Annual Governance Statement 2015/16

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 and can be held to account for its actions.

Stevenage Borough Council has adopted a local Code of Corporate Governance that sets out a commitment to corporate governance and how the approved code will be developed and implemented.

The local Code embraces the CIPFA/SOLACE* Framework, 'Delivering Good Governance in Local Government', which is consistent with principles set out in 'proper practice' for the public sector.

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

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, and which include arrangements for the management of risk.

As referred to in the section, 'What is Corporate Governance', Stevenage Borough Council has approved and adopted a 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.

This Statement explains how the council has complied with the code and 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.

The council has in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. The CIPFA/SOLACE guidance for implementing the framework recommended that the local authority's Chief Financial Officer (S151 Officer) and Monitoring Officer are responsible for ensuring that the framework and subsequent statement are completed with adherence to the local code. The Strategic Management Board agreed to this recommendation and therefore the Assistant Director (Finance) and the Borough Solicitor, together with a corporate governance team, have been given this responsibility.

SteVenage
BOROUGH COUNCIL

How do we know our arrangements are working?

The Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

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

The Governance Framework summarised in this Statement has been in place at the council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

The Council's Governance Framework in summary:

Assurance Required Upon	Sources of Assurance
• Contribution to delivery of Community Strategy • Delivery of Corporate Plan priorities • Priority Based Budgeting and Integrated Financial Planning Framework • Economic, effective and efficient delivery of services • Democratic decision making process and accountability • Roles, responsibilities and standards of conduct and behaviour of Members and officers • Performance monitoring arrangements • Management of risk • Stakeholder engagement • Effectiveness of internal controls to ensure compliance with laws & regulations, internal policies & procedures	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

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 at least four times per year to consider the assurance framework from the perspective of the six core principles of corporate governance in the CIPFA/SOLACE Framework (The six core principles are set out on page 6).

- In addition, Corporate Governance Group carry out an annual review of the requirements that make up six core principles of corporate governance in the CIPFA/SOLACE Framework to consider levels of compliance and submit a summary of the assessment to the Audit Committee.

- At service level, assurance of compliance with the principles and requirements 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) require inclusion in the Statement, and the Head of Assurance Annual Report.

All of these mechanisms of review contribute to overall assurance for the 2015/16 Annual Governance Statement.

This Annual Governance Statement summarises key elements of those arrangements, sources of assurance, enhancement activity carried out in 2015/16 and planned enhancement actions. (Detailed governance arrangements were published in June 2015 – This Annual Governance Statement provides an update on arrangements)

Assurances Received	Opportunities to Enhance Governance
• Corporate Governance Group review of CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government' Principles (Report to Audit Committee 29 March 2016) • Scrutiny Reviews • Head of Assurance Annual Assurance (page 4) • Internal Audit Reports • External Audit Reports The council provides timely information and responses to internal/external auditors and properly considers audit findings and recommendations.	• Refresh of the asset review based on the current condition survey to ensure efficient use of the council's assets and to identify development opportunities and assist achievement of capital receipts. • Establish and implement a revised Security Incident Management Policy and Procedure • Develop and implement programme of Information security training (to include an e-learning focus) • Carry out a review of Data Protection Guides/Protocols • Full implementation of Building Maintenance Operations (BMO) improvement plan • Fundamental review of the HRA Business Plan to give due consideration to the impact of recent Government policy and legislation progressing through Parliament.

