Stevenage Borough Council's
Annual Governance Statement 2018/19

What is Corporate Governance?

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.

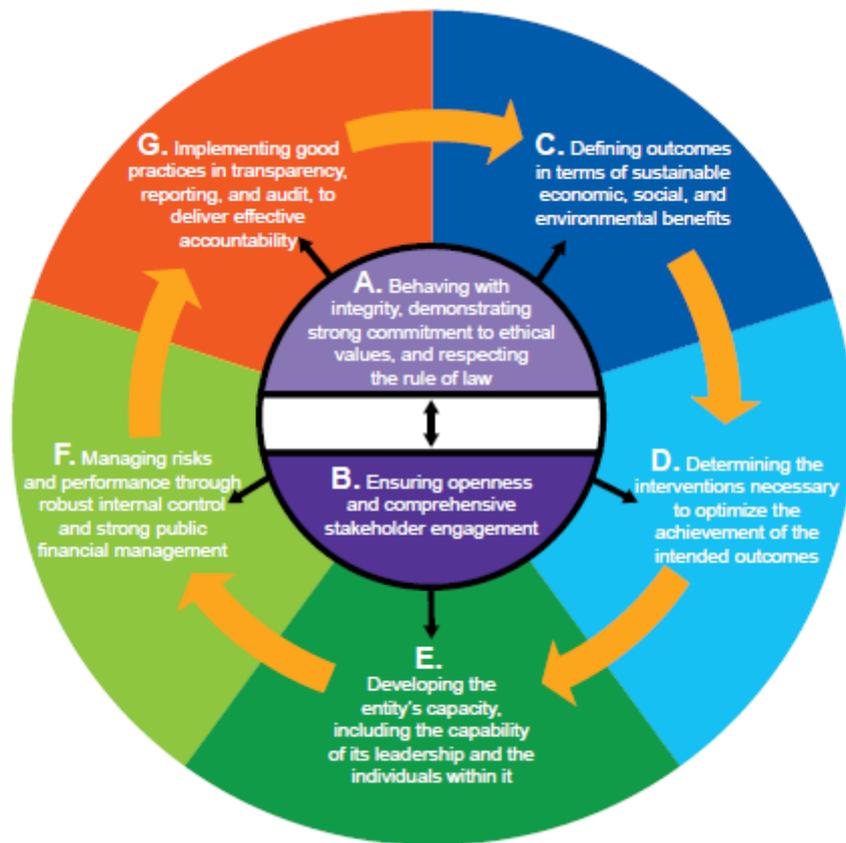**Achieving the intended outcomes whilst acting in the public interest**

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**

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.

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

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.

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.

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'

The council's Local Code of Corporate Governance was revised and approved by Audit Committee in June 2017. A copy of the code can be obtained from the Council Offices.

This Annual Governance 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:
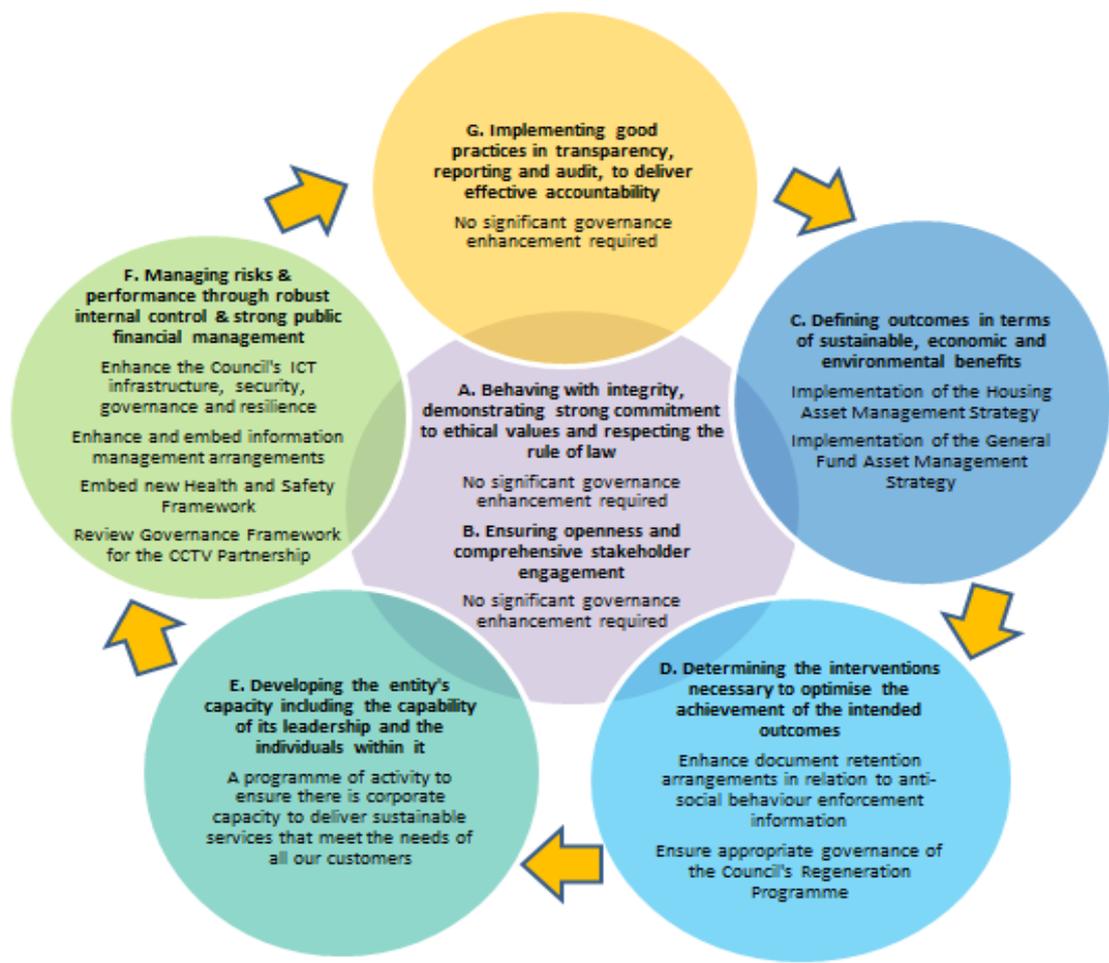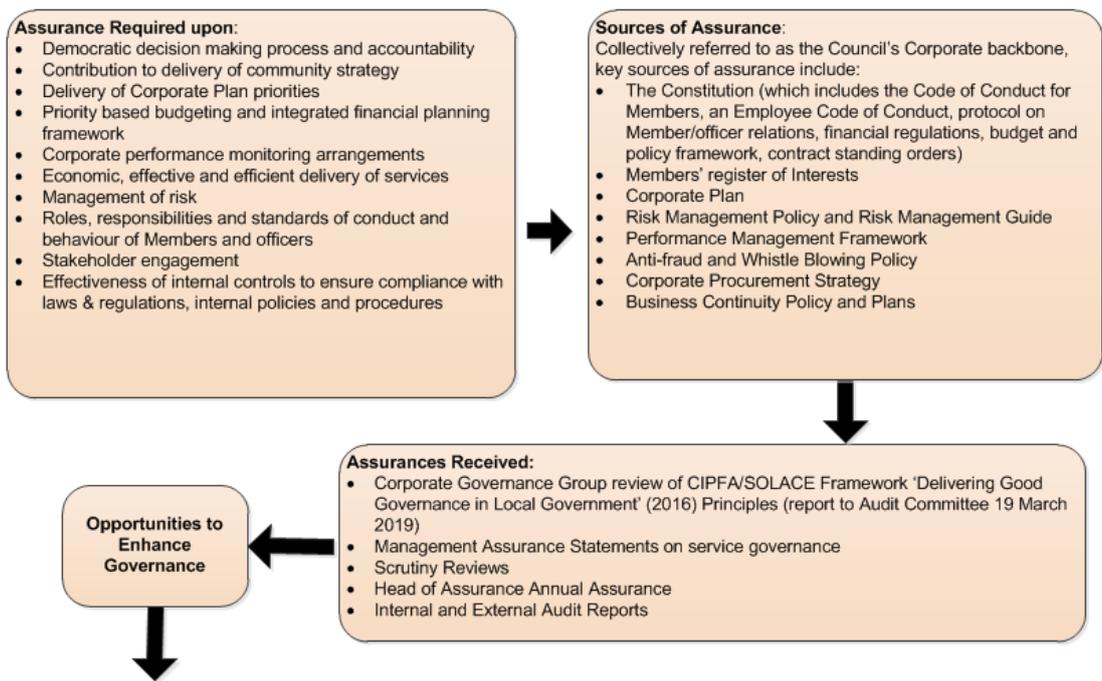
- A Corporate Governance Group meet four times a year to consider the assurance framework from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework - the seven core principles are set out in the diagram on pages one and nine.

