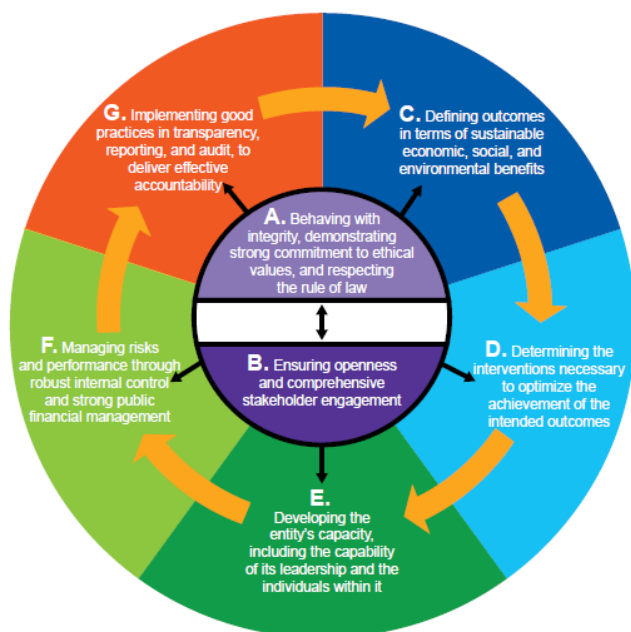# Annual Governance Statement 2016/17

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.

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'.

Image: 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**

(* 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

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.

This Statement explains how the council has complied with the Local Code of Corporate Governance (17 March 2008, endorsed 10 June 2015), which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. A copy of the code can be obtained from the Council Offices.

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
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. 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.

The preparation and publication of the Annual Governance Statement in accordance with 'Delivering Good Governance in Local Governance' Framework (2016) fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control and also meets the requirement for 'preparation in accordance with proper practice'.
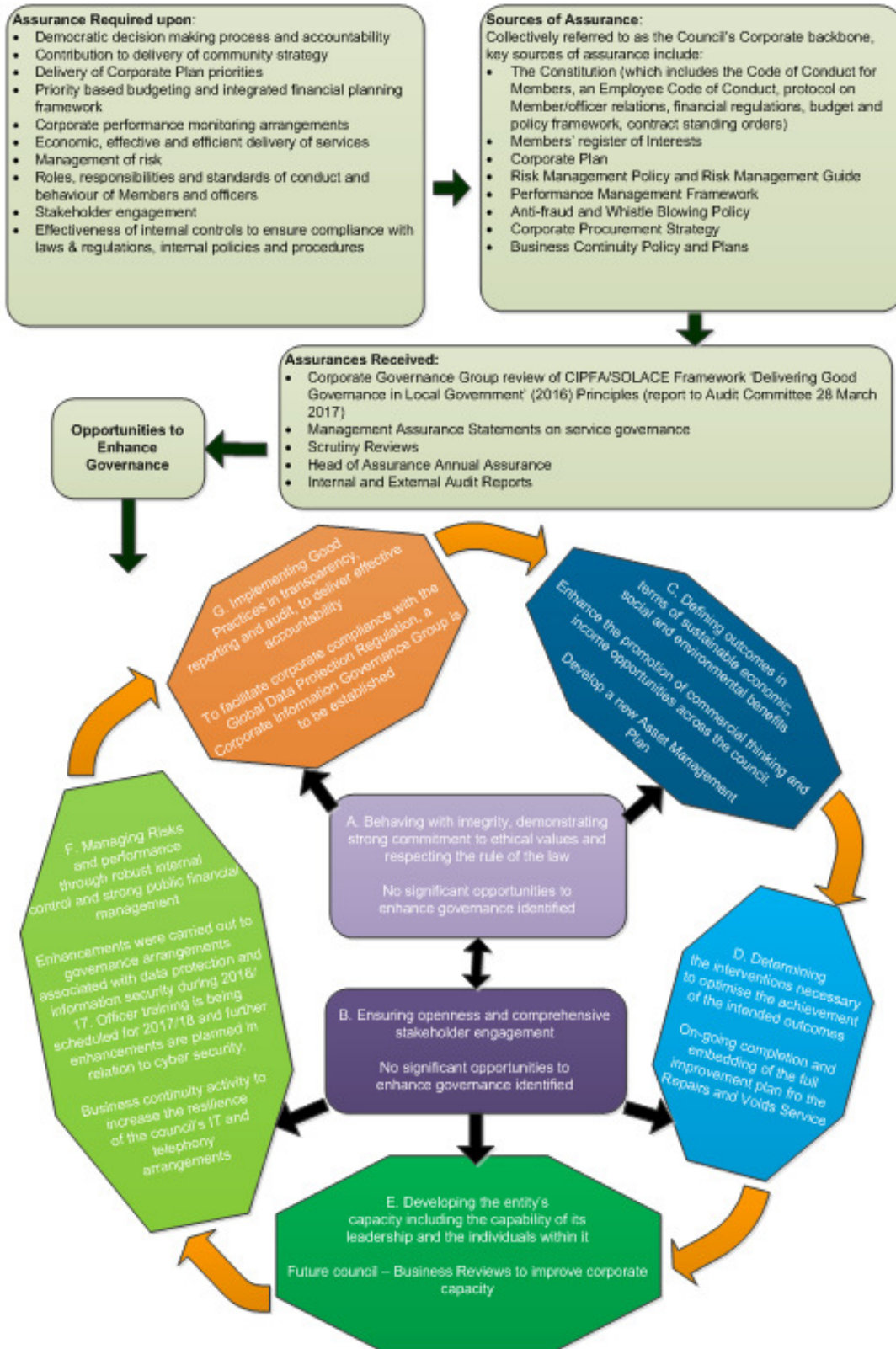
The Governance Framework summarised in this Statement has been in place at the council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

