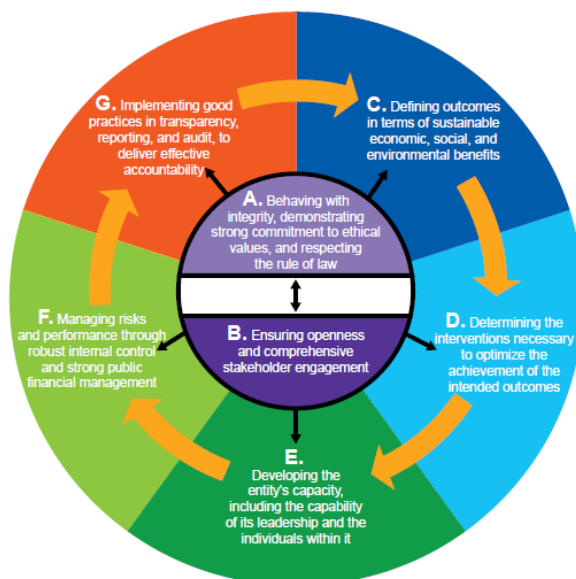


## Annual Governance Statement 2017/18

### What is Corporate Governance?



**Figure 1: International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) 'Achieving the Intended Outcomes While Acting in the Public Interest at all Times' – The International Framework**

Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to help ensure the organisation runs effectively, can be held to account for its actions and delivers the best possible outcomes for the community with the resources available. Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times

The CIPFA/SOLACE *Delivering Good Governance in Local Government Framework* sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way. The Framework is designed to assist authorities with the review of the unique local governance arrangements in place with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of these resources to achieve desired outcomes for service users and communities.

Stevenage Borough Council has adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements in place to enable the council to monitor the achievement of its strategic objectives, to consider whether those objectives have enhanced delivery of appropriate cost effective services and outlines the activities through which it accounts to and engages with its communities. The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE\* Framework, 'Delivering Good Governance in Local Government'



(\* CIPFA – Chartered Institute of Public Finance and Accountancy, SOLACE – Society of Local Authority Chief Executives and Senior Managers, IFAC – International Federation of Accountants)

## The Council's responsibility in relation to Corporate Governance

### Identifying Local Governance Arrangements

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

In discharging this overall responsibility, Stevenage Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The council's Local Code of Corporate Governance was revised and approved by Audit Committee in June 2017. The revised Local Code:

- Better reflects the revised principles in the 'Delivering Good Governance' Framework (2016)
- Provides enhanced detail in relation to the current governance assurance policies, processes, culture and values in place at the Council to facilitate the delivery of outcomes.

A copy of the code can be obtained from the Council Offices.

This Statement explains how the council has continued to comply with the Local Code summarises the review of effectiveness and identifies areas of governance to be strengthened.

The Statement also meets the statutory requirements in section 6 of the 2015 Accounts and Audit (England) Regulations, which requires all relevant bodies to prepare an Annual Governance Statement.

## How do we know our arrangements are working?

### The Governance Framework – How the Council monitors arrangements in place

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

Stevenage Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of local governance arrangements including the system of internal control.

## **Governance monitoring and assurance arrangements**

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report, and also by comments made by external auditors and other review agencies and inspectorates.

To monitor and maintain the effectiveness of the Council's governance arrangements and drive continuous improvement:

- A Corporate Governance Group meet four times a year to consider the assurance framework from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework (2016) - The seven core principles are set out in the diagram on page 1 and page 7.
- In addition to this proactive in-year review, Corporate Governance Group carries out an annual review of compliance with the behaviours that make up the seven core principles of corporate governance in the CIPFA/SOLACE Framework and submit a summary of the assessment to the Audit Committee. (Considered at Audit Committee March 2018).
- 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.
- Corporate Governance Group also consider whether any recommendations as a result of external or internal audit activity (and other review agencies and inspectorates), and the Head of Assurance Annual Report require inclusion in the Statement.

All of these mechanisms of review contribute to overall assurance for the 2017/18 Annual Governance Statement. A summary of the types of assurance required, sources of assurance, assurance received and planned enhancement actions is represented on page 4 against the relevant principles. More detail is provided throughout the Annual Governance Statement.

The preparation and publication of the Annual Governance Statement in accordance with the requirements set out in the 'Delivering Good Governance in Local Governance' Framework (2016) fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control meeting the requirement for 'preparation in accordance with proper practice'.

The Governance Framework summarised in this Statement has been in place at the council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