Assurance: Internal Audit Arrangements
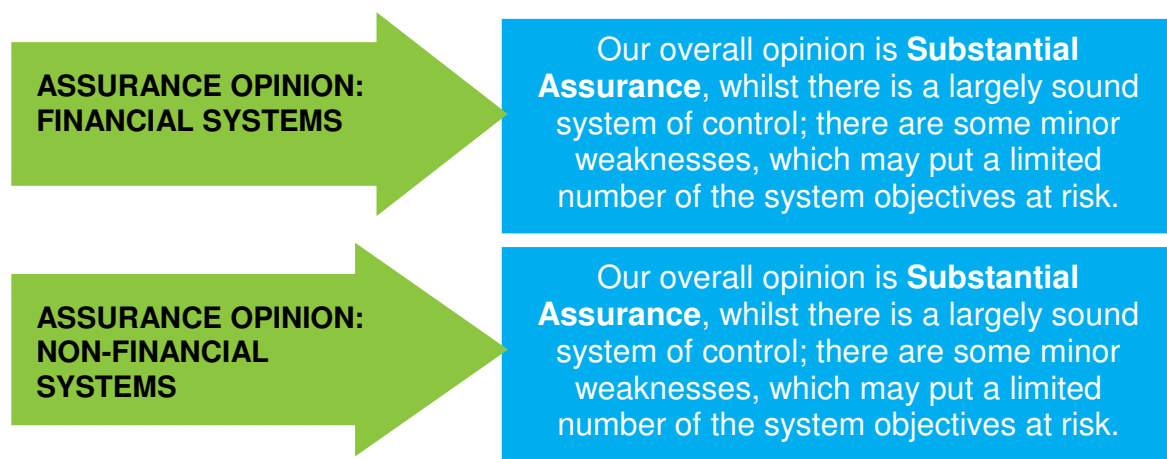
Annual Audit Coverage

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 of Finance (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.

2015/16 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 2016. From the internal audit work undertaken in 2015/16, 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.

SBC's External Auditors have confirmed that they place reliance on the work of the Shared Internal Audit service in providing their service to Stevenage Borough Council.

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
Planned Days percentage of actual billable days against planned chargeable days completed	**95%**	99%	97%	94%

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 as summarised below:

Principle 1

Focusing on the purpose of the authority and the outcomes the Council aims to achieve for the community and setting a clear vision

Principle 2

Members and officers working together, with clearly defined functions and roles, to achieve the Council's Vision.

Principle 3

Demonstrating the values of good governance by promoting values for the authority and upholding high standards of conduct and behaviour.

Principle 4

Taking informed and transparent decisions which are subject to effective scrutiny and identifying and managing risks.

Principle 5

Developing the capacity and capability of Members and officers to be effective.

Principle 6

Engaging with local people and other stakeholders to ensure robust public accountability.

A summary of how we achieve compliance with these principles is set out on the following pages. Key enhancements to arrangements are indicated in the Corporate Calendar set out on pages 14 to 19.

Setting a Clear Vision - The Council's Vision and Priorities

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

Outcomes we wish to achieve and priorities for improvement:

Outcome	Priorities
A Vibrant Town	• Improve the economy and encourage financial resilience • Regenerate the town centre and neighbourhoods
A Quality Environment	• Provide affordable homes and housing growth • Help people feel safe
An Excellent Council	• Deliver value for money • Put residents first

Future Town, Future Council

It is intended that the Future Town Future Council (FTFC) programme, which was approved by the Executive in October 2015, will guide the Council in terms of its future strategic focus and resource allocation. The FTFC programme consists of nine key programmes that aim to deliver improved outcomes and real change for Stevenage residents over a five year period and will underpin the delivery of a new Corporate Plan that is currently in development for 2016/17 publication.

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

Future Town, Future Council: As part of the Performing at our Peak programme the revision of arrangements to monitor performance and service delivery commenced during 2015/16 and now include quarterly monitoring of a range of performance and financial information at one Strategic Management Board Meeting to provide strategic insight and inform service improvements.

– Programme Delivery monitoring
– Balanced Scorecard (performance measure results)
– Finance key performance measures
– Customer Feedback
– Workforce Planning Data.

This will form the basis of a new performance management framework being developed for 2016/17 to reflect the Future Town, Future Council Programme
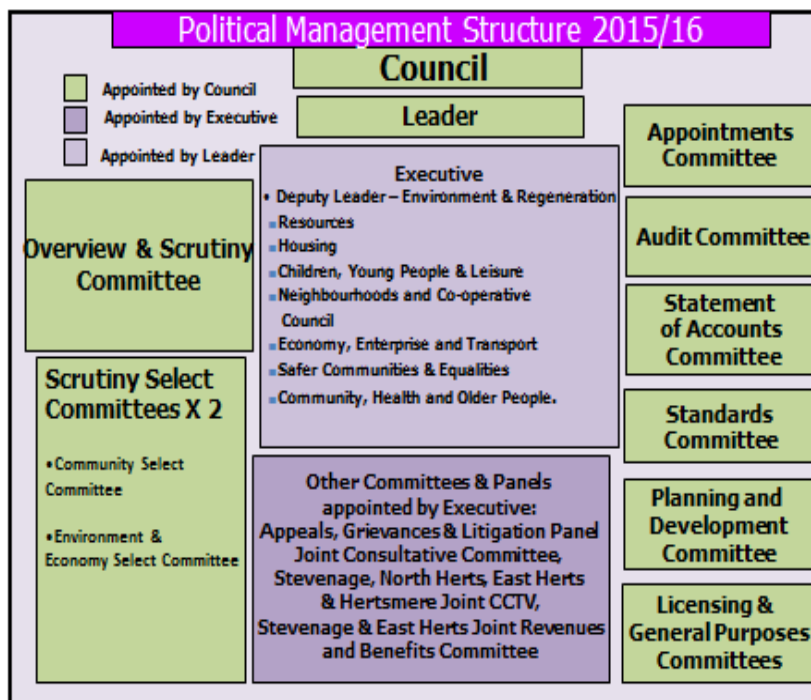
Clearly Defined Functions and Roles - The Council's Management Structure

