

# Public Document Pack



## AUDIT COMMITTEE

**Date: Tuesday, 6 June 2023**

**Time: 6.00pm**

**Location: Council Chamber, Daneshill House, Danestrete**

**Contact: Lisa Jerome (01438) 242203**

**committees@stevenage.gov.uk**

Members: Councillors: M McKay (Chair), S Booth, L Briscoe, R Broom, N Chowdhury, A Farquharson, G Lawrence CC, Baroness Taylor of Stevenage, OBE, C Veres and T Wren.  
Independent Co-opted Non-Voting Member - Mr G Gibbs

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## AGENDA

### PART I

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

**2. ELECTION OF VICE-CHAIR**

To elect a Vice-Chair of the Audit Committee for the 2023/24 Municipal Year.

**3. MINUTES - 27 MARCH 2023**

To approve as a correct record the Minutes of the meeting of the Audit Committee held on 27 March 2023.

Pages 3 – 8

**4. TERMS OF REFERENCE**

To note the Terms of Reference for the Committee, as agreed by the Annual Council meeting on 24 May 2023.

Pages 9 – 10

**5. LOCAL GOVERNMENT AND AUDIT FIRMS**

To consider a verbal report from Ernst & Young regarding the recent Department of Levelling Up, Housing and Communities' letter regarding Local Government and Audit Firms (attached).

Pages 11 – 14

**6. 2020/21 EXTERNAL AUDIT OF SBC ACCOUNTS - UPDATE**

To receive a verbal update from Ernst & Young regarding progress on the 2020/21 external audit of SBC accounts.

**7. ANNUAL ASSURANCE STATEMENT AND SIAS ANNUAL REPORT 2022/23**

To consider the Annual Assurance Statement and Internal Audit Annual Report 2022/23 prepared by SIAS.  
Pages 15 – 42

**8. ANNUAL GOVERNANCE STATEMENT 2022/23 AND LOCAL CODE OF CORPORATE GOVERNANCE**

To consider the Annual Governance Statement 2022/23 and Local Code of Corporate Governance.  
Pages 43 – 94

**9. URGENT PART I BUSINESS**

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

**10. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

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

**11. PART II MINUTES - AUDIT COMMITTEE - 27 MARCH 2023**

To approve as a correct record the Part II Minutes of the meeting of the Audit Committee held on 27 March 2023.  
Pages 95 - 96

**12. STRATEGIC RISK REGISTER**

To note the latest Strategic Risk Register for Stevenage Borough Council and developments on risk management issues.  
Pages 97 - 160

**13. URGENT PART II BUSINESS**

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

## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

**Date: Monday, 27 March 2023**

**Time: 6.00pm**

**Place: Council Chamber, Daneshill House, Danestrete, Stevenage**

**Present:** Councillors: Teresa Callaghan (Chair), John Gardner (Vice-Chair), Myla Arceno, Stephen Booth, Alex Farquharson, Jackie Hollywell, Maureen McKay, Adam Mitchell (substitute) and Loraine Rossati.  
Mr Geoffrey Gibbs – Independent Co-opted Non-voting Member.

**Start / End**      Start Time:    6.00pm  
**Time:**            End Time:       6.38pm

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

Apologies for absence were submitted on behalf of Councillors Graham Lawrence CC and Tom Wren. Councillor Adam Mitchell CC was substituting for Councillor Lawrence.

There were no declarations of interest.

#### **2      MINUTES - 7 FEBRUARY 2023**

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 7 February 2023 be approved as a correct record and signed by the Chair.

#### **3      2019/20 STATEMENT OF ACCOUNTS UPDATE**

The Committee considered an update from Karen Cunanan (Ernst & Young) in respect of Ernst & Young's (E & Y) audit results report for SBC for 2019/20.

Karen advised that work outstanding as at the date of the report was:

- The outcome of the internal consultation with E & Y's professional practice department on the non-compliance with the minimum decent home standards and whether or not E & Y needed to include an emphasis of matter with regard to property asset valuation uncertainty;
- Completion of subsequent events review up the date of E & Y's audit report, including update of E & Y's review of committee minutes;
- Final review and completion checks on the financial statements;
- Completion of audit conclusion procedures, in order to issue the audit report;

and

- Receipt of the signed management representation letter.

Karen commented that, subject to satisfactory completion of the outstanding items listed above and the result of E & Y's consultation relating to emphasis of matter with regard to property asset valuation uncertainty, E & Y expected to issue an unqualified opinion on the Council's financial statements.

Karen referred to the update in the scope of the audit, including timescale, materiality and information provided by the entity (IPE). She then referred to the unadjusted and adjusted audit differences set out on Page 7 of the report.

Karen drew attention to the audit risks and areas of audit focus, together with E & Y's findings, set out on Pages 9 – 11 of the report. She added that E & Y expected to issue an unmodified value for money conclusion related to the audit.

In response to Members' questions, Karen Cunanan stated:

- The intention was to have the 2019/20 SBC Statement of Accounts signed off by 31 March 2023. The significant outstanding item of work was the outcome of internal consultation with E & Y's professional practice department on the non-compliance with the minimum decent homes standards; and
- The unadjusted audit differences set out in the report. Known differences represented items that could be accurately quantified and related to a definite set of facts or circumstances. Judgemental differences generally involved estimation and assumptions that were open to interpretation. The total value of the unadjusted audit differences was below the accepted overall audit planning materiality figure of £1.05Million.

The Committee then received an update report from the Assistant Director (Finance) concerning the 2019/20 SBC Statement of Accounts.

The Assistant Director (Finance) advised that the Committee had met jointly with the Statement of Accounts Committee in February 2022 to consider the 2019/20 Statement of Accounts. He confirmed that no changes had been made that were material in nature. The changes outlined in Section 4.1 of the report in respect of Infrastructure Assets, Pension Liability and Going Concern had therefore been approved by the Chief Finance Officer in accordance with the delegation authorised at the February 2022 meeting.

It was **RESOLVED** that the Ernst & Young audit results report 2019/20 and the changes to the final 2019/20 SBC Statement of Accounts, as outlined in the report of the Assistant Director (Finance), be noted.

#### **4 SHARED ANTI-FRAUD SERVICE (SAFS) PROPOSED ANTI-FRAUD PLAN 2023/24**

The Shared Anti-Fraud Service (SAFS) Manager presented the proposed Anti-Fraud Plan for 2023/24.

The SAFS Manager reminded the Committee that the documents referred to in Paragraph 3 of the report, together with guidance from the National Audit Office, Department of Levelling Up, Housing and Communities and the Local Government Association recommended that organisations had effective and robust counter fraud and corruption measures. These measures required the acknowledgement of fraud as a tangible risk, policies, and procedures to deter and prevent fraud, and the provision of sufficient resources to investigate fraud and recover losses caused by fraud.

The SAFS Manager advised that the proposed SAFS Anti-Fraud Plan for 2023/24 set out at Appendix A to the report broadly followed the plans of previous years, in that it had been designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy by adopting the “pillars” of Protect, Govern, Acknowledge, Prevent and Pursue.

The SAFS Manager referred to the Key Performance Indicators relating to SAFS set out in Appendix B to the report, and had been designed to deliver value for money for the Council.

The Committee was informed that SAFS had changed the way it would deliver its services to all of its Partners in 2023/24, with a measurable number of service/workdays (450 for SBC) which would include staff training, investigation capacity, access to SAFS management, intelligence and fraud alerts, and data-analytics. The days, allocation across service areas, and programmes of work, had all been agreed with senior officers across the Council. Specialist support would be provided to Housing Officers in relation to tenancy fraud. SAFS would maintain its relationship with third party specialist providers and national networks to keep the Council informed of new and emerging fraud threats or changes to best practice that would assist in deterring/preventing fraud and corruption.

The SAFS Manager explained that the lack of statistics relating to 2022/23 performance had been due to a staff shortage. A new SAFS Data Analyst had recently been appointed, and the next SAFS report to the Committee in the summer would contain statistics, including comparison with previous years.

In reply to a Member’s question, the SAFS Manager commented that the most common types of fraud for SBC related to Revenues and Benefits issues and Housing tenancy fraud (misuse of the Council’s housing stock).

It was **RESOLVED** that the proposed SAFS Anti-Fraud Plan for 2023/24, as attached at Appendix A to the report, be approved.

## **5 SIAS INTERNAL AUDIT PLAN 2023/24**

The SIAS Client Audit Manager presented a report in respect of a proposed SBC Internal Audit Plan for 2023/24.

The SIAS Client Audit Manager advised that the approved the SIAS Internal Audit Strategy outlined how SIAS would achieve the mission of Internal Audit and ensure

ongoing compliance with the Public Sector Internal Audit Standards (PSIAS). The report followed the key principles within the Strategy relating to Audit Planning and Resourcing.

The SIAS Client Audit Manager stated that the table at Paragraph 2.14 of the report showed a breakdown of the total number of audit days (300) purchased for 2023/24, as agreed with the Council's Strategic Leadership Team. The outline scope of each of the audits contained within the Plan was set out in Appendix A to the report. The proposed audit start dates were set out in Appendix B to the report, although it was acknowledged that some of these would be flexible according to key staff availability and other work priorities.

The SIAS Client Audit Manager reminded the Committee that it would receive regular progress reports regarding the Internal Audit Plan throughout 2023/24.

In response to a series of Members' questions, the SIAS Client Audit Manager stated:

- The reduction in the number of SIAS audit days from 315 to 300 for Stevenage for 2023/24 had been agreed by the SIAS Board, and would be based on key elements of the Council's Medium Term Financial Strategy. The number of audit days had been reduced for all partner authorities, which would be reflected in the lower level of fees charged;
- The innovation introduced by SIAS was in the way it approached its work. Traditionally, this was very labour intensive, but the use of information technology to analyse data sets negated the need to work through individual transactions;
- Commercial activities taken on by SIAs included fee paying audit work for a number of Academy schools. The income received for this work would be shown in SIAS's Trading Account, and would contribute to keeping costs down;
- There had been no planned audit for Section 106 Agreements in 2022/23. There was one planned for 2023/24. This audit was carried out on a cyclical basis, unlike the annual audits, such as coverage of key financial systems;
- The Sickness Absence Management audit was an audit covering the risks linked to complying with sickness absence management policies and procedures.

It was **RESOLVED** that the proposed Stevenage Borough Council Internal Audit Plan for 2023/24, as set out in Appendix A to the report, be approved.

## **6 CORPORATE GOVERNANCE ARRANGEMENTS**

The Corporate Performance and Improvement Officer presented a report in respect of the activity carried out in 2022/23 (Appendix A to the report) to strengthen the Council's corporate governance arrangements, together with corporate governance enhancement for delivery in 2023/24 (Appendix B to the report, which would be reflected in the Council's 2022/23 Annual Governance Statement to be submitted to the Committee in June 2023.

It was **RESOLVED**:

1. That the progress on corporate governance enhancement activity during 2022/23, as set out in Appendix A to the report, be noted.
2. That the corporate governance enhancement activity identified for 2023/24, as set out in Appendix B to the report, for inclusion in the Council's 2022/23 Annual Governance Statement, be noted.

## **7 URGENT PART I BUSINESS**

None.

## **8 EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 - 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

## **9 STRATEGIC RISK REGISTER**

The Corporate Performance and Improvement Officer presented a report providing the Quarter 3 2022/23 (October to December 2022) update in respect of the Strategic Risk Register.

It was **RESOLVED** that the latest Strategic Risk Register, as set out at Appendix A1 to the report, be noted.

## **10 URGENT PART II BUSINESS**

None.

