u> The Rollout of Intune has been taking place and all new laptops are configured with their software. We are in the process of replacing all old Win7 laptops and also putting Smart Phone onto Intune. The tool to monitor and restrict physical access is scheduled for Q3 2021.</p>	
2	Incident Management follow up (2018/19).	<p><u>Updating the disaster recovery plan.</u> Management should update the Council's IT disaster recovery plan to include the procedure for establishing all IT services at a single data centre. A complete IT Disaster Recovery scenario test on all applications and systems should take place to provide</p>	With our upgrade to horizon VDI, we are installing hardware which will allow either site to run 100% of capacity allowing the complete downing of one site for upgrade work but will of course allow for full capacity in the event on one data centre	ICT Strategic Partnership Manager.	August 2019 – DR review. April 2020 - VDI upgrade.	<p><u>July 2019.</u> This is a new addition and the management response opposite is therefore the latest comment.</p> <p><u>September 2019.</u> VDI upgrade out to tender with award scheduled for October 2019.</p>	Partially implemented – continue to monitor.

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
		<p>assurance that recovery could happen within the expected time frame.</p> <p>The Service should document the results of the test to determine the further actions required to improve the efficacy of the plan.</p>	<p>being of offline.</p>			<p><u>December 2019.</u> Expected completion for this work is now April 2020.</p> <p><u>February 2020.</u> As above.</p> <p><u>July 2020.</u> A verbal update will be provided at the committee meeting.</p> <p><u>October 2020.</u> Project dependant on upgrade of infrastructure as above.</p> <p>However limited pilot has been started and work on preparing applications is underway.</p> <p>£5,000 has been obtained from Local Government funding source to train 2 staff on DR planning.</p> <p><u>January 2021.</u> ICT has a solid incident management response procedure, but this is not fully documented into a</p>	

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
						<p>recognised Disaster Recovery Plan due to the changes being made to our systems and network. Any plan created now will be out of date in a few months, hence the delay.</p> <p><u>March 2021.</u> As above.</p>	
3	Landlord Health & Safety Compliance.	<p><u>Completion of remedial actions arising from Water Risk Assessments.</u></p> <p>The Council should carry out an exercise, reviewing all properties on its water safety programme and their corresponding risk assessments, noting all remedial actions by order of priority.</p> <p>The Council should then agree a programme of works with its contractor to ensure all remedial actions have been completed.</p> <p>Going forward, the Council should put in place regular checks on the status of actions identified from risk assessments to ensure actions have been</p>	<p>The Gas Manager has a spreadsheet that lists what remedial works is required. Quotes have been received and SBC are working through completing all outstanding remedial work. Actions are being addressed in the order of their priority. Future remedial work will be issued to SBC every month.</p>	Asset Management & Major Works Manager.	Completion of all remedial works April 2021.	<p><u>March 2021.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p>	Not yet implemented – continue to monitor.

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments	SIAS Comment (March 2021)
		completed by their due date. The Council can achieve this by amending their existing spreadsheet used to note the dates of monthly monitoring.					
4	Landlord Health & Safety Compliance.	<p><u>Completion of remedial actions arising from monthly water temperature monitoring.</u></p> <p>The Council should amend its existing monthly monitoring spreadsheet to include results of each monthly check i.e. pass/fail and if a fail result has been noted, whether remedial actions have been carried out to rectify issues identified.</p>	<p>From December, Stevenage will receive a monthly report highlighting all the properties with a satisfactory pass or a failure. This report will be sent to the Gas team inbox. Any failures will be recorded on Northgate and an order will be raised to the appropriate contractor to rectify the failure and report back.</p>	<p>Asset Management & Major Works Manager.</p>	<p>Starting December 2020 and will be ongoing.</p>	<p><u>March 2021.</u></p> <p>This is a new addition and the management response opposite is therefore the latest comment.</p>	<p>Implemented.</p>





APPENDIX C – INTERNAL AUDIT PLAN ITEMS (APRIL 2020 TO MARCH 2021) – START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept
2019/20 Projects Requiring Completion	On-Street Parking Cancelled	Play Service Cancelled	Void Management Final Report Issued	Climate Change & Sustainability Final Report Issued	Follow Up on Matters Identified by SAFS Final Report Issued
	Community Safety Cancelled	Housing Repairs Final Report Issued	Procurement Activity Final Report Issued	Community Development - Youth Council Cancelled	Landlord Health & Safety Compliance Final Report Issued
	Process Mapping Complete		Garage Letting Final Report Issued		Payment Card Industry Compliance (c/f from May) Draft Report Issued
Oct	Nov	Dec	Jan	Feb	Mar
Tree Management (c/f from Apr) Final Report Issued	Council Tax Draft Report Issued	Creditors In Fieldwork	Main Accounting Draft Report Issued	Regeneration – SG1 In Fieldwork	Digitalisation Programme (In Fieldwork)
Statutory Compliance – GF Property Quality Review	Cash & Banking (c/f from Oct) Final Report Issued	Debtors Quality Review	Payroll Quality Review	Risk Management In Fieldwork	Leasehold Properties (c/f from July) In Planning
Stevenage Bus Interchange Quality Review	Housing Benefits Final Report Issued	Partnerships/Shared Services (c/f from Oct) TOR Issued	Hardware Acquisition, Movement & Disposal Draft Report Issued	Housing Rents Quality Review	Housing Allocations Cancelled
		Licensing (c/f from Aug) In Fieldwork	Corporate Governance In Fieldwork	Homelessness & Housing Advice (c/f from July) Cancelled	
			Treasury Management Draft Report Issued	Business Rates (c/f from November) In Fieldwork	

APPENDIX D – ASSURANCE / PRIORITY LEVELS

Assurance Level	Definition
Good	The design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.
Satisfactory	The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.
Limited	The system of internal control is only partially effective, with important audit findings in key areas. Improvement in the design and/or operation of the control environment is necessary to gain assurance risks are being managed to an acceptable level, and core objectives will be achieved.
No	The system of internal control has serious gaps, and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

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Priority Level			Definition
Corporate	Critical		Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High		Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium		Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low / Advisory		Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.



INTERNAL AUDIT PLAN 2021/22 STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE
MARCH 2021

RECOMMENDATION:

Members are recommended to approve the proposed Stevenage Borough Council Internal Audit Plan for 2021/22

Contents

1. Introduction and Background
2. Audit Planning Process
 - 2.1 Planning Principles
 - 2.2 Approach to Planning
 - 2.4 Planning Context
 - 2.7 Internal Audit Plan 2021/22
3. Performance Management
 - 3.1 Update Reporting
 - 3.3 Performance Indicators

Appendices

- A Proposed Stevenage Borough Council Internal Audit Plan 2021/22
- B Proposed Stevenage Borough Council Internal Audit Plan 2021/22 – Reserve List
- C Indicative Internal Audit Start Periods

1. Introduction and Background

- 1.1 Internal Audit is an independent and objective assurance and consulting activity designed to add value and improve the organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.
(Chartered Institute of Internal Auditors – Internal Audit definition and purpose)
- 1.2 The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Head of Assurance annual report.
- 1.3 The Shared Internal Audit Service's (SIAS) Audit Charter was presented to the June 2020 meeting of this Committee and shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April 2017. An updated version of the SIAS Audit Charter will be brought to the June 2021 Committee meeting for Member approval.
- 1.4 The PSIAS require that the audit plan incorporates, or is linked to, a strategic or high-level statement which:
- a) Outlines how the service will be developed in accordance with the internal audit charter
 - b) Details how the internal audit plan will be delivered
 - c) Evidences how the service links to organisational objectives and priorities
- 1.5 Section 2 of this report details how SIAS complies with this requirement.

2. Audit Planning Process

Planning Principles

2.1 The SIAS audit planning is underpinned by the following principles:

- a) Focus of assurance effort on the Council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
- b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
- c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
- d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
- e) Identification of responsibilities where services are delivered in partnership.
- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
- g) Capacity to deliver key commitments including governance work.
- h) Capacity to respond to management requests for assistance with special investigations, consultancy and other forms of advice.

Approach to Planning

2.2 In order to comply with the requirements of the PSIAS, SIAS applies a methodology at all its partners which contains the following elements:



2.3 The approach to audit planning for 2021/22 has been characterised by:

- a) Discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of internal audits. This process incorporates the following four steps to assist in the later prioritisation of projects:

Risk assessment

Senior Managers and SIAS agree the level of risk associated with an identified auditable area and prioritise this (high, medium and low).

Other sources of assurance

Senior Managers are asked whether assurance in the auditable area is obtained from other assurance providers e.g. External Audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated where possible.

Significance

Senior Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings

Senior Managers identify when an audit should be undertaken to add most value.

- b) Proposed plans are based on the information obtained from the planning meetings. Details of audits that have not been included in the proposed draft plan as a result of resource limitations are reported to senior management and the audit committee.

- c) The proposed 2021/22 plans for all SIAS partner councils are then scrutinised and cross-partner internal audits highlighted.

This approach ensures that our work gives assurance on what is important, focussing on those areas of highest risk, and supports the Council in achieving its objectives.

The Planning Context

2.4 The context within which local authorities provide their services remains challenging:

a) The unprecedented challenges created by the COVID-19 pandemic continue to impact on the short to medium term priorities and environment for the Council, this including:

- A fast-changing risk environment influenced by both the impacts of the pandemic on public health and the national and local economy.
- Resource pressures, both in terms of staff capacity and finances, thereby resulting in conflicting priorities for the organisation to manage.
- Maintaining staff health and well-being during the significant shift in the ways of working and the need to ensure the safety of staff continuing to undertake front-line duties.
- Managing multiple new grant funding streams, as well as ensuring effective use of public money in relation to areas such the application of public procurement notices on supplier relief and a more socially distanced approach to contract monitoring.
- Adapting and maintaining governance and internal control structures to reflect different ways of working.

b) The EU Transition continues to provide uncertainty and risks in relation to delivering key services, with areas such as workforce planning, future legislative changes and cost and supply pressures for goods and equipment being key considerations for service and business continuity planning during the year ahead.

c) Austerity and the rising demand for services have driven councils to consider different ways of working. One option to help councils achieve financial sustainability is to continue their drive to be more commercial. As a result, through a combination of the 2011 Localism Act (which gave councils new powers to trade) and the decline in the popularity of outsourcing, there has been a surge in the creation of local authority trading companies (LATCs). Investment companies and those created for the delivery of a wide range of services have become more prevalent.

d) Digital transformation continues to offer opportunities along with significant risks. The innovative use of technology is helping to reduce costs, as well as be more efficient and transparent. However, factors such as security, privacy, ethical and regulatory compliance are a recognised concern.

- e) The declaration of a Climate Emergency has required councils to commit to developing an ambitious programme to improve sustainability in their local areas.
- 2.5 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to have the potential for profoundly altering each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.6 The challenge of giving value in this context, means that Internal Audit needs to:
- a) Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
 - b) Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
 - c) Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
 - d) Retain flexibility in the internal audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks of COVID-19 and the impact this has had on internal audit activity.

Internal Audit Plan 2020/21

2.7 The draft plan for 2021/22 is included at Appendix A and B and contains a high-level proposed outline scope for each audit; Appendix C details the indicative start period. The number of days purchased in 2021/22 has reduced by 35 days, which for Stevenage Borough Council equates to a reduction from 350 days to 315 days.

2.8 The table opposite shows the estimated allocation of the total annual number of purchased internal audit days for the year, and the allocated budgets for 2020/21 for comparison and to demonstrate where the audit days saving has been achieved or redistributed.

2.9 In reviewing the table opposite, Members should note the number of audit days remains sufficient for providing an annual assurance opinion.

	2021/22	%	2020/21	%
	Days		Days	
Key Financial Systems	75	24	74	21
Other Audits	151	48	189	54
IT Audits	16	5	12	4
Corporate Governance / Risk Management	12	4	12	4
Joint Reviews and Shared Learning	10	3	5	1
Strategic Support*	43	13	47	13
Contingency and other	3	1	6	2
Carry forward work	5	2	5	1
Total allocated days	315	100%	350	100%

* This includes supporting the Audit Committee, monitoring delivery of the audit plan, client liaison and audit planning for 2022/23.

- 2.10 In order to retain flexibility in the internal audit plan and to ensure SIAS has the ability to respond to any changes in environment at the Council, further planning discussions will be held with Senior Managers prior to September 2021. These discussions will allow SIAS and Senior Managers to undertake a further risk assessment on the planned projects during the final two quarters of the year as well as discussing any changes in risk exposure, emerging or new areas of risk or project work and any amendments to governance arrangements. The results of these discussions will be brought to the Committee to approve any changes.
- 2.11 A list of reserve internal audits that will be considered as a substitute for an agreed planned review that is cancelled in-year is presented at Appendix B.
- 2.12 Any significant internal audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle.
- 2.13 Members will note the inclusion of a provision for the completion of projects that relate to 2020/21. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing draws on their time, e.g. year-end closure procedures.
- 2.14 The nature of assurance work is such that enough activity must have been completed in the financial year for the Head of Assurance to give an overall opinion on the Council's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer.

3. Performance Management

Update Reporting

3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2021/22 and any proposed changes will be reported to this Committee four times in the 2021/22 civic year.

3.2 SIAS will report on the implementation of agreed high priority recommendations as part of the progress reporting process.

Performance Indicators

3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2021/22 are shown in the table adjacent. Actual performance against target will be included in the progress reports to this Committee.

Performance Indicator	Performance Target
1. Planned Days (percentage of actual billable days against planned days)	95%
2. Planned Projects (percentage of projects completed to draft report against planned projects)	95%
3. Client Satisfaction (percentage of satisfaction questionnaires returned at satisfactory level)	100%
4. Agreed High Priority Audit Recommendations	95%
5. Annual Plan	Presented to the March (or equivalent) meeting of each Audit Committee.
6. Head of Assurance's Annual Report	Presented to the first meeting of the Audit Committee in the new financial year.