- 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 2019).

- 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 2018/19 Annual Governance Statement. A summary of the types of assurance required, sources of assurance, assurance received and planned enhancement actions is represented on the next page (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 2019 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 2019/20

Assurance Required upon:
- Democratic decision making process and accountability
- Contribution to delivery of community strategy
- Delivery of Corporate Plan priorities
- Priority based budgeting and integrated financial planning framework
- Corporate performance monitoring arrangements
- Economic, effective and efficient delivery of services
- Management of risk
- Roles, responsibilities and standards of conduct and behaviour of Members and officers
- Stakeholder engagement
- Effectiveness of internal controls to ensure compliance with laws & regulations, internal policies and procedures

Sources of Assurance:
Collectively referred to as the Council's Corporate backbone, key sources of assurance include:
- The Constitution (which includes the Code of Conduct for Members, an Employee Code of Conduct, protocol on Member/officer relations, financial regulations, budget and policy framework, contract standing orders)
- Members' register of Interests
- Corporate Plan
- Risk Management Policy and Risk Management Guide
- Performance Management Framework
- Anti-fraud and Whistle Blowing Policy
- Corporate Procurement Strategy
- Business Continuity Policy and Plans

Assurances Received:
- Corporate Governance Group review of CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) Principles (report to Audit Committee 19 March 2019)
- Management Assurance Statements on service governance
- Scrutiny Reviews
- Head of Assurance Annual Assurance
- Internal and External Audit Reports

Opportunities to Enhance Governance

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

No significant governance enhancement required

F. Managing risks & performance through robust internal control & strong public financial management

Enhance the Council's ICT infrastructure, security, governance and resilience

Enhance and embed information management arrangements

Embed new Health and Safety Framework

Review Governance Framework for the CCTV Partnership

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

No significant governance enhancement required

B. Ensuring openness and comprehensive stakeholder engagement

No significant governance enhancement required

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

Implementation of the Housing Asset Management Strategy

Implementation of the General Fund Asset Management Strategy

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

A programme of activity to ensure there is corporate capacity to deliver sustainable services that meet the needs of all our customers

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

Enhance document retention arrangements in relation to anti-social behaviour enforcement information

Ensure appropriate governance of the Council's Regeneration Programme

The Action Plan (pages 27 to 30) provides more detail in relation to the action required and timescales to deliver the above enhancement activity
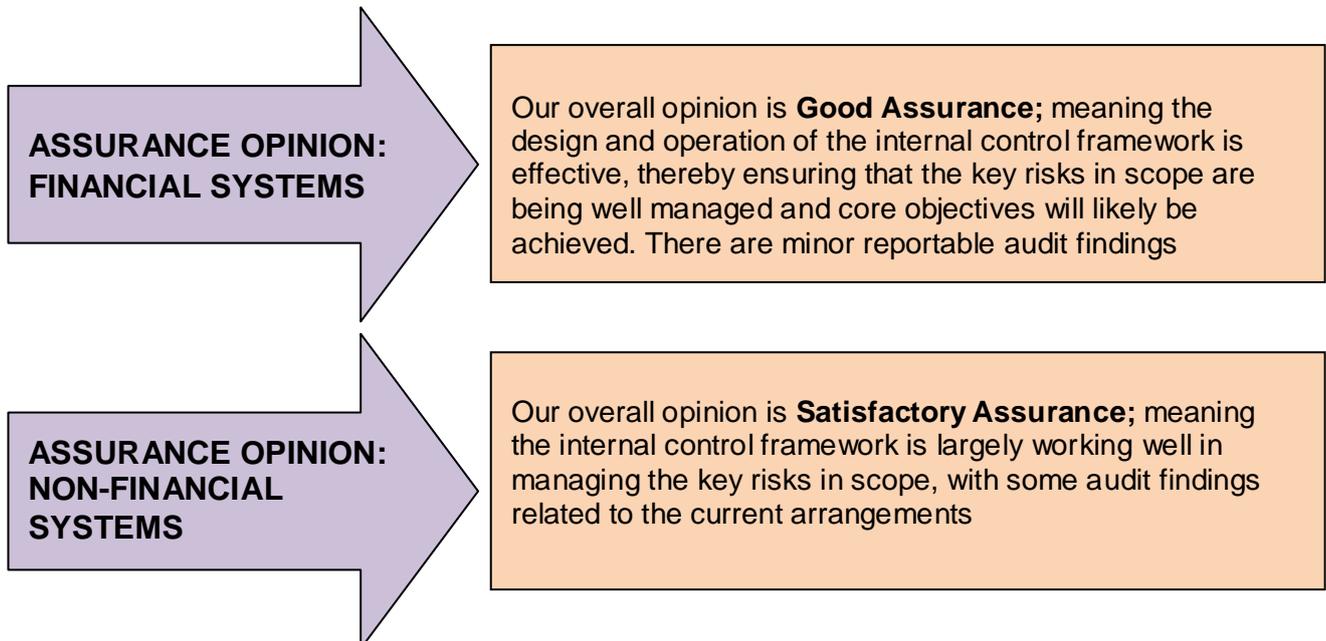
Assurance: Internal Audit Arrangements

Annual Audit Coverage

Delivery of the Council's Internal Audit is carried out by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council and managed by the Head of Assurance. 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.

The 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 and this is reported annually to Audit Committee. The main responsibility of the SIAS is to provide assurance and advice on the internal control systems of the council to both Management and Members. The SIAS 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.

2018/19 Audit Report

The Head of Assurance's Annual Internal Audit Report and Assurance Statement is being reported to the Audit Committee in June 2019. From the internal audit work undertaken in 2018/19, the 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:

ASSURANCE OPINION: FINANCIAL SYSTEMS	Our overall opinion is **Good Assurance;** meaning 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
ASSURANCE OPINION: NON-FINANCIAL SYSTEMS	Our overall opinion is **Satisfactory Assurance;** meaning the internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements

SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and report in this Annual Governance Statement and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

The Good assurance opinion overall on financial systems has been concluded from ten financial systems audits, where an opinion has been given. Eight received Good assurance and two received Satisfactory assurance. No Critical or High priority recommendations were made in these audits.