Political Management 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 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. The Diagram shows the Council's political structure for 2015/16:

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.

Political Management Structure 2015/16

Council	
Leader	**Appointments Committee**

Appointed by Council
Appointed by Executive
Appointed by Leader

Overview & Scrutiny Committee

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

Appointments Committee

Audit Committee

Statement of Accounts Committee

Standards Committee

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

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

Planning and Development Committee

Licensing & General Purposes Committees

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

- Chief Financial Officer, as contained within Section 114 of the Local Government Finance Act 1988.
- Monitoring Officer, who is the Borough Solicitor, to meet Section 5 of the Local Government and Housing Act 1989.

Senior Management Team: The current organisation chart outlining the Council's senior management team is published on the Council's website: stevenage.gov.uk > About the council > Access to information > Data Transparency

A senior management review has been initiated that will facilitate more effective delivery of FTFC priorities and will also include the establishment of a new competency framework.

Clearly Defined Functions and Roles - The Council's Financial Governance Arrangements

Future Town Future Council: The Financial Security programme was established during 2015/16 with the aim of enhancing 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.

Compliance with Financial management legislation and guidance
Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the S151 Officer. The systems of internal financial control provide reasonable but not absolute assurance that finances must be safeguarded, that transactions are authorised and properly recorded, so that material errors or irregularities are either prevented or would be detected within a timely period.

Framework of Management Information
Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained or qualified staff, and a system of delegation and accountability. Ongoing development and maintenance of the various processes may be the responsibility of other managers within the council. In particular, the council's processes in 2015/16 include the following:
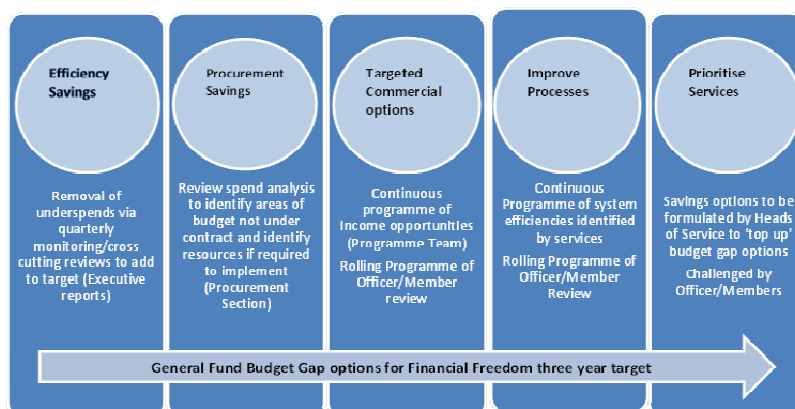
− The setting of detailed annual budgets, Council Tax, Housing Rents and Capital Programme (published in the Budget Book)
− Regular Treasury Management officer meetings to ensure compliance with the Treasury Management Strategy.
− Production of financial information for budget managers on a commitment basis
− A quarterly budget monitoring process for the General Fund, HRA and Capital Programme, reporting to the Council's Executive and Council (as appropriate)
− Continuous reviews and reporting of the Council's General Fund and HRA Medium Term Financial Strategies
− The Council is pursuing options to regenerate the Council's assets and reduce the amount of prudential borrowing and consequently the pressure on the General Fund.
− During 2014/15, the Capital Strategy was zero based for 2015/16 onwards with all capital bids scored against organisational priorities.
− The revised General Fund and HRA 2015/16 capital programmes, update on the Council's draft 5 Year Capital Strategy and the resources available to fund the Capital Strategy were reported to January Executive.