## **CHAIR**

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## **AUDIT COMMITTEE**

**1. Membership** – 10 (+ 1 Co-opted Independent non-elected member) to include -

- Chair - A Member who is neither a Member of the Executive nor who serves as a Scrutiny Member
- 1 Member of the Executive only

**2. Quorum** - 4

**3. Terms of Reference**

3.1 To advise or comment as appropriate on –

a) Internal Audit matters, including:-

- The Annual Internal Audit Plan
- The adequacy of management responses to Internal Audit reports and recommendations
- The Audit Partnership Manager's Annual Report and Opinion
- To consider summaries of specific internal audit reports, as requested

b) External Audit matters, including-

- External Auditors plans for auditing and inspecting the authority
- The Annual Audit & Inspection Letter from the External Auditor
- The report to those charged with governance
- Proposals from the National Audit Office over the appointment of the External Auditor
- The scope & depth of External Audit work

c) Arrangements made for the co-operation between Internal Audit, external audit and other bodies.

d) Anti Fraud & Corruption issues including the Council's policies on Anti-Fraud and Corruption, "whistle-blowing".

e) The Council's Annual Governance Statement.

f) The Council's Constitution in respect of Contract Standing Orders, Financial Regulations.

g) The Council's Risk Management arrangements.

h) The Council's arrangements for delivering value for money.

i) The Statement of Accounts and related Capital Determinations.

j) The Council's Treasury Management Strategy.

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Department for Levelling Up,  
Housing & Communities

**Catherine Frances**  
Director General, Local Government,  
Resilience and Communities  
**Department for Levelling Up, Housing  
and Communities**

2 Marsham Street  
London SW1P 4DF

To: Local Authority Chief Executives and  
Chief Financial Officers in England and  
Local Audit Firm Partners

14 March 2023

Dear Chief Executive / Chief Financial Officer / Local Audit Firm Partners

For 2020/21 only 12% of local government bodies audited accounts were published by the 30 November deadline. These delays affect the assurances that can be given to taxpayers and elected representatives; and impact on authorities' ability to plan and manage their services and finances effectively. This is a multifaceted and complex problem that requires all actors in the local audit system to play their part. Securing the capacity required for the next contracting period through the most recent procurement led by PSAA is reassuring and has resulted in two new entrants into the market; and there have been several technical solutions that have been put in place to reduce the burdens on auditors and local authorities so that auditors can focus on the backlogs. This letter is to update you on DLUHC's continued work to respond to Sir Tony Redmond's *Local Authority Financial Reporting and external audit: independent review* (the Redmond Review) and to reaffirm the Department's continued resolve to work with you and others across the sector to ensure a system wide approach to reducing the continued delays to local audit.

### Local Audit System Leadership

First, I am pleased to let you know that we have recently published a Memorandum of Understanding (MoU) between DLUHC and the Financial Reporting Council (FRC), setting out the roles and responsibilities the FRC will assume as shadow system leader for local audit. A copy of the MoU can be found on the website of the Local Audit Liaison Committee [here](#).

The Redmond Review identified that the fragmented nature of the local audit system limited the ability of the system to respond to emerging challenges. DLUHC's vision for local audit focuses on the need for a system leader to enhance coordination and collaboration amongst stakeholders and establish clear accountability for the functioning of the system. The role of a system leader for local audit will therefore be vital to drive through the reforms necessary for a sustainable, effective local audit system.

The FRC appointed Neil Harris as Director of Local Audit in September 2022 and Neil has established a new local audit unit to spearhead the FRC's new role. We expect full shadow arrangements to start in the coming months, at which point the Department will issue a Remit Letter setting out our policy priorities. The shadow period will continue until the Audit, Reporting and Governance Authority (ARGA) is established through legislation.

## Local Audit Delays

The recent National Audit Office's report (*Progress update: Timeliness of local auditor reporting on local government in England*) set out that the backlog of audit opinions remains considerable and pervasive and that the reasons for this are multifaceted. Addressing the existing backlog, alongside embedding sustainable, long-term culture change on timely and high-quality financial reporting and audit will be a key focus for the FRC in its new role.

We and the FRC will continue to engage all parts of the system to determine if further measures are needed in addition to activity underway as set out in our December 2021 publication *Measures to Improve Local Audit Delays*. For example, as you will be aware, the Government acted at the end of last year to lay a Statutory Instrument to provide a temporary solution to the issue concerning the audit of local authority infrastructure assets. These regulations are now in force and I would like to take this opportunity to stress that authorities affected by the issue should seek to close outstanding accounts as soon as possible.

Chief Executive Officers, Chief Financial Officers and your finance teams are critical to delivering high-quality financial reporting in the public interest. As you will be aware, this includes complying with the Chartered Institute of Public Finance and Accountancy's (CIPFA) financial reporting framework, professional accounting standards, being accountable with appropriate expert support for critical accounting judgements, estimates and ensuring through robust internal quality assurance that sufficient and appropriate evidence exists to support the primary statements and disclosure notes ahead of audit. This should involve submitting the annual auditor's report to the Audit Committee and then Full Council, accompanied by the response recommended by the audit committee to any significant issues raised in the report. It is also incumbent upon the Chief Financial Officer to report to the Chief Executive, Audit Committee and others if there are any concerns on the capacity, capability and ability to deliver high-quality draft financial statements by the statutory deadline.

Within audit firms, auditors and the Key Audit Partner also have a fundamental role in safeguarding high quality audits but also setting out to the Chief Executive, CFO and Audit Committee a realistic project and delivery plan for delayed audits and the critical dependencies. For example, this may involve (but is not limited to) obtaining sufficient and appropriate evidence from management on critical judgements, or securing the appropriate mix of skilled and specialist audit resource. Key Audit Partners also have a critical role to report as soon as practicable where they have identified any significant concerns and/or risks of significant weaknesses in Value for Money arrangements and what action should be taken by management, Audit Committee and full Council. It is just as important for this to happen if the delays are associated with concerns on the Local Authorities' financial reporting systems, process, capacity and capability.

The Department and FRC are now actively reviewing where lengthy backlogs of audits exist from both an auditor and local authority perspective. It is evident that in some cases an audit has not been completed in several years and this is clearly not in the interests of the council or the taxpayers. We expect audit firms and Local Authorities to work together to resolve this and I urge you to make every effort to collaboratively consider where historic issues are compounding delays unnecessarily and, where they are, to put in place an action plan and timetable to ensure these are swiftly resolved. I would also ask that, if you have not already done so, Local Authority CEOs and CFOs, and your respective audit partners each provide the Audit Committee with a written position statement. This should set out the outstanding matters, the impact this position could have on the audit opinion(s) and any reporting under statutory audit powers, the actions and timetable to resolve these from a local authority and auditor perspective, as well as a judgement from each of you on how realistic and achievable this is. This should be done as early as possible and would enable the Audit Committee to exercise its role to determine whether it has sufficient assurance on the action plans and if not

what additional information and explanations it requires to make a decision that balances a realistic and swift timetable for authorising the historic audited financial statements for issue. You should also consider whether this statement should also be submitted to full council.

It is clear that ensuring system wide timely delivery of local audits will require a continued, concerted effort from everyone across the system and I welcome your joint support in this undertaking.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C Frances', with a small dot at the end.

**CATHERINE FRANCES**

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**Stevenage Borough Council**  
**2022/23 Annual Assurance Statement and**  
**Internal Audit Annual Report**

**6 June 2023**

**Recommendations**

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report

Note the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)

Approve the SIAS Audit Charter 2023/24

Seek management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2022/23

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  - 2.4 Review of Effectiveness - compliance with the PSIAS and QAIP
  - 2.13 Confirmation of independence of internal audit and assurance on limitations
  - 2.14 Assurance Opinion on Internal Control
  - 2.15 Assurance Opinion on Corporate Governance and Risk Management
  
3. Overview of Internal Audit Activity at the Council in 2022/23
  
4. Performance of the Internal Audit Service in 2022/23
  - 4.1 Performance Indicators
  - 4.2 Service Developments
  
5. Audit Charter 2023/24

## Appendices

- A Final position against the Council's 2022/23 Audit Plan
  
- B Definitions of Assurance Recommendation Priority Levels
  
- C Position against Public Sector Internal Audit Standards as of April 2023
  
- D Internal Audit Charter 2023/24

## 1. Purpose and Background

### Purpose of Report

1.1 This report:

- a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Stevenage Borough Council's (the Council) framework of governance, risk management and control. Reference is made to significant matters and key themes
- b) Shows the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
- c) Summarises the audit work that informs this opinion.
- d) Shows SIAS performance in respect of delivering the Council's audit plan.
- e) Presents the Audit Charter 2023/24 for approval.

### Background

- 1.2 A key duty of the Chief Audit Executive (the Council's Client Audit Manager) is to provide an annual internal audit opinion, concluding on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion informs the conclusions of the Council's Annual Governance Statement.
- 1.3 The assurance opinion in this report is based on internal audit work undertaken during 2022/23. The Audit Plan continued to give sufficient assurance on the Council's management of its key risks. Also considered is any relevant work undertaken in 2023/24 before the Audit Committee report deadline.
- 1.4 As reported to the Audit Committee in June 2021, SIAS changed the scale and definitions of assurance ratings used to communicate the results of audit assignments from 1 April 2021. This change was in response to the CIPFA publication in April 2020, "Internal Audit Engagement Opinions – Setting Common Definitions", where CIPFA recommended that a standard range of opinions and definitions were used by Internal Audit teams with the intention of:
  - Increasing confidence amongst audit committee members and managers that the engagement opinion issued is consistently applied.
  - Assist the sharing, comparability and understanding of assurances across public bodies.
  - Supporting audit committee members and senior managers in their understanding of audit reports, in particular those that sit on more than one public sector audit committee, or in respect of partnerships and joint ventures.

- Supporting the training of internal audit staff, helping to drive up the quality and consistency of audit opinions, and facilitate staff moving across different internal audit teams.
  - Reducing disruption when changing internal audit provider
- 1.5 The associated definitions for the opinions of Substantial, Reasonable, Limited and No assurance, can be found within Appendix B of this report.
- 1.6 SIAS is grateful for the co-operation and support it has received from Council officers during 2022/23.

## 2. Annual Assurance Statement 2022/23

### Context

#### *Scope of responsibility*

- 2.1 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

#### *Control environment*

- 2.2 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to eliminate it.
- 2.3 A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

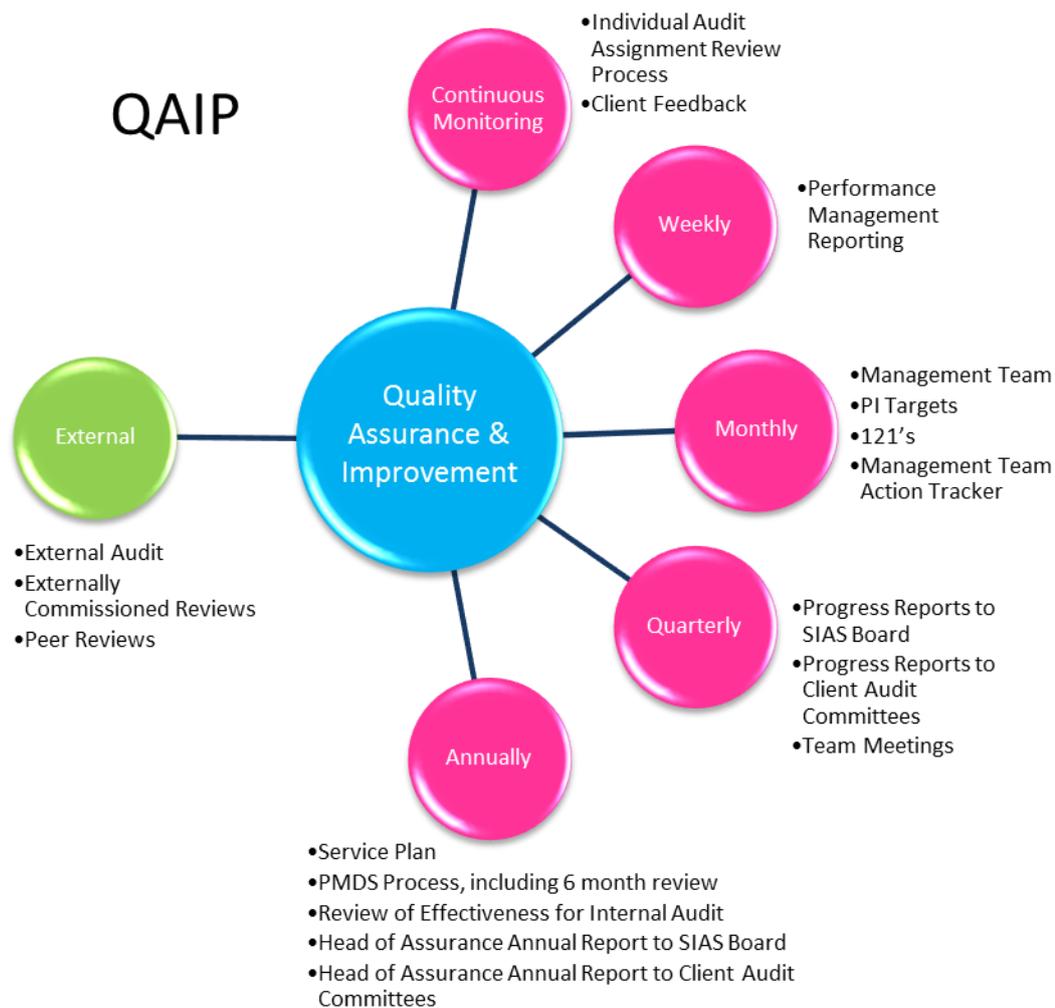
#### *Review of effectiveness*

- 2.4 The Client Audit Manager must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion.
- 2.5 As part of our Quality Assurance and Improvement Programme, a self-assessment was conducted against the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF). They promote professionalism, quality, consistency, and effectiveness of internal audit across the public sector. They also highlight the importance of robust, independent, and objective internal audit arrangements to provide senior management with the key assurances needed to support them in both managing the organisation and producing the Annual Governance Statement.