The Satisfactory assurance opinion on non-financial systems has been concluded from nineteen audits. Seven audits received Good assurance, six received Satisfactory assurance and three received Limited assurance. Twelve high priority recommendations were made across these audits. In addition, three audits were classified as 'Not Assessed', i.e. no audit opinion was given. These three audits have contributed to the assurance opinion on non-financial systems as they were important pieces of consultancy and advice work carried out during the course of the year. Five high priority recommendations were made across these three audits.

In arriving at their Satisfactory assurance opinion for non-financial systems, SIAS highlights that 68% of opinions issued for individual audits during the year were assessed as Good or Satisfactory assurance. This generally indicates the Council has satisfactory or good systems of internal control for a wide range of areas.

When considering these opinions it should be noted that in 2018/19 the SIAS moved from a five tier assurance opinion matrix (Full, Substantial, Moderate, Limited and No Assurance) to one that contains four tiers (Good, Satisfactory, Limited and None).

A summary of the High Priority Audit Recommendations made by the SIAS from the 19 audits carried out during 2018/19 is shown below:

High Priority Audit Recommendation	Governance Enhancements
Governance Arrangements for the Hertfordshire CCTV Partnership Nine recommendations were identified to improve CCTV Partnership governance arrangements	**All audit recommendations have been implemented.** A new CCTV Partnership Governance Framework, Partnership Agreement, Shareholder Agreement and Terms of Reference have all been agreed. A new five year rolling Business Plan has also been produced. A review of reporting arrangements has also taken place.
Community Safety One recommendation was identified to enhance documentation retention arrangements in relation to anti-social behaviour and environmental disturbance cases	**Audit action has been implemented.** The audit recommendation in relation to enhancing documentation retention arrangements has been implemented.
The Shared IT Service Improvement Plan: Two recommendations were identified to improve the shared IT Service governance and performance management arrangements.	**One audit recommendation has been implemented and the other is in progress.** The ICT Strategy has been completed and accepted by Stevenage Borough Council. East Herts Senior Leadership Team has agreed the strategy and final approval will be considered in December 2019. Meta-compliance software has been deployed. A number of IT policies and procedures have now been written and a programme of work to complete this work is in place and is being actioned.
Cyber Security Follow-Up Two recommendations were identified to improve IT security arrangements.	**Both recommendations are in progress.** The Council has created a Security and Network Team to implement security/network improvements. New email filtering and anti-virus arrangements are now in place. A review of access controls has been carried out. Procurement of a network monitoring tool to commence January 2020. Configuration of firewall rules has been created and is being updated as the requirement changes. A firewall

	policy is being created alongside the redesign of the network. Replacement of firewalls and switches is scheduled for April 2020. Network security tools are being investigated and a vulnerability scanner is now in place.
Incident Management Follow up: Three recommendations were identified to improve IT resilience and disaster recovery planning	**One recommendation has been implemented and two are in progress.** Remedial work on electrical systems at both data centres to remove single points of failure is complete. Funding has been secured to appoint an outside agency to review the Council's Disaster Recovery plans. This will be commissioned post implementation of the replacement of storage and VDI hosted desktops as these new systems will substantially improve the Council's disaster recovery arrangements and capabilities. A secondary link using Microwave technology to increase the resilience of the link between the Council's two data centres is scheduled for completion in January 2020. Tests will be planned post implementation of this new technology.

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 self-assessment undertaken by the Head of Assurance against the 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.

Area of Activity	Target	2015/16	2016/17	2017/18	2018/19
Planned Days percentage of actual billable days against planned chargeable days completed	**95%**	95%	99%	95%	99%

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 11 June 2019.

The CIPFA/SOLACE Core Principles of Governance

Figure 3: International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)
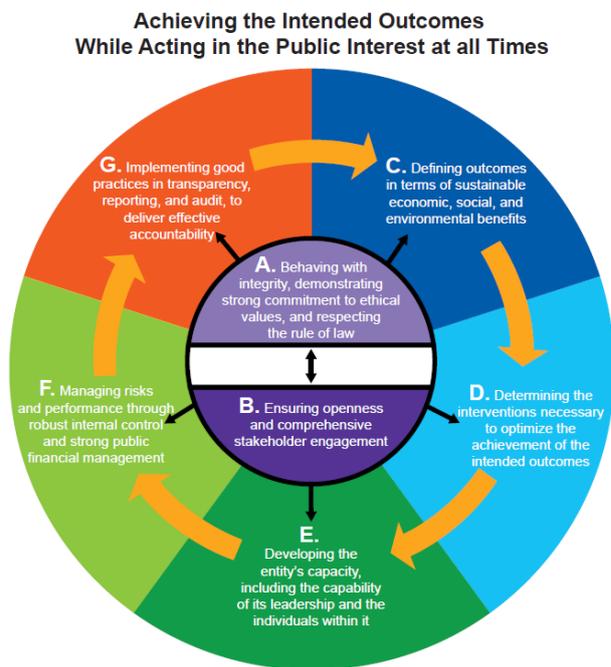
The council achieves good standards of governance by applying the CIPFA/SOLACE Principles of Governance set out in the 'Delivering Good Governance in Local Government' Framework (2016) represented in the International Framework.

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 and apply across all other principles (C – G)

A summary of the review of effectiveness of local arrangements in place for 2018/19 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 2018/19 are indicated in the Corporate Calendar (pages 25-26) with specific reference to progress against the delivery of actions identified in the 2017/18 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 2018/19 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 this Code. 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.

Figure 4: Organisational Values

The council's six organisational Values shown here 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, officer meetings with their managers (REAL conversations), 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 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 2018/19.

2018/19 Governance Enhancement Activity:

- Regulation of Investigatory Power Act (RIPA) training was undertaken by the council's RIPA Authorising Officers
- An Independent Person for the Audit Committee was appointed
- The arrangements for Council decision making were reviewed and new arrangements were approved by Council.
- The Council's Contract Standing Orders and Constitution were reviewed.

Arrangements reflect those summarised in the council's Local Code of Corporate Governance - No significant requirements 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 2018/19 Review of Effectiveness:

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 and action groups and stakeholder conferences.

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.

Figure 5: Residents' Newsletter

In November 2017 a LGA Peer Review of the Council's Communications arrangements was carried out. The results of this review have been reflected in a new Communications and Marketing Strategy which will be implemented in 2019/20.

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 was established to achieve stronger partnerships with key agencies to better deliver the Council's strategic priorities. In March 2018 it was apparent that working in partnership is now embedded in the culture of the Council and there is a strong framework for future collaboration with other public sector bodies. This led to the Partner of Choice programme being considered complete. Development of partnerships continues as part of day-to-day business and any new shared service proposals will be considered and implemented within the Financial Security Programme.

2018/19 Governance Enhancement Activity:

- To ensure staff are optimally engaged and motivated in delivering the Council's priorities, a staff survey was carried out to gauge levels of staff satisfaction/engagement and perception of organisation performance and delivery.

- The Annual Report and Performance Review 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.

- The Community Select Committee carried out a review of resident involvement with clear actions to enhance consultation and engagement arrangements which has informed the development of a wider Community Engagement Framework and toolkit for the Council.

- In addition, a new statement of Community Involvement was approved, setting out the Council's vision and strategy for effective community engagement through all stages of the planning process.