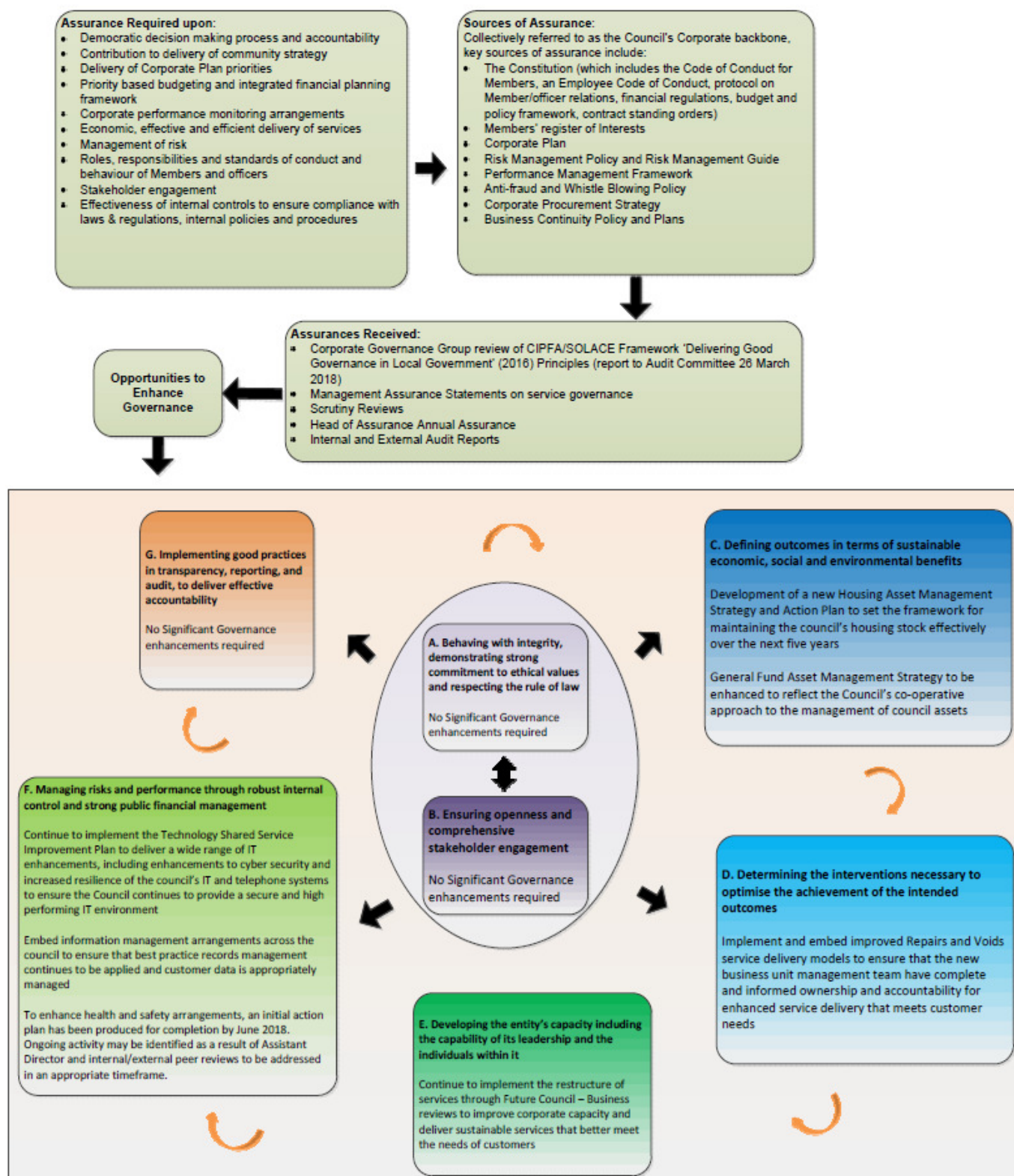


Figure 2: Overview of sources of assurance to inform review of effectiveness and identification of governance enhancements for 2018/19

The Action Plan, Pages 21 and 22 provides more detail on the governance enhancements identified.

## Assurance: Internal Audit Arrangements

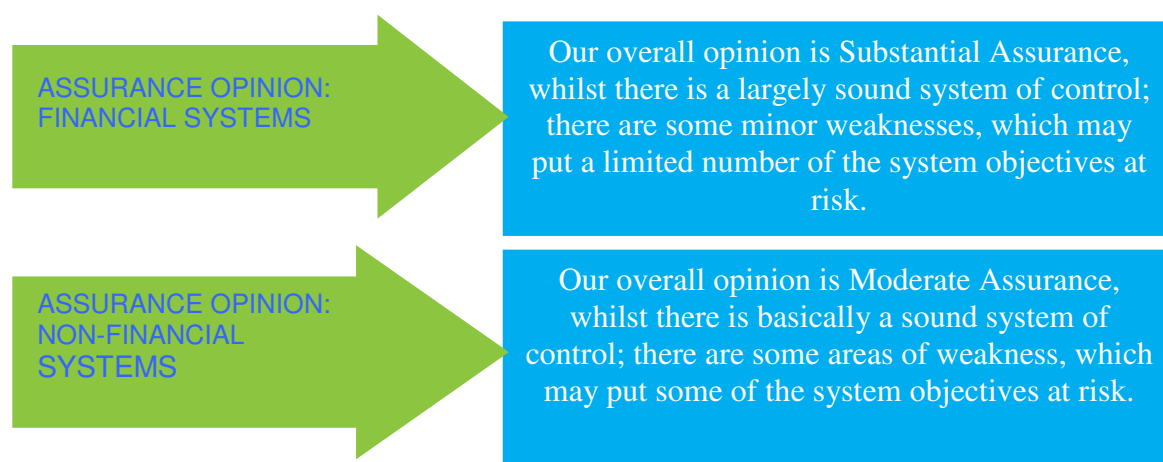
### Annual Audit Coverage

Delivery of the Council's Internal Audit provision was transferred to the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council from 1 July 2011. Annual audit coverage is determined through a risk assessment, which is influenced by external regulatory requirements and the strategic and operational risks of the council. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Audit Plan, Internal Audit contribute to the council's corporate governance framework.

SIAS operates to defined professional standards, i.e. the Public Sector Internal Audit Standards (PSIAS) and the Head of Assurance reports to the Council's Assistant Director (Finance & Estates) (Section 151 Officer) providing updates on internal audit progress and issues at regular liaison meetings. The Head of Assurance provides an independent opinion on the adequacy and effectiveness of the system of internal control. Since 2006/07 this report has been submitted on an annual basis to the Audit Committee. The main responsibility of SIAS is to provide assurance and advice on the internal control systems of the council to both Management and Members. Internal Audit reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems by providing advice on matters pertaining to risk and control.

### 2017/18 Audit Report

The Head of Assurance's Annual Internal Audit Report and Assurance Statement was reviewed by SLT and is being reported to the Audit Committee in June 2018. From the internal audit work undertaken in 2017/18, the Shared Internal Audit Service (SIAS) can provide the following assurance on the adequacy and effectiveness of the council's control environment, broken down between financial and non-financial systems as follows:



*Note: Further information relating to the above audit opinion is provided on Page 18.*

### Review of Effectiveness of Systems of Internal Audit

The Accounts and Audit Regulations 2015 came into force from 1 April 2015; Paragraph 5 (1) states, "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

As part of demonstrating the efficiency and effectiveness of the internal audit activity and identifying opportunities for improvement, the Head of Assurance must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. This includes an annual internal or self-assessment undertaken by the Head of Assurance against the



## Appendix One

Public Sector Internal Audit Standards (PSIAS) for Internal Audit in Local Government in the UK. The self-assessment concluded that the system of Internal Audit employed at Stevenage Borough Council is effective. In addition, PSIAS require that an external assessment or peer review is undertaken at least once every five years. An independent Peer Review was undertaken in 2015/16, which concluded that SIAS 'generally conforms' to the PSIAS, including the Definition of Internal Auditing, the Code of Ethics and Standards. 'Generally conforms' is the highest opinion within the scale of three ratings, and the peer review identified areas of good practice and high standards.

The annual performance indicators for SIAS are set by the SIAS Board which is comprised of the Section 151 Officers from the client authorities within the partnership. The table below sets out SIAS' performance against the performance indicator relating to planned days delivery since the service was introduced.