> **Significant Governance enhancement requirement for delivery 2016/17:**
> A refresh of asset review requires completion based on the current condition survey to ensure efficient use of the council's assets, and to identify development opportunities and assist achievement of capital receipts (aligned to mitigation of Asset Management, Housing development and Capital risk mitigation) Action 1 set out on page 21.

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

The Priority Based Budgeting process for 2016/17 to 2018/19 was revised in September 2015. The revised approach to meet the budget gap widens the options for cash savings and will be applied all year round, in order to deliver the options required to reduce the General Fund's net costs.

Efficiency Savings	Procurement Savings	Targeted Commercial options	Improve Processes	Prioritise Services
Removal of underspends via quarterly monitoring/cross cutting reviews to add to target (Executive reports)	Review spend analysis to identify areas of budget not under contract and identify resources if required to implement (Procurement Section)	Continuous programme of Income opportunities (Programme Team) Rolling Programme of Officer/Member review	Continuous Programme of system efficiencies identified by services Rolling Programme of Officer/Member Review	Savings options to be formulated by Heads of Service to 'top up' budget gap options Challenged by Officer/Members

General Fund Budget Gap options for Financial Freedom three year target

Treasury Management
Treasury Management meetings are regularly held between the Treasury Team and the Assistant Director (Finance) and there is a Member Treasury Management Steering Group which is updated and debates any potential in year changes to the Strategy, (e.g. Use of Money Market funds) prior to formal inclusion in the Strategy.

The Values of Good Governance - Organisational Values

The Council adopted a Local Code of Corporate Governance in March 2008 that acknowledged 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 of the council, its partners and the community, are defined and communicated through codes of conduct and protocols.

SBC has also formally adopted six organisational values. These are underpinned by a behaviour framework for staff. The values are included in all staff development programmes, in the appraisal and personal development process, and in all HR policies.

Excellent   Caring   Responsive   Innovative   One team   Straightforward

Managing Risk - The Council's Risk Governance Arrangements

Risk Governance
The council consider and counter risk across a broad range of areas. The Shared Anti-Fraud Service Anti-Fraud Action Plan 2016/17 will ensure compliance with the best practice issued by central government, National Audit Office and CIPFA. The Anti-fraud and Corruption Policy is available on the council's Internet and a Whistle-blowing Policy is available to all staff on the council's Intranet and is made available to Contractors. 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.

Risk Management Policy and Direction
The council has an approved Risk Management Policy, and a Risk Management Guide is
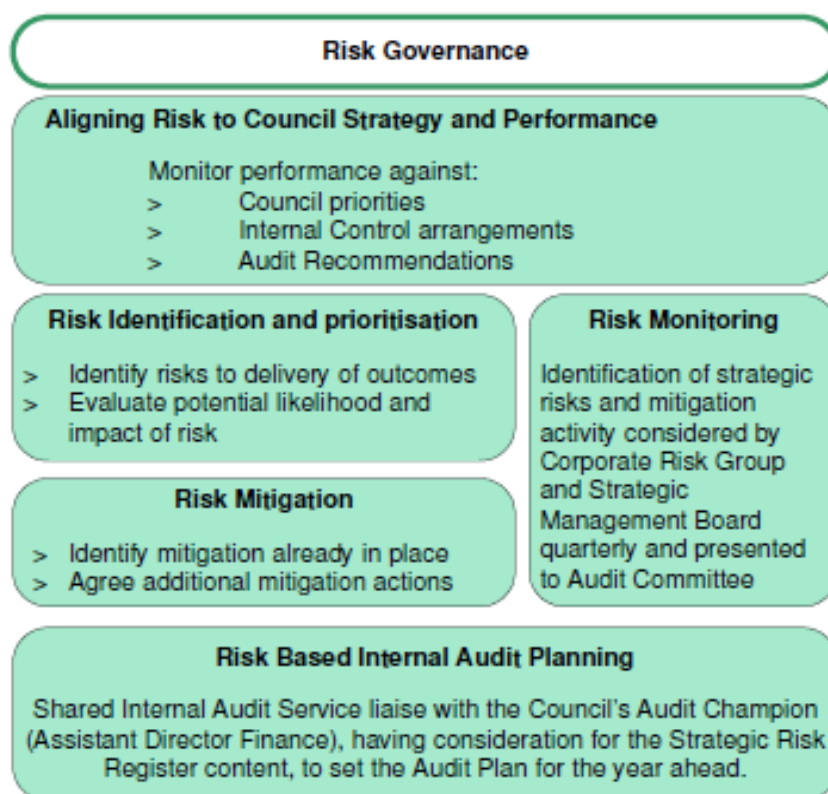
Significant Governance enhancement requirement for delivery 2016/17:
Though legislation is being met, the Council currently has Shared Internal Audit Service recommended activity outstanding to develop updates to the currently available Data Protection and Information Security Guides, and for the delivery of a programme of training to officers in relation to Information Security. A programme of Data Protection training has been initiated – Members and the Senior Management Team received training in January and February 2016 respectively and a schedule of officer training has been established. Actions 2-4 to deliver the revised guidance and training are set out on page 21.