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

Audit Title / Risk	Proposed Scope	Reason for Inclusion	Officers	Days	Quarter
Financial System Audits					
Key Financial Systems	Full or targeted audit of several key financial systems on a cyclical basis. Mapping the remaining key financial systems to confirm appropriate lines of assurance and to inform the annual assurance opinion i.e. a) Council Tax b) Business Rates c) Cash & Banking d) Treasury Management e) Payroll f) Creditors g) Debtors h) Housing Benefits i) Housing Rents	Provision to inform the key financial systems annual assurance opinion	Sponsor: Assistant Director – Finance and Estates	75	3 and 4
Other Audits					
Vehicle Workshop	This is likely to include the effectiveness of internal control relating to: a) Repairs of the Council's fleet b) Fleet management and renewal	Management Request	Sponsor: Assistant Director – Stevenage Direct Services	10	2
Homelessness & Housing Advice	The audit will provide assurance on compliance with policy for those presenting themselves to the Council as homeless. This is likely to include the effectiveness of internal control relating to: a) Homeless strategy and rough sleeper policy b) Presentations and demand management	Management Request – b/f from 2020/21	Sponsor: Assistant Director – Housing and Investment	10	4
Housing Allocations	The audit will provide assurance on the procedures for allocating housing stock to those	Management Request – b/f from 2020/21	Sponsor: Assistant Director – Housing and Investment	10	3

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

Audit Title / Risk	Proposed Scope	Reason for Inclusion	Officers	Days	Quarter
	in housing need. Areas of coverage are likely to include the effectiveness of internal control relating to: a) Applications to the housing register and prioritisation b) Allocation policy/procedures, including shortlisting and offer c) Mutual exchanges				
Leaseholder Liability	The audit is likely to provide assurance on the effectiveness of internal control relating to the approach for levying and collecting any liability arising from works carried out to leaseholder property	Management Request – b/f from 2020/21	Sponsor: Assistant Director – Housing and Investment	10	4
Community Safety (SADA)	The audit will provide assurance on the Stevenage Against Domestic Abuse (SADA) initiative and associated commissioning arrangements. This is likely to include the effectiveness of internal control relating to: a) Compliance with policies and procedures b) Handling referrals from across North Herts c) Operational risk management arrangements	Management request – b/f from 2020/21	Sponsor: Assistant Director – Communities and Neighbourhoods	10	2
Youth Council	A review of the effectiveness of internal control relating to procedures and safeguarding arrangements.	Management Request	Sponsor: Assistant Director – Communities and Neighbourhoods	6	1
COVID-19 Pandemic Response & Recovery	The audit is likely to include the effectiveness of internal control relating to: a) Government grant applications and receipts b) Recovery planning and alignment to county level recovery	Risk Register	Sponsor: Strategic Director, Corporate Services and Transformation	12	1

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

Audit Title / Risk	Proposed Scope	Reason for Inclusion	Officers	Days	Quarter
	c) The Stevenage Outbreak Management Cell and Outbreak Management Plan				
Welfare Reform	The audit is likely to include the effectiveness of internal control relating to: a) Work to identify and work with tenants affected by welfare reforms b) The arrears action plan	Risk Register	Sponsor: Assistant Director – Housing and Investment	10	2
Health & Safety	The audit is likely to include the effectiveness of internal control relating to: a) Guidance for safe working practice in different operational settings b) Service self-audits against the H & S management framework c) Risks assessments accessibility and review process in place d) H & S training for all roles across the Council e) Audits on high and medium risk areas f) High-risk monitor reviewed by SHSG and HR Matters meetings	Risk Register	Sponsor: Assistant Director – Finance and Estates	10	1
Information Governance	The audit is likely to include the effectiveness of internal control relating to: a) Following up of previous internal audit work b) Mapping to confirm appropriate lines of assurance	Management Request	Sponsor: Assistant Director – Digital and Transformation	10	2
Council Housebuilding & Acquisitions Programme	The audit is likely to include the effectiveness of internal control relating to: a) Assistance to contractors during Coronavirus outbreak b) Grant Funding opportunities	Risk Register	Sponsor: Assistant Director – Housing Development	10	1

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

Audit Title / Risk	Proposed Scope	Reason for Inclusion	Officers	Days	Quarter
	c) Ongoing governance and review from Committee d) Ongoing pipeline for future development schemes				
Contract Management	The audit is likely to include the effectiveness of internal control relating to: a) Training and development for contract managers. b) Guidance for contract management around procurement and coronavirus. c) The Intend contract management module	Risk Register	Sponsor: Assistant Director – Housing Development	10	2
Capital Programme Development & Delivery	The audit is likely to include the effectiveness of internal control relating to: a) The capital programme funding review b) Locality disposals c) Identifying funding for the bus station to help enable SG1 to progress	Risk Register	Sponsor: Assistant Director – Finance and Estates	10	3
Housing Development Site (North Road)	An audit review of a specific development scheme (North Road) that has reached a key milestone. Focus on the effectiveness of processes that demonstrate benefits realisation.	Key Project	Sponsor: Assistant Director – Housing Development	10	1
Follow Up audits	Following up the status of recommendations reported at previous internal audits	Provision to follow up any Limited Assurance internal audits from 2020/21	To be determined	10	1 and 3
Risk Management and Corporate Governance					
Risk Management, Corporate Governance	Targeted audit or mapping the lines of assurance to inform the annual assurance opinion.	Provision to inform the annual assurance opinion	Sponsor: Strategic Director, Corporate Services and Transformation	15	4

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

Audit Title / Risk	Proposed Scope	Reason for Inclusion	Officers	Days	Quarter
IT Audits (in conjunction with East Herts Council)					
IT Resilience	Identify the mitigating actions in place and evaluate design and effectiveness. This is likely to include a review of: a) Adapting to planned or unplanned events b) Restoration of service level c) Risk management	Risk Register	Sponsor: Assistant Director – Digital and Transformation	6	4
Cyber Security Assurance Mapping	Mapping to confirm appropriate lines of assurance in relation to: a) Security management and governance b) Security awareness c) Network security management d) Account access	Risk Register	Sponsor: Assistant Director – Digital & Transformation	10	2

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Title	Description	Days
Shared Learning and Joint Reviews		
Joint Reviews	Joint review topics to be agreed by the SIAS Board	6
Shared Learning	Production of SIAS Quarterly Shared Learning Papers	4
Contingency		3
Client Management – Strategic Support		
Head of Internal Audit Opinion 2020/21	To prepare and agree the Head of Internal Audit Opinion 2020/21	3
Audit Committee	To provide service linked with the preparation, agreement and presentation of Committee reports. Follow up of High priority recommendations	8

APPENDIX A – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22

Title	Description	Days
Client Meetings and ad-hoc advice	Meetings with the Council's S151 Officer and other key officers and attendance at corporate groups. External audit liaison. Advice on internal control issues identified by the SAFS	9
Plan Monitoring, Work Allocation and Scheduling	Audit Plan monitoring and reporting	12
SIAS Development/EQA	Included to reflect the Council's contribution to developing the partnership and the external quality assessment due in 2021/22	5
2022/23 Internal Audit Planning	Provision of services to prepare, agree and report the 2022/23 Annual Internal Audit Plan	6
Completion of outstanding 2020/21 projects	Completion of outstanding work from 2020/21	5

APPENDIX B – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22 – RESERVE LIST

Provided below is a list of reserve internal audits that may be introduced, if required, into the plan during 2021/22:

Audit Title	Proposed Scope / Risk Areas	Officers	Days
Town Centre Regeneration - SG1	The audit is likely to include the effectiveness of internal control relating to: a) The governance and control framework. b) Reducing risk of construction delay and project budget protection	Sponsor: Assistant Director - Regeneration	To be determined prior to audit start
Allotments	The audit is likely to include the effectiveness of internal control relating to: a) Allotment provision and demand management. b) Revenue collection	Sponsor: Assistant Director – Stevenage Direct Services	
Delivery of HRA Business Plan	The audit is likely to include the effectiveness of internal control relating to; a) The arrears action plan. b) The review of service and support charges to tenants and leaseholders. c) The annual review of BP assumptions d) The monthly monitoring meetings e) The investment options review	Sponsor: Assistant Director – Housing and Investment	
Commercialisation	The audit is likely to include the effectiveness of internal control relating to: a) Action plan delivery b) Income generation / savings opportunities c) Capacity audit, culture & skills audit d) Associated recruitment	Sponsor: Assistant Director – Finance and Estates	
Building Maintenance GF Assets	The audit is likely to include the effectiveness of internal control relating to: a) Compliance audit of all GF assets	Sponsor: Assistant Director – Finance and Estates	

APPENDIX B – PROPOSED STEVENAGE BOROUGH COUNCIL INTERNAL AUDIT PLAN 2021/22 – RESERVE LIST

Audit Title	Proposed Scope / Risk Areas	Officers	Days
	b) Governance structure for the Corporate Landlord function c) the Strategic Plan		
Counter Fraud follow up	The follow up audit is likely to include the effectiveness of internal control relating to: a) Staff fraud awareness training b) Anti-fraud & corruption policy	Sponsor: Assistant Director – Finance and Estates	
Stevenage Leisure Ltd	The audit is likely to include the effectiveness of internal control relating to: a) The service continuity arrangements b) Set up arrangements	Sponsor: Assistant Director – Communities and Neighbourhoods	

APPENDIX C – INDICATIVE INTERNAL AUDIT START PERIODS

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Youth Council	Vehicle Workshop	Key Financial Systems	Key Financial Systems
COVID-19 Pandemic Response	Community Safety (SADA)	Housing Allocations	Homelessness & Housing Advice
Health & Safety	Welfare Reform	Audit Follow Up	Leaseholder Liability
Council Housebuilding & Acquisitions Programme	Information Governance	Capital Programme Delivery	Risk Management & Corporate Governance
Housing Development Site (North Road)	Cyber Security		IT Resilience
Audit Follow Up	Contract Management		

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Meeting: AUDIT COMMITTEE

Date: 24 March 2021

SECTION 106 AGREEMENTS

Lead Officer – Zayd Al-Jawad Ext. 2257



1. PURPOSE

1.1 To consider a report on the breakdown of Section 106 balances and the requirements of each specific scheme, as requested by the Committee at its meeting held on 17 November 2020.

2. RECOMMENDATIONS

2.1 That the report be noted.

3. BACKGROUND

3.1 At its meeting held on 17 November 2020, the Committee considered a report providing an update on Section 106 Agreements. The Committee requested a report back on the breakdown of Section 106 balances and the requirements of each specific scheme.

3.2 The Section 106 spend for 2019/20 is set out in the Infrastructure Funding Statement attached at Appendix A to the report.

3.3 In respect of Section 106 allocations, these are set out in the table over the page (as at Quarter 3 of 2020/21). The Council is working with HCC Highways to spend the £148K for Parking/Transport and the £35K for a pedestrian link in the next year. The Council is awaiting a 2nd part payment before commencing work on the Household Surveys.

Part I
Release to Press

Table Five: S106 Update					
S106 balance	Total Available	2020/21 Forecast	remaining	Future Years Forecast	remaining
	£	£	£	£	£
Affordable Housing	62,091		62,091	62,091	-
Children's Playspace / open space	27,867	27,867	-	-	-
Community / Greenspace / Ecological Infrastructure	70,338		70,338	70,338	-
Parking / Transport	156,189	8,191	147,998		147,998
Gardening Club	4,576		4,576		4,576
Arboretum	25,420	25,420	-		-
Biodiversity Net Gain	45,867		45,867		45,867
Pedestrian Link	35,000		35,000		35,000
Household Surveys	15,990		15,990		15,990
Total	443,337	61,479	381,859	132,429	249,430

BACKGROUND PAPERS

BD1 – Report on Section 106 Allocations to Audit Committee – 17 November 2020

APPENDICES

Appendix A – SBC Infrastructure Funding Statement 2019/20 (published December 2020)



Stevenage Borough Council
Annual Infrastructure Funding
Statement

For
Community Infrastructure Levy and
Section 106

Reporting Period:
From 01 April 2019 to 31 March 2020
(Published December 2020)

Introduction

In line with the amendments made to The Community Infrastructure Levy Regulations 2010 by The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019, Councils are now required to produce an Infrastructure Funding Statement (IFS).

The IFS is an annual report that sets out details of planning obligations secured through the Community Infrastructure Levy or by Section 106 legal agreements during a monitoring year ending on 31 March of that year. This IFS report covers the period 1 April 2019 – 31 March 2020. The figures in this report are therefore correct as of 31 March 2020. It is likely that obligations have been secured, received, allocated and/or spent since 31 March 2020.

The requirement to publish an IFS is new and each Council's first IFS must be published by 31 December 2020. From then on, the IFS will be updated annually and published by 31 December of that year.

Community Infrastructure Levy Matters

Community Infrastructure Levy Regulations (2019 Amendment) Regulation 121A Schedule 2 Section 1

The Council formally adopted a Community Infrastructure Levy (CIL) at a meeting of the Full Council on 29 January 2020. The Council started implementing the CIL Charging Schedule (available [here](#)) on 1 April 2020.

As such, we did not receive, allocate, spend, transfer or request any CIL payments in the monitoring year 1 April 2019 to 31 March 2020.

Community Infrastructure Levy Regulations (2019 Amendment) Regulation 121A Paragraph 1(a): The Infrastructure List

The Council is obligated by Regulation 121A to publish a statement of the infrastructure projects or types of infrastructure which it intends will be, or may be, wholly or partly funded by CIL (other than CIL to which regulation 59E or 59F applies). This is known as “the infrastructure list”.

The Council does not expect to fund any infrastructure with collected CIL receipts in the next calendar year. CIL has only recently been adopted by the Council and it is widely accepted that it takes a relatively significant period of time for the CIL ‘pot’ to grow to a level where it is able to fund projects. This is because of the time it takes for proposals granted after the implementation of CIL to commence on site, thus prompting a demand notice to be issued, and the subsequent lag for payments in line with an authority’s [Instalments Policy](#).

In preparation for this time, the Council is currently updating its Infrastructure Delivery Plan (IDP) to identify the remaining unfunded infrastructure that is required to enable the growth planned for in the Stevenage Borough Local Plan (adopted May 2019). In turn, this will help the Council to identify its long term spending priorities.