Governance monitoring and assurance arrangements

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

- 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.

- In addition, 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.

- At service level, assurance of compliance with the principles and behaviours of good governance requires all Heads of Service 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 2016/17 Annual Governance Statement. A summary of the types of assurance required, sources of assurance, assurance received and planned enhancement actions is represented on page 3 against the relevant principles. More detail is provided throughout the Annual Governance Statement.

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 28 March 2017)
- 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

To facilitate corporate compliance with the Global Data Protection Regulation, a Corporate Information Governance Group is to be established

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

Enhance the promotion of commercial thinking and income opportunities across the council.

Develop a new Asset Management Plan

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

No significant opportunities to enhance governance identified

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

On-going completion and embedding of the full improvement plan fro the Repairs and Voids Service

F. Managing Risks and performance through robust internal control and strong public financial management

Enhancements were carried out to governance arrangements associated with data protection and information security during 2016/17. Officer training is being scheduled for 2017/18 and further enhancements are planned in relation to cyber security.

Business continuity activity to increase the resilience of the council's IT and telephony arrangements

B. Ensuring openness and comprehensive stakeholder engagement

No significant opportunities to enhance governance identified

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

Future council – Business Reviews to improve corporate capacity

The Action Plan at Page 17 provides more detail.

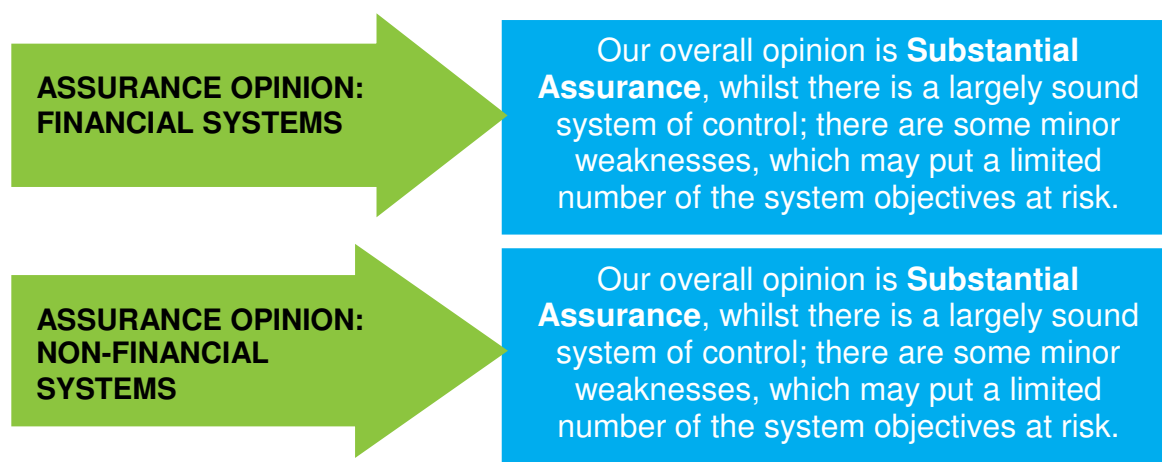## Assurance: Internal Audit Arrangements

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.

2016/17 Audit Report

The Head of Assurance's Annual Internal Audit Report and Assurance Statement was reviewed by SMB and reported to the Audit Committee in June 2017. From the internal audit work undertaken in 2016/17, the Shared Internal Audit Service (SIAS) can provide Substantial Assurance on the adequacy and effectiveness of the council's control environment.