available to all employees. In addition, a 'pocket, Risk Management Guide' provides Members with guidance in identifying and assessing risks to inform the decision making process.

Strategic risks are linked to the council's priorities and the Strategic Risk Register is reviewed by Corporate Risk Group and monitored, on a quarterly basis, by Strategic Management Board and is then reviewed by the Audit Committee as a standing agenda item. The Resources Portfolio Holder is the Council nominated Member Risk Management Champion and assists with embedding risk management in the business of the Council. Portfolio Holders are briefed regularly by the relevant Strategic Director.

Operational risk registers are developed and monitored by the relevant Head of Service. Action plans are developed to mitigate key risks and delivery monitored.

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.

In addition, a revised process of cross-directorate operational risk challenge was introduced in November 2015 that helps to embed and enhance the quality of operational risk management. Any risks identified for escalation to strategic level are added to the quarterly review of the Strategic Risk Register and reported to Strategic Management Board.

A Corporate Risk Management Group led by the Head of Chief Executive's Unit during 2015/16, with representation from each directorate, meets quarterly. The group's role is to oversee and review the reporting process and the development of the council's approach to risk. The Chair of the Audit Committee and the Members' Risk Champion are invited to this group.

Member and Officer Capacity and Capability - The Council's Governance Team

Future Town Future Council: Corporate Capacity - Individual programme arrangements to deliver the Future Town, Future Council Programme are in place and a corporate programme office has been established to monitor outcome delivery and facilitate delivery of the programmes, particularly those at risk from external environmental influences, such as Town Centre Regeneration. In addition a resourcing outline was approved by Executive in March 2016.

Future Town Future Council: The aims of the Employer of Choice programme are to:
– Improve staff satisfaction
– Ensure that we have the right person, in the right place at the right time - progress in recruiting to and retaining competent staff in hard-to-fill posts
– Improve managerial competency
– Improve reputation as a place to work and prospective place to work
– Evidence staff progressing to higher grades and new roles across the organisation.

The council also has a number of ongoing measures and work streams in place to ensure member and officer capacity and capability.

A new Appraisal Policy and Procedure has been introduced, and all managers and staff have been trained in its use. The council's values and associated behaviour framework are encompassed within the appraisal process. The Leader undertakes objective setting with Portfolio Holders. The objectives which have been set by the Leader correlate with the council's Future Town Future Council programme.

Member training has covered areas such as:

- New Member induction
- Housing Related Fraud
- Licensing
- Universal Credit
- Data Protection and Information Security

- Social Media
- Audit Committee Training
- Viability Training

- Town Centre Framework
- Statement of Accounts
- HCC Highways Function
- Safeguarding
- Scrutiny

The Human Resources service is currently under review regarding future options for its delivery to ensure that Human Resources are able to support the strategic development of the organisation.

Significant Governance enhancement requirement for delivery 2016/17:
A review of Building Maintenance Operations (BMO) structure has been initiated to ensure alignment to strategic focus and refocus BMO operations on core activities. Action 5 for transition and implementation of the revisions to this key service is set out on page 21.