Following the update of the IDP, expected in early 2021, the Council will start to develop its governance arrangements for CIL. This will include: detailed spending priorities, bidding procedures, and funding approval procedures for the strategic and neighbourhood portions of the collected CIL receipts. It is expected that governance arrangements will be finalised and formally agreed by Councillors well before the end of 2021 in time to be included in next year’s IFS. However, it is vitally important to ensure that the final governance arrangements are appropriate and the Council will spend all the necessary time to ensure they are.

In general, it is expected that the Council’s CIL receipts will be used to ‘top-up’ projects that have not received all the required funding for their delivery. This will likely include combining CIL money with financial contributions secured through other funding mechanisms including Section 106 legal agreements. This is now permitted following the removal of Regulation 123 from The Community Infrastructure Levy Regulations 2010 by The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019.

Reiterating that the Council does not expect to spend any CIL receipts this year and that it is not yet in a position to publish a detailed infrastructure list, for the sake of meeting Regulation 121A paragraph 1(a), the Council expects to spend collected CIL receipts, other than those to which regulation 59e and 59f applies, to wholly or partly fund:

- Schemes within the SBC Infrastructure Delivery Plan as a priority, and
- Where possible, schemes within Council policy documents, particularly:
 - Future Town, Future Transport.
 - Local Cycling and Walking Infrastructure Plan
 - Biodiversity Action Plan,
 - Health and Wellbeing Strategy,
 - Arts and Heritage Strategy, and
 - Climate Change Strategy.

Section 106 Matters

Community Infrastructure Levy Regulations (2019 Amendment) Regulation 121A Schedule 2 Section 3

- a) The total amount of money to be provided under any planning obligations which were entered during the reported year is £1,011,525.96. This figure does not consider indexation (inflation/deflation) that may be applied when the money becomes due.

Planning ref.	Address	Amount
19/00167/FPM	Airbus Defence And Space, Gunnels Wood Road, Stevenage, Herts, SG1 2DB	30,000.00
18/00398/FPM	The Bragbury Centre, Kenilworth Close, Stevenage, Herts, SG2 8TB	313,740.63
18/00401/FP	Land Bordered By Ashdown Road, Malvern Close And Hertford Road, Stevenage, SG2 8BG	25,000.00
18/00399/FPM	Walpole Court , Blenheim Way, Stevenage, Herts, SG2 8TZ	83,608.48
18/00740/FPM	12 North Road, Stevenage, Herts, SG1 4AL	39,336.81
19/00136/FPM	145 Scarborough Avenue, Stevenage, Herts, SG1 2HQ	41,658.69
19/00485/FPM	Land At Webb Rise, Stevenage, Herts, SG1 5QU	478,181.35

- b) The total amount of money received from planning obligations during the reported year was £645,465.70.

Planning ref.	Address	Amount
16/00395/FPM	Symonds Green Neighbourhood Centre Units 1-2, Filey Close, Stevenage, Herts	£64,043.42
16/00511/FPM	Park Place, Town Centre, Stevenage, Herts	£179,825.20
19/00167/FPM	Airbus Defence And Space, Gunnels Wood Road, Stevenage, Herts, SG1 2DB	£30,000.00
18/00401/FP	Land Bordered By Ashdown Road, Malvern Close And Hertford Road, Stevenage, SG2 8BG	£25,420.17
18/00398/FPM	The Bragbury Centre, Kenilworth Close, Stevenage, Herts, SG2 8TB	£333,399.77
18/00268/FPM	85 - 103 Queensway, Town Centre, Stevenage, Herts, SG1 1EB	£12,777.14

c) The total amount of money received prior to the reported year that has not been allocated is £184,570,11.

Service	Amount
Parking/Transport	£103,584.82
Gardening Club	£4,575.60
Arboretum	£35,420.17
Pedestrian Link	£35,000
Household Surveys	£15,989.52

d) During the reported year the following non-monetary contributions have been agreed under planning obligations:

i) The total number of affordable housing units to be provided is 86.

Planning ref.	Address	No. of Affordable Houses
18/00398/FPM	The Bragbury Centre, Kenilworth Close, Stevenage, Herts, SG2 8TB	37
18/00399/FPM	Walpole Court , Blenheim Way, Stevenage, Herts, SG2 8TZ	14
18/00740/FPM	12 North Road, Stevenage, Herts, SG1 4AL	6
19/00136/FPM	145 Scarborough Avenue, Stevenage, Herts, SG1 2HQ	8
19/00485/FPM	Land At Webb Rise, Stevenage, Herts, SG1 5QU	21

e) The total amount of money from planning obligations allocated towards infrastructure, but not spent, during the reported year was £348,996.08.

f) The following items have had money allocated towards them during the reported year with unspent allocations:

Infrastructure	Allocated	Unspent
Affordable Housing - Financial Contributions	£250,000.00	£250,000.00
Travel Plan Monitoring Fees	£6,091.60	£6,091.60
Youth Services – Bowes Lyon Young People's Centre - re-provision	£242.65	£242.65
Libraries - Stevenage Central - Community Meeting/Training Room(s)	£6,442.89	£6,442.89
Engineers - Town Centre - Car Park Study	£5,119.63	£5,119.63
Children's Playspace - Town Centre Gardens - Improvements	£4,184.91	£4,184.91

Open Space - Fairlands - Improvements	£4,358.90	£4,358.90
Engineers - Town Centre - Pay and Display	£3,071.78	£3,071.78
Sustainable Transport - Town Centre - Re-provision of the bus station	£36,221.41	£36,221.41
Engineers - Town Centre - Traffic Regulation Order	£8,191.41	£8,191.41
Children's Playspace - Stevenage - Improvements	£782.64	£782.64
Outdoor Sport - Stevenage - Improvements	£866.88	£866.88
Libraries - Stevenage - Improvements	£1,906.00	£1,906.00
Sustainable Transport - Fairview Road - Bus Stops - Improvements	£21,515.38	£21,515.38

g) The total amount of money from planning obligations spent during the reported year was £802,410.14. Of this amount £111,060.06 was transferred to a third party for expenditure.

h) In relation to money which was spent by Stevenage Borough Council during the reported year, the items of infrastructure that planning obligation money has been spent on and the amount spent are as follows:

Infrastructure	Spent	Spend Description
Affordable Housing – New Build Programme	£617,882.15	
Children's Play Space / Open Space	£24,000.63	
Community Greenspace Infrastructure	£36,415.30	
Car Club – St George's Annual passes for Park Place residents	£13,112.00	
Primary Education - Moss Bury Primary School – Expansion	£48,904.05	Transferred to HCC
Youth Services- Bowes Lyon Young People's Centre - re-provision	£966.43	Transferred to HCC
Secondary Education - Barnwell School – Expansion	£51,080.53	Transferred to HCC
Sustainable Transport - Gresley Way - Bus Stop - Improvements	£10,109.05	Transferred to HCC

ii) The amount of planning obligation money spent on repaying money borrowed, including any interest, was £0

iii) The amount of planning obligation money spent in respect of administration of planning obligations and monitoring in relation to the delivery of planning obligations during the reported year was £0.00.

i) The total amount of money retained at the end of the reported year is £533,566.149. This includes £184,570.11 retained from prior to this monitoring year. Of this amount retained, £0.00 has been retained for long term maintenance.

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ICT Audit Briefing

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24th March 2021

Agenda Item 7

Where have we come from?

- A challenging 2020 for our community and the Council, with ICT challenges at the start of this year too
- Many of these challenges pre date Covid-19, but are now more important than ever
- Progress on the improvement works but with a crucial months ahead
- There has been a big shift in ways of working which puts additional focus on ICT

Where we are now

Building the right foundations

Page 75

New network

Resilience
(microwave)

Security

New desktop

- Products bought
- Team in place
- Technical changes well underway but not complete
- Crucial for better services for residents, productivity, Smarter Working

Supporting Smarter Working

Ways of working and equipment

Microsoft 365

Windows 10

Committees,
Video & Meeting rooms

Improving for Customers

Digital services

Website and online services

Improving productivity

Improving our response

- Adapting for the home-working environment – better diagnosis involving key users, senior management

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- Proactive communications

- Service desk, self-service requests, password resets
- ICT have a major incident virtual team

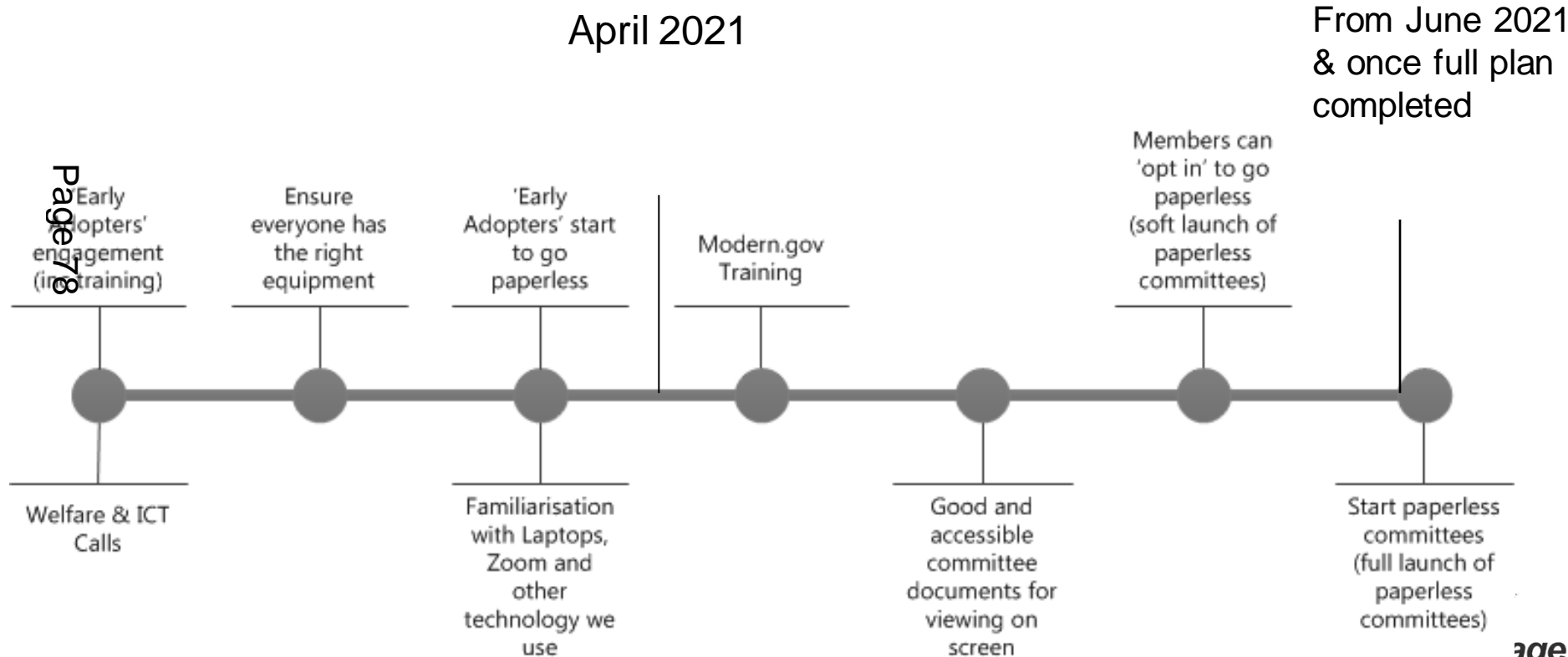
Providing Member support

- Rolled out laptops in summer 2020 to those who requested one
- Virtual committees live
- Feb 2021 service desk call to check in on kit & training needs –
- Helping to see how we can support move to digital committees

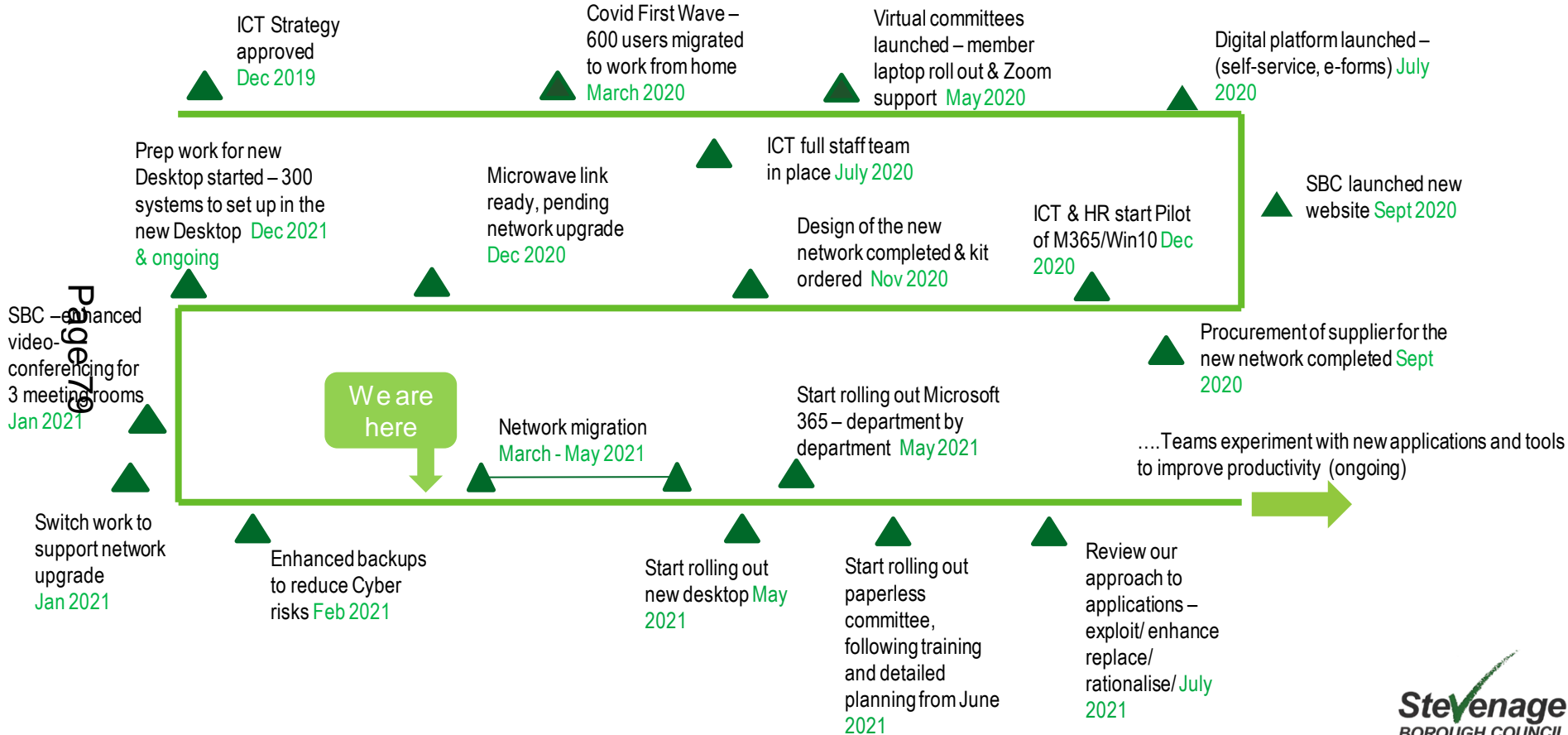
Future plans:

- Monthly check in call with Members Services – issues referred to ICT where needed
- 1:1 ICT troubleshooting
- Training & support for key changes with plenty of notice
- Regular ICT satisfaction survey

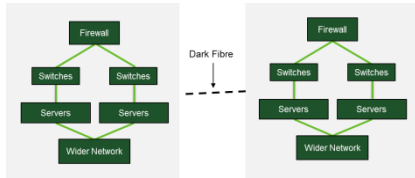
Supporting members with digital committees



A busy year for ICT & Digital



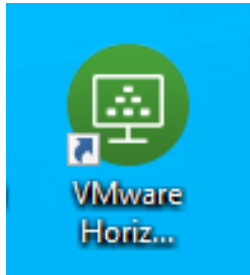
Some of the changes that are coming



The Network

Final stages of this project are underway. Servers, switches and a new network have been bought and the stages are being prepared. This will go live in **May 2021** giving a much more stable platform for users.