> **Arrangements reflect those summarised in the council's Local Code of Corporate Governance - No significant requirements 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 2018/19 Review of Effectiveness:

The Council's vision:
Stevenage: a prosperous town with vibrant communities and improved life chances

Working in partnership

Stevenage Together, Stevenage's local strategic partnership includes a range of diverse partner agencies. Its ethos is to foster innovative ways of working together, to improve the lives of people who live, work and visit Stevenage.

Stevenage Together is responsible for producing a Community Strategy and making sure that it is carried out. The Community Strategy (Stevenage 2021: Our Town, Our Future) 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.

Stevenage Together oversees four themed groups: Social Inclusion Partnership (SIP), Community Safety Partnership (SoSafe), Health and Wellbeing Partnership and an economy task force.

The aims of the partnership are to: generate pride in the borough, develop communities, help people feel safe, regenerate the economy and improve residents' health

Stevenage Together 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 serves to enhance 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 (complete)

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.

Figure 7: Future Town Future Council

Figure 8: Corporate Plan

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 Medium Term Financial Strategy (MTFS) is the Council's key General Fund financial planning document and sets out the Council's strategic approach to the management of the General Fund including council tax levels, capital funding and treasury management. This strategy underpins the Council's key priorities for Stevenage as set out in the FTFC agenda and other strategic documents of the Council. The key aim of the Strategy is to facilitate the Council in achieving the outcomes set out in those documents, by setting out MTFS principles, which generates the need for Financial Security targets, identifies financial pressures and any additional resources for priorities to ensure the Council has a financially sustainable plan.

The Officer's Assets and Capital Group ensures effective arrangements are in place for the design and delivery of capital projects and resources.

The Housing Revenue Account (HRA) Business Plan is the council's 30 year 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 perspective on stock investment and financial plan. The Council's HRA Medium Term Financial Strategy looks at these plans over a five year horizon in greater detail setting out the principles which generates the need for Financial Security targets. Monthly meetings focus on the monitoring and delivery of the HRA Business Plan.

The HRA Medium Term Financial Strategy underpins the Council's key housing priorities for Stevenage as set out in the FTFC agenda 'Excellent Council Homes' and 'Housing Development' and in the Housing Asset Management Strategy. The Council continues to work co-operatively with housing customers to help shape these priorities and associated programmes.

Financial management arrangements conform to the governance requirements of the CIPFA Statement

In March 2019, the Secretary of State released the holding direction on the Council's Local Plan allowing work to proceed to regenerate the town centre, build much-needed new housing and create jobs and opportunities the people of Stevenage need and want. The Local Plan sets out how Stevenage will develop in the future, both in relation to regeneration and growth and will guide development within the town until 2031.

2018/19 Governance Enhancement Activity:

- Executive in March 2019 approved a new five year Housing Asset Management Strategy and an action plan for implementation of the strategy over the next five years. The Strategy sets out the underlying principles which sit behind excellent asset management and the key strategic projects and programmes to ensure the council derives maximum value for its assets whilst providing high quality homes for its tenants. The Strategy will allow the Council to meet its strategic goals of having fit for purpose, safe, well maintained and well-presented housing stock, with a view to optimising housing development opportunities where appropriate.

- Executive in July 2018 approved the adoption of a new General Fund Asset Management Strategy and a rolling five year action plan. The Strategy will guide the Council's future strategic property decisions to make sure the estate is managed sustainably and efficiently so it can adapt and remain fit for the future, and help the Council meet its FTFC aims. The new Strategy sets out clear financial targets to achieve during the next five years to meet the council's financial challenges. To help reach these financial targets, the Strategy recommends seven clear areas for change, including undertaking locality and asset reviews to identify new opportunities to release surplus land and buildings for sale and opportunities to generate new sustained revenue income as well as improving efficiency and utilisation of assets with partners. The Strategy will remain in place until 2023 and the Action Plan will be the key change document and main focus, to be updated annually. A Locality Board has been established and an approach to the review has been agreed by the board. A new post funded from the business rates pool is now in place and will support the community engagement associated with this work.

To enhance governance arrangements summarised in the Council's Local Code of Corporate Governance:

Housing Asset Management Strategy (2018-2023): Implementation of the actions identified for 2019/20 to implement the five year Housing Asset Management Strategy Action Plan which was agreed at Executive in March 2019. (Action 1)

General Fund Asset Management Strategy (2018-2023): Implementation of the actions identified for 2019/20 to implement the five year General Fund Asset Management Strategy Action Plan which was agreed at Executive in July 2018. (Action 2)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on pages 27 and 28).

Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:
The Housing Revenue Account 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. In November 2018, Executive approved an action plan to consider options for reviewing/re-focusing the Housing Revenue Account Business Plan to reflect changes to borrowing rules. In addition the review of service and support charges to tenants and leaseholders which was delayed in 2018/19 will now be carried out in 2019/20.

The Medium Term Financial Strategy (MTFS) and Capital Strategy undergo regular review throughout the year 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 Council's Financial Strategy was reported to Executive in September 2018 and updated in the November Financial Security report and as part of the 2019/20 budget setting process. These reports highlighted the need for an on-going Financial Security savings target to fund inflation and service pressures compounded by the loss of central government funding of £5.3Million by 2019/20.

The MTFS as approved by Members in September 2018 had a key principle: 'achieve an on-going balanced budget by 2022/23 by ensuring inflationary pressures are matched by increases in fees and income or reduction in expenditure.'

At the November 2018 meeting, the Executive approved a package of Financial Security budget options, growth and pressures and fee increases to be included in the 2019/20 budget. Officers, together with the Leader's Financial Security Group will be working towards achieving the unidentified Financial Security target of £1.2Million, General Fund and £650K, HRA for the three years 2020/21-2023/24. This Financial Security target includes fees and charges increases and is based on an annual increase in council tax. On-going Financial Security options are required to fund inflationary pressures whilst at the same time absorbing the impact of reductions in government grants.

Principle D: Determining Intervention

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 2018/19 Review of Effectiveness:

Financial Governance Arrangements:

Figure 9: Financial Security Workstreams

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.

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.

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 FTFC 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 regular updates on the council's financial position and quarterly overview reports.

A Performance Guide is available to staff on the Council's intranet. The guide sets out the Council's approach to:
- Identifying appropriate performance measures aligned to corporate and services priorities and resource
- Monitoring and reviewing performance measure results to help identify activity to improve outcomes for the community
- Identifying and celebrating business achievements
- Identifying and managing risk
- Ensuring that the overall governance of the organisation is robust.

All of this information provides business insight that helps to drive improvement and deliver outcomes that benefit the community.

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The Council also 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.

Regeneration

The Council along with its development partners will be delivering a major, twenty year, £1bn regeneration programme designed to transform Stevenage. Stevenage First, the partnership formed of Stevenage Borough Council, Local Enterprise Partnership, Hertfordshire County Council and the Chamber of Commerce are leading this regeneration work.

As part of the regeneration programme, the Council has partnered with Mace to deliver a £350m scheme called SG1. SG1 is a 14.5 acre site including a minimum of 1700 new homes, 60,000sq feet of ground floor retail and restaurant space, new public spaces and a public services hub, combining community assets such as health services, library, voluntary sector, café and council offices. Following a competitive tender process, the Council selected Mace as its development partner to deliver SG1. The governance arrangements for this scheme include fortnightly Project Team meetings and monthly Steering Group meetings between Stevenage Borough Council and Mace with issues resolved through the business plan.