Engaging with Local People and other Stakeholders

Future Town Future Council: The Council's Chief Executive is leading the implementation of the Future Town Future Council programme for the organisation. The Chief Executive has implemented a programme of staff communication including regular staff 'roadshows' to brief and involve staff in the decisions that affect the future direction of the organisation.

Communication
The council regards communication as key to its work and essential in meeting its corporate ambitions and framework of values. It supports the decision-making process and helps to improve service quality and foster good relationships between staff, Members and stakeholders.

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

The strategy sets out our Communications Pledge, which is: *We will communicate clearly, openly, accurately and regularly with our residents, with our partners, and with each other, in order to promote mutual understanding, and give a better service to the people of Stevenage.*

A Local Government Association Peer review of strategic communications is scheduled for 2016/17. The aim of the review is to obtain feedback that will facilitate enhanced internal and external communications practices.

Consultation
The council's approach to consultation and engagement was reviewed in 2013 and a new consultation strategy developed and approved by Executive.

During 2015/16 the Council has carried out a range of consultation activities to inform its priorities and budget-setting. These include consultation on the SoSafe Action Plan 2016/17 (Dec – Jan), Stevenage Borough Local Plan to 2031 consultation (Jan – Feb), a Staff survey (Feb – March).

Future Town Future Council: 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.

Corporate Governance Calendar 2015/16

2015

| April | May | June |

Corporate Governance Group carried out a **proactive review of principles three and six** of the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'

Annual Council agree the political management structure of the Council and the Council's Constitution for the year ahead.

Audit Committee recommend 2014/15 Annual Governance Statement to Statement of Accounts Committee. Two actions to enhance governance arrangements are identified for delivery by March 2016 (see page 22 of the Annual Governance Statement 2014/15)

New Shared Anti-Fraud Service launched, including a reporting hotline and secure email for reporting fraud

SBC's Housing Benefit Fraud Function transferred to the Department for Work and Pensions. **Shared Anti-Fraud Service** fully implemented to investigate non housing benefit fraud

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 2014/15).

Internal Audit of corporate governance arrangements for 2014/15 achieves 'full assurance' for areas assessed

Head of Assurance advises Audit Committee of substantial assurance opinion for both the Council's financial and non-financial systems for 2014/15.

Routeway inductions, tailored to individual needs, implemented

Scott Crudgington commenced his new role as Stevenage Borough Council Chief Executive. Council's constitution amended to reflect the appointment.

To partially meet a Principle Two Governance Enhancement Requirement for 2015/16 relating to comprehensive review of corporate procurement:

Contract Management Training (basic level) took place for relevant staff. The training aimed to provide an overview of the basic principles of contract and relationship management.

Corporate Governance Calendar 2015/16

2015

July

Annual Scrutiny Report outlining the work carried out by Overview and Scrutiny Committee and the Select Committees during 2014/15 **submitted to Council**

Corporate Governance Group carried out a proactive review **of principles four and five of the** CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'

Council agree update to the Terms of Reference of the **Overview and Scrutiny Committee** to take account of a revised Officer Senior Management Structure

Executive adopt the **Stevenage Central Framework** as the basis for the development of planning policy and as a blueprint for the regeneration of the town centre and wider central area

Council agree the 2014/15 Capital Expenditure outturn and changes to 2015/16 Capital Programme

Members of **Corporate Governance Group** consider CIPFA/SOLACE consultation on revised Framework for 'Delivering Good Governance in Local Government' that builds on the International Framework: Good Governance in the Public Sector

To partially meet a Principle Two Governance Enhancement Requirement for 2015/16 relating to comprehensive review of corporate procurement:

Terms of reference of Corporate Procurement Group expanded to include a more active role in sharing information, knowledge and best practice

August

A new approach to quarterly performance monitoring introduced. A range of performance, financial and workforce planning information reported to Strategic Management Board to provide strategic insight and inform service improvements

September

Corporate Governance Group monitored progress of delivery of service governance actions for 2015/16 and actions to enhance compliance with CIPFA/SOLACE Principle requirements

Fraud Awareness training delivered to **Members**

Annual report on the activity of the **Shared Internal Audit Service** for 2014/15 reported to **Audit Committee**

A new post of Project Accountant appointed to support the Assistant Director (Finance) in the role of S151 Officer and the Accountancy Manager to carry out the deputy S151 role

To meet a Principle One Governance Enhancement Requirement for 2015/16 to improve the access arrangements available to customers:

A new balances and payments system was implemented.