Page 80

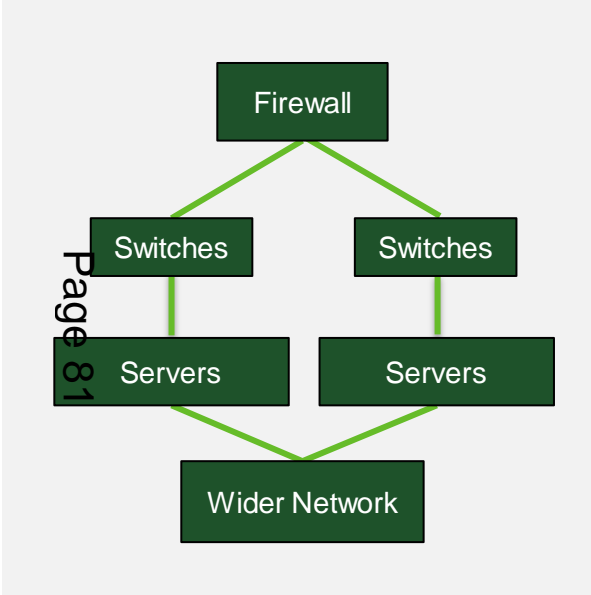


The desktop

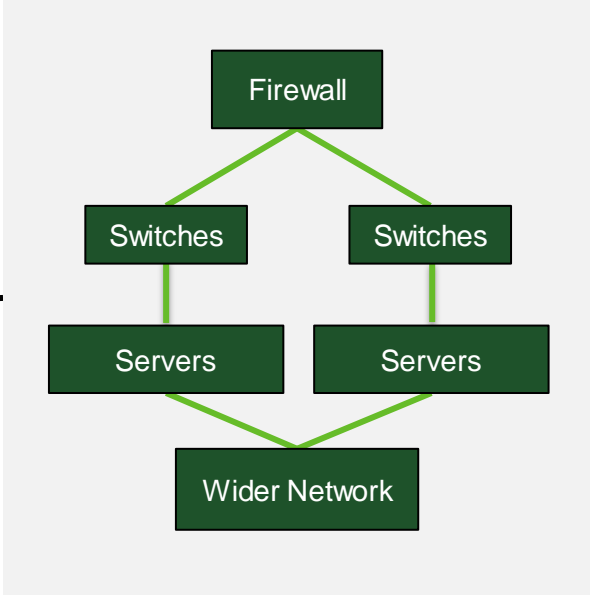
This is how users log in and access their systems – i.e. how they connect to the network in office or from home. The new hosted desktop will allow us to use updated and improved tools like Windows 10, and better security. This will go live in **June / July 2021**.

The ageing network has been a factor in recent disruption...

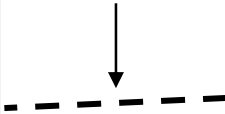
Daneshill server room



Cavendish server room



Dark Fibre



Single Points of Failure

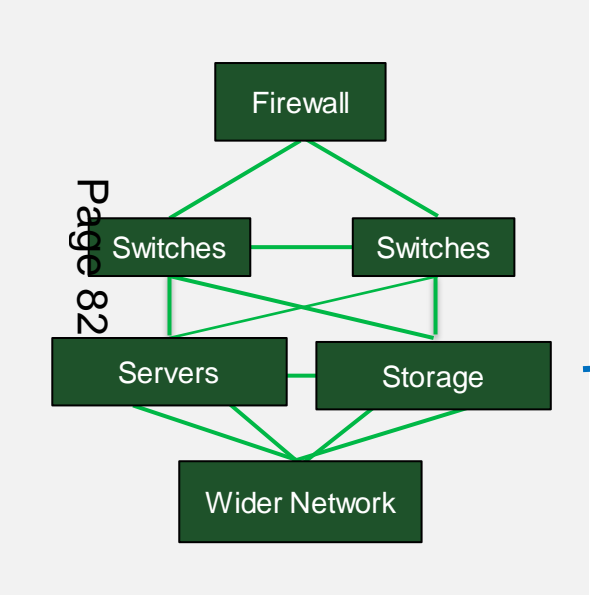
Dark fibre damage would cause serious disruption

Limited connectivity

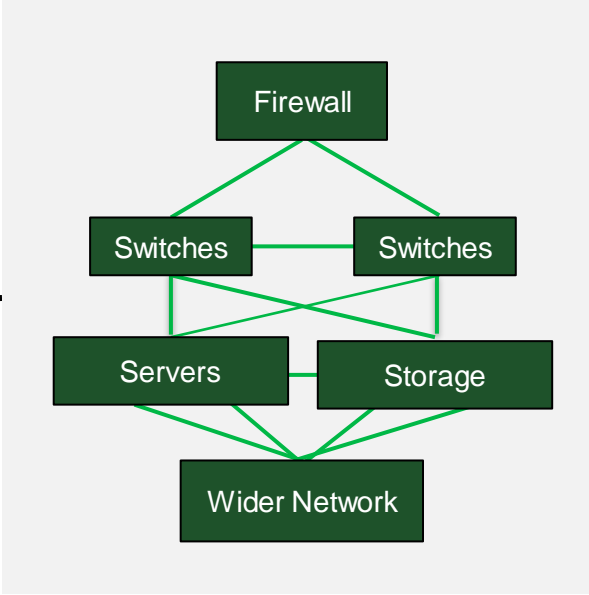
Page 81

Our new network upgrade will improve this.. . .

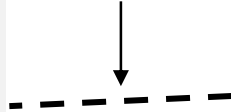
Daneshill server room



Cavendish server room



Dark Fibre



Microwave link



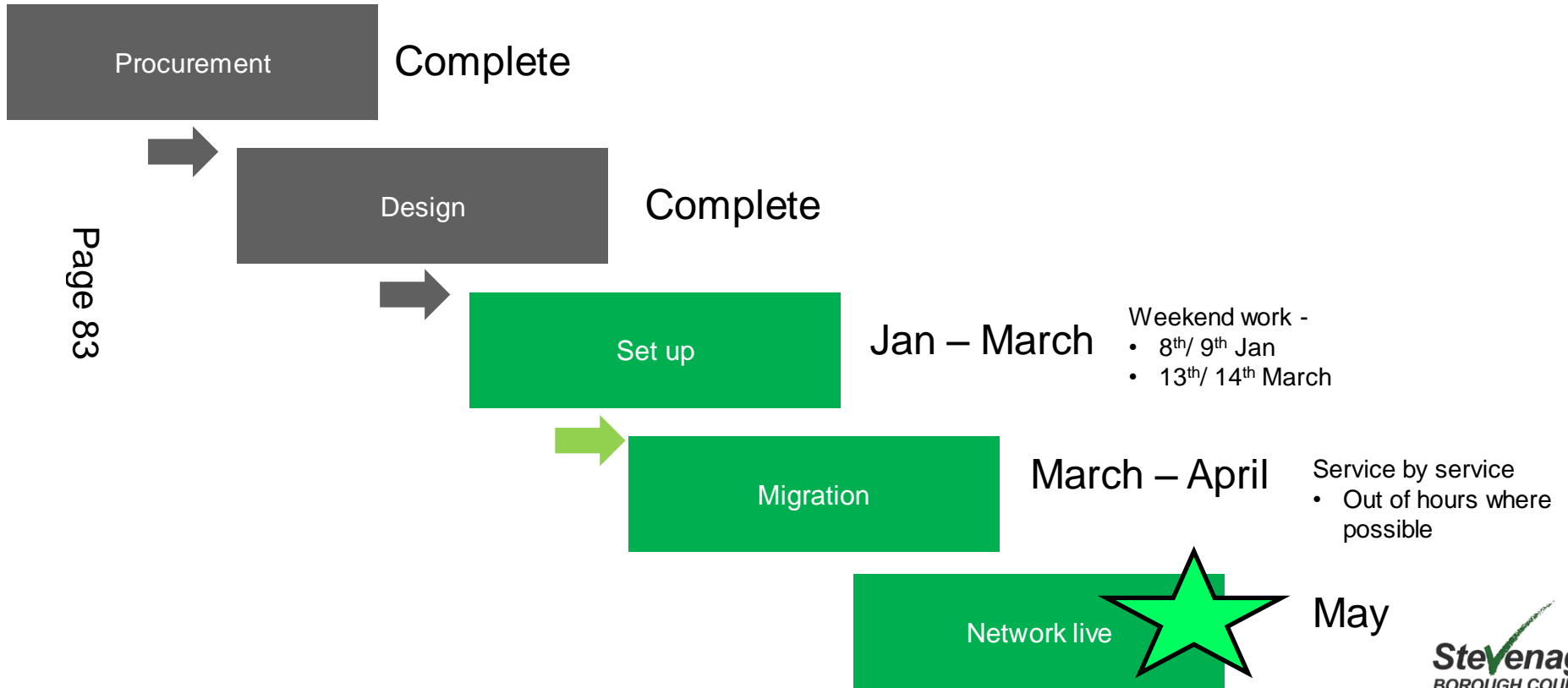
Single Points of Failure - 99% REMOVED

Limited connectivity - REMOVED

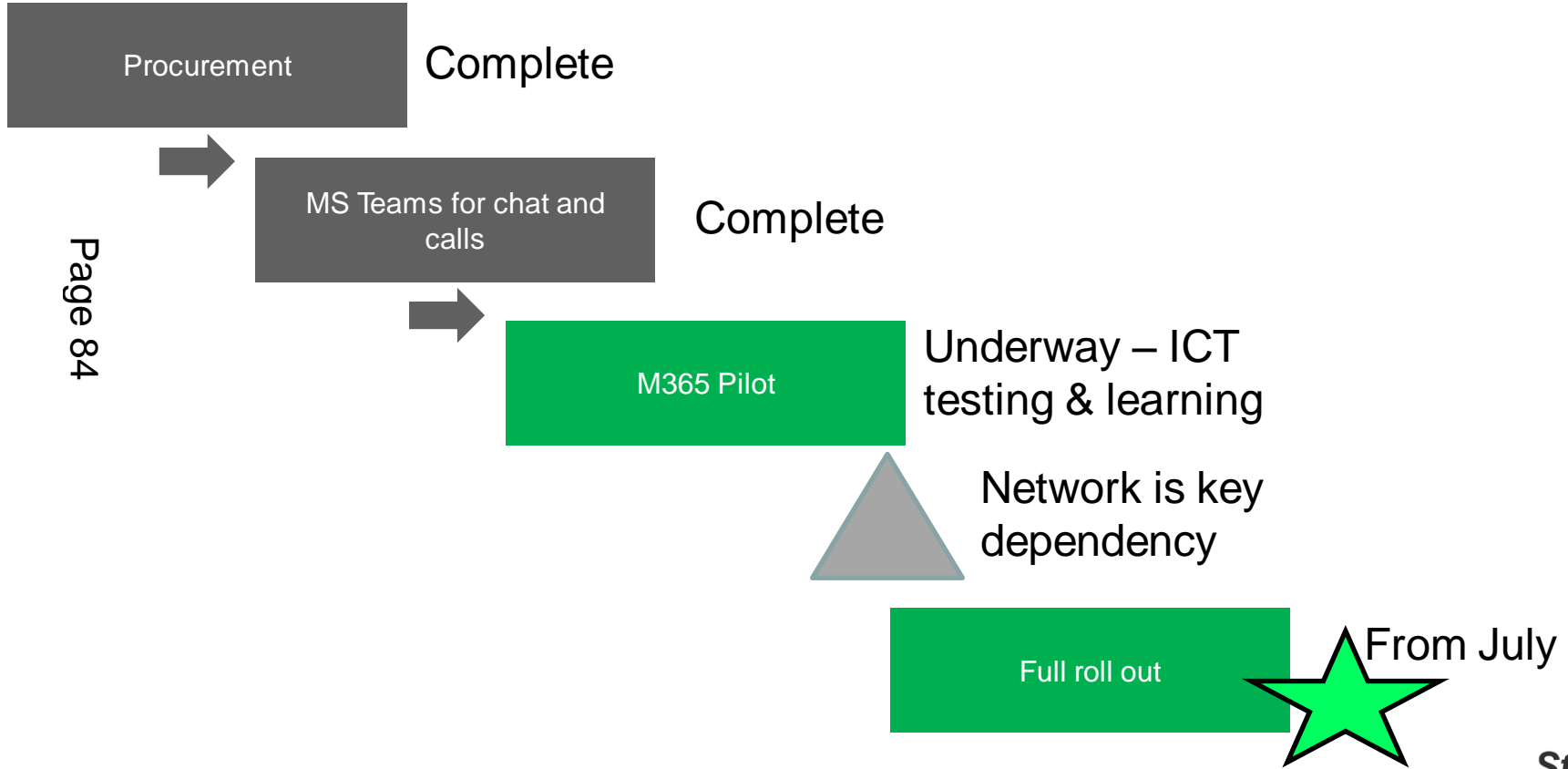
New network to be in place from April/ May 2021