The Council has also signed a £50m development deal with Reef Estates to redevelop Queensway North. Development of the Queensway North area will form a significant early and important part of Stevenage's regeneration programme. Queensway North is a mixed-use redevelopment scheme transforming an existing town centre site into retail and leisure units, office space, and delivering 110 residential units. This will completely reposition a partly empty asset which included the vacant Marks and Spencer site, derelict for a number of years, and will act as a major regeneration catalyst. The delivery of the project is supported by a Working Group, a monthly internal Board meeting, and a quarterly Board meeting with Reef, the developer. The Housing Development and Regeneration Executive Committee terms of reference incorporate oversight of this project and business plan. The Council has strategic control and influence over Queensway Properties Limited Liability Partnership (LLP) and so have prepared group financial statements. Refer to the 2018/19 Financial Report including Statement of Accounts and Group Accounts for further information.

Progress on key regeneration projects is reported to Housing Development and Regeneration Executive Committee and internal programme reporting takes place via the monthly FTFC Programme Board. In addition, monthly and quarterly reporting with Hertfordshire LEP takes place together with Stevenage Borough Council financial reporting to track LEP related expenditure.

To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

Regeneration: To ensure good governance of the key regeneration projects including the Queensway and SG1 schemes the following activity is planned:

- Continued progress reporting on key projects to Housing Development and Regeneration Executive Committee
- Anticipating the implementation of new partnership governance for regeneration schemes, as part of agreed GD3 funding package and new opportunities indicated in Town Deal prospectus
- Continuation of the partnership governance arrangements between SBC and Mace; and Queensway LLP and Reef
- Implementation of recommendations arising from internal audit review of Regeneration Programme Management
- Continued internal programme reporting via FTFC Programme Board
- Continued monthly and quarterly reporting with Hertfordshire LEP, in addition to Stevenage Borough Council financial reporting to track LEP related expenditure

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on page 30)

2018/19 Governance Enhancement Activity:

- The Repairs and Voids service has implemented new delivery and case management arrangements ensuring ownership and accountability for delivery from the point of receipt through to closure. These arrangements have had a positive impact on service performance and have resulted in a much improved follow-up audit report.

- Approval and publication of a new Corporate Procurement Strategy. The Strategy highlights the principles the Council will use to procure and deliver the goods, works and services that will support the Council's overall aims and objectives.

- The Performing at Our Peak Programme had delivered a performance and governance system which provides the Senior Leadership Team access to data and information that form strategic insight and is providing a clearer picture of performance, risk and governance.

- The corporate performance guide has been reviewed to incorporate changes to reflect the monitoring and management of business insight through the new corporate insight system.

- Enhancement of Housing IT system to support customers to self-serve in the future, enabling customers to take responsibility for their Personal Housing Plans, enable better casework monitoring and improved customer communication, capture customer information in one place and enable officers to make more informed decisions and provide a more effective response to customer enquiries.

- A new approach to the identification and implementation of local improvement priorities is now being taken, informed by learning attained as a result of the partnership with two universities and the Department for Digital, Culture, Media and Sport.

- The shared IT Partnership governance arrangements continue to be enhanced. The Shared Services Partnership Board is overseeing the development and implementation of a single IT strategy that will deliver the Council's digital transformation ambitions and ensure that services are delivered that meet customer needs and are fit for the future.

- Executive at its meeting in October approved the business case for a Wholly Owned Housing Development Company which will complement the Council's existing and future property development activity. Once created a Housing WOC will have the ability to purchase, own, develop, sell and rent homes in the private sector at market rents and prices. This will improve the supply of quality homes in the market rent segment in Stevenage. A report is to be brought to a future Executive comprising a fully costs financial projection of the WOC's operational activities and a Business Plan, prior to the WOC commencing trading.

To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

Community Safety: Implement changes to procedures to enhance document retention arrangements in relation to the enforcement of anti-social behaviour action (action 3)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on page 25)
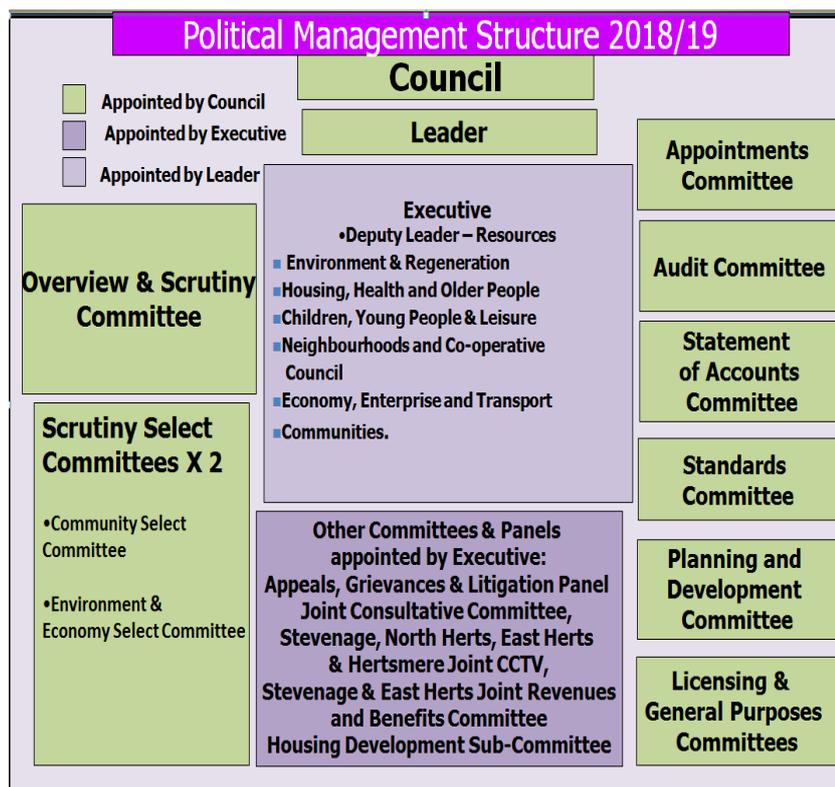
Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:

The Council continues to assess the potential impact of Welfare Reform changes on the community. In October 2018, Universal Credit Live was rolled out in Stevenage. The Council is continuing to identify and work with tenants affected by the reduction in the benefit cap, and under occupancy charges. Together with migration to Universal Credit and later managed migration (legacy benefit claimants moving on to UC), and more recently to support mixed age couples where the youngest partner is below pension credit age. The council are continuing to support tenants on legacy benefits and council tax support

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 2018/19 Review of Effectiveness:

Political Management Structure 2018/19

Appointed by Council
Appointed by Executive
Appointed by Leader

Council
Leader

Overview & Scrutiny Committee

Scrutiny Select Committees X 2
• Community Select Committee
• Environment & Economy Select Committee

Executive
• Deputy Leader – Resources
■ Environment & Regeneration
■ Housing, Health and Older People
■ Children, Young People & Leisure
■ Neighbourhoods and Co-operative Council
■ Economy, Enterprise and Transport
■ Communities.

Other Committees & Panels appointed by Executive:
Appeals, Grievances & Litigation Panel
Joint Consultative Committee,
Stevenage, North Herts, East Herts
& Hertsmere Joint CCTV,
Stevenage & East Herts Joint Revenues and Benefits Committee
Housing Development Sub-Committee

Appointments Committee
Audit Committee
Statement of Accounts Committee
Standards Committee
Planning and Development Committee
Licensing & General Purposes Committees

The Council's Political Management Structure:

Figure 10: Political Management Structure 2018/19
The Political Management Structure diagram summarises the Council's political structure.