The assurance is broken down between financial and non-financial systems as follows:

ASSURANCE OPINION: FINANCIAL SYSTEMS	→	Our overall opinion is **Substantial Assurance**, whilst there is a largely sound system of control; there are some minor weaknesses, which may put a limited number of the system objectives at risk.
ASSURANCE OPINION: NON-FINANCIAL SYSTEMS	→	Our overall opinion is **Substantial Assurance**, whilst there is a largely sound system of control; there are some minor weaknesses, which may put a limited number of the system objectives at risk.

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 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. A 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	13/14	14/15	15/16	16/17
Planned Days percentage of actual billable days against planned chargeable days completed	**95%**	99%	97%	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 reported to Audit Committee on 15 June 2017.

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 below:

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**

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

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

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

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

B. Ensuring openness and comprehensive stakeholder engagement

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

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

This diagram 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 local arrangements in place for 2016/17 to comply with each of the principles is set out on the following pages identifying opportunities for governance enhancements. Key enhancements to arrangements delivered throughout 2016/17 are indicated in the Corporate Calendar with specific reference to progress against the delivery of actions identified in the 2015/16 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.

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. 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 Share Anti-Fraud Service webpage.

2016/17 Enhancements:
The Council has recently appointed a new Independent Person as required under Chapter 7 of the Localism Act 2011 to consult on alleged breaches to the Member Code of Conduct and potential disciplinary action involving Proper Officers.

To meet a RIPA Inspection action (2014) refresher training for Authorising Officers was carried out.

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.

The council's Corporate Communications Strategy, Let's Talk, sets out the process to ensure the council communicates its aims and achievements to all stakeholders. The purpose of the strategy is to determine how the council will establish and maintain clear and relevant two-way channels of communication in order to create an informed and recognisable profile for Stevenage Borough Council and a positive image of the town as a whole.

During 2016/17 the Council has carried out a range of consultation activities to inform its priorities and budget-setting, such as:

- Pre-consultation with residents in Old Town to identify concerns with street parking
- Statutory consultation on proposed parking enforcements in the Old Town area
- Consultation on the provision and design of outdoor play equipment
- Consultation on the council's draft Procurement Strategy to 2020

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 in order 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, determine Stevenage views on Devolution opportunities, map services that can be shared with other agencies, and measure the Council's reputation with partners.

2016/17 Enhancement Activity:
A new Building Control shared service, called Hertfordshire Building Control Services, was successfully set up and is now providing building control services to seven Hertfordshire authorities.

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

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

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.

Future town future council

2016/17 Enhancement Activity:
Corporate Plan: A new Co-operative Corporate Plan FTFC was agreed at Council December 2016 and 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 five years. A short summary action plan has been developed and alongside the council's Annual Report it will ensure that there is clarity for residents as to what the council has done, and will do, to deliver its promises.

Local Plan: The Local Plan was submitted to the Secretary of State on 21 July 2016. The Local Plan will guide development within the town until 2031 and sets out how Stevenage will develop in the future.

HRA Business Plan: To meet an action identified in the 2015/16 Annual Governance Statement to facilitate delivery of defined outcomes on a sustainable basis, the revised HRA Business Plan was agreed by Executive November 2016. The 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.

Opportunities identified for further enhancement:
Arrangements reflect those summarised in the council's Local Code of Corporate Governance (published June 2017).

The council has pursued some commercial options, including commercial property acquisition. Further options will be pursued once the initial phase of the Senior Management Review is embedded. (Action 1, page 17)

In addition, to support sustainable delivery of the Future Town, Future Council Programme, a new Property Investment Strategy was agreed by Full Council (May 2017). This will complement the emerging Asset Management Plan scheduled for development by December 2017. Delivery of the strategy and implementation of the Plan will also mitigate risk associated with effective management of the Council's assets. (Action 2, page 17)

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 designed to facilitate a balanced HRA financial plan for the next 30 years, and to ensure there are sufficient HRA funds to fund the council's FTFC priority of Housebuilding and Acquisitions Programme.

➢ The Medium Term Financial Strategy is subject to ongoing review to ensure a clear financial situation can be demonstrated.

➢ The Strategic Director (Tom Pike) has implemented an Officers' Capital Group to ensure that effective arrangements are in place for the design and delivery of capital projects, which has resulted in a reduction to the associated Capital Programme risk. Governance arrangements are subject to ongoing monitoring to ensure they remain effective and mitigate risk associated with Capital Programme delivery.