## **Annual Assurance Statement and Internal Audit Annual Report - Stevenage Borough Council**

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- 2.6 The PSIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was last completed in June 2021, with the result of the assessment reported to the Audit Committee in February 2022.
- 2.7 The EQA outcomes concluded that SIAS 'partially conforms' to the PSIAS. The findings that led to this conclusion largely related to defining the role of the Chief Audit Executive, the Audit Committee, and reflecting this in the Audit Charter. Associated recommendations made in the review were subsequently addressed in year, permitting SIAS to 'generally conform' to the Standards. 'Generally conforms' is the highest opinion within the scale of three ratings, and the peer review also identified areas of good practice and high standards.
- 2.8 Based on the results of the 2023/24 PSIAS self-assessment, the Client Audit Manager has concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.
- 2.9 The self-assessment identified two areas of agreed non-conformance, these reflecting the unique nature of a partnership arrangement and are not considered material. These are detailed in Appendix C. There are no significant deviations from the Standards which warrant inclusion in the Council's Annual Governance Statement.
- 2.10 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.



*Confirmation of independence of internal audit and assurance on limitations*

2.13 The Client Audit Manager confirms that during the year:

- a) No matters threatened SIAS's independence; and
- b) SIAS was not subject to any inappropriate scope or resource limitations.

Annual Assurance Statement for 2022/23

*Assurance opinion on internal control*

- 2.14 Based on the internal audit work undertaken at the Council in 2022/23, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems.



*Assurance opinion on Corporate Governance and Risk Management*

- 2.15 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2022/23 and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year. Both audits received a Substantial assurance rating.

**Simon Martin**  
**Client Audit Manager**  
**May 2023**

### 3. Overview of Internal Audit Activity at the Council in 2022/23

- 3.1 This section summarises work undertaken at the Council by SIAS in 2022/23. It highlights any significant internal control matters and opportunities for improvement.
- 3.2 Appendix A shows the final position against the Internal Audit Plan on 30 April 2023, assurance levels and the number of recommendations made. A summary of assurance levels and recommendation priorities is shown in the tables below (2020/21 data in brackets).

Assurance Level	Number of reports 2022/23 (2021/22 data in brackets)	Percentage of reports 2022/23 (2021/22 data in brackets)
Substantial	12 (12)	43% (45%)
Reasonable	10 (10)	37% (37%)
Limited	1 (2)	4% (7%)
No	0 (0)	0% (0%)
Unqualified	2 (0)	8% (0%)
Qualified	0 (0)	0% (0%)
Not Assessed	1 (2)	4% (7%)
Not Complete	1 (1)	4% (4%)
Total	27 (27)	100% (100%)

Recommendation Priority Level	Number of recommendations 2022/23 (2021/22 data in brackets)	Percentage of recommendations made 2022/23 (2021/22) data in brackets)
Critical	0 (0)	0% (0%)
High	2 (3)	3% (7%)
Medium	25 (18)	42% (44%)
Low	32 (20)	55% (49%)
Total	59 (41)	100% (100%)

- 3.3 **The Reasonable assurance opinion overall on financial systems** has been concluded from nine financial systems audits. Six received Substantial assurance and three received Reasonable assurance. One High and seven Medium priority recommendations were made across these audits.
- 3.4 **The Reasonable assurance opinion overall on non-financial systems** has been concluded from seventeen audits. Six audits received Substantial assurance, seven received Reasonable assurance and one

## Annual Assurance Statement and Internal Audit Annual Report - Stevenage Borough Council

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received Limited assurance. In addition, one audit was classified as “Not Assessed” i.e. no audit assurance opinion was given and one audit was incomplete at the time of writing this report. Two grant audits received an unqualified opinion. One High and eighteen Medium priority recommendations were made across these audits.

- 3.5 In arriving at our Reasonable assurance opinion for non-financial systems, we highlight that 93% of opinions issued for individual audits during the year were assessed as Substantial or Reasonable assurance. This generally indicates the Council has satisfactory or good systems of internal control for a wide range of areas. However, it should be noted that there were some risks and impacts associated with control weaknesses in the Environmental Maintenance audit which received a Limited assurance opinion and contained one High priority recommendation.
- 3.6 Three audits were at draft report stage at the time of writing this Annual Report, with a management response awaited. These audits have contributed to the assurance opinion for 2022/23.

### Critical and High Priority Recommendations

- 3.7 Members will be aware that a final audit report is issued when it has been agreed by management; this includes an agreement to implement the recommendations made. It is Internal Audit’s responsibility to advise Members of progress on the implementation of Critical and High priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date. One High priority recommendation was made within audits carried out during 2022/23. Members will continue to receive updates on the implementation progress of Critical and High priority recommendations through the SIAS quarterly progress reports to the Audit Committee.

## 4. Performance of the Internal Audit Service in 2022/23

### Performance indicators

- 4.1 The table below compares SIAS’s performance at the Council against the 2022/23 targets set by the SIAS Board.

Indicator	Target 2022/23	Actual to 31 March 2023
<b>1 SIAS Planned Days</b> – percentage of actual billable days delivered against planned billable days	<b>95%</b>	<b>90%</b> (252 / 281.5 days)
<b>2 SIAS Planned Projects</b> – actual	<b>95%</b>	<b>89%</b>

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completed projects to draft report stage against planned completed projects		(24 out of 27 audits to draft)
<b>3 SIAS Annual Plan</b> – presented to the March Audit Committee or the first meeting of the financial year should a March committee not meet	<b>Deadline met</b>	<b>Yes</b>
<b>4 Client Satisfaction</b> - client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	<b>100%</b>	<b>83%</b> (6 received).
<b>5 Head of Assurance's Annual Report</b> – presented at the first Audit Committee meeting of the financial year	<b>Deadline met</b>	<b>Yes</b>
<b>6 Number of High Priority Audit Recommendations agreed</b>	<b>95%</b>	<b>100%</b> (1 agreed)

Service Developments

- 4.2 Recruitment and Retention – several staff have left the service during 2022/23, either accepting job offers elsewhere or choosing early retirement. The current market is widely recognised as extremely challenging, however SIAS successfully recruited a Trainee and an Auditor during the autumn. Since year end, existing Trainees were promoted to Auditor positions, this being consistent with the SIAS “grow your own” workforce strategy. The now vacant Trainee positions will be recruited to during June. An Assistant Client Audit Manager position was also recently advertised and an appoint made. The successful applicant is due to start in June.
- 4.3 External Partner – during the year SIAS retendered for the supply of a call-in resource, which will be used to deliver both general and IT audit. The successful provider will continue to work across all partners during 2023/24, providing SIAS with additional resilience where there is a shortfall in capacity and access to specialist staff when required.
- 4.4 Training & Development – needs have been identified beyond the qualifications being studied by members of SIAS staff. These fall into several broad categories such as professional practice, use of technology and local knowledge. This has been captured in a Plan that is being

delivered by members of the SIAS management team and external sources when required.

## **5. Audit Charter 2023/24**

- 5.1 The PSIAS require a local authority to formally adopt an Audit Charter which covers the authority and responsibility for an internal audit function.
- 5.2 The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the partner councils. It details the permanent arrangements for internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.
- 5.3 The Audit Charter is reviewed annually. The review in April 2023 did not result in any changes and the 2023/24 Charter is attached at Appendix D.

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2022/23 AUDIT PLAN**

**Stevenage Borough Council Audit Plan – 2022/23**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
<b>Key Financial Systems</b>							
Housing Rents	Reasonable	0	0	4	10	10	Final Report Issued *
Business Rates	Substantial	0	0	0	1	7	Final Report Issued
Council Tax	Reasonable	0	0	2	0	7	Final Report Issued
Housing Benefits	Substantial	0	0	0	2	7	Final Report Issued
Cash & Banking	Substantial	0	0	0	0	3	Final Report Issued *
Treasury Management						0.5	Cancelled
Payroll	Substantial	0	0	0	0	3	Final Report Issued
Creditors	Substantial	0	0	0	0	10	Final Report Issued
Debtors	Reasonable	0	1	1	1	10	Draft Report Issued **
Asset Management	Substantial	0	0	0	0	10	Final Report Issued
<b>Operational Audits</b>							
Planned and Response Maintenance to the Council’s Estate						1.5	Cancelled

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2022/23 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Leisure Services	Reasonable	0	0	2	0	10	Final Report Issued *
Community Safety (CCTV operations)	Substantial	0	0	0	1	10	Final Report Issued
Cemeteries	Reasonable	0	0	0	2	10	Final Report Issued
Open Spaces	Reasonable	0	0	2	3	10	Final Report Issued
Commercial Property						10	Terms of Reference Issued
Environmental Maintenance	Limited	0	1	3	2	10	Final Report Issued
Landlord Health & Safety Property Compliance						0	Cancelled
Refuse Services	Substantial	0	0	0	1	10	Final Report Issued
Off Street Parking	Substantial	0	0	0	0	10	Final Report Issued
Ways of Working						0	Cancelled
Supply Chain Interruption	Reasonable	0	0	4	0	10	Final Report Issued
Energy & Utility Payments	Substantial	0	0	0	0	10	Final Report Issued
Customer Services	Reasonable	0	0	2	0	10	Final Report Issued *

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2022/23 AUDIT PLAN**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Housebuilding and Acquisitions	Substantial	0	0	0	1	10	Final Report Issued *
Towns Fund	Substantial	0	0	0	1	10	Final Report Issued *
Digital Exclusion	Reasonable	0	0	1	0	10	Draft Report Issued
COMF Response	Unqualified	0	0	0	0	3	Final Report Issued
Homes England - Compliance Audit	Unqualified	0	0	0	0	3	Final Report Issued
Environmental Enforcement Joint Review	Not Assessed	0	0	0	7	3	Final Report Issued ***
<b>IT Audits</b>							
Malicious Software (shared with EHC)	Reasonable	0	0	4	0	7	Draft Report Issued
Cyber Security						0.5	Cancelled
<b>Other Chargeable</b>							
2022/23 Audit Planning	-	-	-	-	-	5	Complete
Plan Delivery Monitoring	-	-	-	-	-	12	Complete
Annual Audit Opinion 2021/22	-	-	-	-	-	3	Complete

## APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2022/23 AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	STATUS/COMMENT
		C	H	M	LA		
Client Liaison & Adhoc Advice	-	-	-	-	-	12	Complete
Audit Committee	-	-	-	-	-	10	Complete
Shared Learning	-	-	-	-	-	2	Complete
SIAS Development	-	-	-	-	-	5	Complete
2021/22 Projects Requiring Completion	-	-	-	-	-	7	Complete
Contingency	-	-	-	-	-	33.5	N/A
<b>Total</b>		<b>0</b>	<b>2</b>	<b>25</b>	<b>32</b>	<b>315</b>	

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\* At Draft Report stage on 31 March 2023 / Final Report issued after year end.