Corporate Governance Calendar 2015/16

2015

October

Changes to **Financial Regulations** to reflect Internal Audit recommendations and changes to or clarification of policies agreed at Council

Executive approve the proposals for the **Future Town Future Council** programme

To partially meet a Principle Two Governance Enhancement Requirement for 2015/16 relating to comprehensive review of corporate procurement:

Council agrees changes to Contract Standing Orders to reflect the council's new senior management structure and updates regarding the new Public Procurement Regulations 2015.

A higher level two day contract management course is delivered to enhance the quality of contract management skills

In-Tend, an electronic procurement system introduced

November

Directorate operational risk challenge process enhanced to include cross-directorate challenge that will facilitate the sharing of risk information and best practice

External Auditors advise Audit Committee of Annual Audit Letter 2014/15

December

Overview and Scrutiny Committee consider Housing Revenue Account Draft Budget Proposals 2016/17 and Rent Setting, and Draft Council tax Support Scheme 2016/17 prior to submission to Executive Committee and Council in January 2016 (Required as part of Budget and Policy Framework).

SOLACE Leadership Programme for senior management launched

Corporate Governance Calendar 2015/16

2016

January

Overview and Scrutiny Committee consider 2016/17 Draft Capital Forward Plan, Five Year Capital Strategy Update and the 2016/17 Council Tax Setting and General Fund Budget prior to submission to Executive Committee and Council in February 2016 (Required as part of Budget and Policy Framework).

Council approve the Housing Revenue Account Final Budget Proposals 2016/17 and Rent Setting, and Council tax Support Scheme 2016/17

Fraud Awareness training delivered to Housing staff

Corporate Governance Group commence annual review of the Council's compliance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' six principle requirements

To meet a RIPA Inspection action (2014) **the RIPA Policy and Guidance was updated**

Completing delivering of activity to meet a Principle Two Governance Enhancement Requirement for 2015/16 relating to comprehensive review of corporate procurement:

The Council's Procurement Pipeline published on the council's webpage

February

The Independent Remuneration Panel's report is considered at Council and the **Scheme of Allowances (for Members) for 2016/17 is approved**

Council approve the Pay Policy Statement

Council approves the 2016/17 Treasury Management and Annual Investment Strategies and Prudential Indicators

Council approves the 2016/17 Council Tax, General Fund and Capital Budgets

March

Audit Committee note the self-assessment of compliance against the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government' six principle requirements (including additional consideration of the new International Corporate Governance Framework, 'Good Governance in the Public Sector')

Executive agrees the key ambitions, benefits, projects of the **Future Town Future Council** programme and the allocation of resources to support the programme

Internal Audit of corporate risk management arrangements achieves 'full assurance' for areas assessed

Corporate Governance Calendar 2016/17

2016

April	May	June

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 that builds on the International Framework 'Good Governance in the Public Sector'

Annual Council agree the political management structure of the Council.

To meet a RIPA Inspection action (2014), refresher training for Authorising Officers has taken place.

Audit Committee recommended 2015/16 Annual Governance Statement to statement of Accounts Committee. 6 Actions to enhance governance arrangements are identified (see page 21 of the Annual Governance Statement 2015/16)

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

Head of Assurance advised Audit Committee of Substantial Assurance opinion for both the Council's financial and non-financial systems for 2015/16

Executive appoints the council's Executive Bodies for 2016/17 and the Members and Chairs/Lead Members for these bodies

Corporate Governance Calendar 2016/17

2016

July   August

Annual Scrutiny Report outlining the work carried out by Overview and Scrutiny Committee and the Select Committees during 2015/16 **submitted to Council**

In response to **Staff Survey results, Corporate and Service Specific Action plans** have been developed and are being implemented

Corporate Governance Group carried out a proactive review **of principles A and B of the new** CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'

Council agree the 2015/16 Capital Expenditure outturn and changes to 2016/17 Capital Programme

A senior management review has been initiated to establish a more sustainable, customer orientated and commercial operating model for the Council