➢ A fundamental assessment and prioritisation of SBC major capital investment needs and funding in the next 5-10 years with consideration of overall borrowing exposure as a result of a need to meet our Future Town Future Council ambitions is ongoing. The council are looking at more commercial investment opportunities such as a commercial property strategy to invest £15m and generate return and other options.

Principle D: Determining Interventions: 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.

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

Principle D: Determining Interventions – Monitoring performance

As part of the Performing at our Peak programme, a new performance management framework has been developed to reflect the Future Town, Future Council Programme alongside the delivery of effective services (The Corporate programme).

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. 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 the quality of performance data.

2016/17 Enhancement Activity:
Between April 2008 and March 2015, the Council used a Balanced Scorecard model to monitor performance. A need to expand and enhance this process was identified by Senior Management to facilitate improved insight into corporate priority delivery and implementation was incorporated into the Council's 'Performing at our Peak; FTFC programme. As part of this programme, the corporate performance management and monitoring frameworks were reviewed and a new performance management system (InPhase) established. The new system will monitor the status of the FTFC Programme and coordinate a range of corporate performance elements 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.

Opportunities identified for further enhancement:
Arrangements reflect those summarised in the council's Local Code of Corporate Governance.

However, to facilitate alignment of strategic focus and refocus operations on core activities, a review the Repairs and Voids function was completed in 2015/16. The required implementation of the resulting action plan was reflected in the 2015/16 Annual Governance Statement. Transition and initial implementation of the plan has applied throughout 2016/17, which has resulted in productivity gains. Full implementation and embedding of the improvement plan will continue through 2017/18 with completion scheduled for March 2018. (Action 3, page 18)

Ongoing monitoring is planned in mitigation of risks relating to the delivery of agreed outcomes:
The council is continuing to assess potential impacts of Welfare Reform on the community and Council through business insight.

Principle E: Leadership Capacity and Capability - The Council's Political Management Structure

The following diagram shows the Council's political structure for 2016/17. 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 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.

Political Management Structure 2016/17

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 – Environment & Regeneration
  ▪ Resources
  ▪ 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

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.

2016/17 Enhancement Activity
Members of Audit Committee and Statement of Accounts Committee have received Statement of Accounts training.

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

New Senior Management structure

Corporate capacity to deliver business as usual alongside the scale and breadth of corporate change projects has been recognised as a risk to delivery of effective outcomes. A revised senior management structure applied from January 2017 following a review to facilitate more effective delivery of FTFC priorities. A further action to refocus the new Business Units to enhance capacity and efficiency is identified in 'opportunities for further enhancement' below.

A corporate programme office has been established to facilitate delivery of the nine FTFC Programmes, particularly those at risk from external environmental influences, such as Town Centre Regeneration.

Through the FTFC Employer of Choice programme, a review of learning and development was undertaken highlighting areas for consideration which will be taken forward in 2017/18. A 'Celebrating our People' awards scheme was also launched aimed at recognising extraordinary effort and exceptional levels of service.

2016/17 Enhancement Activity:
Senior Management Review: A senior management review, to facilitate more effective delivery of FTFC priorities, has taken place and included the establishment of a new competency framework.

Opportunities identified for further enhancement:
Arrangements reflect those summarised in the council's Local Code of Corporate Governance.