\*\* Draft Report issued after year end

\*\*\* Not Assessed means an assurance opinion was not required

Key to Recommendation Priority Levels: C = Critical priority recommendations; H = High priority recommendations; M = Medium priority recommendations; LA = Low/Advisory priority recommendations.

## APPENDIX B – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
<b>Substantial</b>	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	
<b>No</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	
<b>Not Assessed</b>	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
<b>Unqualified</b>	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
<b>Qualified</b>	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
<b>Disclaimer Opinion</b>	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
<b>Adverse Opinion</b>	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation Priority Levels		
Priority Level	Definition	
Corporate	<b>Critical</b>	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	<b>High</b>	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	<b>Medium</b>	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	<b>Low</b>	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

**APPENDIX C – POSITION AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS AT APRIL 2023 – ACTION PLAN**

**Section A: Conformance** - All areas apart from those identified in Section B below were conforming.

**Section B: Intentional Non-Conformance**

Ref	Area of Non-Conformance with the Standard	Commentary	
3.1a	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the board (defined as the Audit Committee) approve decisions relating to the appointment and removal of the Chief Audit Executive (CAE)?</p>	<p>The Head of Assurance, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE.</p> <p>This is as provided for in the governance of the Shared Internal Audit Service.</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The current arrangements are considered effective given the shared nature of SIAS.</p>
3.1c	<p><b>Purpose, Authority and Responsibility</b></p> <p>Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?</p>	<p>The performance appraisal is carried out by the Head of SIAS (HCC).</p>	<p><b>Non-conformance</b></p> <p>No further action proposed. The appraisal process was carried out by the Head of SIAS (HCC). The current arrangements are considered effective given the shared nature of SIAS.</p>



## **Audit Charter 2023/2024**

### **1. Introduction and Purpose**

- 1.1. Internal auditing is an independent and objective assurance and consulting activity. It is guided by a philosophy of adding value to the operations of an organisation. It assists a council in achieving its objectives and ultimately provides assurance to the public by systematically evaluating and improving the effectiveness and efficiency of risk management, control, and governance processes.
- 1.2. The purpose of the Shared Internal Audit Service (SIAS) is to provide independent, objective assurance and consulting services designed to add value and improve client operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. SIAS helps clients accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### **2. Statutory Basis of Internal Audit**

- 2.1. Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that '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'.
- 2.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 Officer relies, amongst other sources, upon the work of internal audit.

### **3. Role**

- 3.1. SIAS internal audit activity is overseen by Stevenage Borough Council's committee charged with fulfilling audit committee responsibilities, herewith referred to as the Audit Committee. As part of its oversight role, the Audit

Committee is responsible for defining the responsibilities of SIAS via this Charter.

- 3.2. SIAS may undertake additional consultancy activity requested by management. The Client Audit Manager will determine such activity on a case-by-case basis, assessing the skills and resources available. Significant additional consultancy activity not already included in the Internal Audit Plan will only be accepted and carried out following consultation with the Audit Committee.

#### 4. Professionalism

- 4.1. SIAS governs itself by adherence to the Public Sector Internal Audit Standards (PSIAS). These standards include the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (IPPF). They set out the fundamental requirements for the professional practice of internal auditing and the evaluation of the effectiveness of an internal audit function.
- 4.2. SIAS also recognises the Mission of Internal Audit as identified within the IPPF, 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight' and the Core Principles for the Professional Practice of Internal Auditing, which demonstrate an effective internal audit function, achieving internal audit's mission.
- 4.3. SIAS operations are guided by its operating procedures manual as well as applicable, Chartered Institute of Internal Auditors (CIIA) and Chartered Institute of Public Finance and Accountancy (CIPFA) Position Papers, Practice Advisories and Guides, and relevant council policies and procedures, including compliance with the Bribery Act 2010.
- 4.4. Should non-conformance with the PSIAS be identified, the Head of SIAS will investigate and disclose, in advance, if possible, the exact nature of the non-conformance, the reasons for it and, if applicable, its impact on a specific engagement or engagement outcome.

#### 5. Authority and Confidentiality

- 5.1. Internal auditors are authorised full, free, and unrestricted access to any and all of a client's records, physical property, and personnel as required to carry out an engagement. All client employees are requested to assist SIAS in fulfilling its roles and responsibilities. Information obtained during an engagement is safeguarded and confidentiality respected in accordance with the Council's GDPR and information security policies.
- 5.2. Internal auditors will only use information obtained to complete an engagement. It will not be used in a manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client

organisation(s). Internal auditors will disclose all material facts known, which if not disclosed could distort a report or conceal unlawful practice.

## 6. Organisation

- 6.1. The Client Audit Manager and their representatives have free and unrestricted direct access to Senior Management, the Audit Committee, the Chief Executive, the Chair of the Audit Committee and the External Auditor. The Client Audit Manager will communicate with any and all of the above parties at both committee meetings and between meetings as appropriate.
- 6.2. The Chair of the Audit Committee has free and unrestricted direct access to the Client Audit Manager.
- 6.3. The Client Audit Manager is line managed by the Head of SIAS who approves all decisions regarding the performance evaluation, appointment, or removal of the Client Audit Manager, in consultation with the Head of Assurance and SIAS Board.

## 7. Stakeholders

The following groups are defined as stakeholders of SIAS:

- 7.1. The Head of SIAS, working with the Client Audit Manager, both suitably experienced and qualified (CCAB and / or CMIIA), is responsible for:
  - hiring, appraising, and developing SIAS staff in accordance with the host authority's HR guidance
  - maintaining up-to-date job descriptions which reflect the roles, responsibilities, skills, qualifications, and attributes required of SIAS staff
  - ensuring that SIAS staff possess or obtain the skills, knowledge, and competencies (including ethical practice) needed to effectively perform SIAS engagements
- 7.2. The Audit Committee is responsible for overseeing the effectiveness of SIAS and holding the Client Audit Manager to account for delivery. This is achieved through the approval of the annual audit plan, approval of performance targets set by the SIAS Board and receipt of regular reports.
- 7.3. The Audit Committee is also responsible for the effectiveness of the governance, risk, and control environment within the Council, holding operational managers to account for its delivery.
- 7.4. Where stated in its Terms of Reference, the Audit Committee provides an annual report to the Council detailing the Committee's activities through the year. In addition, and as required, the Committee ensures that there is appropriate communication of, and involvement in, internal audit matters from the wider publicly elected Member body.

- 7.5. The Client Audit Manager is responsible for ensuring that the outcome of all final Internal Audit reports is reported to the Audit Committee in a format agreed with these relevant parties.
- 7.6. Senior Management, defined as the Head of Paid Service, Chief Officers, and their direct reports, are responsible for helping shape the programme of assurance work. This is achieved through analysis and review of key risks to achieving the Council's objectives and priorities.
- 7.7. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS, with SIAS reporting key information to the Audit Committee within progress and annual reports, including:
- resourcing and financial performance
  - operational effectiveness through the monitoring performance indicators
  - the overall strategic direction of the shared service.

8. Independence and Objectivity

- 8.1. No element in the organisation should interfere with audit selection, scope, procedures, frequency, timing, or report content. This is necessary to ensure that internal audit maintains the necessary level of independence and objectivity.
- 8.2. As well as being impartial and unbiased, internal auditors will have no direct operational responsibility or authority over any activity audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that might impair their judgment.
- 8.3. When asked to undertake any additional roles/responsibilities outside internal auditing, the Client Audit Manager will highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the PSIAS Code of Ethics as well as any relevant requirements set out in other professional bodies to which the Client Audit Manager may belong. The Audit Committee will approve and periodically review any safeguards put in place to limit any impairments to independence and objectivity.
- 8.4. Where SIAS has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, the Client Audit Manager and Head of SIAS will ensure that the risks of doing so are managed effectively, having regard to the Head of SIAS's primary responsibility to the management of the partners for which they are engaged to provide internal audit services.
- 8.5. The Client Audit Manager will confirm to the Audit Committee, at least annually, the organisational independence of SIAS.

**9. Conflicts of Interest**

- 9.1. Internal auditors will exhibit clear professional objectivity when gathering, evaluating, and communicating engagement information. When forming judgments, they will make a balanced assessment of all relevant circumstances and not be influenced by their own interests or the views and interests of others.
- 9.2. Each auditor will comply with the ethical requirements of his/her professional body and proactively declare any potential conflict of interest, whether actual or apparent, prior to the start of an engagement.
- 9.3. All auditors sign an annual declaration of interest to ensure that the allocation of work avoids conflict of interest. Auditors who undertake consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.
- 9.4. SIAS procures an arrangement with an external delivery partner to provide service resilience, i.e., additional internal audit days on request. The external delivery partner will be used to deliver engagements as directed by the Client Audit Manager in particular providing advice and assistance where SIAS staff lack the required skills or knowledge. The external delivery partner will also be used to assist with management of potential and actual conflicts of interest in internal audit engagements, providing appropriate independence and objectivity as required.
- 9.5. In the event of a real or apparent impairment of independence or objectivity, (acceptance of gifts, hospitality, inducements, or other benefits) the Client Audit Manager will investigate and report on the matter to appropriate parties.
- 9.6. Hertfordshire County Council's Head of Assurance not only leads and has overall management responsibility for SIAS, but also the similarly constituted Shared Anti-Fraud Service (SAFS).
- 9.7. Given that SIAS will potentially undertake internal audit activity in relation to SAFS, this relationship is formally disclosed, and appropriate safeguards will be put in place against any potential impairment to independence. The Head of SIAS will manage the internal audit engagement of this service and report findings directly to the Strategic Director (CFO) in their capacity as S151 Officer.

**10. Responsibility and Scope**

- 10.1. The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes (as they relate to the

organisation's priorities and objectives) and the promotion of appropriate ethics and values.

- 10.2. Internal control and risk management objectives considered by internal audit extend to the organisation's entire control and risk management environment and include:
- consistency of operations or programs with established objectives and goals, and effective performance
  - effectiveness and efficiency of governance, operations, and employment of resources
  - compliance with significant policies, plans, procedures, laws, and regulations
  - design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
  - safeguarding of assets
- 10.3. SIAS is well placed to provide advice and support on emerging risks and controls and will, if requested, deliver consulting and advisory services, or evaluate specific operations.
- 10.4. SIAS is responsible for reporting to the Audit Committee and senior management, significant risk exposures (including those to fraud addressed in conjunction with the Shared Anti-Fraud Service), control and governance issues and other matters that emerge from an engagement.
- 10.5. Engagements are allocated to (an) internal auditor(s) with the appropriate skills, experience, and competence. The auditor is then responsible for carrying out the work in accordance with the SIAS Operating Procedures Manual, and must consider the relevant elements of internal control, the needs and expectations of clients, the extent of work required to meet the engagement's objectives, its cost effectiveness, and the probability of significant error or non-compliance.

## 11. Role in Anti-Fraud

- 11.1. The SIAS work programme, designed in consultation with Senior Management, the Audit Committee and seeks to provide assurance on how the Council manages the fraud risks to which it is exposed.
- 11.2. SIAS must have sufficient knowledge to evaluate the risk of fraud and the way it is managed by the Council but are not expected to have the expertise of a person or team whose primary responsibility is detecting and investigating fraud.
- 11.3. SIAS will exercise due professional care by considering the probability of significant errors, fraud, or non-compliance when developing audit scopes and objectives.

- 11.4. SBC is a partner of both SIAS and SAFS and benefits from collaboration and intelligence sharing between the teams. This informs both horizon scanning as part of the internal audit planning process and individual audit engagements.
- 11.5. The Client Audit Manager should be notified of all suspected or detected fraud, corruption, or impropriety so that the impact upon control arrangements can be evaluated.