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.

Audit Committee meets quarterly and its duties include advising and commenting on Internal and external audit matters, anti-fraud and corruption issues, risk management and governance, the Council's Constitution in respect of Contract Standing Orders and Financial Regulations and the Statement of Accounts and related Capital determinations. The Audit Committee 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.

There is a Modern Members Programme which provides Members with a programme of training to ensure they have the skills and knowledge to ensure effective and informed decision making. This training programme covers essential skills such as understanding budgets as well as topical items and briefing on new legislation. The Modern Members Programme is arranged for all elected

members, based on their feedback and requests. There is also a programme of induction training and meetings with key officers for newly elected Members.

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 leadership team has been structured to drive the development of a 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.

Figure 11: Officer Structure
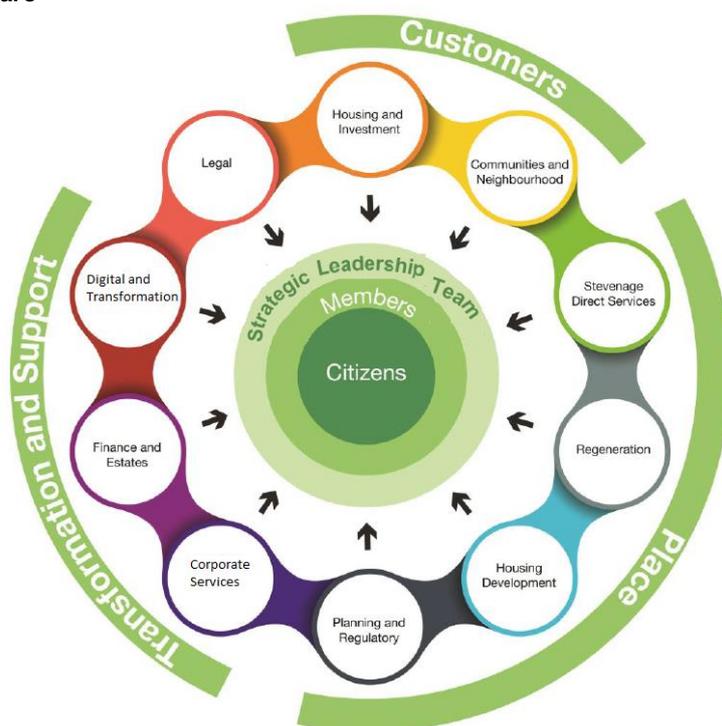
The Council's Employer of Choice programme is transforming the way the Council works, ensuring staff have the skills, abilities and experience to deliver excellence.

The Council uses a Human Resources Management system to support workforce planning, training, development and the implementation of the council's new competency framework structure. The Leadership Competency Framework (implemented for posts Level 10 and above) provides a map of the behaviours, as well as the skills, that are valued and recognised by the Council. The Framework will be rolled out to all staff during 2019/20.

The Council has a staff Performance and Improvement Policy and Manager Toolkit, as well as associated policies (Absence Management, Dignity at Work, Disciplinary, Grievance and Appeals policies, Organisational Change Policy, REAL Conversations Policy, Sickness Absence Policy) to encourage all employees to personally deliver the highest standards of service possible and for managers to proactively address performance issues.

The Council's Target Operating Model:

Figure 12: Council's Target Operating Model

The Target Operating Model (TOM) (see diagram below) sets out how the Council plans to operate in the future and is designed to ensure that services across the Council are aligned.

The TOM provides a high level representation of how the Council can best organise itself, by shaping process, technology, governance and organisation (structure, roles and responsibilities) to deliver the FTFC programme, corporate strategy and priorities. It was adopted in 2016, following engagement with senior managers and consultation through the Senior Management Review. The adoption of this operating model has already begun to fundamentally alter the shape of the council and the way it operates.

The new operating model has been designed to address the current challenges and the changing public sector context.

2018/19 Enhancement Activity:
- A new corporate staff appraisal process (REAL Conversation) was implemented. REAL Conversation is a rolling appraisal process with regular meeting arrangements providing a framework for achieving the best performance on a day to day basis.
- A new intranet went live providing staff with the vital information and tools to help them in their role.
- Working collaboratively with the Council's recognised Trade Unions, staff have been offered the opportunity to develop their literacy, maths and computing skills and attain formal qualifications.
- A training programme for all Housing Advice staff was implemented.
- Training on the Homelessness Reduction Act which came into force 3 April 2018 was provided for the Housing team and services.
- A Fourth Tier Leadership Network has been established with its inaugural meeting held in December 2018.

To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

Corporate Capacity: Continue to implement the restructure of services through Future Council Business Reviews to improve corporate capacity and deliver sustainable services that meet the needs of customers. The Employer of Choice programme's focus for 2019/20 includes a number of strands which will seek to improve the Council's capacity to deliver. These include people development, performance management, ways of working and resourcing. (Action 4)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on page 28-29)

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 2018/19 Review of Effectiveness:

Figure 13: Council's Risk Governance Arrangements

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 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's annual Action Plan ensures compliance with the best practice issued by central government, National Audit Office and CIPFA. The Council has an Anti-fraud and Corruption Policy as well as a Whistle-blowing Policy. Data Protection and Information Security responsibilities for staff, and processes for the management of both electronic and manual records are also available.

The ability to identify and assimilate new technologies is an integral part of the Council's aim to achieving its strategic objectives. The Council has a Shared IT service with East Herts which is responsible for developing the shared IT platform as well as delivering IT services. The shared service was established through a partnership agreement between the two Councils in 2013 and the Shared IT Services contract was renewed in August 2018.

The Councils have established an Information Technology Steering Group (ITSG), which meets on a monthly basis and oversees the operation of the Shared IT Service. In addition, the Councils have established an ICT Partnership Board, which also meets on a monthly basis and is responsible for the strategic direction of the service. Both the ITSG and the ICT Partnership Board include senior members of staff from both Councils.

The IT Steering Group and the IT Programme Management Office function facilitates delivery of the projects that supports the Council's Future Town, Future Council programme and the Council's Business Unit reviews alongside the day to day IT service.

The IT service 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. Following a review carried out by the Society of IT Managers (SOCITM), a Technology Improvement Plan was produced. There have been significant changes in the governance structure of the Shared IT Service in 2018/19. The service is now working with Microsoft to develop a new programme of activity to further enhance IT infrastructure and resilience. Following this review, a new draft ICT strategy outlining a two year plan for further improvement and road map is being produced. Elements of capital funding required have been established in the Capital Programme and through the budget setting process for 2019/20.