However, corporate capacity to deliver business as usual alongside the scale and breadth of corporate change projects has been recognised as a risk to delivery of effective outcomes. A restructure of services through Future Council – Business reviews is being carried out to improve capacity and facilitate ability to meet any future challenges. (Action 4, page 18)
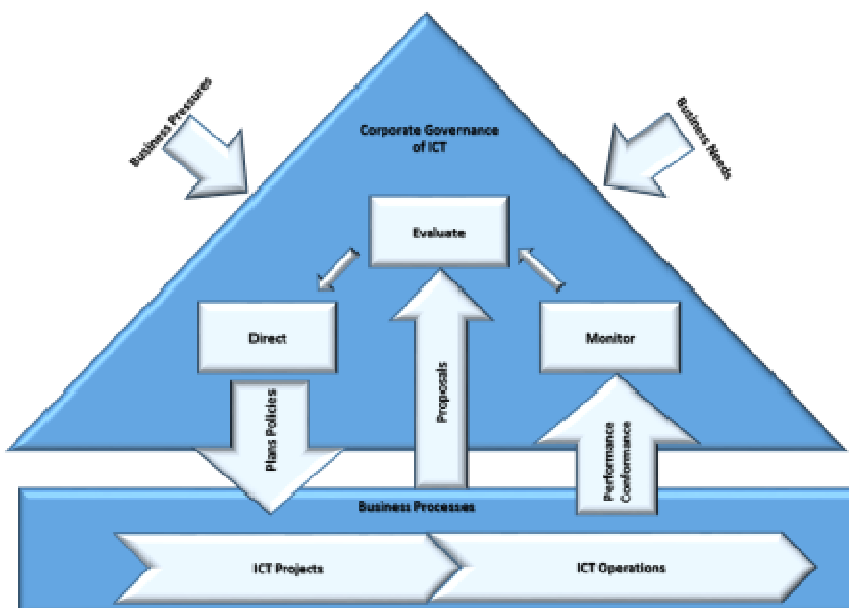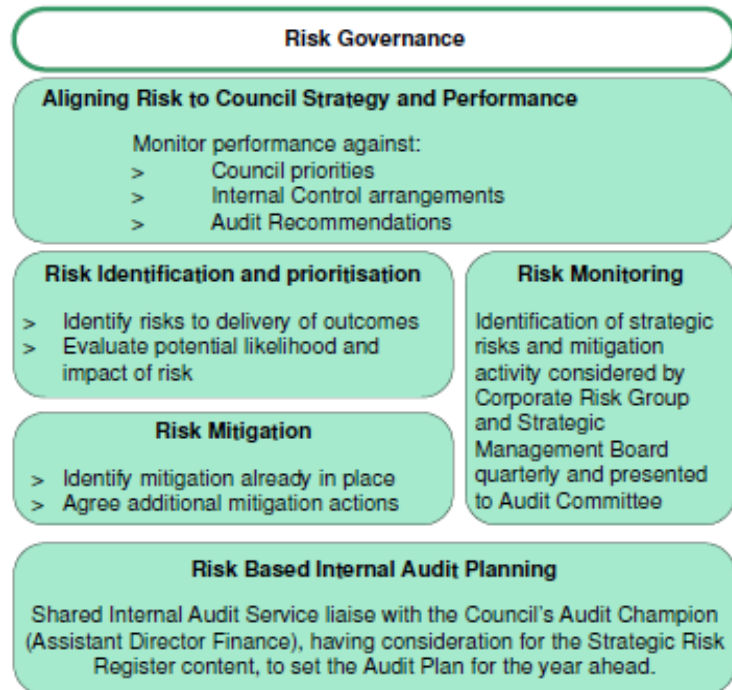
Principle F: Managing Risks - The Council's Risk Governance Arrangements

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

The Shared Anti-Fraud Service Anti-Fraud Action Plan 2017/18 will ensure compliance with the best

Risk Governance

Aligning Risk to Council Strategy and Performance

Monitor performance against:
> Council priorities
> Internal Control arrangements
> Audit Recommendations

Risk Identification and prioritisation
> Identify risks to delivery of outcomes
> Evaluate potential likelihood and impact of risk

Risk Monitoring
Identification of strategic risks and mitigation activity considered by Corporate Risk Group and Strategic Management Board quarterly and presented to Audit Committee

Risk Mitigation
> Identify mitigation already in place
> Agree additional mitigation actions

Risk Based Internal Audit Planning
Shared Internal Audit Service liaise with the Council's Audit Champion (Assistant Director Finance), having consideration for the Strategic Risk Register content, to set the Audit Plan for the year ahead.

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 on the council's Intranet. Data Protection and Information Security responsibilities for staff, and processes for the management of both electronic and manual records are outlined on the council's Intranet.

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

A SOCITM review of the ICT Shared Service has been carried out to strengthen ICT arrangements. The review has identified governance gaps and also medium to long-term options for service provision (3-5 years).

2016/17 Enhancement Activity:
A Cyber Security Action Plan is now in place. The plan consolidates all priority cyber security activity and has been derived from audit recommendations, the annual IT security health check, and any other emergent issues. Progress against the plan will be monitored at officer level and reported to Corporate Governance Group. A programme of staff training and awareness relating to data protection and cyber security is being scheduled.

The legislation requirements are being met but the council currently has Internal Audit recommended activity outstanding to deliver updates to the currently available Data Protection and Cyber Security guides together with the implementation of training to officers in relation to Data Protection and Cyber Security. Officer training is being scheduled. A Cyber Security Action Plan (2017/18) is now in place which identifies a programme of work to deliver cyber security enhancements. Data Protection guidance has been reviewed and is awaiting final approval. (Action 5, page 18)

To ensure sufficient capacity across the council's two data centres and enhance ICT resilience, activity is scheduled to increase Data Centre capacity through the 'Connected to our Customers' programme and is expected to be operational by the end of June 2017. In addition, business continuity activity to increase the resilience of the council's IT and telephone arrangements to be carried out with implementation expected by September 2017. (Action 6, page 18)

Principle G: Delivering Effective Accountability

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 (2016) on performance (published March 2017).