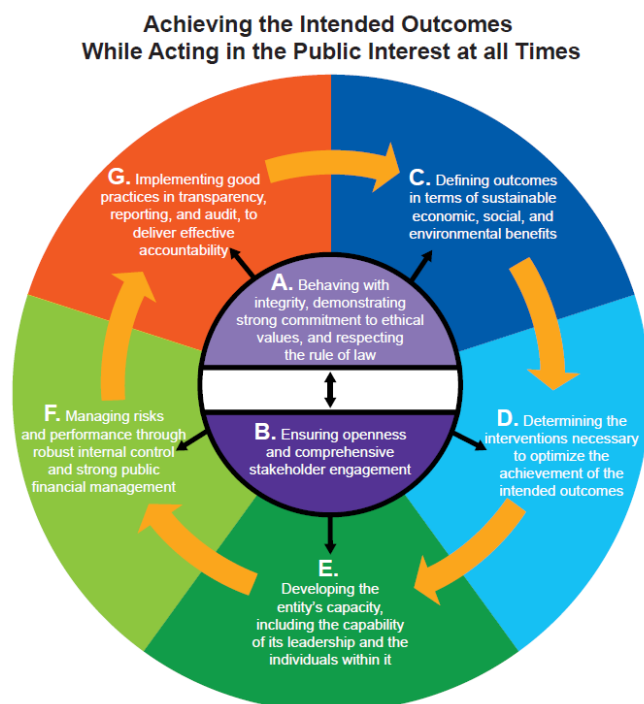
Area of Activity	Target	14/15	15/16	16/17	17/18
Planned Days percentage of actual billable days against planned chargeable days completed	95%	97%	95%	99%	95%

The assurance arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010), as demonstrated through the assessment in the SIAS Annual Assurance Statement and Internal Audit Annual Report being reported to Audit Committee on 12 June 2018.

## The CIPFA/SOLACE Core Principles of Governance

The council achieves good standards of governance by applying the CIPFA/SOLACE Principles of Governance set out in the 'Delivering Good Governance in Local Government' Framework (2016) represented in the International Framework (Figure 1):

Figure 3: International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)



The diagram at figure 3 illustrates how the various principles for good governance in the public sector relate to each other. To achieve good governance the Council should achieve their intended outcomes while acting in the public interest at all times.

As overarching requirements for acting in the public interest, principles A and B apply across all other principles (C – G)

A summary of the review of effectiveness of local arrangements in place for 2017/18 against each of the principles is set out on the following pages identifying opportunities for governance enhancements. Arrangements are monitored throughout the year as set out on page 3. Key enhancements to arrangements delivered throughout 2017/18 are

indicated in the Corporate Calendar with specific reference to progress against the delivery of actions identified in the 2016/17 Annual Governance Statement.

### Principle A: Behaving with Integrity and respecting the rule of law

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law** is acknowledged as key to the delivery of good governance and underpins the delivery of council priorities and services for the community.

#### Summary of 2017/18 Review of Effectiveness

The Council's Local Code of Corporate Governance identifies the Nolan Principles (Standards in Public Life) as underpinning all local government activity.

The standards of conduct and personal behaviour expected of Members and Officers, its partners and the community are defined and communicated through Codes of Conduct and Protocols and the Council's Constitution. Arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these codes and protocols. The council's website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Authority's Code of Conduct and sets out how the authority will deal with allegations of a failure to comply with the authority's Code of Conduct. Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and

the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. In addition, the Council has appointed an Independent Person, to consult on alleged breaches to the Member Code of Conduct. The Council's Constitution sets out the employment procedures for the Head of the Paid Service, Strategic and Assistant Directors, Monitoring Officer and Chief Finance Officer.

The council has a Standards Committee to promote and maintain high standards of conduct by Members of the council and deal with any allegations that a member is in breach of the council's Code of Conduct and to consider changes to the Code as required.

The council's six organisational Values are underpinned by a behaviour framework for staff. The values are intended to influence the ways in which elected members and officers think and behave in responding to future challenges.



The Values are embedded into Member and Officer Induction, the Modern Member Programme, and management development programmes. A set of desired behaviours associated with each of the Values has been developed and form part of the council's appraisal process for officers.

The council also has a Whistle-blowing Policy which is based on the Public Interest Disclosure Act 1998 and an Anti-Fraud and Corruption Policy. The council's website and intranet have options for the public and staff to report suspected fraud that link to the Shared Anti-Fraud Service webpage.

The council did not carry out any investigations using covert surveillance under RIPA during 2017/18.

### 2017/18 Enhancement Activity:

- A revised Local Code of Corporate Governance to better reflect the principles of good governance included in the 'Delivering Good Governance in Local Government Framework: 2016' was approved by Audit Committee
- Regulation of Investigatory Power Act (RIPA) training was undertaken by the council's RIPA Authorising Officers
- The council's Whistle-Blowing Policy has been reviewed and updated to reflect safeguarding changes and the Freedom to Speak Up report.

**Arrangements reflect those summarised in the council's Local Code of Corporate Governance - No significant opportunities to enhance governance have been identified.**

### Principle B: Engaging with Local People and other Stakeholders

**Principle B: Ensuring openness and comprehensive stakeholder engagement** is considered essential in meeting the council's corporate ambitions and framework of values and regarded as key to effective service delivery. Communication supports the decision-making process and helps to improve service quality and foster good relationships between staff, Members and stakeholders.



### Summary of 2017/18 Review of Effectiveness

The council's Corporate Communications Strategy, Let's Talk, sets out how the council will establish and maintain clear and relevant two-way channels of communication to:

- Ensure the council communicates its aims and achievements to all stakeholders
- Create an informed and recognisable profile for Stevenage Borough Council and a positive image of the town as a whole.



The Council wants to hear views about Council services. The Council regularly provides local residents, partners and other interested parties with opportunities to influence the planning, prioritisation and monitoring of services. A variety of methods are used to engage the local community, such as: surveys and questionnaires, community roadshows, focus groups and stakeholder conferences. During 2017/18 the Council has carried out a range of consultation activities to inform its priorities and budget-setting, such as:

- Residents Survey sent to 5000 households throughout the town asking residents to share their views on the town and council services
- Consultation events were held in the town centre and surveys shared with customers to inform the themes for the new Community Safety Strategy.
- Tenant and Leaseholder Satisfaction survey to measure customer perception of their home and the housing services they receive.
- Town centre shopper survey to inform town centre improvement

The council has a system for recording customer feedback which enables learning from feedback and complaints to facilitate effective monitoring of information provided by customers to review future service delivery.

The council has established a number of shared service arrangements to provide efficient and effective shared service provision and governance arrangements facilitate effective stakeholder engagement to deliver agreed outcomes. To facilitate the council's drive for continuous improvement, a Partner of Choice Programme has been established with an ambition to have stronger partnerships with key agencies to better deliver our strategic priorities. To achieve this, the programme will aim to strengthen partnership working skills in the Council and to map services that can be shared with other agencies, and measure the Council's reputation with partners.