## **12. Internal Audit Plan**

- 12.1. Following discussion with appropriate senior management, the Client Audit Manager will submit a risk-based plan to the Audit Committee for review and approval. This will occur at least annually. The plan sets out the engagements agreed by the Section 151 Officer and Senior Leadership Team and demonstrates the priorities of both SIAS (the need to produce an annual internal audit opinion) and those of the organisation. Also included will be any relevant declarations of interest.
- 12.2. The plan will be accompanied by details of the risk assessment approach used and other assurance considered during the planning process. Also shown will be the timing of an engagement, its budget in days, details of any contingency for new or changed risks, time for planning and reporting and a contribution to the development of SIAS.
- 12.3. The plan will be subject to regular review in year and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems, and controls. All significant changes to the approved internal audit plan will be communicated in the quarterly update reports.

## **13. Reporting and Monitoring**

- 13.1. A draft written Terms of Reference will be prepared and issued to appropriate personnel at the start of an engagement. It will cover the intended objectives, scope and reporting mechanism and will be agreed with the client. Changes to the terms of reference during the engagement may occur and will be agreed following consultation with the client.
- 13.2. A report will be issued to management on completion of an engagement. It will include a reasoned opinion, details of the time period and scope within which it was prepared, management's responses to specific risk prioritised findings and recommendations made and a timescale within which corrective action will be / has been taken. If recommended action is not to be taken, an explanation for this will also be included.
- 13.3. SIAS will follow-up the implementation of agreed recommendations in line with the protocol at each client. As appropriate, the outcomes of this work will be reported to the audit committee and may be used to inform the risk-based

planning of future audit work. Should follow-up activity identify any significant error or omission, this will be communicated by the Client Audit Manager to all relevant parties.

- 13.4. In consultation with senior management, the Client Audit Manager will consider, on a risk-basis, any request made by external stakeholders for sight of an internal audit report.
- 13.5. Quarterly update reports to the Audit Committee will detail the results of each engagement, including significant risk exposures and control issues. In addition, an annual report will be produced giving an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement) with a summary of the work that supports the opinion. Hertfordshire County Council's Head of Assurance will also make a statement of conformance with PSIAS, using the results of the annual self-assessment and Quality Assurance and Improvement Plan (QAIP) required by the PSIAS. The statement will detail the nature and reasons for any impairments, qualifications, or restrictions in scope for which the Committee should seek reassurances from management. Any improvement plans arising will be included in the annual report.

### 14. Periodic Assessment

- 14.1. PSIAS require Hertfordshire County Council's Head of Assurance and the SIAS Board to arrange for an independent review of the effectiveness of internal audit undertaken by a suitably knowledgeable, qualified, and competent individual or organisation. This should occur at least every five years.
- 14.2. Hertfordshire County Council's Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. These will include the Quality Assurance and Improvement Programme, client feedback, appraisals, and shared learning with the external audit partner as well as coaching, supervision, and documented review.
- 14.3. A single review will be carried out to provide assurance to all SIAS partners with the outcomes included in the partner's Annual Report.

### 15. Review of the Audit Charter

- 15.1. The Client Audit Manager will review this charter annually and will present to the first audit committee meeting of each financial year, any changes for approval.
- 15.2. The Client Audit Manager reviewed this Audit Charter in April 2023. It will next be reviewed in April 2024.

**Glossary of Terms**

<p>Audit Committee</p>	<p>The PSIAS defines the Audit Committee as “The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.”</p> <p>The Audit Committee operates in accordance with its terms of reference contained in Stevenage Borough Council’s Constitution.</p> <p>CIPFA’s <i>Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition</i> indicates that for a local authority, it is best practice for the audit committee to report directly to full council rather than to another committee, as the council itself most closely matches the body of ‘those charged with governance’. This is the case at SBC.</p>
<p>Audit Plan</p>	<p>The programme of risk-based work carried out by the Shared Internal Audit Service (SIAS) on behalf of its clients.</p>
<p>Board</p>	<p>The PSIAS defines the ‘Board’ as “The highest-level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organisation’s activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word “board” in the Standards refers to a group or person charged with governance of the organisation. Furthermore, “board” in the Standards may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an Audit Committee).</p> <p>For the purposes of the SIAS Audit Charter, the Board as referred to in the PSIAS shall be Stevenage Borough Council’s Audit Committee. All references to the Audit Committee in the SIAS Audit Charter should be read in this context.</p>

<p>Chief Audit Executive (CAE)</p>	<p>The PSIAS describes the role of CAE as “a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The CAE or others reporting to the CAE will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the CAE may vary across organisations.”</p> <p>The CAE is fundamental to the success of the service and to the extent to which it complies with the Standards. Regular reference is made to this role throughout the PSIAS, including some specific requirements relating to whoever is designated the role.</p> <p>For the purposes of the SIAS Audit Charter, the CAE as referred to in the PSIAS shall be SBC’s Client Audit Manager. All references to the Client Audit Manager in the SIAS Audit Charter should be read in this context.</p>
<p>Management</p>	<p>Operational officers of the Council responsible for creating corporate policy and organising, planning, controlling, and directing resources to achieve the objectives of that policy. Senior management is defined as the Head of Paid Service, Chief Officers, and their direct reports.</p>
<p>Public Sector Internal Audit Standards (PSIAS)</p>	<p>These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency, and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent, and objective internal audit arrangements to provide stakeholders with the key assurances they need to support them both in managing and overseeing the organisation and in producing the annual governance statement.</p>
<p>Shared Internal Audit Service (SIAS)</p>	<p>SIAS is a local authority partnership comprising Hertfordshire County Council (HCC) and seven Hertfordshire district and borough councils. SIAS</p>

**APPENDIX D – AUDIT CHARTER 2023/2024**

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	also provides internal audit services to a limited number of external clients. HCC is the host authority for the partnership and provides support services such as HR, technology, and accommodation.
SIAS Board	The Board that comprises officer representatives from the partner authorities and is responsible for the governance of the SIAS partnership.

Note:

For readability, the term ‘internal audit activity’ as used in the PSIAS guidance has been replaced with ‘SIAS’ in this Charter.

**Meeting:** Audit Committee

Portfolio Area: All

**Date:** 6 June 2023

## **2022/23 Annual Governance Statement and Local Code of Corporate Governance**

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### **1. PURPOSE**

- 1.1. To advise Members of the Audit Committee on the content of the Council's Annual Governance Statement for 2022/23 and approve the changes to the Council's Local Code of Corporate Governance.

### **2. RECOMMENDATIONS**

- 2.1. That Members of the Audit Committee approve the changes to the Council's Local Code of Corporate Governance (Appendix One).
- 2.2. That Members of the Audit Committee recommend the Council's 2022/23 Annual Governance Statement (Appendix Two), for approval by the Statement of Accounts Committee.

### **3. BACKGROUND**

#### **3.1 CIPFA/SOLACE Framework and Guidance**

- 3.1.1 In 2006, CIPFA/SOLACE produced a publication called Delivering Good Governance in Local Government: Framework and Guidance. In April 2016, CIPFA/SOLACE published a reviewed Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector'. The purpose of the Framework is to support each local authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

3.1.2 The 2016 CIPFA/SOLACE Framework identifies seven core principles:

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

B: Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

### 3.2 Local Code of Corporate Governance

3.2.1 The Local Code of Corporate Governance is a public statement of the ways in which the Council achieves good corporate governance. This is based on the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government: Framework (2016)' and focusses on the above mentioned seven core principles.

3.2.2 The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move ahead with its corporate planning process confident that it can address the issues for governance and risk.

3.2.3 Within Stevenage Borough Council, Corporate Governance operates to:

- Establish and monitor the Council's vision and objectives
- Facilitate policy and decision making
- Ensure compliance with policies, procedures, laws and regulations
- Ensure the economic, efficient use of resources and secure continuous improvement
- Support delivery of high-quality services and effective performance management
- Identify and manage the Council's risks.

3.2.4 The Council's Local Code of Corporate Governance was last reported to this Committee on 8 June 2022. The code has been reviewed and is attached for

reference at Appendix A. The changes made as a result of this year's review are summarised in the table below.

Principle	Change
Principle B	Changed to reflect new leisure provider (page 5 of the Code)
Principle B	The Payroll service added to the list of shared service arrangements (page 6 of the Code)
Principle D	Updated to reflect that the Leader's Making Your Money Count group has now changed its name to Council's Financial Security Group (page 8 of the Code)
Principle D	Changed to reflect that all key services now have Service Plans (page 9 of the Code)
Principle F	Changed to reflect new FTFC programme reporting arrangements (page 10 of the Code)
Principle F	Changed to reflect that performance measures have data quality checklists to ensure integrity of the data being reported (page 11 of the Code)

### 3.4 Annual Governance Statement

3.4.1 The Annual Governance Statement, at Appendix Two, is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. The statement is produced annually following a review of the Council's governance arrangements and includes an action plan to address any significant governance issues identified.

3.4.5 The Council has an agreed local framework for compiling the Annual Governance Statement. Arrangements for governance in 2022/23 have been reviewed in accordance with this local framework, as outlined below:

- Review existing governance arrangements against the CIPFA/SOLACE Framework.
- Update the Council's Local Code of Governance in accordance with this review.
- Identify systems, processes and documentation that provide evidence of compliance.
- Identify the issues that have not been addressed adequately in the Council and consider how they should be addressed.
- Identify the individuals who will be responsible for undertaking the actions required and plan accordingly.
- Prepare the 2022/23 Annual Governance Statement.

- Consideration of the Annual Governance Statement by senior management prior to consideration by Audit Committee. The Annual Governance Statement was considered at the Senior Leadership Team meeting on 16<sup>th</sup> May 2023.
  - In year monitoring of the Council's status of corporate governance is carried out by Corporate Governance Group which is chaired by the Strategic Director (Chief Finance Officer).
- 3.4.6 Actions to enhance governance arrangements as a result of the above review were reported to Audit Committee at its meeting on 27<sup>th</sup> March 2023.
- 3.4.7 Actions identified which are recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service or are considered important in the management of 'very high/high level' strategic risks, are set out in the Annual Governance Statement. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and associated delivery of priority outcomes should be addressed.
- 3.4.8 The Annual Governance Statement actions for 2022/23 are outlined on pages 26-29 of the Annual Governance Statement.
- 3.4.9 Corporate Governance Group will monitor the delivery of governance actions, including the actions mentioned above and a six month progress update will be reported to Audit Committee in November.
- 3.4.10 The signatories to the Annual Governance Statement (The Leader of the Council and the Chief Executive) must be satisfied that the Council's governance arrangements continue to be fit for purpose and that significant actions identified to enhance governance arrangements are being addressed.
- 3.5 Corporate Backbone
- 3.5.1 The Council's corporate governance arrangements are evidenced by a number of policies, plans, processes and monitoring arrangements which are referred to as 'The Corporate Backbone' of the Council. The Corporate Backbone is attached as Appendix Three for reference.
- 3.6 2022/23 Audit Opinion
- 3.6.1 The Shared Internal Audit Service (SIAS) has assigned 'Reasonable' assurance for both financial systems and non-financial systems for 2022/23: meaning "there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
- 3.7 Service Assurance Statements
- 3.7.1 All Assistant Directors complete a Service Assurance Statement each year. The Service Assurance Statement provides assurance that governance arrangements operated effectively during the year in respect of the business units for which the Assistant Director has responsibility.

## 4. **REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1 The Council's Local Code of Corporate Governance (Appendix One) has been updated to reflect changes to the Council's governance arrangements since its last review in June 2022 and Audit Committee is required to agree the revised Local Code of Corporate Governance.
- 4.2 The Annual Governance Statement (Appendix Two) must be considered by the Audit Committee before accompanying the Statement of Accounts.
- 4.3 The Annual Governance Statement is intended to provide public assurance that the Council has sound governance arrangements, including a sound system of internal control, designed to help manage and control business risk. The document is an important public expression of the arrangements the Council applies to achieve good business practice, high standards of conduct and sound governance.