The council complies with requirements outlined in the Local Government Transparency Code 2015. Compliance is monitored throughout the year by Corporate Governance Group and a review is being developed to assess potential publication enhancement opportunities.

New laws regarding data protection (EU General Data Protection Regulation (GDPR)) need to be considered during 2017/18 for implementation by May 2018 to meet legislative requirements. (The primary objectives of the GDPR are to give citizens and residents back control of their personal data and to simplify the regulatory environment).

To facilitate corporate compliance with GDPR:
- An Information Officer is in place to facilitate corporate compliance with GDPR
- An action plan has been developed
- Engagement with key officers has taken place
- A Corporate Information Governance Group to be established to focus on good information governance for the council

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2016/17 arrangements is set out on page 4 of this Statement outlining assurance for both financial and non-financial systems.
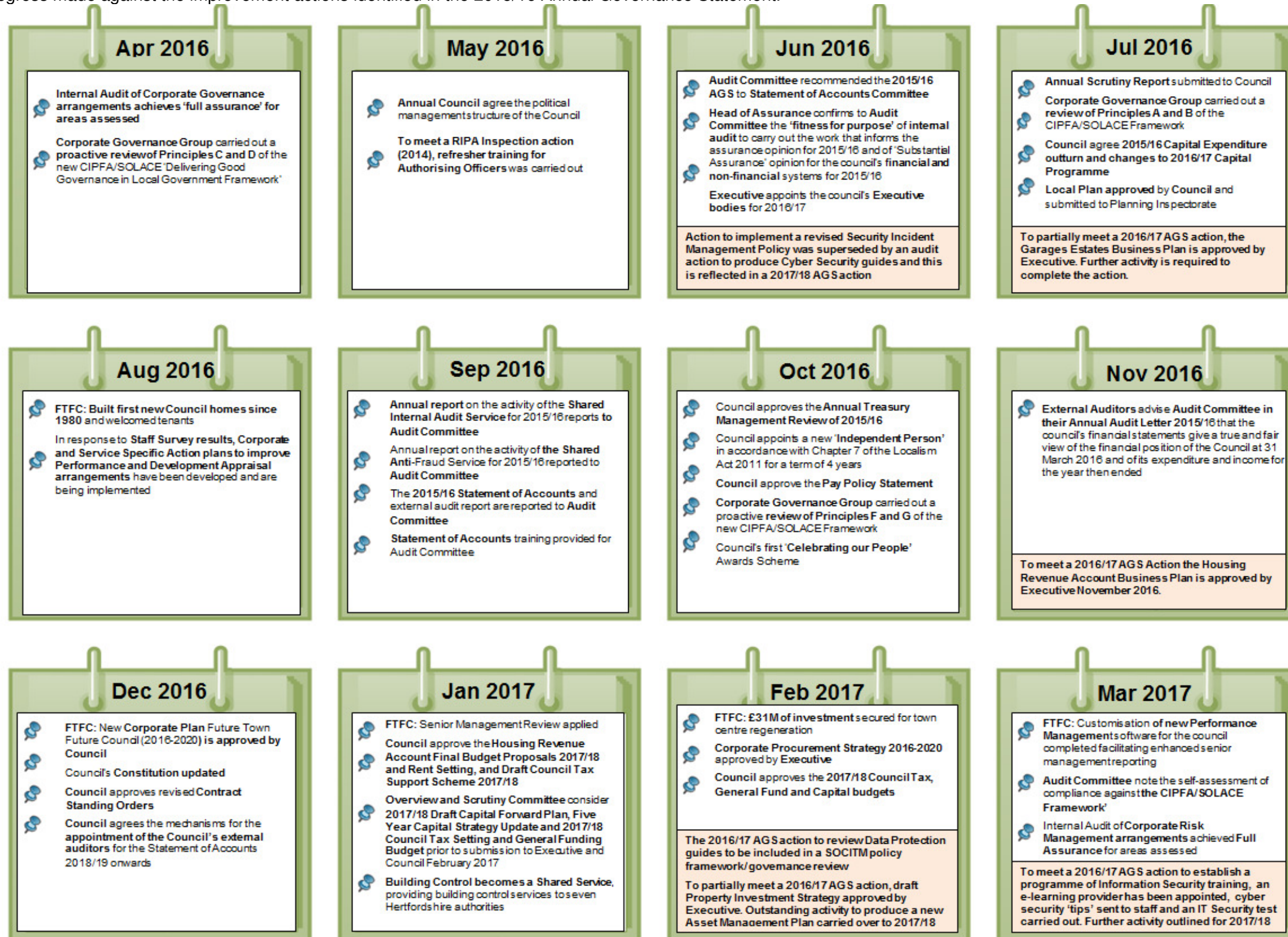
To facilitate corporate compliance with GDPR, a Corporate Information Governance Group to be established by end of September 2017.