Moving to a new network

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Putting in place new tools - Microsoft 365 & new desktop



Page 84

Enabling self-service



Report It

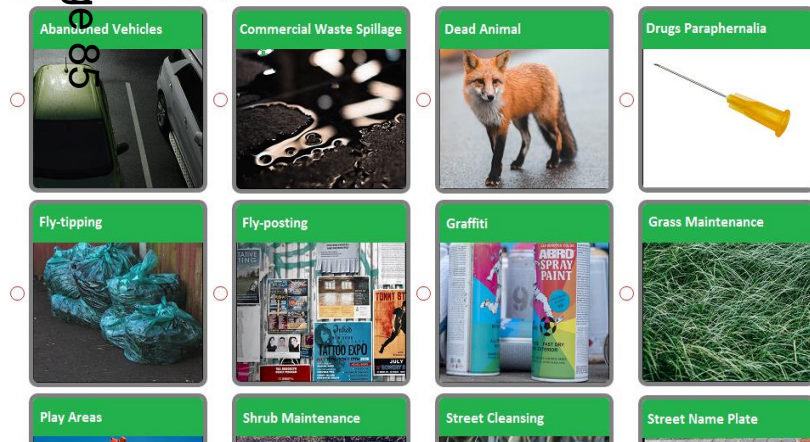
Issue Location About

Report an Issue

Welcome to MyStevenage Report It. Here you can report environmental nuisances such as fly tipping, abandoned vehicles and graffiti.

Please be sure to provide as much information and description as possible on the following pages. Uploading photo's that include recognisable landmarks or buildings can help us find the issue sooner.

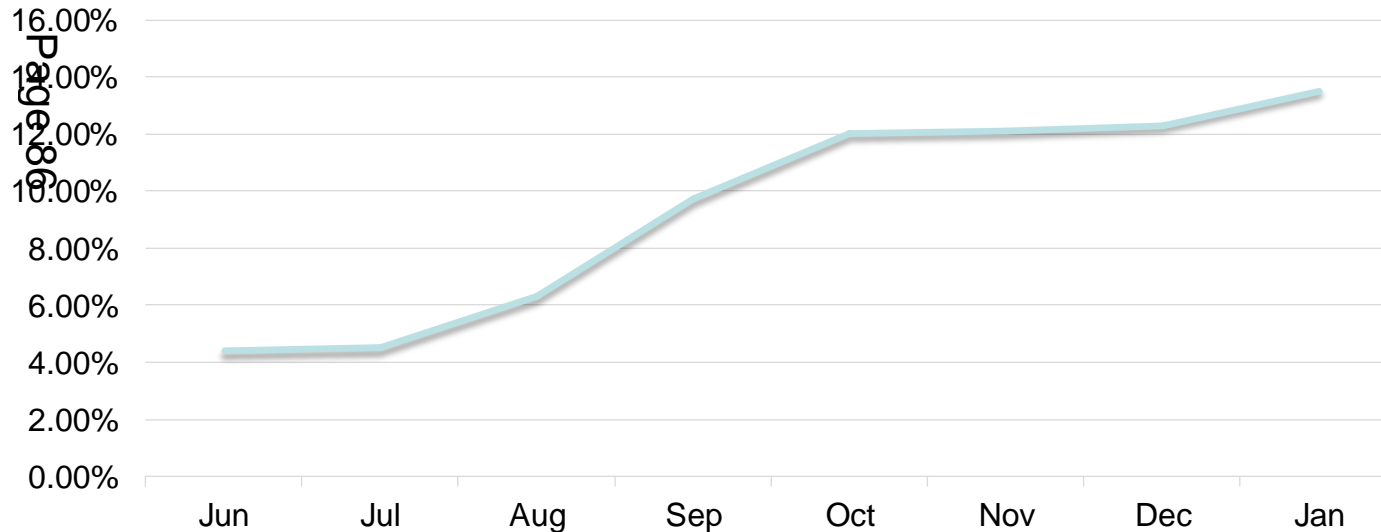
What type of issue are you reporting? *



- Improving online services via a 'digital platform' to provide more services via self-service for those who choose to use it
- New functionality to follow including – **Your Say** (complaints logging and tracking)
- **Housing Online** – 2,300 sign ups by December 2020

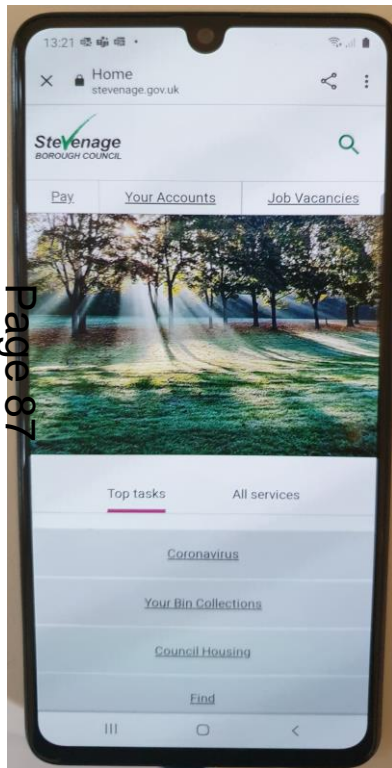
Extending digital services

% of digital platform reports logged online June 2020 – Jan 2021



- 70+ daily reports via Digital Platform
- A tool for those who choose to self-serve
- CSC providing other support

Empowered customers – Website



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Launched in September 2020

- ✓ Mobile responsive
 - ✓ Cloud hosted (stays up if our network is down)
 - ✓ More secure
 - ✓ Accessible to meet government standards
 - ✓ Content refreshed to make it user friendly
 - ✓ More reliable
-
- 93% accessibility score
 - Rated excellent by SOCITM benchmark (in the top 50 councils)
 - More work in progress to improve look and feel such as the search function and transactions
 - Feedback and improvement – seeking views from members and customers

What next ?

- Finalising vital upgrades and embedding the new foundations
- Using digital tools and processes to help improve productivity and by doing protect vital front line services
- Working to improve processes for customers via website and including complaints
- Getting the best from new tools like Microsoft 365 – many additional features to improve productivity e.g. workflow, collaboration tools
- Reducing some of our 300+ systems where possible = easier to support, less chance of customer failures and save money



Meeting: **Audit Committee**

Portfolio Area: All Portfolio Areas

Date: **24 March 2021**

Corporate Governance Arrangements

Author: Suzanne Brightwell Ext: 2966
Contributors: Assistant Directors
Lead Officer: Clare Fletcher Ext 2933
Contact Officer: Suzanne Brightwell Ext. 2966

1. PURPOSE

1.1. To advise Members of the Audit Committee of:

- Activity carried out in 2020/21 to strengthen the Council's corporate governance arrangements.
- Corporate governance enhancement activity identified for delivery in 2021/22, which will be reflected in the Council's 2020/21 Annual Governance Statement.
- Progress of service governance actions identified by the Service Assurance reviews carried out in April 2020.

2. RECOMMENDATIONS

2.1. That Members of Audit Committee note:

- Progress on corporate governance enhancement activity during 2020/21.
- Corporate governance enhancement activity identified for 2021/22, for inclusion in the Council's 2020/21 Annual Governance Statement.
- Progress of service governance actions identified by the Service Assurance reviews carried out in April 2020.

3. BACKGROUND

3.1. Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to ensure the Council runs effectively and can be held to account for its actions.

3.2. Local Governance Framework

3.2.1. In January 2008, Audit Committee approved a local framework encompassing the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. In April 2016, CIPFA/SOLACE revised

this Framework to reflect the CIPFA/IFAC International Framework, 'Good Governance in the Public Sector.

The 2016 CIPFA/SOLACE 'Delivering Good Governance' Framework focuses on seven core principles of good governance and recommends the actions an authority needs to follow to:

- Set out its commitment to the principles of good governance
- Determine its own governance structure, or Local Code of Governance.
- Ensure that it operates effectively in practice through the review of arrangements.

3.2.2. The Framework defines the principles that should underpin the governance of each local government organisation and outlines the requirement for authorities to test their governance structures and partnerships against the principles contained in the Framework by:

- Developing and maintaining an up to date Local Code of Governance, including arrangements for ensuring ongoing effectiveness
- Reviewing existing governance arrangements, and
- Reporting publicly on compliance with the Local Code of Governance on an annual basis setting out how they have monitored the effectiveness of their governance arrangements in the year and identify any enhancement required.

3.2.3. The CIPFA/SOLACE seven core principles of good governance are:

A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

B: Ensuring openness and comprehensive stakeholder engagement

(Principles A and B are considered fundamental and applicable through principles C to G)

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

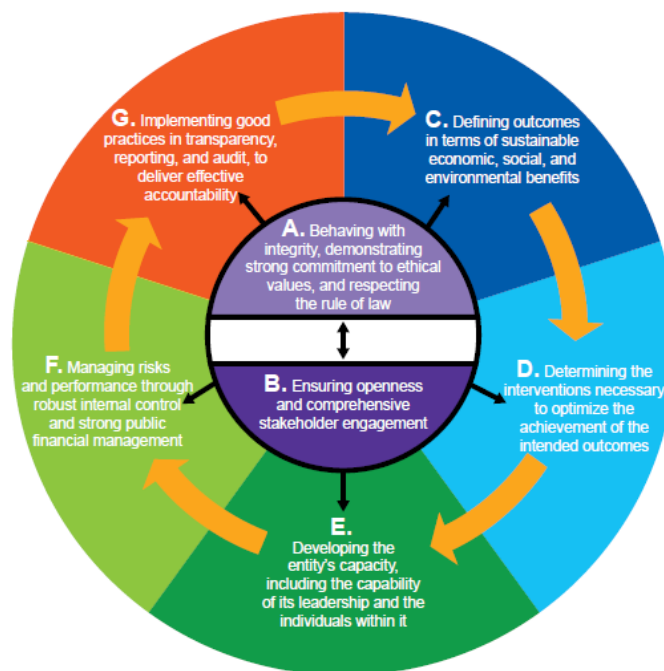
D: Determining the interventions necessary to optimise the achievement of intended outcomes

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

F: Managing risks and performance through robust internal control and strong public financial management

G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The diagram below, taken from the International Framework, Good Governance in the Public Sector (CIPFA/IFAC, 2014) illustrates the above principles of good governance in the public sector and how they relate to each other.



3.2.4 For each of the above core principles, the Framework outlines a set of sub-principles and a set of behaviours and actions that demonstrate good governance in practice.

3.3 Local Code of Governance

3.3.1 To achieve good governance, a local authority should be able to demonstrate that its governance structures comply with those outlined in the 'Delivering Good Governance' Framework. The Framework states that the authority should develop and maintain a Local Code of Governance which reflects the principles identified in the Framework.

3.3.2 The Council's current Local Code of Governance which is revised annually to enhance the assessment process was last approved by Audit Committee in June 2020 and will be considered by Audit Committee at its meeting in June 2021.

3.4 Legislation and Proper Practice

The self-assessment of the Council's corporate governance arrangements against the CIPFA/SOLACE Framework principles forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

3.5 Review of Corporate Governance Arrangements

- 3.5.1** The primary focus of the Council's review of governance arrangements is focused on compliance with the core and sub-principles that form the 'Delivering Good Governance' Framework.
- 3.5.2** To ensure a proactive approach to this review, Corporate Governance Group meets quarterly to regularly consider the effectiveness of the Council's governance arrangements against the Framework. Each of the seven principles (outlined previously in Paragraph 3.2.3) is reviewed by Corporate Governance Group throughout the year.
- 3.5.3** Significant enhancement activity identified as a result of these reviews is reflected below in Paragraphs 3.6 and 3.7 and also in the appendices to this report. To provide Members with a complete picture of governance enhancement carried out in 2020/21 and scheduled for 2021/22, enhancement activity pertaining to best practice has also been reflected in Appendix A and B.
- 3.5.4** Enhancement activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the delivery of outcomes should be addressed.

3.6 Significant Governance Enhancement Activity in 2020/21

- 3.6.1** Progress in relation to significant governance enhancement activity included in the 2019/20 Annual Governance Statement and carried out in 2020/21 is summarised below:

General Fund Asset Management Strategy: Work on locality reviews is now well underway. All three tranches of land identified for disposal have now been agreed by Executive.

Governance of Key Regeneration Projects: The SG1 scheme gained planning approval at Planning and Development Committee in October 2020. The holding direction on the SG1 planning application has been lifted by the Secretary of State. This now allows the Council to finalise and conclude the Section 106 legal agreement with the developer Mace and to issue the planning permission.

Regeneration and Housing Development meetings have been separated to maximise the effectiveness of the meetings. Regular updates on key projects are provided at each meeting. This has included a session dedicated to Queensway/Marshgate which the Council's regeneration partner Reef attended and presented, and a number of sessions focussing on the Town Investment Plan.

Stevenage Development Board was set up in 2020 to prepare Stevenage's bid for government funding through the MyTown initiative. The Board has

been successful in its bid and has been awarded £37.5 Million. This will bring about a once in a generation investment to revitalise and regenerate the town.

An action tracker is now in place to monitor progress of actions. On a monthly basis the status of actions are reported in the Highlight Report to the Regeneration Steering Committee. Highlight reporting arrangements have been reviewed and enhanced. The Risk Register has been updated and is being reviewed quarterly.