## 5. **IMPLICATIONS**

### 5.6 **Financial Implications**

- 3.1.1. Robust scrutiny of the Council's Annual Governance Statement and Framework applied in line with best practice will further strengthen the Council's sound base of strong financial management and assist in reducing risk.

### 3.2. **Legal Implications**

- 3.2.1. It is a requirement of the Accounts and Audit (England) Regulations 2015 that the council publishes an Annual Governance Statement.

### 3.3. **Risk Implications**

- 3.3.1. A strong internal control environment contributes to the overall effective management of the Council and will minimise the risks of the Council failing to achieve its ambitions and priorities, and service improvements.
- 3.3.2. Without robust governance arrangements, there are potential service continuity and reputation risk implications.

### 3.4. **Equalities and Diversity Implications**

- 3.4.1. Officers responsible for the delivery of any improvement actions identified will also be responsible for completion of any relevant Equality Impact Assessments.

### 3.5. **Other Corporate Implications**

- 3.5.1. All aspects of the work of the Council are affected by its corporate governance arrangements, as well as the Council's partners in service delivery and other agencies with which the Council shares information. External bodies in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded.

#### **4. BACKGROUND DOCUMENTS**

- CIPFA/SOLACE, 'Delivering Good Governance in Local Government (2016 Framework and Guidance)
- CIPFA/IFAC International Framework 'Good Governance in the Public Sector (published August 2014)
- Stevenage Borough Council's Local Framework for compiling the AGS

#### **5. APPENDICES**

- Appendix One – Local Code of Corporate Governance (June 2023)
- Appendix Two – 2022/23 Annual Governance Statement
- Appendix Three – Corporate Backbone

**Stevenage Borough Council  
Local Code of Corporate Governance**

<b>Version:</b>	Audit Committee June 2023
<b>Status:</b>	For Audit Committee June 2023
<b>Last update to Guide</b>	May 2023
<b>Next review of Guide due:</b>	May 2024

## Stevenage Borough Council Local Code of Corporate Governance

This Local Code is underpinned by the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework: 2016* and summarises policies, procedures, behaviours and values by which the council is controlled and governed.

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

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

Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

The CIPFA/SOLACE *Delivering Good Governance in Local Government Framework: 2016*, sets out seven core principles of governance as detailed in the diagram below. Stevenage Borough Council confirms its commitment through the adoption, monitoring and development of this Local Code of Corporate Governance.



This diagram illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate the implementation of Principles C to G

## Local Code of Corporate Governance

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

### **Member and Officer Codes and Protocols**

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, such as Member/Officer Protocols, Officers' Code of Conduct and Members' Code of Conduct.

There is an expectation that Members will have regard for the seven principles of public life (the Nolan Principles), as set out in Section 26 of the Localism Act 2011. The seven principles of public life are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These principles are readily accepted by the council as underpinning all local government activity.

### **Organisational values and behaviours**

The council has adopted a set of organisational values and 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.

### **Complaints regarding Member Conduct**

Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. In addition, the Council has appointed an Independent Person, to consult on alleged breaches to the Member Code of Conduct.

### **Complaints regarding Officer conduct**

Allegations that an officer has breached the Employee Code of Conduct are dealt with by the officer's Line Manager in the first instance, and, if escalation is required, the council's Disciplinary Policy and procedures would be instigated.

### **Constitution**

The Council has an approved Constitution which details how the Council operates, how decisions are made, including delegation of decisions and the procedures that are to be followed to ensure that these are efficient, transparent, lawful and accountable to local people. Each of the council's member committees have terms of reference and these are reviewed and updated to reflect any changes to legislative and regulatory requirements.

### **Standards Committee**

The Council has a Standards Committee to ensure the promotion and maintenance of high standards of conduct by members and co-opted members of the council. The terms of the reference for this committee are contained in the council's Constitution.

### **Information needs of Members**

Pre-committee briefings are held with Committee Chairs prior to committee meetings (as required). The Leader and Chief Executive have weekly one to one meetings. The Leaders of the two Opposition groups also have regular meetings with the Chief Executive. Strategic Directors and Assistant Directors meet with their relevant Portfolio Holders on a regular basis to brief them on all aspects within their remit.

### **Regulation Guidance**

The council has developed policies and procedures to ensure that its officers act in accordance with relevant legislation in the performance of its functions, e.g.

- Anti-fraud and Corruption Policy
- Register of Interests
- Register of Gifts and Hospitality
- Whistle-Blowing Policy
- Contract Standing Orders
- Financial Regulations
- Co-Operative Procurement Policy
- Anti-Bribery Policy
- Fraud Sanctions Policy
- Anti-Money Laundering Policy

### **Ethical compliance**

The council has a number of policies, plans and guidance agreed at Member level which includes ethical compliance and awareness, e.g. Local Plan, Corporate Procurement Policy, and Planning Policy.

### **Member and Officer Training**

Member and Officer Induction and training ensures Members and Officers are aware of their legal and ethical responsibilities.

### **Chief Financial Officer**

The role of the Chief Financial Officer conforms to that set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).

### **Monitoring Officer**

The role of the council's Monitoring Officer (Borough Solicitor) conforms to Section 5(1) of the Local Government and Housing Act 1989.

### **Customer Feedback**

A customer feedback system is in place to record feedback and complaints – learning from feedback & complaints facilitates effective monitoring of information provided by customers to review service quality. The council uses Gov-metric to identify customer satisfaction with council services.

### **Regulation of Investigatory Powers Act 2000**

The Council ensures the requirements of the above Act are followed for any direct covert surveillance which is carried out and any such activity is reported quarterly to Corporate Governance Group and is reflected in the Annual Governance Statement. All authorising officers are trained in accordance with the Act.

## **Principle B: Ensuring openness and comprehensive stakeholder engagement**

### **Partnership Arrangements**

The council has the following key Partnerships:

- Stevenage Together

- Everyone Active
- Stevenage Development Board

### **Annual Report**

An Annual Report is published that sets out the council's achievements against the outcomes and priorities in the Corporate Plan, reporting progress over the last year against planned objectives and setting out future plans.

### **Communication and Engagement**

The Council has a Community Engagement Framework which provides a clear overview of ways in which the Council engages with communities across Stevenage.

Stevenage Chronicle, which is the Council's quarterly magazine for residents, provides the latest information about Council initiatives and services, community news and events.

The council uses a variety of response methods, including its website, social media and traditional methods such as surveys and focus groups to communicate with its residents and stakeholders.

A Residents' Survey is carried out every three years inviting residents to share their views on the town and council services. The results are used to inform future service priorities and resource allocation, including budget setting. Housing Tenant surveys are also carried out as required.

The Chief Executive has a programme of staff communications, which includes regular staff briefings to brief and involve staff in the decisions that affect the future direction of the council.

The Council's intranet also provides staff with updates, news, blogs and information.

### **Co-Operative Inclusive Economy Charter**

The Council has a co-operative Inclusive Economy Charter to encourage residents and businesses to work together to help protect Stevenage's economy and support the Council's approach to Community Wealth Building.

### **Social Value Portal**

The Council uses a social value portal to monitor, measure and manage the tendering and delivery of social value through contracts and other business-related activities. The aim of this is to understand what value business brings to society, according to the principles of the Public Services (Social Value) Act 2012. The Social Value Portal uses the National Social Value Measurement Framework, also known as the National TOMs (Themes, Outcomes Measures), to measure social value. The National TOMs framework was developed by the National Social Value Taskforce and was the result of extensive consultation across its members and is endorsed by the Local Government Association.

### **Stakeholder attendance at Council meetings**

The press and public are admitted to all Council, Executive and Committee meetings, subject to the Access to Information Rules in Part 4 of the Council's Constitution. Executive, Council and Overview and Scrutiny meetings continue to be recorded and are available via You Tube which means that members and the public can view meetings at a time convenient to them.

### **Decision making practices**

Reports are produced on a standard template to facilitate understanding and ensure they are supported by comprehensive assessment of the legal, financial, risk and other implications of any proposed recommendations. All reports with legal or financial implications are checked by the Borough Solicitor/Chief Financial Officer prior to consideration at committee. Other professional advice (where sought) is referred to in the report.

The council complies with its responsibilities as set out in the Constitution in relation to notice of meetings, publication of agendas and reports and access to information reflect the Local Authorities (Executive Arrangements) (Meetings and Access Information) (England) Regulations 2012.

### **Publication Scheme**

The council aims to make as much information available on its website through its Publication Scheme. Exceptions to this are in relation to information that is subject to the exemptions set out in the Freedom of Information Act.

### **Statement of Community Involvement**

The Planning and Compulsory Purchase Act 2004 requires all local authorities to prepare a Statement of Community Involvement (SCI). The Council's SCI sets out a framework to ensure that comprehensive and effective public engagement takes place throughout all stages of the planning process.

### **Shared Service arrangements**

The council has established shared service arrangements in order to provide service delivery benefits and added value, with other Hertfordshire local authorities as outlined below

- Internal Audit
- Housing Benefits and Local Taxation
- ICT
- Anti-Fraud.
- Building Control
- Legal
- Hertfordshire Home Improvement Agency
- Procurement
- Payroll

Shared service arrangements for all the above shared services involve both Member and senior management oversight from all participating partners.

### **Research and benchmarking**

The Housing Service is a member of HouseMark which delivers a robust and sophisticated data analysis and benchmarking service.

A number of other services use research and benchmarking to inform service delivery.

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

### **Future Town, Future Council**

The Future Town Future Council (FTFC) programme is guiding the Council in terms of its future strategic focus and resource allocation. The FTFC programme consists of five programmes that aim to deliver improved outcomes and real change for Stevenage residents.

### **Corporate Plan:**

The council's Corporate Plan: Future Town, Future Council sets out the Council's vision and the outcomes and objectives the council wants to achieve over the Plan's lifespan. The Plan incorporates the council's FTFC ambitions, projects and the change programme. It guides the

strategic policy framework for the council, ensuring that services consider the council's key priorities in service planning and resource allocation.

### **Equality Impact Assessments**

Equality Impact Assessments are completed prior to the development and delivery of policy, strategy, projects and services or prior to making decisions that could impact on people.

### **EDI Policy**

The council has an agreed set of objectives to promote equality, diversity and inclusion across its services, communities and workforce over the next 4 years (2022 –2026) and in-line with the Public Sector Equality Duty (PSED) of the Equality Act (2010).

Alongside the objectives the council has an Equality, Diversity and Inclusion (EDI) Strategy (2022-2026) which sets out its approach to advancing equality, diversity and inclusion, including a commitment to the development and publication of an EDI Action Plan. The delivery and monitoring of EDI activity is the responsibility of the Equality and Diversity Governance Group (EDGG), the newly established Officer Equality Group (OEG) and recently introduced Senior Leadership Team Equality Champion.

### **Local Plan**

The Local Plan sets out how Stevenage will develop in the future and guide development within the town until 2031. The Plan sets the planning policies up until 2031.

### **Local Development Scheme**

An updated Local Development Scheme was agreed by Executive in April 2019. The Scheme sets out milestones for the examination of the Local Plan and its adoption. It also sets out timeframes for the adoption of the Community Infrastructure Levy and a new Area Action Plan relating to the Railway Station area.

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

### **Medium Term Financial Strategy**

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

### **Assets and Capital Group**

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

### **Financial Management**

Financial management arrangements conform to the governance requirements of the CIPFA Statement. The council consults with local residents, partners and other stakeholders to seek their views on planning, prioritising and monitoring of services and the feedback has been used to inform budget setting and the council's Medium Term Financial Strategy.

### **Housing Revenue Account Business Plan**

The Housing Revenue Account (HRA) Business Plan is the council's 30 year strategic plan for managing and maintaining its housing stock. It sets out the council's short-to-medium term plans and priorities for its housing management services and provides a long term perspective on stock investment and financial plan. The Council's HRA Medium Term Financial Strategy looks at these plans over a five year horizon in greater detail setting out the principles which generates the need for Financial Security targets. Monthly meetings focus on the monitoring and delivery of the HRA Business Plan.