### 2017/18 Enhancement Activity:

- A LGA Communications Peer Review was carried out and has informed a new Communications and Marketing Action Plan to enhance strategic communications.
- The Co-operative and Neighbourhood Management programme was launched at Stevenage Day, giving the local community an opportunity to hear about the programme.
- The 'Our Neighbourhood' webpage was developed to enable residents to find out what is happening in their local area.
- A shared Legal Service went live in July 2017.
- A Social Media Policy was published to enhance the use of social media as part of a wider communications mix.

**Arrangements reflect those summarised in the council's Local Code of Corporate Governance - No significant opportunities to enhance governance have been identified.**

## Principle C: Defining Outcomes - The Council's Vision and Priorities

**Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits.** The focus of the council's governance arrangements is to deliver the best possible outcomes for the community and the council's vision for the town. It is essential that the Council seeks customer feedback and works with partners, to pool resources and skills

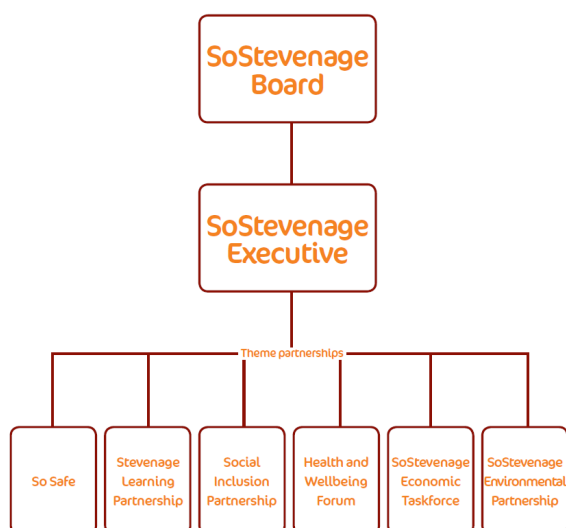
## Summary of 2017/18 Review of Effectiveness

### The Council's vision:

Stevenage: a prosperous town with vibrant communities and improved life chances

### Working in partnership

SoStevenage, the local partnership is made up of a wide range of public, private, voluntary and community organisations that have come together to work towards shared goals for Stevenage. SoStevenage is responsible for producing a community strategy and making sure that it is carried out.



The Community Strategy is the main strategic plan for the partnership. It outlines the partnership's vision and how the partnership will work together to improve Stevenage and contribute to the development of the town.

SoStevenage has adopted five co-operative principles:

- The Partnership as a strong community leader
- Working together with the community and other agencies to provide services based on needs
- Communities empowered to design and deliver services and play a role in their local community
- A clear understanding between the partnership and our communities – this is what we do, this is what we will help you to do
- Joined-up and accessible services that offer value for money and focus on the customer

### Future Town, Future Council

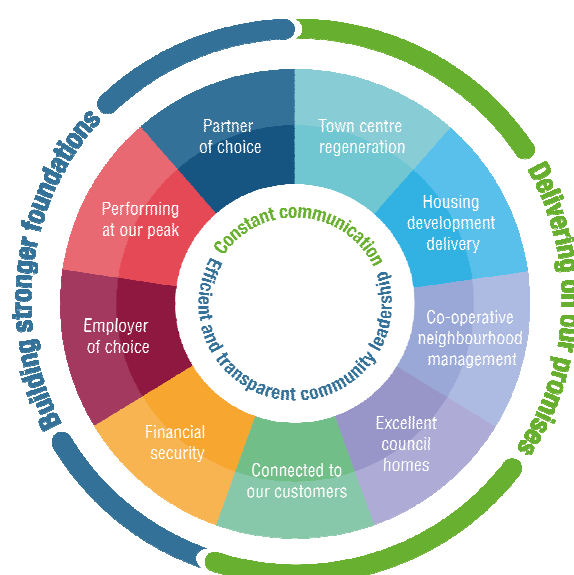
The Future Town, Future Council (FTFC) programme consists of nine key programmes that aim to deliver improved outcomes and real change for Stevenage residents.

The Future Town Future Council programme will also serve to enhance future governance arrangements, particularly through the four programmes that deliver the changes required to ensure the Council is well placed to meet the service demands of the future:

- Financial Security
- Performing at our Peak
- Employer of Choice
- Partner of Choice.

The focus and scopes of programmes is monitored to ensure that the FTFC Programme continues to deliver the Council's priorities. The FTFC programme continues to perform well and is currently on track against delivery of the agreed outcomes.

### Future town future council





The Co-operative Corporate Plan FTFC reflects the ambitions and projects and articulates to the public the council's key priorities and objectives that support the achievement of the FTFC programme over the next few years.

Every year we consider progress against our priorities as part of our annual plans and this informs important decisions about where to spend the budget. The Annual Report summarises our achievements over the past year and outlines what we plan to do in the next twelve months and is published on the council's website.

The Housing Revenue Account (HRA) Business Plan is the council's strategic plan for managing and maintaining its housing stock. It sets out the council's short-to-medium term plans and priorities for its housing management services and provides a long term (30 year) perspective on stock investment and financial planning.

The council is currently preparing a new local plan for the future of the town. This plan will guide development within the town until 2031. The Local Plan sets out how Stevenage will develop in the future: both regeneration and growth.

### 2017/18 Enhancement Activity

- The FTFC Programme was reviewed during the first half of 2017/18 to ensure governance arrangements remained effective as programmes moved from planning to delivery.
- A new Equality and Diversity Policy "Encouraging an Equal and Diverse Town and Workforce to 2021" was published and comprehensive Equality and Diversity training was delivered to all staff at Cavendish Road.

### To enhance arrangements summarised in the council's Local Code of Corporate Governance (published June 2017):

A new Housing Asset Management Strategy and Action Plan to be developed to set the framework for maintaining the Council's housing stock effectively over the next five years and support delivery of the Future Town Future Council Programme. (Action 1, Page 21)

The draft General Fund Asset Management Strategy was considered by Executive on 14 February 2018. Officers and Members will now enhance the strategy with the incorporation of the Council's Co-operative principles to ensure that the Council's fundamental principle of working with the community to manage the Council's assets is reflected. (Action 2, Page 22)

### Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:

The HRA Business Plan, agreed by Executive November 2016, 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 fund the Council's Housebuilding and Acquisitions Programme. In light of a £27M deficit in the Business Plan's capital programme in future years, a package of financial security savings were considered by Members (Executive November 2017) with a further update provided to Special Council (January 2018). Future Council Business Unit Reviews will refocus on delivering Financial Security savings through improved processes and targeted commercialisation.