GD3 funding has now been released and Local Enterprise Partnership deeds agreed. Monthly meetings are held with the Local Enterprise Partnership. Meetings are attended by the Assistant Director, Regeneration Manager and Programme Manager which provides a robust and resilient structure.

Future Town Future Council milestones have been adjusted following Covid-19, although the majority of progress remains unaffected

Regular Steering Group meetings are held with key members of the Mace and Stevenage Borough Council teams, with two-weekly operational meetings between the project teams. The Queensway Limited Liability Partnership continues to run smoothly with regular board meetings and reporting with Reef.

Commercialisation: On 12th August 2020, Executive approved the Council's Co-operative Commercial and Insourcing Strategy 2020-2023 and associated action plan. A new Commercial and Investment Executive Committee has been established, terms of reference have been agreed and the first meeting was held on 22nd October 2020.

Commercial key performance indicators have been agreed and these will be reported to the Commercial and Investment Executive Committee on a quarterly basis.

A Commercial Culture and Skills Audit has been carried out and a Commercial Learning and Development Action Plan based on the feedback from this audit has been developed. Insourcing guidance has also been developed.

Local Government Reform and Devolution White paper: The Government's White Paper has been delayed and currently no date has been set for its publication.

District/Borough Councils in Hertfordshire have worked together to consider appropriate opportunities for future reform. A residents' poll was carried out and demonstrated that the majority of residents in Hertfordshire are opposed to the creation of a large unitary council. MHCLG officials attended the Hertfordshire Growth Meeting in August to observe the collegiate way in which the ten Hertfordshire authorities are working together for the good of Hertfordshire communities. Discussions have taken place with other Local Authorities who have recently undergone or are considering devolution options to inform the debate in Hertfordshire.

COVID-19 IMT, Business Continuity and CEC meetings are being held as required to co-ordinate and manage the Council's response to the pandemic.

Service changes have been made in accordance with the lockdown restrictions. Redeployment plans have been drawn up to assist with the Stevenage and County-wide response.

The CFO is continuing to assess the ongoing impact of Covid-19 ensuring all applicable Government grants are applied for and received. Advice and guidance of funding and grants is being provided to businesses in the town. The January 2021 General Fund report set out the impact of Covid on the Council's General Fund budgets. The projected gap between government funding and losses has necessitated the MTFs to be updated with mitigating actions on three occasions during 2020. Members approved financial resilience measures that improved General Fund balances for this and future years.

Executive in July 2020 approved the Council's Recovery Plan and actions are in place embedded in the Council's FTFC reporting process. Plans are developing for an Economic Taskforce to tackle the effects of the impending recession. Stevenage Together Partnership is working on a joint recovery action plan for the town, covering areas from health, to jobs and skills, environment, regeneration and support to those who need it most.

Shared Hertfordshire Home Improvement Agency (HHIA) service: All of the key measures of outputs of the service have improved since 2018/19 and now represent an improvement over both that year and the last year it was provided in house by Stevenage Borough Council.

A follow up audit was completed by the Shared Internal Audit Service (SIAS) in August 2020. SIAS were satisfied that systems have been amended to improve the quality and accuracy of information recorded on the internal management information systems. The evidence from their testing demonstrated significant improvements since the last audit, as well as improved checks by management to review such progress. The HHIA, whilst addressing recommendations, have sought to identify other improvements that can be made to further improve the service.

The Executive at its meeting on 6th October 2020 considered a report which provided information on the Council's second year of participation in the HHIA. The report proposed that the Council remains a member of the HHIA and this was agreed by Executive. This action is now complete as all the high audit recommendations have been actioned and will therefore not be carried over as an Annual Governance Statement action for 2021/22.

Corporate Capacity: The Council's new Workforce Strategy was approved by Executive in October 2020. The Strategy is a critical enabler for delivering the Council's strategic ambitions over the next three years. The Strategy identifies actions that will improve employees' experiences and position the Council as an 'Employer of Choice'.

The majority of the Council's business unit reviews are now complete. The business unit reviews within Digital and Transformation and the Garages and Markets service are now complete.

Recruitment of key roles has continued during the Covid-19 pandemic to ensure corporate capacity is maintained. Four Assistant Directors were recruited in 2020 and have now all started (AD Digital and Transformation, AD Stevenage Direct Services, AD Finance and Estates, AD Regeneration).

In light of the improved situation due to the completion of the business unit reviews and the recruitment of senior posts at the Council, this action will not be carried over as an Annual Governance Statement action for 2021/22.

Cyber Security and IT Resilience: Design of the Virtual Desktop Infrastructure, which will improve the user experience and is an enabler for Microsoft 365 and Windows 10 is complete and is currently being piloted.

The design work for the upgrade of the ICT network, to increase IT resilience, is also complete and configuration and testing of the upgraded network is currently underway.

The installation of the microwave link between the Council's two data centres to almost eliminate chances of link breakage and therefore ICT interruption is now complete and is scheduled to go live once the network upgrade is complete.

Microsoft 365, which will support new ways of working, team collaboration and video-conferencing, is currently being piloted by ICT to troubleshoot any issues prior to its full roll out.

Work is also continuing to upgrade the Council's 50 plus servers. The roll out of the Windows 10 Operating system, which is a pre-requisite for Microsoft 365 and a key requirement of the Security Enforcement Programme is progressing well. Email and web filtering has also been replaced to increase ICT security. Meta-compliance which is a new platform that incorporates requirements of e-learning, policy compliance, cyber security and phishing awareness has been installed and will be rolled out soon.

The replacement of the Council's firewalls and implementation of controls and management tools to monitor and control the ICT network are in the soft market testing phase.

Information Management: Improvement activity has continued to enhance and embed information management arrangements to ensure that best practice records management across the Council continues to be applied and customer data is stored securely and appropriately managed.

The review of data sharing arrangements with local authority partners and public agencies to reflect GDPR requirements on information sharing obligations is now complete. All Supplier agreements which involve the processing of personal data have also been updated.

Enhancement activity has decreased the information management risk to a medium level, therefore this action will not be carried over as an Annual Governance Action for 2021/22.

Corporate Health and Safety: A RAG monitor of all the Council's high health and safety risks is now being produced. All high risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings.

The Health and Safety team have assisted to ensure that all Council buildings are Covid Secure. New working arrangements for Daneshill and Cavendish Road have been implemented to ensure the health and safety of staff. The team have also provided support and advice to frontline staff to ensure their safety and the safety of customers. PPE requirements for specific operational settings have been identified and procured. Staff communication messages have been provided to advise staff of Covid-19 guidance. The usual scheduled health and safety training and audits have been affected by the response to the pandemic but are scheduled to resume in April 2021.

Compliance of the Council's Non-Housing Property: The Mears contract has been brought in house and responsible officers have now been assigned to all operational buildings. Compliance work continues to be progressed and regular compliance checks have been programmed. The compliance audit is nearly complete for all operational buildings, community centres and the depot. Risks have been identified and these are being prioritised.

The Assistant Director (Finance and Estates) has now started in post as well as a new Estates Manager. Recruitment for a permanent Facilities Manager is in progress.

There is now a full procedure manual in place documenting work carried out by the team and work is progressing on a full suite of policies. Procedures for training staff, community centre managers and users are being produced. Preventative maintenance is being investigated and prioritised. Empty properties are now being inspected weekly for damage, leaks etc.

3.7 Significant Governance Enhancement activity planned in 2021/22

3.7.1 Significant governance enhancement activity to be reflected in the 2020/21 Annual Governance Statement for delivery in 2021/22 is summarised below:

General Fund Asset Management Strategy: To ensure that the General Fund Asset Management Strategy can deliver an effective mechanism to manage incoming investment as well as disposal of the Council's assets, the following activity is planned:

- Continue the review of the Council's commercial portfolio
- Continue with Locality reviews of the Council's current land and buildings to identify new opportunities for better use of existing buildings

- Identify further potential sites for release for sale and identify land for the Council's own housing building programme.

Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved, a programme of work is required:

- Delivery of the Commercialisation Action Plan
- Ensure greater flexibility round income generation and savings opportunities
- Implementation of the Commercial Learning and Development Action Plan

Town Centre Regeneration: To ensure the Council is able to continue to regenerate the town centre and build much needed new housing and create job opportunities the people of Stevenage need and want, a programme of work is required to implement the required governance arrangements to make this happen. This will be achieved by:

- Ensuring measures are being taken to reduce the risk of construction delay and protect project budgets
- Ensure contracts and adequate funding is available to carry out the regeneration works as planned.
- Continue to implement good governance arrangements in relation to the programme and key projects

Local Government Reform: In response to the challenges which could result from the Government's Local Government Reform and Devolution White paper, the following action is proposed:

- Undertake a review of the White Paper and its implication once it has been published
- Engage again with other Hertfordshire District and Borough councils to consider a response to the White Paper.

Covid-19: In response to the COVID-19 crisis and to ensure the Council can reinstate and continue to deliver services, continue to meet its FTFC ambitions and enable recovery from the effect of the virus in the town, the following action is planned:

- Continue with Incident response management arrangements as required in response to the Covid-19 emergency.
- Review the General Fund and HRA Medium Term Financial strategies in light of the financial pressures arising from the COVID-19 response
- Implement the agreed town wide Recovery Plan
- Review the corporate performance measure suite and targets, to ensure they support the monitoring of the Council's recovery efforts and are realistic in the context of Covid-19 impacts on delivery.

IT Resilience, Policy Framework and Cyber Security: The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience and policy framework by:

- Completing the replacement of all the Council's firewalls
- Completing the upgrade from Windows 7 to Windows 10
- Roll out of Microsoft Office 365
- Installing and roll out of network security and reporting tools
- Creation of a Disaster Recovery Team to review all ICT documentation and update the ICT Disaster Recovery Plan.

Health and Safety: Continue to enhance and embed health and safety compliance and performance by:

- Implementing additional safety measures and new procedures for front line services to minimise the risk of harm to staff and the public
- Train the Senior Leadership Team in IOSH Leading Safety
- Continue the rolling programme of internal and external audits for medium and high risk services

Compliance of the Council's Non-Housing Property: To ensure there is a clear governance structure through a corporate landlord function and ensure compliance of the Council's non-housing property the following action is required:

- Continue with the compliance audit of general fund assets.
- Implementation of actions identified by the compliance audit
- Recruitment of a permanent Facilities Manager
- Completion of a full suite of building management policies, procedures and guides.
- Implementation of a new Asset Management System

3.7.2 In addition, a wider programme of governance enhancement, pertaining to best practice in 2021/22 is reflected in Appendix B, together with the significant activity as outlined above.

3.8 Service Governance Enhancement Activity – April 2020 to March 2021

3.8.1 At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. The Service Assurance Statement is designed to provide assurance that the control environment operated effectively in respect of the business units for which they have responsibility. As a result of this review 36 actions were identified for delivery in 2020/21 to enhance service governance arrangements.

3.8.2 Appendix C outlines the progress of the service governance enhancement actions identified for 2020/21 during the service assurance review of service governance at business unit level which was carried out in April 2020.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

The self-assessment of the Council's corporate governance arrangements against the 'Delivering Good Governance in Local Government' Framework principles and

identification of significant governance action to facilitate continued compliance with this Framework, forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

5. IMPLICATIONS

5.1. Financial Implications

There are no direct financial implications arising from this report.

5.2. Legal Implications

The governance enhancements identified in this report inform the Annual Governance Statement which will be reported to Audit Committee in June. It is a requirement for the Council to publish an Annual Governance Statement alongside its Statement of Accounts.

5.3. Risk Implications

Risk management supports robust corporate governance arrangements by identifying potential risks associated with the achievement of corporate priorities and statutory requirements. Weakness in corporate governance arrangements can increase risk for the Council. Governance arrangements need to be sound and seen to be sound to mitigate risk.

5.4. Other Corporate Implications

Corporate governance affects all aspects of the work of the Council, as well as partners of the Council contributing to outcome delivery, and other agencies with which the Council shares information. External bodies, in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded and a commitment to ensuring effectiveness.

5.5. Climate Change Implications

Climate change will be considered as part of the Council's governance arrangements.

6. BACKGROUND DOCUMENTS

- CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Framework and Guidance
- CIPFA/IFAC International Framework: 'Good Governance in the Public Sector', published August 2014
- Audit Committee Report: Local Code of Corporate Governance (9 June 2020)

7. APPENDICES

- Appendix A: Corporate Governance Enhancement Activity carried out in 2020/21

- Appendix B: Corporate Governance enhancement activity planned for 2021/22.
- Appendix C: Service Governance enhancement carried out in 2020/21

Corporate Governance Enhancement Activity carried out in 2020/21

Corporate governance activity included in the peach text boxes below are deemed significant. Activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan or identified as key to the management of 'very high/high' level strategic risks. To provide a complete picture of governance enhancement carried out in 2020/21, activity pertaining to best practice has also been reflected below.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Governance for this principle is currently considered robust. The following governance activity pertaining to best practice has been delivered:

- The Council's Financial Regulations and Contract Standing Orders were reviewed and changes were agreed by Council.
- A new Anti-Bribery Policy and a new Anti-Money Laundering Policy has been produced, approved and are available to staff
- The Whistle-Blowing Policy has been reviewed and republished.
- The Officer Code of Conduct has been reviewed and is due to be approved by Council in 2021.
- Dr Robert Crawley was re-appointed as the Council's Independent Person for a further term of four years with effect from October 2020.
- Simon Banks, the new Borough Solicitor, was appointed as the Council's Monitoring Officer with effect from July 2020.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Governance for this principle is currently considered robust. The following governance activity pertaining to best practice has been delivered:

- The Annual Report and Performance Overview highlighting the Council's achievements over the past year and plans for the next twelve months was approved by Executive and published on the Council's website
- Implementation of the Council's new website is complete. The new website now provides a portal for new customer online services.
- To inform the Council's new Climate Change Strategy an array of traditional consultation as well as online methods, including a digital Facebook engagement campaign which received over 1400 responses was used.
- As part of the Council's commitment to addressing climate change, a citizen's panel has been established. The panel represents a broad and diverse range of views in the town and will help inform the Council's ongoing response to the climate emergency.
- The co-operative Inclusive Economy Charter to encourage residents and businesses to work together to help protect Stevenage's economy and support the Council's approach to Community Wealth Building was launched.
- The revised Strategy for resuming the development of Co-operative Neighbourhoods, following a delay as a result of the pandemic, was agreed by Executive in August. A Co-Operative Neighbourhoods Communications Plan has been produced as well as a Guide for Councillors. Strategic and operational leads have been appointed for each Co-operative Neighbourhoods area.
- Public consultation to inform the Amenity Tree Management Policy and the Stevenage Cemetery Policy was carried out via the Council's web pages and promoted via social media.
- As part of the development of the Workforce Strategy (2020-2023), consultation took place with members, SLT and Trade Unions.
- The themes for the Community Safety Strategy, which has recently been approved by Executive, were informed through engagement with residents and visitors to the town through a number of social media consultations, surveys with clients and data collected from the police Echo platform.
- Staff working from home were given the opportunity to participate in a 'Ways of Working' Survey. Through the insight of over 300 employees and survey responses, the Council has been able to plan its recovery from Covid in a way that suits the majority of staff and address staff concerns with this new way of working.
- Stevenage Together local strategic partnership held a Covid Recovery Summit in July to provide an update on shared resources to the Covid-19 pandemic and to identify how partners could best work together to support the recovery efforts in Stevenage. Subsequently a high level partnership recovery action plan has been developed.