The HRA Medium Term Financial Strategy underpins the Council's key housing priorities for Stevenage. The Council continues to work co-operatively with housing customers to help shape these priorities and associated programmes.

### **Council's Financial Security Group**

The Council's Financial Security Group reviews the MTFs, savings and growth options prior to approval by the Executive and Council.

### **Capital Programme and Strategy**

The Council has a five-year Capital Strategy. The purpose of the Capital Strategy is to show how the Council determines its priorities for capital investment, how much it can afford to borrow and sets out any associated risks. All capital schemes are regularly reviewed and prioritised to determine whether they should be included in the Capital Strategy. The Officers' Capital Group ensures that effective arrangements are in place for the design and delivery of capital projects.

### **Housing Asset Management Strategy**

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

### **General Fund Asset Management Strategy**

The General Fund Asset Management Strategy and rolling five-year action plan guides the Council's future strategic property decisions to make sure the estate is managed sustainably and efficiently so it can adapt and remain fit for the future, and help the Council meet its FTFC aims. The Strategy sets out clear financial targets to achieve during the next five years to meet the council's financial challenges. To help reach these financial targets, the Strategy recommends seven clear areas for change, including undertaking local asset reviews to identify new opportunities to release surplus land and buildings for sale and opportunities to generate new sustained revenue income as well as improving efficiency and utilisation of assets with partners. The Strategy will remain in place until 2023 and the Action Plan is the key change document and main focus, to be updated annually.

### **Co-operative Commercial and Insourcing Strategy**

The Council's Co-operative Commercial and Insourcing Strategy 2020-2023 outlines the Council's approach to operating more commercially. This will be achieved through maximising opportunities to insource services, the delivery of business process improvements and the generation of new or enhanced sources of revenue. The Commercialisation and Investment Executive Committee provides strategic direction to enable, oversee and support the development of co-operative commercial and insourcing programmes of work.

### **Budget Monitoring**

Key Financial Indicators are reported to senior management. The council undertakes a complete review of all revenue and associated budgets on a quarterly basis and any budget changes are reported quarterly to Executive. Assistant Directors receive regular budget monitoring reports and meet regularly with their Finance Business Partners.

### **Financial Regulations and Contract Standing Orders**

Financial Regulations and Contract Standing Orders are reviewed as required, with any proposed amendments put forward to Council for approval.

### **Member Financial Training**

Statement of Accounts and Treasury Management training is carried out as required for Audit Committee and Statement of Accounts Committee members.

### **Service Planning**

All the Council's key services have an annual Service Plan which set out the objectives of the service for the forthcoming year. The plan contains information about the service's performance targets and Future Plan Future Council (FTFC) programme headlines and milestones. It also sets out the risks, staff development activities, equality, budgetary and workforce considerations that will inform and influence service delivery throughout the year.

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

### **Developing Member and Officer Capacity and Capability**

The Council uses a Human Resources Management system to support workforce planning, training, development and the implementation of the Council's competency framework structure. The Council's Competency Framework provides a map of behaviours, as well as the skills, that are valued and recognised by the Council.

The council has a number of measures and work streams in place to ensure member and officer capacity and capability. These include:

- A workforce planning process
- A HR Business Partnering service which supports the development and implementation of workforce plans
- A member development programme and a member induction programme
- Corporate Learning and Development Programmes
- A dynamic real time Appraisal Policy and Procedure (Real Conversations)
- An Apprenticeship programme
- E-learning for new and existing staff
- Induction training via e-learning and targeted induction training.

### **Job Descriptions**

Job descriptions for senior management roles specify that they must support the Council's Executive in its strategic leadership role, providing clear, timely and effective advice and support as appropriate on strategic issues and initiatives.

### **Member/Officer Protocols**

The Council has a 'Protocol for Relationships between Members and Officers' which has been approved by the Council's Standards Committee who monitor its operation.

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

### **Risk Management Policy and Guide**

The council has a Risk Management Policy and Guide as well as a 'Pocket Risk Management Guide.' Member and Officer risk training is provided as required.

### **Corporate Risk Group**

A Risk Management Group meets quarterly to oversee and review the reporting process and the development of the council's approach to risk. The Chair of Audit Committee and the Members' Risk Champion are members of this group.

### **Strategic Risk Management**

Strategic risks are linked to the council's ambitions and priorities. The Strategic Risk Register is monitored, on a quarterly basis, by senior management to ensure levels assigned and mitigation proposed is appropriate and being delivered, then considered at Audit Committee. The Resources Portfolio Holder is the Council's nominated Member Risk Management Champion and assists with embedding risk management in the business of the Council.

### **Operational Risk Management**

Operational risk registers are developed and monitored by the relevant Assistant Director. Action plans are developed to mitigate key risks and delivery monitored. In addition, a process of operational risk peer challenge 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.

### **Programme Risk Management**

Programme risks are identified for programmes and capital schemes. Risks are added to the Strategic Risk Register where appropriate. Governance arrangements are in place to facilitate senior management overview of more detailed programme risks.

### **Corporate Governance Group**

A Corporate Governance Group meets four times a year to consider the governance framework from the perspective of the seven core principles of corporate governance. Corporate Governance Group reviews the Council's compliance with the behaviours that make up the seven core principles of corporate governance and monitors any actions identified in order to maintain compliance.

### **Service Assurance**

At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. Progress against service governance actions identified as a result of this review are monitored and reported back to Audit Committee.

### **Performance monitoring**

Strategic insight data is captured through the monitoring of two programmes. The Future Town, Future Council and the suite of corporate performance measures are monitored quarterly by the Executive and senior management. Improvement activity for the measures that are not achieving or forecast not to achieve target are discussed by senior management quarterly prior to Executive.

### **Data Quality**

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 data quality of performance data. Each performance measure has a data quality checklist to ensure the integrity of the data being reported.

### **Data Sharing**

Data processing protocols and agreement exist for council services which are required to share data with other bodies.

### **Overview and Scrutiny**

The Council has an Overview and Scrutiny Committee and two Select Committees. The terms of reference of the Scrutiny committees meets statutory regulations. All Executive decisions are subject to call-in by the Overview and Scrutiny Committee unless there is an overriding reason for urgency.

### **Audit Committee**

Audit Committee, constituted in line with CIPFA best practice, comments on internal and external audit matters, as set out in the council's Constitution. The Committee is supported by an independent representative. The Committee receives training on the Statement of Accounts and Treasury Management processes as required.

### **Anti-Fraud and Corruption**

A Shared Anti-Fraud service provides a robust and resilient fraud prevention, detection, and investigation service in relation to non-benefit and corporate fraud. The service updates Audit Committee every quarter on the work it has carried out.

The council's Anti-Fraud and Corruption and Whistle-Blowing Policies as well as an Anti-Bribery, Anti-Money Laundering and a Fraud Sanctions policies are all available on the council's intranet.

### **Information and Records Governance**

Overall responsibility for information management at the Council has been assigned to the Council's Records Governance Manager, who is also the Council's Data Protection Officer. The Council has a Corporate Information Governance Group, which oversees the Council's information governance arrangements.

The Council has identified and documented its information assets and data flows and developed an information asset register. The Council has an Information Management Policy and a Security Incident Management Policy which define the Council's procedures with regards to information governance and the management of data security incidents. Document retention guidance has been produced which includes a defined and enforced corporate records retention schedule in line with the requirement of the GDPR and good practice. There are also defined procedures in place for the disposal and destruction of information.

The Council has a Senior Information Risk Officer who is a senior officer with individual responsibility for managing departmental information risks.

Data protection breaches are reported quarterly to Corporate Governance Group.

### **Health and Safety**

To ensure and maintain corporate wide oversight and clarity on health and safety compliance and performance across the Council, a corporate health and safety governance structure is in place that provides assurance to senior management that health and safety assessments and activity across the Council are being effectively managed. Embedding of the Health and Safety framework is being achieved by a process of internal and external audits, peer reviews, shadow health and

safety inspections, risk assessment reviews, training to upskill managers, health and safety group meetings, hazard monitoring and action plans.

### **Business Continuity**

The Council has business continuity plans for all of its key services and a Corporate Business Continuity Plan is in place to manage the corporate response to an incident.

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

### **Annual Report**

An Annual Report is published that sets out the council's achievements against the outcomes and priorities in the Corporate Plan, reporting progress over the previous year against planned objectives and setting out future plans.

### **Annual Governance Statement**

The council produces an Annual Governance Statement, which is reported to Audit Committee and approved by the Statement of Accounts Committee. The Annual Governance Statement contains information regarding the effectiveness of the council's governance, risk management arrangements and control provided by the internal auditor.

The council monitors governance arrangements for shared services and this is reflected in the Annual Governance Statement.

### **Data Transparency Code**

Information required for publication in Part 2 of the Code is where possible published on the council's website and updated in line with publication guidelines.

### **Publication Scheme**

The council aims to make as much information available on its website through its Publication Scheme as possible. Exceptions to this will be information that is subject to the exemptions set out in the Freedom of Information Act.

### **Internal Audit**

The council's internal audit provision is delivered by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council. The service complies with CIPFA's Statement on the role of the Head of Internal Audit and operates to Public Sector Internal Audit Standards.

The Head of Assurance confirms to Audit Committee the 'Fitness for Purpose' of internal audit to carry out the work that informs the assurance opinion each year.

For each audit, SIAS issues a Final Audit Report and this is signed off by management together with an agreement to implement the recommendations that have been made. Progress regarding implementation of audit recommendations is monitored by the Performance and Improvement Team and areas of concern are escalated to Corporate Governance Group/Corporate Risk Group.

SIAS reports to Audit Committee quarterly regarding progress against the Audit Plan and the implementation status of high priority recommendations.

**Website**

The council's website follows common web standards and government guidelines to the World Wide Web Consortium Web Accessibility Initiative's 'Double A' standard.

**Statement of Accounts**

The Statement of Accounts, which are available to the public, contains the council's final accounts for the year and gives financial information on all the services, including shared services, provided by the council during the year, as well as the council's financial position at the year end. The Statement of Accounts is reported to Members at the Statement of Accounts Committee meeting and published annually as per statutory deadlines/requirements.

**Annual Audit Letter**

Each year the council's external auditors, in their Annual Audit letter advise whether they consider the council's financial statement gives a true and fair view of the financial position of its expenditure and income for the year.

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Stevenage Borough Council's  
Annual Governance Statement 2022/23

What is Corporate Governance?

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

Achieving the intended outcomes whilst acting in the public interest

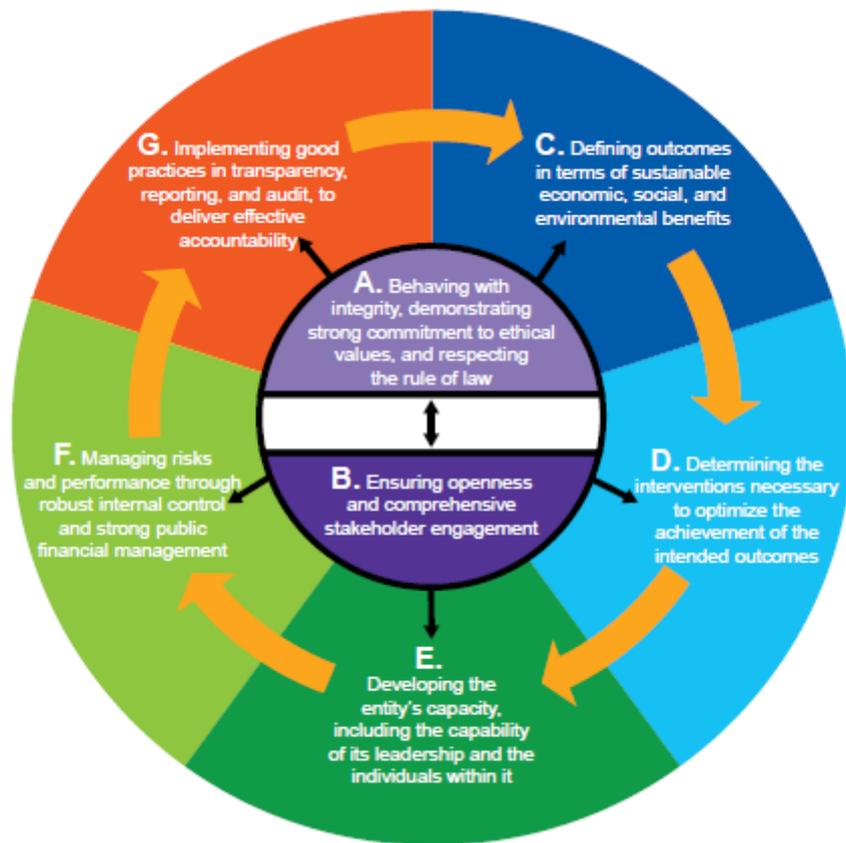


Figure 1: International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) 'Achieving the Intended Outcomes While Acting in the Public Interest at all Times' – The International Framework

The CIPFA/SOLACE\* *Delivering Good Governance in Local Government Framework* sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

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

The Framework is designed to assist authorities with the review of the unique local governance arrangements in place with the overall aim to ensure that:

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

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

### **Identifying Local Governance Arrangements**

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

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

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

The Council's Local Code of Corporate Governance is reviewed and approved by Audit Committee each year. It was last approved by Audit Committee at its meeting on 7th June 2022 and has been reviewed and the revised Local Code is being presented to Audit Committee at its meeting on 6 June 2023 for approval.