Corporate Governance Calendar 2016/17

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 2015/16 Annual Governance Statement.

Apr 2016
- Internal Audit of Corporate Governance arrangements achieves 'full assurance' for areas assessed
- Corporate Governance Group carried out a proactive review of Principles C and D of the new CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'

May 2016
- Annual Council agree the political management structure of the Council
- To meet a RIPA Inspection action (2014), refresher training for Authorising Officers was carried out

Jun 2016
- Audit Committee recommended the 2015/16 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 2015/16 and of 'Substantial Assurance' opinion for the council's financial and non-financial systems for 2015/16
- Executive appoints the council's Executive bodies for 2016/17

Action to implement a revised Security Incident Management Policy was superseded by an audit action to produce Cyber Security guides and this is reflected in a 2017/18 AGS action

Jul 2016
- Annual Scrutiny Report submitted to Council
- Corporate Governance Group carried out a review of Principles A and B of the CIPFA/SOLACE Framework
- Council agree 2015/16 Capital Expenditure outturn and changes to 2016/17 Capital Programme
- Local Plan approved by Council and submitted to Planning Inspectorate

To partially meet a 2016/17 AGS action, the Garages Estates Business Plan is approved by Executive. Further activity is required to complete the action.

Aug 2016
- FTFC: Built first new Council homes since 1980 and welcomed tenants
- In response to Staff Survey results, Corporate and Service Specific Action plans to improve Performance and Development Appraisal arrangements have been developed and are being implemented

Sep 2016
- Annual report on the activity of the Shared Internal Audit Service for 2015/16 reports to Audit Committee
- Annual report on the activity of the Shared Anti-Fraud Service for 2015/16 reported to Audit Committee
- The 2015/16 Statement of Accounts and external audit report are reported to Audit Committee
- Statement of Accounts training provided for Audit Committee

Oct 2016
- Council approves the Annual Treasury Management Review of 2015/16
- Council appoints a new 'Independent Person' in accordance with Chapter 7 of the Localism Act 2011 for a term of 4 years
- Council approve the Pay Policy Statement
- Corporate Governance Group carried out a proactive review of Principles F and G of the new CIPFA/SOLACE Framework
- Council's first 'Celebrating our People' Awards Scheme

Nov 2016
- External Auditors advise Audit Committee in their Annual Audit Letter 2015/16 that the council's financial statements give a true and fair view of the financial position of the Council at 31 March 2016 and of its expenditure and income for the year then ended

To meet a 2016/17 AGS Action the Housing Revenue Account Business Plan is approved by Executive November 2016.

Dec 2016
- FTFC: New Corporate Plan Future Town Future Council (2016-2020) is approved by Council
- Council's Constitution updated
- Council approves revised Contract Standing Orders
- Council agrees the mechanisms for the appointment of the Council's external auditors for the Statement of Accounts 2018/19 onwards

Jan 2017
- FTFC: Senior Management Review applied
- Council approve the Housing Revenue Account Final Budget Proposals 2017/18 and Rent Setting, and Draft Council Tax Support Scheme 2017/18
- Overview and Scrutiny Committee consider 2017/18 Draft Capital Forward Plan, Five Year Capital Strategy Update and 2017/18 Council Tax Setting and General Funding Budget prior to submission to Executive and Council February 2017
- Building Control becomes a Shared Service, providing building control services to seven Hertfordshire authorities

Feb 2017
- FTFC: £31M of investment secured for town centre regeneration
- Corporate Procurement Strategy 2016-2020 approved by Executive
- Council approves the 2017/18 Council Tax, General Fund and Capital budgets

The 2016/17 AGS action to review Data Protection guides to be included in a SOCITM policy framework/governance review

To partially meet a 2016/17 AGS action, draft Property Investment Strategy approved by Executive. Outstanding activity to produce a new Asset Management Plan carried over to 2017/18

Mar 2017
- FTFC: Customisation of new Performance Management software for the council completed facilitating enhanced senior management reporting
- 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

To meet a 2016/17 AGS action to establish a programme of Information Security training, an e-learning provider has been appointed, cyber security 'tips' sent to staff and an IT Security test carried out. Further activity outlined for 2017/18

In relation to the 2016/17 AGS action to refocus of the Repairs and Voids service operations on core activities (previously known as Building Maintenance Operations (BMO). The period of transition referred to has been ongoing throughout 2016/17 with full improvement plan embedding by March 2018

Planned Improvement Activity for 2017/18:

Significant internal control and governance issues identified as part of the 2016/17 review of the Governance Statement are summarised on page 3, identified in the relevant section throughout this Statement and set out in the following Action Plan.