Principle C: Defining outcomes in terms of sustainable economic and environmental benefits

Progress of significant governance (AGS) action:

General Fund Asset Management Strategy: Work on locality reviews is now well underway. All three tranches of land identified for disposal have now been agreed by Executive.

The following governance activity pertaining to best practice has also been delivered:

- Establishment of the Hertfordshire Growth Board Joint Committee and Hertfordshire Growth Board Scrutiny Committees as Joint committees agreed at December Council. A new Hertfordshire Growth Board Integrated Governance Framework has been adopted and incorporated into the Council's Constitution.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Progress of significant governance (AGS) actions:

To ensure the governance of key regeneration projects the following action has been carried out: The SG1 Scheme gained planning approval at Planning and Development Committee in October 2020. The holding direction on the SG1 planning application has been lifted by the Secretary of State. This now allows the Council to finalise and conclude the Section 106 legal agreement with the developer Mace and to issue the planning permission.

Regeneration and Housing Development meetings have been separated to maximise the effectiveness of the meetings. Regular updates on key projects are provided at each meeting. This has included a session dedicated to Queensway/Marshgate which the Council's regeneration partner Reef attended and presented, and a number of sessions focussing on the Town Investment Plan.

Stevenage Development Board was set up in 2020 to prepare Stevenage's bid for government funding through the MyTown initiative. The Board has been successful in its bid and has been awarded £37.5 Million. This will bring about a once in a generation investment to revitalise and regenerate the town.

An action tracker is now in place to monitor progress of actions. On a monthly basis the status of actions are reported in the Highlight Report to the Regeneration Steering Committee. Highlight reporting arrangements have been reviewed and enhanced. The Risk Register has been updated and is being reviewed quarterly. GD3 funding has now been released and Local Enterprise Partnership deeds agreed. Monthly meetings are held with the Local Enterprise Partnership. Meetings are attended by the Assistant Director, Regeneration Manager and Programme Manager which provides a robust and resilient structure.

FTFC milestones have been adjusted following Covid-19, although the majority of progress remains unaffected.

Regular Steering Group meetings are held with key members of the Mace and SBC teams, with two-weekly operational meetings between the project teams. This has been invaluable when dealing with challenging issues, and regular communication has been a real positive. The Queensway Limited Liability Partnership continues to run smoothly with regular board meetings and reporting with Reef.

To ensure that the Council's ambitious commercial agenda can be achieved, the following action has been taken: On 12th August 2020, Executive approved the Council's Co-operative Commercial and Insourcing Strategy 2020-2023 and associated action plan. A new Commercial and Investment Executive Committee has been established, terms of reference have been agreed and the first meeting was held on 22nd October 2020. Commercial key performance indicators have been agreed and these will be reported to the Commercial and Investment Executive Committee on a quarterly basis. A Commercial Culture and Skills Audit has been carried out and a Commercial Learning and Development Action Plan based on the feedback from this audit has been developed. Insourcing guidance has also been developed.

In response to the challenges which could result from the Government's Local Government Reform and Devolution White paper, the following action has been carried out: The Government's White Paper has been delayed and currently no date has been set for its publication. District/Borough Councils in Hertfordshire have worked together to consider appropriate opportunities for future reform. A residents' poll was carried out and demonstrated that the majority of residents in Hertfordshire are opposed to the creation of a large unitary council. MHCLG officials attended the Hertfordshire Growth Meeting in August to observe the collegiate way in which the ten Hertfordshire authorities are working together for the good of Hertfordshire communities. Discussions have taken place with other Local Authorities who have recently undergone or are considering devolution options to inform the debate in Hertfordshire.

In response to the COVID-19 crisis and to ensure the Council can reinstate and continue to deliver services, continue to meet its Future Town Future Council ambitions and enable recovery from the effect of the virus in the town, the following action has been carried out: IMT, Business Continuity and Coronavirus Emergency Committee meetings are being held as required to co-ordinate and manage the Council's response to the pandemic. Service changes have been made in accordance with the lockdown restrictions. Redeployment plans have been drawn up to assist with the Stevenage and County-wide response. The Chief Finance Officer is continuing to assess the ongoing impact of Covid-19 ensuring all applicable Government grants are applied for and received. Advice and guidance of funding and grant is being provided to businesses in the town. The January 2021 General Fund report set out the impact of Covid on the Council's General Fund budgets. The projected gap between government funding and losses has necessitated the MTFS to be updated with mitigating actions on three occasions during 2020. Members approved financial resilience measures that improved General Fund balances for this and future years. Executive in July 2020 approved the Council's Recovery Plan and actions are in place embedded in the Council's Future Town Future Council reporting process. Plans are developing for an Economic Taskforce to tackle the effects of the impending recession. Stevenage Together Partnership is working on a joint recovery action plan for the town, covering areas from health, to jobs and skills, environment, regeneration and support to those who need it most.

To ensure that the Shared Hertfordshire Home Improvement Agency (HHIA) service, operated by Hertfordshire County Council, can deliver its financial targets in the medium term, as well as ensure that minimum key standards are being met, enhance its governance structure and ensure the HHIA Board is offering value for money, the following activity has taken place: All of the key measures of outputs of the service have improved since 2018/19 and now represent an improvement over both that year and the last year it was provided in house by SBC. A follow up audit was completed by SIAS in August 2020. SIAS were satisfied that systems have been amended to improve the quality and accuracy of information recorded on the internal management information systems. The evidence from their testing demonstrated significant improvements since the last audit, as well as improved checks by management to review such progress. The HHIA, whilst addressing recommendations, have sought to identify other improvements that can be made to further improve the service. The Executive at its meeting on 6th October 2020 considered a report which provided information on the Council's second year of participation in the HHIA. The report proposed that the Council remains a member of the HHIA and this was agreed by Executive. This action is now complete as all the high audit recommendations have been actioned and will therefore not be carried over as an Annual Governance Statement action for 2021/22.

The following governance activity pertaining to best practice has also been delivered:

- The Local Development Scheme 2020 was approved as the programme for the new Stevenage Local Development Document by Executive.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Progress of significant governance actions:

Corporate Capacity: The Council's new Workforce Strategy was approved by Executive in October 2020. The Strategy is a critical enabler for delivering the Council's strategic ambitions over the next three years. The Strategy identifies actions that will improve employees' experiences and position the Council as an 'Employer of Choice'. The majority of the Council's business unit reviews are now complete. The business unit reviews within Digital and Transformation and the Garages and Markets service are now complete. Recruitment of key roles has continued during the Covid-19 pandemic to ensure corporate capacity is maintained. Four Assistant Directors were recruited in 2020 and have now all started (AD Digital and Transformation, AD Stevenage Direct Services, AD Finance and Estates, AD Regeneration). In light of the improved situation due to the completion of the business unit reviews and the recruitment of senior posts at the Council, this action will not be carried over as an Annual Governance Statement action for 2021/22.

The following governance activity pertaining to best practice has also been delivered:

- The Council has teamed up with the local Mind charity to deliver a number of Mental Wellbeing webinars to help staff to manage the negative impacts of the pandemic.
- Stevenage Anti-Fraud Service Managers now form part of the Council's Corporate Governance Group and also sit on the Joint Action Group, which is a partnership of police and the council set up to tackle various low level but prolific or persistent offending.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Progress of significant governance actions:

Cyber Security and IT Resilience: Design of the Virtual Desktop Infrastructure, which will improve the user experience and is an enabler for Microsoft 365 and Windows 10 is complete and is currently being piloted. The design work for the upgrade of the ICT network, to increase IT resilience, is also complete and configuration and testing of the upgraded network is currently underway.

The installation of the microwave link between the Council's two data centres to almost eliminate chances of link breakage and therefore ICT interruption is now complete and is scheduled to go live once the network upgrade is complete. Microsoft 365, which will support new ways of working, team collaboration and video-conferencing, is currently being piloted by ICT to troubleshoot any issues prior to its full roll out. Work is also continuing to upgrade the Council's 50 plus servers. The roll out of the Windows 10 Operating system, which is a pre-requisite for Microsoft 365 and a key requirement of the Security Enforcement Programme is progressing well. Email and web filtering has also been replaced to increase ICT security. Meta-compliance which is a new platform that incorporates requirements of e-learning, policy compliance, cyber security and phishing awareness has been installed and will be rolled out soon. The replacement of the Council's firewalls and implementation of controls and management tools to monitor and control the ICT network are in the soft market testing phase.

Information Management: Improvement activity has continued to enhance and embed information management arrangements to ensure that best practice records management across the Council continues to be applied and customer data is stored securely and appropriately managed. The review of data sharing arrangements with local authority partners and public agencies to reflect GDPR requirements on information sharing obligations is now complete. All Supplier agreements which involve the processing of personal data have also been updated. Enhancement activity has decreased the information management risk to a medium level; therefore this action will not be carried over as an Annual Governance Action for 2021/22.

Corporate Health and Safety: A RAG monitor of all the Council's high health and safety risks is now being produced. All high risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings.

The Health and Safety team have assisted to ensure that all Council buildings are Covid Secure. New working arrangements for Daneshill and Cavendish Road have been implemented to ensure the health and safety of staff. The team have also provided support and advice to frontline staff to ensure their safety and the safety of customers. PPE requirements for specific operational settings have been identified and procured. Staff communication messages have been provided to advise staff of Covid-19 guidance. The usual scheduled health and safety training and audits have been affected by the response to the pandemic but are scheduled to resume in April 2021.

To ensure compliance of the Council's non-housing property, the following action has been taken: The Mears contract has been brought in house and responsible officers have now been assigned to all operational buildings. Compliance work continues to be progressed and regular compliance checks have been programmed. The compliance audit is nearly complete for all operational buildings, community centres and the depot. Risks have been identified and these are being prioritised.

The Assistant Director (Finance and Estates) has now started in post as well as a new Estates Manager. Recruitment for a permanent Facilities Manager is in progress. There is now a full procedure manual in place documenting work carried out by the team and work is progressing on a full suite of policies. Procedures for training staff, community centre managers and users are being produced. Preventative maintenance is being investigated and prioritised. Empty properties are now being inspected weekly for damage, leaks etc.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Governance for this principle is currently considered robust.

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Corporate Governance Enhancement Activity to take place in 2021/22

Corporate governance activity included in the peach text boxes are deemed significant. Activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan or identified as key to the management of 'very high/high' level strategic risks.

To provide a complete picture of governance enhancement planned for 2021/22 activity pertaining to best practice is also reflected.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

To enhance existing governance arrangements the following activity pertaining to best practice has been identified:

- Officer and Member Codes of Conduct to be updated to reflect new working practices, in particular incorporation of social media protocols
- Review of the Council's Anti-Fraud and Corruption Strategy
- IT Acceptable Use Policy to be rolled out to staff
- New Procurement Strategy to be written and agreed.

Principle B: Ensuring openness and comprehensive stakeholder engagement

To enhance existing governance arrangements the following activity pertaining to best practice has been identified:

- Implement a consultation plan to include a range of consultation activities, including the Residents' Survey, to inform future priorities and service delivery
- Review of the Equalities and Diversity Policy
- Develop Community Plans for each Co-Operative area in partnership with all stakeholders.
- Engage with residents, businesses and schools to share climate change best practice.

Principle C: Defining outcomes in terms of sustainable economic and environmental benefits

Significant Governance activity to be included in Annual Governance Statement:

General Fund Asset Management Strategy: To ensure that the Asset Management Strategy can deliver an effective mechanism to manage incoming investment as well as disposal of the Council's assets, the following activity is planned:

- Continue the review of the council's commercial portfolio
- Continue with Locality reviews of the Council's current land and buildings to identify new opportunities for better use of existing buildings
- Identify further potential sites for release for sale and identify land for the Council's own housing building programme.