Council and Executive approves the Stevenage Local Plan and associated documents for submission to the Secretary of State
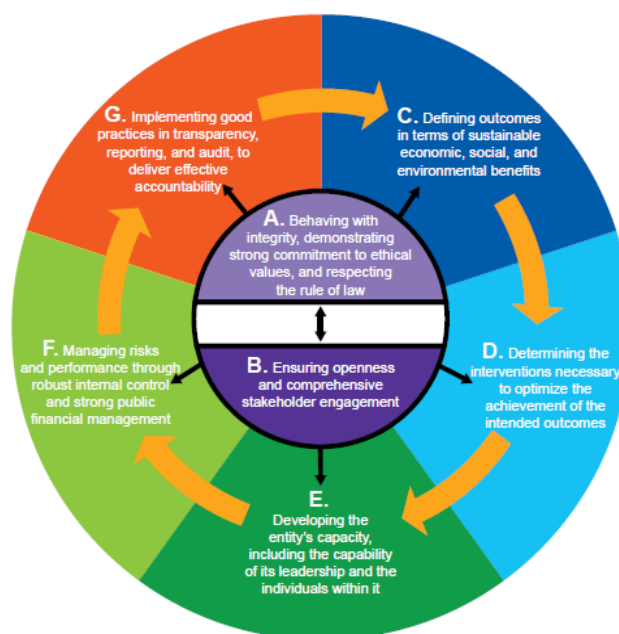
CIPFA/IFAC International Framework Principles
From April 2016, a new CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework applied to the Council's governance review processes. The new Framework builds on the CIPFA/IFAC International Framework principles in the diagram:

The new framework has an enhanced focus on longer term sustainable outcomes on the economy, society and the environment.

Significant Governance enhancement requirement for delivery 2016/17:
An initial assessment against the outcomes and behaviours to deliver the new Framework has aligned to an additional action the council had identified for a fundamental review of the HRA Business Plan. Action 6 set out in the Action Plan on page 21

Planned Improvement Activity for 2016/17:

Significant internal control and governance issues identified as part of the 2015/16 review of the Governance Statement are summarised on page 3, identified in the relevant section throughout this Statement and set out in the Action Plan on page 21.

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/very high level strategic risks where related mitigation activity is identified throughout this document as recently introduced or ongoing governance arrangements, such as:
- Medium Term Financial Strategy - Financial management arrangements to maintain a balanced budget
- Corporate Capacity: Individual programme arrangements to deliver the Future Town, Future Council Programme are in place and a corporate programme office has been established to monitor outcome delivery. In addition a resourcing outline was approved by Executive in March 2016.

Where the Shared Internal Audit Service issued 'moderate assurance' audits during 2015/16, activity to enhance arrangements is being implemented or is reflected in the action plan for 2016/17.

Action Ref	Action	Responsible Officer	Target Date
1	Refresh of the asset review based on the current condition survey to ensure efficient use of the council's assets and to identify development opportunities and assist achievement of capital receipts. (Alignment to Asset Management, Housing Development and Capital risk mitigation). The garage asset review / garage estate business plan is programmed to go to the July 2016 Executive	(Interim) Head of Property and Estates	March 2017
2	Establish and implement a revised Security Incident Management Policy and Procedure (delivery date of May 2016 as reported in action plan at March 2016 revised)	Head of Business and Technology Services.	June 2016
3	Develop and implement programme of Information security training (to include an e-learning focus): a) Establish initial training programme (delivery date of April 2016 as reported in action plan at March 2016 revised) b) Incorporate e-learning programme of information security training	Head of Business and Technology Services.	a) July 2016, b) March 2017
4	Carry out a review of Data Protection Guides/Protocols (delivery date of April 2016 as reported in action plan at March 2016 revised)	Borough Solicitor	June 2016
5	A review of Building Maintenance Operations (BMO) function has been completed to ensure alignment to strategic focus and refocus BMO operations on core activities. A period of transition will apply during 2016/17 with full improvement plan implementation by March 2018	Assistant Director Housing Services	March 2018
6	To facilitate delivery of defined outcomes on a sustainable basis within the resources that will be available, the HRA Business Plan is being fundamentally reviewed to give due consideration to the impact of recent Government policy and legislation progressing through Parliament. Delivery of the plan will be monitored through Future Town Future Council Excellent Council Homes for Life and budget monitoring procedures.	Assistant Director Housing Services	September 2016

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 pages 14 to 19. Areas to be addressed and ensure continuous improvement are set out in the table above on page 21.

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