Actions are deemed 'significant' if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service or if considered important in 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 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 HRA Business Plan, agreed by Executive November 2016, is designed to facilitate a balanced HRA financial plan for the next 30 years, and to ensure there are sufficient HRA funds to fund the council's FTFC priority Housebuilding and Acquisitions Programme.
- The Medium Term Financial Strategy is subject to ongoing review to ensure a clear financial situation can be demonstrated.
- The Strategic Director (Tom Pike) has implemented an Officers' Capital Group to ensure that effective arrangements are in place for the design and delivery of capital projects, which has resulted in a reduction to the associated Capital Programme risk. Governance arrangements are subject to ongoing monitoring to ensure they remain effective and mitigate risk associated with Capital Programme delivery
- A fundamental assessment and prioritisation of SBC major capital investment needs and funding in the next 5-10 years with consideration of overall borrowing exposure as a result of a need to meet our Future Town Future Council ambitions is ongoing. The council are looking at more commercial investment opportunities such as a commercial property strategy to invest £15m and generate return and other options.
- The council is continuing to assess potential impacts of Welfare Reform on the community and Council through business insight.

Where the Shared Internal Audit Service issued 'limited' or 'moderate assurance' audits during 2016/17, activity to enhance arrangements is being implemented or is reflected in the action plan for 2017/18.

Action Ref	Action	Responsible Officer	Target Date
1	The council has pursued some commercial options including commercial property acquisition. Further options will be pursued once the initial phase of the Senior Management Review is embedded.	AD Finance and Estates	January 2018
2	To support sustainable delivery of the Future Town, Future Council Programme, a new Property Investment Strategy was agreed by Full Council (May 2017). This will complement the emerging Asset Management Plan scheduled for development by December 2017. (Delivery of the strategy and implementation of the Plan will also mitigate risk associated with effective management of the Council's assets)	AD Finance and Estates	Dec 2017

Action Ref	Action	Responsible Officer	Target Date
3	The action identified in the June 2016 Annual Governance Statement to review the Repairs and Voids function has been applied throughout 2016/17 to facilitate alignment of strategic focus and refocus operations on core activities, which has resulted in productivity gains. Full implementation and embedding of the full improvement plan scheduled for March 2018 is scheduled through 2017/18.	AD Stevenage Direct Services	March 2018
4	Corporate capacity to deliver business as usual alongside the scale and breadth of corporate change projects has been recognised as a risk to delivery of effective outcomes. A restructure of services through Future Council – Business reviews is being carried out to improve capacity and facilitate ability to meet any future challenges.	Chief Executive	March 2018
5	The council currently has Internal Audit recommended activity outstanding to deliver updates to the currently available Data Protection and Cyber Security guides together with the implementation of training to officers in relation to Data Protection and Cyber Security. Officer training is being scheduled. A Cyber Security Action Plan (2017/18) is now in place which identifies a programme of work to deliver cyber security enhancements. Data Protection guidance has been reviewed.	AD Corporate Projects, Customer Services and Technology Legal Services	Training: Dec 2017 Cyber Security Action Plan March 2018 Data Protection July 2017
6	To ensure sufficient capacity across the council's two data centres and enhance ICT resilience, activity is scheduled to increase Data Centre capacity through the 'Connected to our Customers' programme and is expected to be operational by the end of June 2017. In addition business continuity activity to increase the resilience of the council's IT and telephone arrangements to be carried out, with implementation expected by September 2017.	AD Corporate Projects, Customer Services and Technology	Increase data centre capacity: June 2017 Increase resilience of IT and telephony Sept 2017
7	To facilitate corporate compliance with new General Data Protection Regulation (GDPR) (effective from May 2018), a Corporate Information Governance Group to be established.	AD Corporate Projects, Customer Services and Technology	Sept 2017

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 Management Board, relevant officers and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Areas to enhance the governance framework already addressed are summarised in the Corporate Calendar set out on page 16. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 18/19.

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