In addition, ongoing monitoring and review is planned in mitigation of the following on-going risks:

- The Housing Revenue Account (HRA) Business Plan is under ongoing review to ensure a balanced HRA financial plan for the next 30 years, and to ensure there are sufficient HRA funds to support the council's Housebuilding and Acquisitions Programme. Rent arrears have risen sharply due to the pandemic and pose a threat to the HRA Business Plan. In order to mitigate the impact, a two year action plan is in place. The known impacts have been reflected in the HRA budget proposals; this is still a developing situation that will continue to be monitored carefully over the coming months. The HRA Business Plan will be refreshed and presented to Executive in Q3 of 2021/22.
- The Medium Term Financial Strategy and Capital Programme are under ongoing review to ensure finances remain robust in the long term and ensure the council can deliver the ambitions set out in the Future Town Future Council Programme; deliver a once in a generation investment in the town, through town centre regeneration, housing development and investment in neighbourhoods and become financially self-sufficient. The CFO will continue to assess the financial impact of the pandemic

To enhance governance further the following activity pertaining to best practice has been identified:

- Commence development of a new five year Corporate Plan for approval in 2022/23.
- Establish formal Executive Member Group and governance arrangements for the Climate Change agenda
- Launch of Social Value Portal
- Establish a Working Group of anchor institutions to drive new form of social value in Stevenage and driving pledges of Inclusive Economy Charter

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Significant governance activity to be included in Annual Governance Statement

Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved, a programme of work is required:

- Delivery of the Commercialisation Action Plan
- Ensure greater flexibility round income generation and savings opportunities
- Implementation of the Commercial Learning and Development Action Plan

Town Centre Regeneration: To ensure the Council is able to continue to regenerate the town centre and build much needed new housing and create job opportunities the people of Stevenage need and want, a programme of work is required to implement the required governance arrangements to make this happen. This will be achieved by:

- Ensuring measures are being taken to reduce the risk of construction delay and protect project budgets
- Ensure contracts and adequate funding is available to carry out the regeneration works as planned.
- Creation of business cases for projects and work in relation to governance, resourcing, engagement and financial planning in light of the £37.5 Million Towns Fund award.
- Continue to implement good governance arrangements in relation to the programme and key projects

Local Government Reform: In response to the challenges which could result from the Government's Local Government Reform and Devolution White paper, the following action is proposed:

- Undertake a review of the White Paper and its implication once it has been published
- Engage again with other Hertfordshire District and Borough councils to consider a response to the White Paper

In response to the COVID-19 crisis and to ensure the Council can reinstate and continue to deliver services, continue to meet its Future Town Future Council ambitions and enable recovery from the effect of the virus in the town, the following action is planned:

- Continue with Incident response management arrangements as required in response to the Covid-19 emergency.
- Review the General Fund and HRA Medium Term Financial strategies in light of the financial pressures arising from the COVID-19 response
- Implement the agreed town wide Recovery Plan
- Review the corporate performance measure suite and targets, to ensure they support the monitoring of the Council's recovery efforts and are realistic in the context of Covid-19 impacts on delivery.

Ongoing monitoring is planned in mitigation of the following on-going risk:

- Risks associated with the impact of Welfare Reform on the community and Council have been identified. The Council is continuing to assess potential impacts through business insight.

To enhance governance further the following activity pertaining to best practice has been identified:

- New Procurement Strategy to be produced and agreed.
- Scoping of a work plan to implement a transformation programme to deliver a productive and resilient Council which can deliver its strategic priorities, protect outcomes for residents and provide excellent customer experiences.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

In addition, to enhance governance further the following activity pertaining to best practice has been identified:

- Remote Working Policy to be rolled out to staff

Principle F: Managing risks and performance through robust internal control and strong public financial management

Significant governance activity to be included in Annual Governance Statement:

IT Resilience, Policy Framework and Cyber Security: The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience and policy framework by:

- Completing the replacement of all the Council's firewalls
- Completing the upgrade from Windows 7 to Windows 10
- Roll out of Microsoft Office 365
- Installing and roll out of network security and reporting tools
- Creation of a Disaster Recovery Team to review all ICT documentation and update the ICT Disaster Recovery Plan.

Health and Safety: Continue to enhance and embed health and safety compliance and performance by:

- Implementing additional safety measures and new procedures for front line services to minimise the risk of harm to staff and the public
- Train SLT in IOSH Leading Safety
- Continue the rolling programme of internal and external audits for medium and high risk services
- Continue with the implementation of fire safety measures at Cavendish Road.

Compliance of the Council's Non-Housing Property: To ensure there is a clear governance structure through a corporate landlord function and ensure compliance of the Council's non-housing property the following action is required:

- Continue with the compliance audit of general fund assets.
- Implementation of actions identified by the compliance audit
- Recruitment of a permanent Facilities Manager
- Completion of a full suite of building management policies, procedures and guides.
- Implementation of a new Asset Management System

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Governance for this principle is currently considered robust and no further governance activity is scheduled at this stage.

SERVICE BASED GOVERNANCE ACTIONS – 2020/21

Action identified for 2020/21	Progress	Service Area
Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
<p>Continue to implement the new management system for S&S Operations to provide real time business intelligence in respect of the Operations functions. Links with the new CRM system need to be made live so the full functionality can be realised.</p>	<p>The new system (Collective) went live on 16 March 2020 with the waste and recycling module. Integration with Firmstep went live in October 2020 and missed bins have reduced by an estimated 45% as a direct result. Bins are not having to be replaced as frequently and some charges have been levied. Refuse now almost 100% operational. Streets and Grounds is the next module planned to be implemented. Reactive tasks were planned to go through Collective early in 2021, but this is currently delayed.</p> <p>The wider implementation of Collective is currently delayed due to Covid and absence. Investigations underway as to how we can implement the Streets & Grounds module given a number of factors, primarily project management resource and GIS</p>	<p>Stevenage Direct Services</p>
<p>Induction process to be carried out for all staff in Housing and Investment when the Housing and Investment Business Unit Review is launched (postponed from the 6 April due to COVID-19 response). The induction process to include awareness of Employee Code of Conduct and Financial Regulations and Contract Standing Orders.</p>	<p>This has been delayed due to Covid. Proposed induction booklet and training record presented at SLT in February. H&I will consider how this can be digitalised. H&I plan to reference this at the H&I webinars in March 2021 with a view to rolling out from April 2021.</p>	<p>Housing and Investment</p>

Review of Council's pay and reward arrangements to attract and retain staff and consider special arrangements to attract staff for hard to recruit posts.	Complete. External Consultant engaged and completed this project, benchmarking SBC pay and benefits locally, regionally and nationally. Report presented to Head of Paid Service and SLT and decision made that no changes are currently required.	Human Resources and Organisational Development
Data to be added to HouseMark to enhance data analysis, insight and business intelligence	All Data except the financial information has been collated. Once this is received, the information will be submitted to HouseMark	Housing and Investment
Principle B: Ensuring openness and comprehensive stakeholder engagement		
The IT Shared Service Board Partnership Agreement to be reviewed and agreed by East Herts District Council	The ICT Shared Service Board Partnership Agreement has been reviewed and is currently awaiting approval	Digital and Transformation
Financial Regulations to be approved by Audit Committee and staff to be informed of changes	Complete. Financial Regulations were approved by Council in July 2020. The Regulations are now on the Council's intranet.	Finance and Estates
Complete the review of supervisory/management roles in Stevenage Direct Service Business Unit to further enhance service delivery. This was expected to go live on 1st May 2020 but due to COVID-19 has been delayed until June 2020.	Completed fully for Operations from 1 October 2020 with all roles in position and previous interim arrangements ceased. For the Repairs service, phase one is complete. Three of the four positions have been recruited into with one remaining role to be recruited. Complete. The Garages and Markets team were decoupled on a trial basis from 21 September 2020. The service review has been completed including job descriptions having been considered by the Job Evaluation panel on 29 October. New permanent structure effective from 1 February 2021.	Stevenage Direct Services

<p>Deliver and embed a new customer service model for the Customer Service Centre, supported by new and enhanced digital processes.</p>	<p>A new website and Digital Platform have gone live offering easier navigation, improved accessibility and enhanced digital options for residents. In order to ensure continuous improvement of the customer experience and to realise efficiencies, a review of the model for customer services and customer complaints delivery as part of the Digital and Transformation Business Unit Review will be carried out.</p>	<p>Digital and Transformation</p>
<p>Update the Council's Communications Strategy, including a review of the Council's branding and corporate identity</p>	<p>Communications strategy and style guide updated for 2020. Review of sub-brands is currently underway to help provide clarity on the SBC corporate identity. Guide to be launched when time allows.</p>	<p>Communications</p>
<p>Carry out a review of staff engagement</p>	<p>Complete. Regular pulse staff surveys undertaken throughout the pandemic to monitor staff engagement and digital staff</p>	<p>Human Resources</p>
<p>Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits</p>		
<p>Service Plans for the Planning and Regulatory Services Business Unit to be reviewed and updated</p>	<p>The Service Plans are being reviewed and this action is scheduled to be complete by March 2021.</p>	<p>Planning and Regulation</p>
<p>Implementation of the recommendations from the Waste Scrutiny Review</p>	<p>Complete. In place with the integration of systems.</p>	<p>Stevenage Direct Services</p>

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
An inclusive Economy Charter to be produced alongside an action plan to ensure the council drives social value through its activities and those of other partners working in Stevenage.	Complete. Approved at Executive in July 2020. The Co-operative and Inclusive Economy Charter was launched in November 2020 to encourage residents and businesses to work together to help protect Stevenage's economy. The council will produce its first community balance sheet at the end of March 2021.	Communities and Neighbourhoods
Recommendations from the peer review of Constitutional Services to be implemented	Peer review has been completed. Plans have been devised and are likely to be implemented during 2021/22. The review has helped to inform potential future savings options.	Constitutional Services
Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Recruit to the Head of Estates, Commercial Asset Manager and Surveyor posts in the Estates service to enhance capacity and implement the Corporate Landlord function	Complete. The Head of Estates has been recruited. The Head of Estates has also taken management responsibility for Facilities Management and Property Services,	Finance and Estates
Recruit to the vacant roles in Reconciliation and the Paralegal Service as a result to the recent restructure of these services	Complete. The restructure of the Reconciliation Team is complete and recruitment activity has taken place,	Finance and Estates
Corporate Governance Group to consider the implementation of induction training for Interim Staff	This has been considered by Corporate Governance Group and HR will be making arrangements for agency staff to receive induction training.	Finance and Estates
Update the final two job descriptions in the Planning and Regulatory Services unit	This is scheduled to be completed by March 2021.	Planning and Regulation

Recruit to vacant ICT posts. Three positions remain unfilled. One growth post is currently under review and should be completed in May. One post is being recruited to temporarily. Proposal is to fill the other post with a graduate trainee.	All posts filled with exception of Applications post. Graduate trainee is to be appointed in new financial year. Additional one year post, Adoption and Trainer for M365, has been appointed.	Digital and Transformation
Implementation and embedding of the SDS Workforce Plan	Complete. This action has been superseded by the recent Business Unit Reviews.	Stevenage Direct Services
Finalise proposals, implement and embed the service reviews for Housing Repairs and Maintenance and Environmental Performance and Development Page 111	<p>The service review for the Environmental and Commercial Support functions went live in November 2020. By March 2021 we will have 90% of the team in place, while recruitment to a 0.5 FTE vacant post continues.</p> <p>The service review for the Policy and Development Team is currently suspended as budget growth would be required for this to be implemented.</p> <p>Phase One of the Repairs review is complete. Three of the four positions have been recruited to with one position to be filled.</p>	Stevenage Direct Services
Recruit to the vacant posts which have been created as a result of the Housing and Investment Future Council Business Review	All posts have been recruited to as well as some additional Covid posts	Housing and Investment
Review of job descriptions for all posts within the scope of the second phase of the Stevenage Direct Services Business Unit review	First phase of the Operation service complete (as Per Principle B), the second phase commenced in October 2020. Review underway of JDs, job titles and terms and conditions in some cases. Service review proposals to be presented to SLT in March 2021.	Stevenage Direct Services

	First phase of the repairs service is complete. Second phase commenced late 2020 that will look at remaining posts including JDs, job titles and terms and conditions to ensure future service standards are met. Currently working on consultation paperwork. Completion of the review and implementation expected May 2021.	
Principle F: Managing risks and performance through robust internal control and strong public financial management		
Business Case which outlines how ongoing GDPR monitoring/information governance is going to be resourced and proposals for a shared service with East Herts to be agreed and implemented.	Complete. A Business Case was submitted to East Herts District Council. The proposal to develop a shared service for Information Governance will not be going ahead.	Digital and Transformation
Complete the review of the Communities and Neighbourhood web pages to ensure that information is still valid and up to date for the launch of the Council's new website	Complete. The web pages have been reviewed. This action is therefore now complete.	Community and Neighbourhoods
Shared Legal Service Partnership Risk Register to be produced	Complete. A Shared Service Partnership Risk Register has been produced and agreed by the Shared Legal Service.	Shared Legal Service
Shared Legal Service Partnership Agreement to be updated to reflect GDPR requirements	This action is in progress.	Shared Legal Service
Complete the review of documentation dating back to before the transfer to the new Shared Legal service under the advice of the Borough Solicitor and Lead Lawyer for the Shared Legal Service.	This has been delayed due to absence of staff in the office due to Covid-19. Prior to this, work has been carried out to rationalise the files but this work is not yet complete.	Shared Legal Service

Appointment of a Compliance Manager to carry out compliance activity as outlined in the five year Compliance Action Plan	Complete. The new Compliance Manager started on 14 th October 2020.	Housing and Investment
Delivery of the five year Compliance Action Plan, incorporating actions identified following an independent compliance review of Housing Revenue Account properties	Closed. This has either been incorporated in the asset management strategy and covered by that action plan or superseded by changes such as building safety since this action was originally added. A number of the actions have been completed and put in place such as the electrical inspection programme, changes to processes etc.	Housing and Investment
Stevenage Direct Service budgets to be reviewed as part of SDS Business Unit Review to ensure they support both long term and short term outcomes	Service review within the support team will deliver full year savings from April 2021.	Stevenage Direct Services
Anti-Money Laundering and Anti-Bribery Policies to be launched and staff made aware.	Complete. The Anti-Money Laundering and Anti-Bribery Policies have been approved and are now available on the Council's intranet.	Finance and Estates
Complete the actions identified by the recent SIAS follow-up audit of the Street Cleansing Service	Complete, with the exception of those actions relating to the implementation of the systems to support the service delayed due to Covid-19 as highlighted in Principle A.	Stevenage Direct Services
Review of Operational Risk Registers to reflect new corporate services structure and reporting arrangements	Complete. Operational risk reporting has been reviewed to reflect new organisational structure.	Various Services

Principle G – Implementing good practice in transparency

Continued monitoring of the new Shared Home Improvement Agency Function to ensure its effective implementation and medium term financial viability.

A report went to Executive on 6th October outlining the improvements which have been made to this service since the SIAS audit. Significant improvement has been made and Executive has agreed to remain a member of HHIA.

Planning and Regulation

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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