Figure 14: Council's Health and Safety Framework
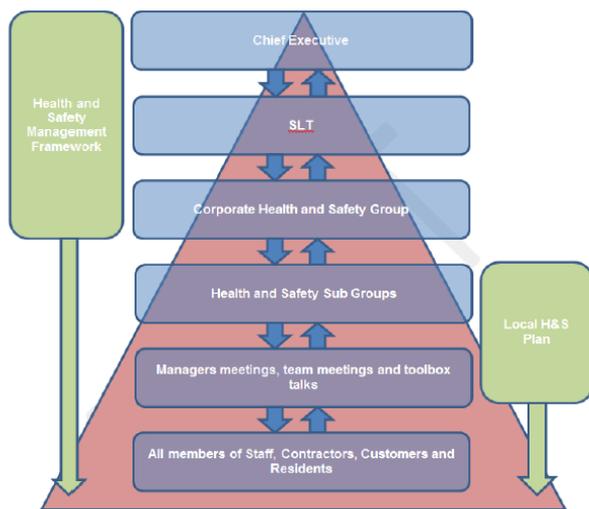
To enhance council-wide arrangements for the assessment and monitoring of health and safety a Health and Safety Management Framework has been introduced. Assistant Directors have ensured that health and safety responsibilities at each level of management within their business units are clear. An ongoing 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 ensures the group is providing senior management with the assurances that are required.

New General Data Protection Regulations were approved by the EU Parliament on 14 April 2016 and were enforced on 25 May 2018. 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. The Council has a Records Governance Manager, 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.

2018/19 Enhancement Activity:
- A new generator has been installed to improve power resilience at the Daneshill House Data Centre.

- Migration of the Council's telephone system is complete for East Herts and work has commenced on Stevenage Borough Council's migration with work expected to be complete early in 2019/20.

- A series of IT infrastructure enhancements have also been implemented to provide a more reliable and secure ICT service that supports delivery of more digital solutions.

- Substantial progress has been made to ensure the Council is General Data Protection Regulation (GDPR) compliant and to make sure all staff are aware of their responsibilities with regards to the management of customer data. Training to help service teams understand the importance of good customer information handling has included: GDPR e-learning; bespoke training delivered to field-based operatives at Cavendish Depot and bitesize lunchtime learning sessions for other Council staff. Data Protection policies and guidance have also been updated. Enhancement activity has been reflected in a follow-up SIAS audit report on GDPR Preparedness which provided a 'Good' level of assurance. GDPR compliance has also been enhanced with the implementation of an electronic document management system which allows the Housing and Investment service to process and store fewer documents.

- To ensure and maintain corporate wide oversight and clarity on health and safety compliance and performance across the Council, a new corporate health and safety governance structure has been put in place that provides assurance to senior management that health and safety assessments and activity across the Council are being effectively managed. The Council has a complete database of health and safety risk assessments for all services and all Assistant Directors have carried out self-audits of their services.

- The Shared Anti-Fraud Service (SAFS) have delivered a number of training sessions for staff and a plan has been developed to deliver additional sessions to front line customer service staff to assist in the identification and reporting of false documents

- Working with HR Teams across the County, SAFS have developed and published an e-learning package for staff and Members linked to the Council's policies and fraud reporting processes.

- SAFS have worked closely with senior officers to ensure that the Council is able to comply with the statutory National Fraud Initiative (NFI).

- A new Compliance Manager has been appointed to monitor the health and safety of Council buildings

- Enhanced IT Shared Service Partnership arrangements have been implemented and are now embedded.

- A BREXIT impact assessment to assess operational risks and mitigation actions to ensure vital services continue to work effectively in the event of a no deal EU withdrawal was considered by Executive in January 2019.

- SIAS provided 'Good' assurance for both the Council's Corporate Governance and Risk Management arrangements for 2018/19.

To enhance arrangements summarised in the Council's Local Code of Corporate Governance:

- **Cyber Security, IT Resilience and Governance:** The Shared IT Service to continue to develop and implement a strategy and programme of activity to enhance IT infrastructure, cyber security, governance, policy framework and IT resilience. (Action 5)

- **Information Management:** Continue to enhance and embed information management arrangements across the Council to ensure that best practice records management continues to be applied and customer data is appropriately managed.(Action 6)

- **Corporate Health and Safety:** Embed the new Health and Safety Framework to ensure health and safety compliance and performance across the Council. (Action 7)

- **CCTV Partnership:** The governance framework and business plan for the CCTV Partnership to be reviewed by the CCTV Joint Executive and Company Board of Directors. (Action 8)

Further more detailed information regarding the above enhancement activity and timeline for delivery is reflected on pages 29 and 30)

Principle G: Implementing good practices in transparency, reporting and audit to deliver 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 2018/19 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.

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2018/19 arrangements is set out on pages 5 to 8 of this Statement outlining assurance for both financial and non-financial systems.

For 2018/19 the Shared Internal Audit Service assigned 'Good' assurance for financial systems and 'satisfactory' assurance to non-financial systems. Actions to enhance governance for the areas highlighted have been identified and prioritised.

The Council's External Auditors, Ernst and Young, advised Audit Committee in July 2018 in their Annual Audit Letter for 2017/18 that the council's financial statements give a true and fair view of the financial position of the Council at 31 March 2018 and its expenditure and income for the year then ended. The letter also advised that other information published with the financial statement was consistent with the Annual Accounts. The Auditors also concluded that the Council has put in place proper arrangements to secure value for money in our use of resources and that our Annual Governance Statement for 2017/18 was consistent with the Ernst and Young's understanding of the Council.

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

Corporate Governance Calendar 2018/19

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 2017/18 Annual Governance Statement.

Corporate Governance Calendar April 2018-September 2018

Apr 2018

- Internal Audit of **Corporate Governance** arrangements achieves **'Substantial'** assurance for areas assessed

- Internal Audit of **Risk Management** arrangements achieves **'Full'** assurance for areas assessed

- **Corporate Governance Group** carried out a **review of Principle E** of the CIPFA/SOLACE Framework

May 2018

- **Annual Council** agree the political management structure of the Council

- **New Members** attend **induction programme**

June 2018

- **Audit Committee** recommended the **2017/18 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 2018/19

- **Corporate Procurement Strategy** approved

To meet a 2018/19 AGS action, a new generator was installed at Daneshill **House to improve IT resilience**

July 2018

- **Annual Scrutiny Report** submitted to Council

- **2017/18 Annual Report and Performance Review** approved by Executive

- **2017/18 Statement of Accounts** reported to the Statement of Accounts Committee

- Appointment of **Independent Person** to serve on the Audit Committee

- Launch of **REAL Conversations and Staff Survey**

To meet a 2018/19 AGS action, The General Fund Asset Management Strategy was approved by Executive

Aug 2018

- Council's **Constitution** and **Contract Standing Orders** updated

To meet a 2018/19 AGS action, training to ensure staff are aware of their responsibilities with regards to management of customer data. Data Protection policies and guidance have been updated. SIAS audit report on GDPR Preparedness provided a 'Good' level of assurance

Sep 2018

- Executive approves **General Fund and HRA MTFS 2018/19-2022/2023**

- Annual report of Shared **Anti-Fraud Service for 2017/18** to Audit Committee

- **External Auditors** advise **Audit Committee** that the council's **financial statements give a true and fair view** of the financial position of the Council at 31 March 2018 and of its expenditure and income for the year then ended

- **Corporate Governance Group** carried out a **review of Principles D & F** of the CIPFA/SOLACE Framework

Corporate Governance Calendar October 2018 - March 2019

Oct 2018

Council approves the **Annual Treasury Management Review of 2017/18 including prudential code**

Executive approve the business case for establishing **a Wholly Owned Housing Development Company**

Nov 2018

Corporate Governance Group carried out a **review of Principles A and B** of the CIPFA/SOLACE Framework

Housing Revenue Account MTFS (2018/19-2022/23) and Business Plan Update considered by Audit Committee