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.

## Principle D: Determining Interventions

**Principle D: Determining the interventions necessary to optimise the achievement of outcomes** requires robust monitoring and decision-making mechanisms to ensure that actions identified are sustainable within available resources.

### Summary of 2017/18 Review of Effectiveness

#### Financial Governance Arrangements:

The Financial Security programme continues to enhance the financial resilience of the council by ensuring resources are used effectively and efficiently and through the development of commercial and entrepreneurial skills and services.

The Medium Term Financial Strategy is under ongoing review to ensure a clear financial situation can be demonstrated. The Officer's Asset and Capital Group ensures effective arrangements are in place for the design and delivery of capital projects. Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained or qualified staff, and a system of delegation and accountability.

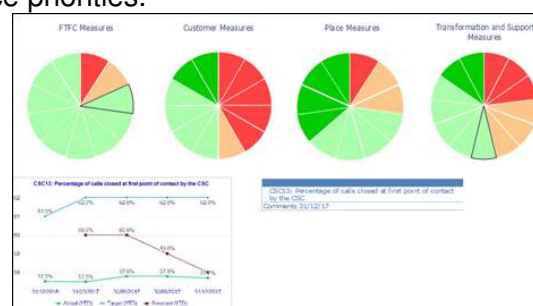
The council's framework of internal financial control is supported by Financial Regulations and Contract Standing Orders. The regulations provide the framework for managing the council's financial affairs. They set out the procedures that the council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services.

The developer to undertake the first phase of the council's ambitious programme of town centre regeneration has now been appointed with construction expected to start next year. The scheme, which celebrates the heritage of the New Town while bringing it into the 21<sup>st</sup> Century, includes new shops, homes, and a bespoke central venue for a library, exhibition space, health services and council offices. It will also create a new linear park and food and drink space with bars and restaurants in the heart of the town for people to enjoy.

#### Monitoring performance:

The performance and quality of each FTFC programme is monitored through a monthly Programme Board. The corporate programme is monitored through assessment of progress against target for a set of corporate performance measures aligned to service priorities.

As part of the Performing at our Peak programme, a new performance management framework was introduced to monitor performance measure results associated with the Future Town, Future Council Programme together with measures to monitor the delivery of effective services (The Corporate programme).



The status of performance for both the FTFC programme and the corporate programme with proposed improvement plans, where necessary, are discussed by senior management prior to Executive on a quarterly basis. In addition the Executive receive separate monthly updates on the council's financial position and quarterly overview reports.

The Council has a Data Quality Policy which outlines the council's commitment to ensuring data quality and arrangements are in place to monitor and enhance the quality of performance data.

### 2017/18 Enhancement Activity

- A new performance and governance system (InPhase) has been introduced to monitor performance and risk and is providing improved insight into corporate priority delivery. The new system is providing a range of corporate performance monitoring relating to service delivery, finances, staff, and customers, alongside consideration of the risks associated with the delivery of objectives in order to provide strategic insight and facilitate prompt implementation of any necessary improvement plans
- A review of the FTFC Programme was carried out to ensure governance arrangements remain effective as programmes move from planning to delivery.
- The Senior Leadership Team received procurement and contract management training and Introduction to Procurement and Managing the Tender Process training was delivered to officers as required.

#### **To enhance arrangements summarised in the council's Local Code of Corporate Governance (published June 2017):**

Implement and embed improved Repairs and Voids service delivery models to ensure that the new business unit management team have complete and informed ownership and accountability for enhanced service delivery that meets customer needs. (Action 3, Page 22)

#### **Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:**

New Local Plan: Active engagement is currently being carried out with the Ministry of Housing, Communities and Local Government and the Chief Planner – Briefing papers have been prepared and are with the Secretary of State for decision. Partnership support is being managed along with contingency planning for all scenarios.

The Council is continuing to assess the potential impact of Welfare Reform on the community and Council through business insight. The current advised 'go live' date for roll out of the remainder of claimants for Universal Credit for Stevenage is now October 2018.

## **Principle E: Leadership Capacity and Capability**

**Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it.** The appropriate structures and leadership, as well as people with the right skills and values, enable the Council to operate efficiently and effectively and achieve the best possible outcomes for the community.

### **Summary of 2017/18 Review of Effectiveness**

**The Council's Political Management Structure:** The Political Management Structure diagram (following page) summarises the Council's political structure for 2017/18.

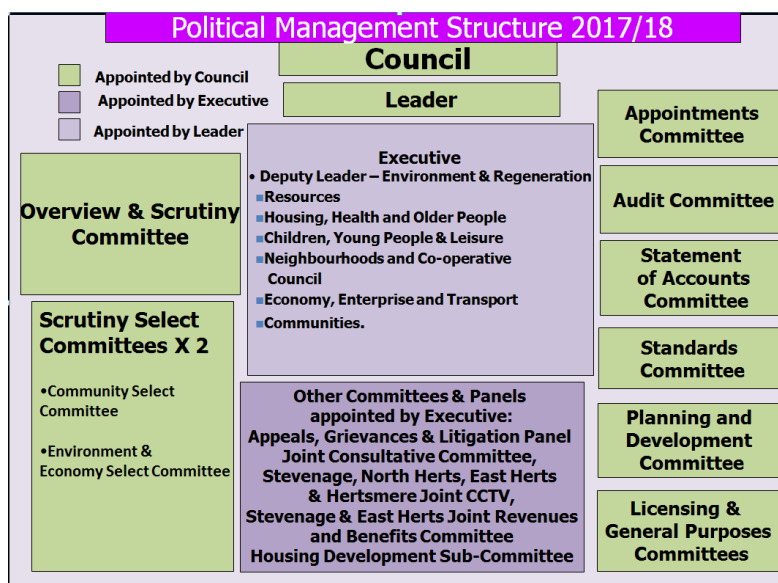
All Councillors meet together as the Council. Meetings are generally open to the public and feature a main topical debate item. The Council has an approved Constitution which details how the Council operates, how decisions are made, including delegation of decisions and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The Monitoring Officer ensures that the Constitution remains fit for purpose, that legal requirements are met and that the public interest is paramount in all decision making.



An Audit Committee was first established in May 2006 and its duties include advising and commenting on Internal and External Audit matters, as set out in the Constitution. It has been constituted in line with best practice recommendations from CIPFA guidance.

The Council has structured its processes and procedures for the Executive and Scrutiny Committees plus other Committees such as the regulatory ones, to minimise the risk of it acting in contravention of its own policies and external laws and regulations. The Council also appoints officers, qualified to undertake statutory responsibilities, such as:

- Chief Financial Officer (Assistant Director Finance and Estates) as contained within Section 114 of the Local Government Finance Act 1988.
- Monitoring Officer to meet Section 5 of the Local Government and Housing Act 1989.



### 2017/18 Enhancement Activity

- Members received training on reviewing the 'big three' reports (Budget, MTFS and Statement of Accounts)
- The Chair and Vice Chair of Audit Committee attended a training session facilitated by external auditors Ernst and Young
- The programme of training for Members (Modern Members Programme) was relaunched.

**The Council's Officer Structure:** The Council aims to create a flexible, collaborative, creative and modern workforce to ensure the council can deliver the priorities set out in the FTFC programme and give residents the standard of services they expect.



The senior management team has been structured to drive the development of a more sustainable, customer orientated and commercial operating model. The model is focused upon delivering the right services to the right standards, at the right time for the town's residents and businesses, using the most cost/resource effective delivery models. The senior management review resulted in the reorganisation of Business Units across three key delivery themes, Customer, Place and Transformation and Support.

The Council's Employer of Choice programme aims to transform the way the Council works, ensuring that staff have the skills, abilities and experience to deliver excellence

**2017/18 Enhancement Activity:**

- Assistant Directors were appointed to all Business Units
- A new Human Resources Management system to support workforce planning, training, development and the implementation of the council's new competency framework went live
- A bite-size manager training programme was launched to develop management capability through shared knowledge and good practice
- Development opportunities were offered through the District Council's Network Staff Development programme and Local Authority Challenge East
- A new approach to Senior Leadership Team induction was introduced to build strong bonds within the leadership team.
- A new staff Performance and Improvement Policy and Manager Toolkit was developed, along with a review of associated policies (Absence Management, Dignity at Work, Disciplinary, Grievance and Appeals policies) to encourage all employees to personally deliver the highest standards of service possible and for managers to proactively address performance issues.
- A review of the Performance and Development Appraisal process is now complete resulting in high level strategic proposals being agreed with the aim of a new corporate appraisal process being available for 2019/20
- An initial suite of e-learning modules to provide training and development matching individual and organisational requirements was made available to council staff.

**To enhance arrangements summarised in the council's Local Code of Corporate Governance (published June 2017):**

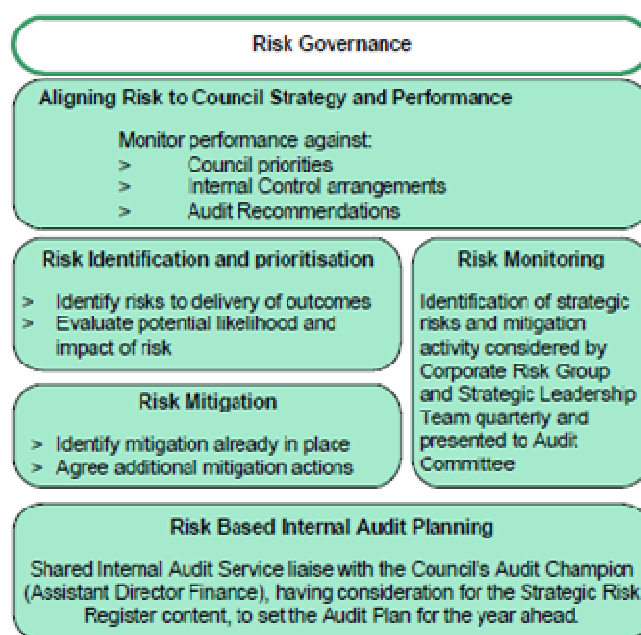
Continue to implement the restructure of services through Future Council – Business Reviews to improve corporate capacity and deliver sustainable services that better meet the needs of customers (Action 4, Page 22).

**Principle F: Managing Risks – The Council's Risk Governance Arrangements**

**Principle F: Managing risks and performance through robust internal control and strong public financial management.** Risk management together with a strong system of financial management are integral parts of a performance management system and are crucial to the achievement of outcomes.

**Summary of 2017/18 Review of Effectiveness**

The council consider and counter risk across a broad range of areas. The council has an approved Risk Management Policy and a Risk Management Guide is available to all employees. Strategic risks are linked to the council's priorities and the Strategic Risk Register is reviewed and monitored on a quarterly basis. Operational risks are also developed and monitored. A Corporate Risk Management Group with

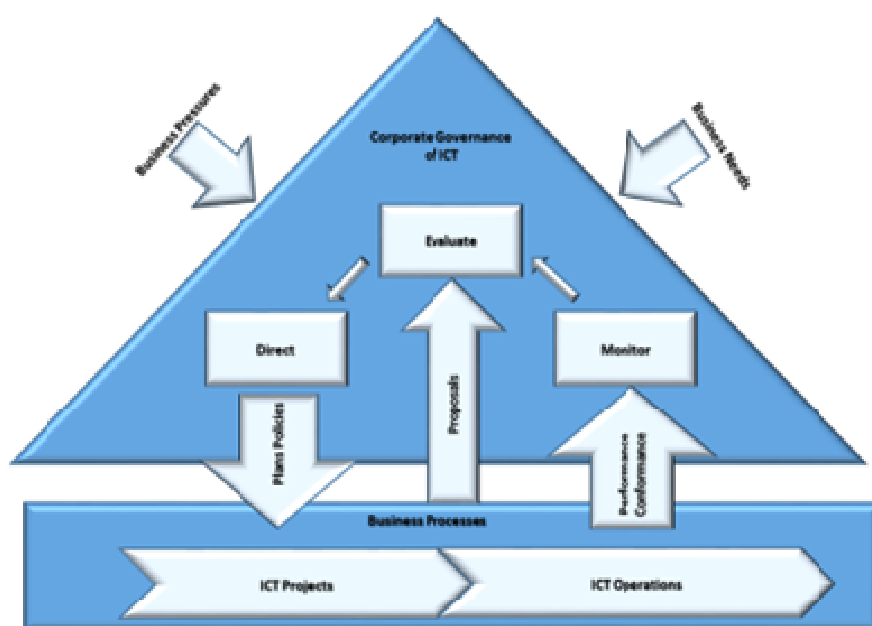


representation from each directorate meets quarterly to oversee and review the process and development of the council's approach to risk.

To support service delivery improvements, the Council welcomes constructive challenge as a result of scrutiny from internal/external audit activity, the work programme of Overview and Scrutiny Committee and other external review agencies and inspectorates.