Dec 2018

New **Scheme of Delegation** approved at Council

To meet a 2018/19 AGS action, new delivery and case management arrangements have been implemented in the Repairs and Voids service which have had a positive impact on service performance

Jan 2019

Council approve the **Housing Revenue Account Final Budget Proposals, Rent Setting and Draft Council Tax Support Scheme 2019/20**

Overview and Scrutiny Committee consider the **2019/20 Draft Capital Forward Plan, Five Year Capital Strategy Update and 2019/20 Council Tax setting and General Fund** Budget for submission to Executive and Council

To meet a 2018/19 AGS action, a new corporate health and safety governance structure has been put in place that provides assurance to senior management that health and safety is being effectively managed

Feb 2019

Council approves the **2019/20 Council Tax, General Fund and Capital budgets, and the Annual Treasury Management Strategy including Prudential Code Indicators 2019/20**

Members' Allowances Scheme 2019-20 approved at **Council**

Pay Policy Statement for 2019/20 approved by **Council**

Council approves the **Interim appointment of Chief Executive**

Executive approves a new Community Engagement Framework and Toolkit

Mar 2019

Audit Committee note the self-assessment of compliance against **the CIPFA/SOLACE Framework'**

Internal Audit of **Corporate Risk Management arrangements** achieved **Good Assurance** and **Corporate Governance arrangements** achieved **Good Assurance** for areas assessed

To meet a 2018/19 AGS action, a new five year **Housing Asset Management Strategy was approved at Executive**

To meet a 2018/19 AGS action Business Unit reviews have been carried out in a number of Business Units throughout the year

Planned Improvement Activity for 2019/20:

Significant internal control and governance issues identified as part of the 2018/19 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 ongoing governance monitoring, such as:

- The Housing Revenue Account (HRA) Business Plan, (agreed by Executive November 2018) 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 (see page 14)

- 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. There remains significant pressure identified in the General Fund report to the Executive (January 2019) which will mean that the Financial Security targets need to be achieved to meet a contribution to balances in 2022/23 (see page 14

- 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 (see page 17)

Action Ref	Action	Target Date
1	**To implement the first phase of the Action Plan to deliver the five year Housing Asset Management Strategy (2019-2024) the following activity is planned (AD Housing and Investment):** - Carry out a programme of work to improve understanding of the Council's housing stock and its condition to enable effective investment decisions - Carry out a review of asset data to develop understanding of asset performance and deliver a programme of improvements - Establish a standard methodology for carrying out options appraisals and use the appraisals to guide investment decisions - Carry out a programme of work to continue to ensure safe homes - Carry out a programme of work to maintain compliance with the decent Homes standard across the stock	2019-20 Review 2019/20 Implement2019-2024 Review 2019-2020 Implement 2019-2024 2019-2024 To be confirmed

Action Ref	Action	Target Date
	• Develop effective programmes to deliver the objectives of the strategy and wider Council strategies	2019-2020
	• Carry out a review of repairs costs and analyse the financial viability to take on subcontracted works in-house to deliver a value for money' repairs service which meets the needs of customers	2019-2021
	• Review the structure, processes and systems used by the Repairs and Voids service as a whole to ensure the service being provided is the best possible	2019-2024
	• Carry out a programme of work to ensure assets are energy efficient and champion environmental sustainability	2019-2024
	• Carry out a review and implement recommendations to ensure the best use of adapted stock and deliver an efficient adaptation programme to meet the requirements of residents	Review 2019-2020 Implement 2019-2024
	• Carry out a review and implement recommendations to provide quality homes and sustainable tenancies whilst limiting the time properties are void	Review 2019-2020 Implement 2019-2024
2	**To implement the General Fund Asset Management Strategy which was approved in July 2018, the following activity is planned (AD Finance and Estates):** • Review condition and relevance of the current commercial portfolio to determine capital investment requirements • Review the Council's commercial portfolio • Implement Locality Reviews	2019-2020 2019-2021 2019-2021
3	**To enhance document retention arrangements in relation to the enforcement of anti-social behaviour action, the following activity is planned (AD Communities and Neighbourhoods)** • Changes to procedures to be implemented to ensure enhanced document retention arrangements	2019-2020
4	**To ensure there is there is corporate capacity to deliver sustainable services that better meet the needs of customers, the following activity is planned (All Assistant Directors):** • Continue to implement the restructure of services through Future Council Business Reviews • Carry out a skills/capacity gap analysis and put in place targeted management and staff activity in response	2019-2020 2019-2020

Action Ref	Action	Target Date
	• Introduce tools and techniques to manage change effectively whilst maximising levels of staff engagement	2019-2020
	• Develop communication/engagement strategies that enable all staff to have a clear understanding of organisational direction and the desired culture, behaviours and ways of working	2019-2020
5	**To enhance IT infrastructure, cyber security, governance arrangements, policy framework and resilience the Shared IT service to continue to develop and implement a strategy and programme of activity as follows: (AD Corporate Services and Transformation):** • Complete telephone enhancement activity • Windows 2008 replacement programme • Email filtering replacement • Strengthen anti-virus arrangements • Enhance network security management arrangements • Enhance policy and training arrangements • Review the Council's IT perimeter security arrangements • Review access controls • Complete the infrastructure review and produce a new ICT strategy and road map to improve ICT resilience and security • Horizon VCI Upgrade • Completion of the IT infrastructure refresh	2019-2020 2019-2020 2019-2020 2019-2020 2019-2020 2020-2021 2019-2020 2019-2020 2019-2020 2019-2020 2020-2021
6	**To continue 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 following activity is planned: (AD Corporate Services and Transformation)** • Review of data sharing arrangements with local authority partners and public agencies • Review and update supplier agreements • Review and enhance GDPR ICT security compliance • Review of data security policies • Review and carry out a further phase of GDPR staff training	2019-20 2019-20 2019-20 2019-20 2019-20
7	**To embed the new Health and Safety Framework to ensure health and safety compliance and performance across the Council the following activity is planned: (AC Corporate Services and Transformation)** • Health and safety training needs to be identified for all roles across the Council • Embed the new Health and Safety Framework and arrangements	2019-2020 2019-2020

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Action Ref	Action	Target Date
8	**To review and enhance the Governance Framework and arrangements for the CCTV Partnership the following activity is planned: (AD Communities and Neighbourhoods)** • Review of Governance Framework • Approval of new Governance Framework, Partnership Agreements, Shareholders Agreement and Terms of Reference • Development of a new five year rolling Business Plan for the Partnership • Review of reporting arrangements for the Partner Authorities	 2019-20 2019-20 2019-20 2019-20
9	**To ensure good governance of the key regeneration projects including the Queensway and SG1 Schemes the following activity is planned (AD Regeneration)** • Continued progress reporting on key projects to Housing Development and Regeneration Executive Committee • Anticipating the implementation of new partnership governance for regeneration schemes, as part of agreed GD3 funding package and new opportunities indicated in Town Deal prospectus • Continuation of the partnership governance arrangements between SBC and Mace; and Queensway Limited Liability Partnership and Reef • Implementation of recommendations arising from the internal audit review of Regeneration Programme Management • Continued internal programme reporting via FTFC Programme Board • Continued monthly and quarterly reporting with Hertfordshire LEP, in addition to Stevenage Borough Council financial reporting to track LEP related expenditure	 2019-20 2019-20 2019-20 2019-20 2019-20 2019-20

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 25 and 26. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 27-30.

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 …………………………………..
Matt Partridge
Chief Executive of Stevenage Borough Council