The Shared Anti-Fraud Service Anti-Fraud Action Plan 2018/19 will ensure compliance with the best practice issued by central government, National Audit Office and CIPFA. The Anti-fraud and Corruption Policy is available on the council's website and a Whistle-blowing Policy is available to all staff. Data Protection and Information Security responsibilities for staff, and processes for the management of both electronic and manual records are available to staff.

Corporate Governance of ICT is summarised in the following diagram setting out a robust framework to manage resilience and risk.



Stevenage is committed to embracing new digital opportunities to better meet the needs of residents, achieve savings and transform services. A secure, resilient, effective and forward looking Technology Service is critical in delivering these aims.

The Technology Service is in place to support the council in delivering key services to residents and customers, to enable service transformation and make the most of new digital opportunities. To support the council in delivering their corporate goals a new Technology Shared

Service Improvement Plan was agreed at Executive in November 2017.

Four external reviews were carried out during 2017 to support identification of risks and weaknesses to ensure we have the right foundation to support our corporate FTFC priorities. The reviews incorporate a focus on the additional steps we can take to prepare for the challenges of the ever changing technological environment, the growing threat of cyber-attack, as well as address risks in relation to disaster recovery. These four external reviews were:

- SOCITM review,
- SOCITM Security Assessment
- SIAS Disaster Recovery Audit
- Public Sector Network Assessment (and associated independent health check)

The New Technology Shared Service Improvement Plan will ensure the council has a robust foundation to enable delivery of its 'Connected to our Customers' programme, including a first rate website and online offer which is mobile enabled, and a wider set of improvements to the functions that customers should expect from a modern Council; from easy payment to balance enquiries to complaint resolution.

To enhance council-wide arrangements for the assessment and monitoring of health and safety a Health and Safety Management Framework was put in place.

Assistant Directors have ensured that health and safety responsibilities at each level of management within their business units are clear. An ongoing schedule of review by Assistant Directors and internal/external peers will provide assurance that key health and safety risks are being suitably controlled while identifying areas where improvements can be made and including these into the ongoing action plan.

Senior management representation on the Corporate Health and Safety Group will ensure the group is providing senior management with the assurances that are required.

An initial action plan to further enhance arrangements has been produced for completion by June 2018. Ongoing activity may be identified as a result of AD and peer reviews to be addressed in an appropriate timeframe.

### **To enhance arrangements summarised in the council's Local Code of Corporate Governance (published June 2017):**

Continue to implement the Technology Shared Service Improvement Plan to deliver a wide range of IT enhancements, including enhancements to cyber security and increased resilience of the council's IT and telephone systems to ensure the Council continues to provide a secure and high performing IT environment. (Action 5, Page 22).

Embed information management arrangements across the council to ensure that best practice records management across the council continues to be applied and customer data is appropriately managed. (Action 6, Page 22).

To further enhance health and safety arrangements, an initial action plan has been produced for completion by June 2018. Ongoing activity may be identified as a result of Assistant Director and internal/external peer reviews to be addressed in an appropriate timeframe. (Action 7, Page 22).

### **2017/18 Enhancement Activity:**

- SAFS has launched a county-wide framework to enhance processes to identify Council Tax Fraud
- The Council's business continuity arrangements have been reviewed to reflect the Senior Management review

## **Principle G: Delivering Effective Accountability**

**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability** will ensure that the Council provides information regarding the completion of actions in a timely and understandable way.

### **Summary of 2017/18 Review of Effectiveness**

Reporting on performance, value for money, the stewardship of resources and the assessment of robust corporate governance arrangements are provided throughout the year through:

- Quarterly financial monitoring reports to Executive
- Quarterly FTFC and corporate performance status reports to Executive
- Annual publication of Statement of Accounts

- Publication of the Annual Governance Statement
- the council's Annual Report

The council complies with requirements outlined in the Local Government Transparency Code 2015. Compliance is monitored throughout the year by Corporate Governance Group.

New laws regarding data protection (EU General Data Protection Regulation (GDPR)) which became effective on 25 May 2018 have been considered during 2017/18. The primary objectives of the GDPR are to give citizens and residents back control of their personal data and to simplify the regulatory environment. An action plan to enhance information management arrangements across the council is being implemented, an Information Officer has been appointed, Information Asset Owners have been assigned and a Corporate Information Governance Group has been established to embed best practice records management across the council and ensure that customer data is appropriately managed.

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2017/18 arrangements is set out on page 4 of this Statement outlining assurance for both financial and non-financial systems.

For 2017/18 the Shared Internal Audit Service assigned 'substantial' assurance for financial systems and 'moderate' assurance to non-financial systems. The approved audit plan for 2017/18 included a range of non-financial audits that focused on complex services and areas in transition and this has had an impact on the assurance levels provided. Actions to enhance governance for the areas highlighted have been identified and prioritised.

**Arrangements reflect those summarised in the council's Local Code of Corporate Governance – No significant opportunities to enhance governance have been identified. Action 6 identified as a result of the assessment of Principle F: Managing Risks is, however, applicable to the ongoing delivery of EU General Data Protection Regulation (GDPR).**

### Corporate Governance Calendar 2017/18

The following corporate governance calendar summarises activity and enhancements delivered throughout the year to ensure compliance with the corporate governance arrangements outlined in the council's Local Code and outlines progress made against the improvement actions identified in the 2016/17 Annual Governance Statement.



## Corporate Governance Calendar 2017/18

**Apr 2017**

- A new Human Resources Management system went live to support workforce planning, training, development and the implementation of the council's new competency framework
- SACS began working with DWP to investigate fraud affecting national benefits linked to local benefits
- Equality and Diversity training package was delivered to all staff at Cavendish Road

**May 2017**

- Annual Council agree the political management structure of the Council
- FTFC Programme reviewed to ensure governance arrangements remain effective

To meet a 2017/18 AGS Action Council approved the allocation of £15M towards a Commercial Property Investment Strategy to enable economic growth in Stevenage with an added benefit of generating long term rental income streams to support the delivery of the FTFC programme and council services

**Aug 2017**

- Council's Constitution updated
- Shared Legal Service with HCC went live
- SACS restructured to provide a more responsible service in light of changing customer demand
- Ernst and Young appointed as the Council's external auditors for a five year period

**Sep 2017**

- Annual report on the activity of the Shared Internal Audit Service for 2016/17 reported to Audit Cttee
- Annual report on the activity of the Shared Anti-Fraud Service for 2016/17 reported to Audit Cttee
- 2016/17 Statement of Accounts and external audit report are reported to Audit Committee
- Statement of Accounts training provided for Audit Committee
- Executive approves both the General Fund and HRA MTFS 2017/18-2021/2022

To meet a 2017/18 AGS Action, a Corporate Information Group was established, and an Information Officer appointed to establish best practice records management across the council

**Dec 2017**

- A new corporate e-learning package was launched that will help to develop staff knowledge and capability
- New Social Media Policy published

**Jan 2018**

- RIPA refresher training for Authorising Officers was carried out
- Review of Appraisal process completed
- Council approve the Housing Revenue Account Final Budget Proposals, Rent Setting, and Draft Council Tax Support Scheme 2018/19
- Overview and Scrutiny Committee consider 2018/19 Draft Capital Forward Plan, Five Year Capital Strategy Update and 2018/19 Council Tax Setting and General Funding Budget prior to submission to Executive and Council
- Review of Principles against the CIPFA/SOLACE Framework agreed by Corporate Governance Group

## Jun 2017

- Audit Committee recommended the 2016/17 AGS to Statement of Accounts Committee
- Head of Assurance confirms to Audit Committee the fitness for purpose of internal audit to carry out the work that informs the assurance opinion for 2017/18 and of 'Substantial Assurance' opinion for the council's financial and non-financial systems for 2017/18.
- Executive appoints the council's Executive bodies for 2017/18
- Revised Local Code of Corporate Governance approved by Audit Committee

To meet a 2017/18 AGS Action, additional hardware was installed to enhance IT resilience

## Jul 2017

- Annual Scrutiny Report submitted to Council
- Annual Report and Performance Review approved by Executive
- Pay Policy Statement approved by Council
- Corporate Governance Group carried out a proactive review of Principles A and B of the CIPFA/SOLACE Framework

To meet a 2017/18 AGS Action, Executive approved the procurement process for sub-contract supply chain for Repairs and Voids service

## Oct 2017

- Modern Member Programme Relaunched
- Council approves the Annual Treasury Management Review of 2016/17 including prudential code
- Corporate Governance Group carried out a proactive review of Principles C and D of the CIPFA/SOLACE Framework
- New Equality and Diversity Policy 'Encouraging an Equal and Diverse Town and Workforce to 2021' was published

## Nov 2017

- External Auditors advise Audit Committee in their Annual Audit Letter 2016/17 that the council's financial statements give a true and fair view of the financial position of the Council at 31 March 2017 and of its expenditure and income for the year then ended
- A new staff Performance and Improvement Policy and Manager Toolkit was developed
- LGA Communications Peer Review carried out

To meet 2017/18 AGS Actions, the Data Protection Policy and document retention guidance was reviewed and updated. A Technology Shared Service Improvement Plan was agreed by Executive which sets out improvement to ensure services are delivered to meet customer needs and are fit for purpose

## Feb 2018

- Developer appointed for regeneration
- Council approves the 2018/19 Council Tax, General Fund and Capital budgets
- Whistle Blowing Policy reviewed and updated
- Data Protection and GDPR e-learning modules went live

## Mar 2018

- Audit Committee note the self-assessment of compliance against the CIPFA/SOLACE Framework
- Internal Audit of Corporate Risk Management arrangements achieved Full Assurance for areas assessed

## Planned Improvement Activity for 2018/19:

Significant internal control and governance issues identified as part of the 2017/18 review of the Governance Statement are summarised on page 4, identified in the relevant section throughout this Statement and set out in the following Action Plan.

Enhancement activity is deemed significant if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service following reviews 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 associated delivery of priority outcomes should be addressed.

There are currently a few high level strategic risks where related mitigation activity is identified throughout this document as recently introduced or ongoing governance arrangements, such as:

- The Housing Revenue Account (HRA) Business Plan, (agreed by Executive November 2016) 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 fund the council's Housebuilding and Acquisitions Programme. In light of a £27M deficit in the Business Plan's capital programme in future years, a package of financial security savings were considered by Members (Executive November 2017) with a further update provided to Special Council (January 2018). Future Council Business Unit Reviews will refocus on delivering Financial Security savings through improved processes and targeted commercialisation.
- 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.
- New Local Plan: Active engagement is currently being carried out with the Ministry of Housing, Communities and Local Government and the Chief Planner – Briefing papers have been prepared and are with the Secretary of State for decision. Partnership support is being managed along with contingency planning for all scenarios.
- 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. The current advised 'go live' date for roll out of the remainder of claimants for Universal Credit for Stevenage is now October 2018.

Action Ref	Action	Responsible Officer	Target Date
1	A new Housing Asset Management Strategy and Action Plan to be developed to set the framework for maintaining the Council's housing stock effectively over the next five years and support delivery of the Future Town Future Council Programme	AD Housing Management and Investment	September 2018

Action Ref	Action	Responsible Officer	Target Date
2	The draft General Fund Asset Management Strategy was considered by Executive on 14 February 2018. Officers and Members will now enhance the strategy with the incorporation of the Council's Co-operative principles to ensure that the Council's fundamental principle of working with the community to manage the Council's assets is reflected.	AD Finance and Estates	September 2018
3	Implement and embed improved Repairs and Voids service delivery models to ensure that the new business unit management team have complete and informed ownership and accountability for enhanced service delivery that meets customer needs.	AD Stevenage Direct Services	March 2019
4	Continue to implement the restructure of services through Future-Council – Business reviews to improve corporate capacity and deliver sustainable services that better meet the needs of customers.	All ADs	March 2019
5	Continue to implement the Technology Shared Service Improvement Plan to deliver a wide range of IT enhancements, including enhancements to cyber security and increased resilience of the council's IT and telephone systems to ensure the Council continues to provide a secure and high performing IT environment.	AD Corp Services and Transformation	<b>Phase One</b> Sept 2018 <b>Phase Two</b> Jan 2019 <b>Phase Three</b> From Jan 2019 onwards
6	Embed information management arrangements across the council to ensure that best practice records management across the council continues to be applied and customer data is appropriately managed.	AD Corp Projects, Customer Services & Technology	September 2018
7	To further enhance health and safety arrangements, an initial action plan has been produced for completion by June 2018. Ongoing activity may be identified as a result of Assistant Director and internal/external peer reviews and to be addressed in an appropriate timeframe.	Richard Protheroe AD Corp Services and Transformation	June 2018 for initial action plan

**Approval of Statement:****Approval of Statement by Chief Executive and Leader of the Council**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Strategic Leadership Team, relevant officers and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Areas to enhance the governance framework already addressed are summarised in the Corporate Calendar set out on pages 19/20. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 21/22.

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

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

Signed .....  
Date .....  
Scott Crudgington  
Chief Executive of Stevenage Borough Council