This Annual Governance Statement explains how the Council has continued to comply with the Local Code, summarises the review of its governance arrangements and identifies areas of governance to be strengthened and outlines actions to strengthen any areas identified. 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 Local Governance Framework – How the Council monitors arrangements in place**

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

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

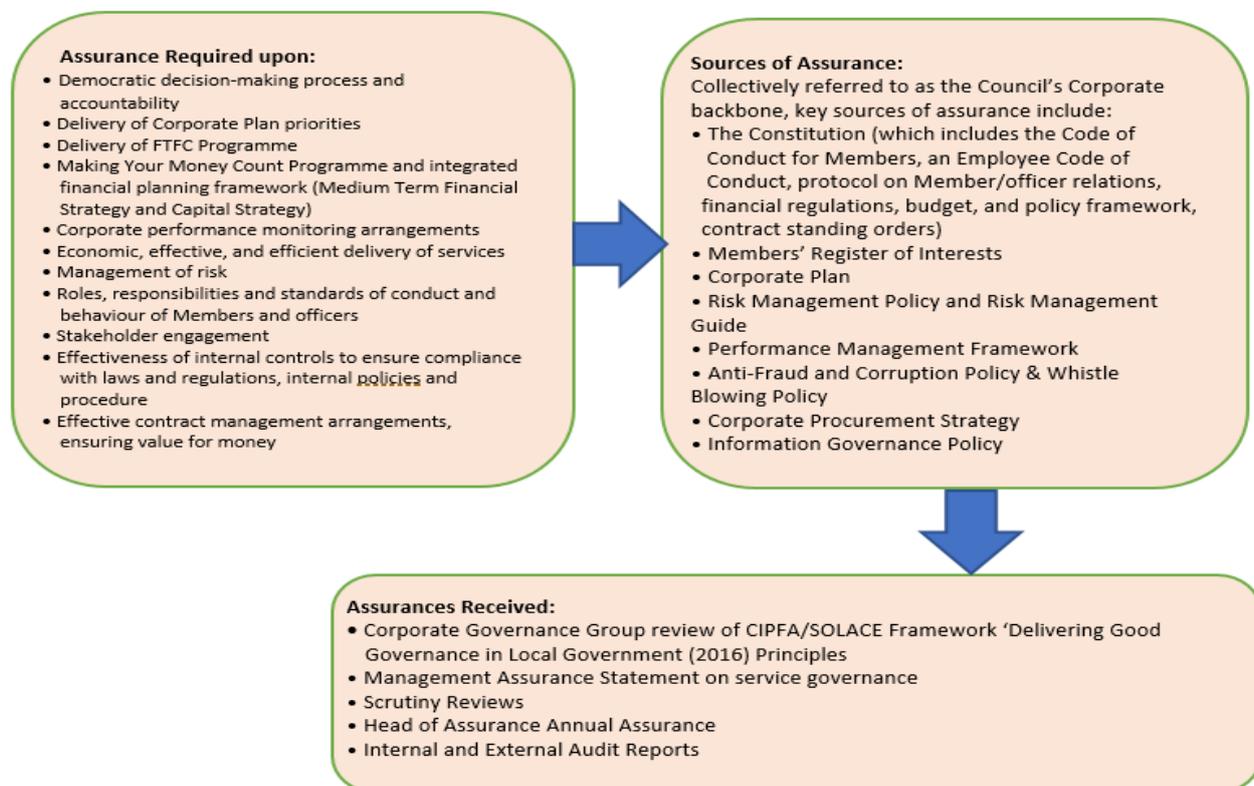
## Governance monitoring and assurance arrangements

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

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

- A Corporate Governance Group meets four times a year to consider governance arrangements from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework - the seven core principles are set out in the diagram on pages one and five.
- In addition to this proactive in-year review, an annual review of compliance with the behaviours that make up the seven core principles of corporate governance in the CIPFA/SOLACE Framework is carried out.
- At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year.
- Corporate Governance Group also consider whether any recommendations as a result of external or internal audit activity (and other review agencies and inspectorates), and the Head of Assurance Annual Report, require inclusion in the Statement.

All these mechanisms of review contribute to overall assurance for the 2022/23 Annual Governance Statement. A summary of the types of assurance required, sources of assurance, assurance received is represented below.



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

The Governance Framework summarised in this Statement has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

## Assurance: Internal Audit Arrangements

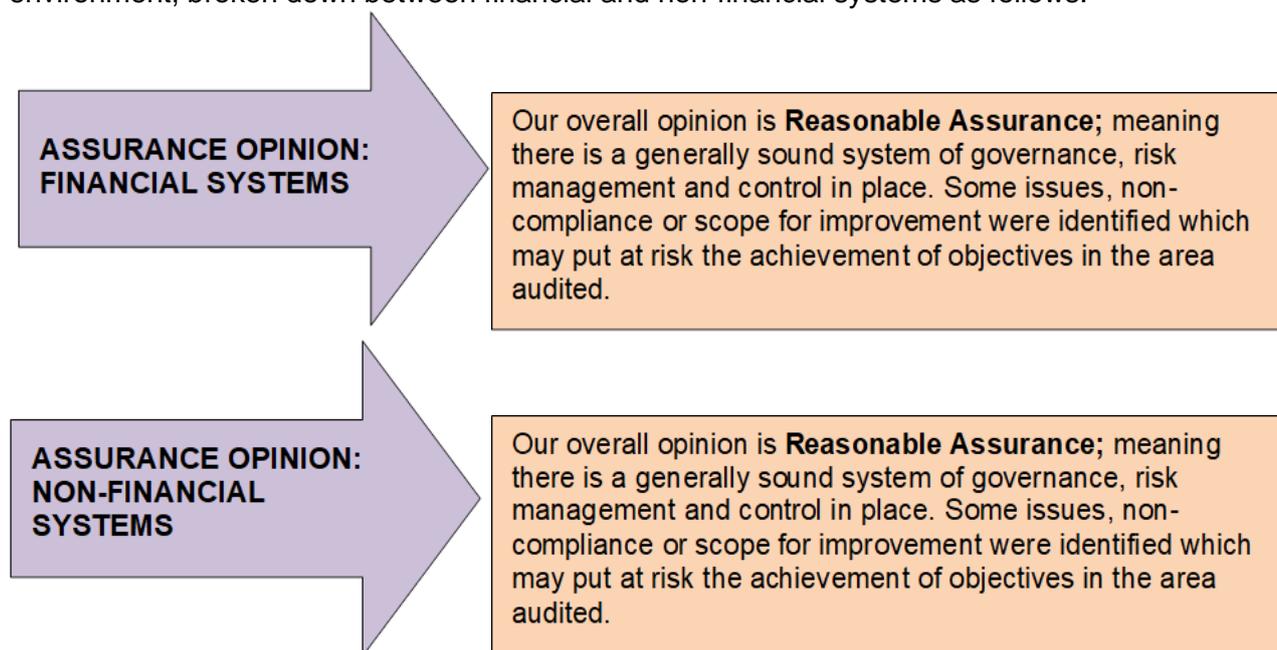
### Annual Audit Coverage

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

The SIAS operates to defined professional standards, i.e. the Public Sector Internal Audit Standards (PSIAS) and the Client Audit Manager reports to the Council's Strategic Director (Chief Finance Officer and Section 151 Officer) providing updates on internal audit progress and issues at regular liaison meetings. The Client Audit Manager provides an independent opinion on the adequacy and effectiveness of the system of internal control, and this is reported annually to Audit Committee. The main responsibility of SIAS is to provide assurance and advice on the internal control systems of the Council to both Management and Members. The SIAS reviews and appraises the adequacy, reliability, and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems by providing advice on matters pertaining to risk and control.

### 2022/23 Audit Report

The Client Audit Manager's Annual Internal Audit Report and Assurance Statement is being reported to the Audit Committee in June 2023. From the internal audit work undertaken in 2022/23, SIAS can provide the following assurance on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems as follows:



## 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 SIAS must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. This includes an annual self-assessment undertaken by the Head of SIAS against the Public Sector Internal Audit Standards (PSIAS) for Internal Audit in Local Government in the UK. The self-assessment concluded that the system of Internal Audit employed at Stevenage Borough Council is effective.

In addition, PSIAS require that an external assessment or peer review is undertaken at least once every five years. An independent peer review was undertaken in 2021/22, which concluded that SIAS 'partially conforms' to the PSIAS, including the Definition of Internal Auditing, the Code of Ethics and Standards. Key recommendations made in the peer review were addressed in year, permitting SIAS to 'generally conform' to the Standards. 'Generally conforms' is the highest opinion within the scale of three ratings, and the peer review also 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 and planned projects delivery.

Area of Activity	Target	2019/20	2020/21	2021/22	2022/23
<b>Planned Days</b> - percentage of actual billable days against planned chargeable days completed	95%	99%	98%	95%	90%
<b>Planned Projects</b> – actual completed projects to draft report stage against planned completed projects	95%	100%	100%	93%	89%

The above figures represent the position at 31 March each year. The figures for 2022/23 had both increased to 96% at 30 April 2023, when the above assurance opinions were provided.

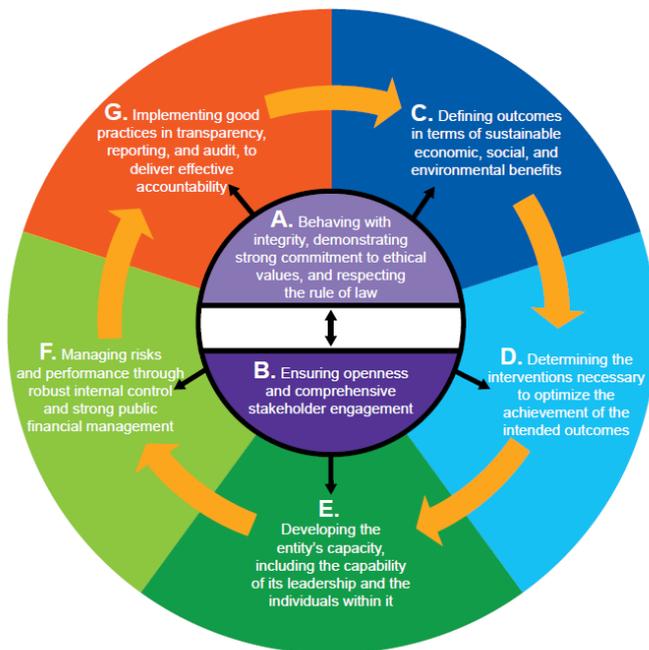
The assurance arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010), as demonstrated through the assessment in the SIAS Annual Assurance Statement and Internal Audit Annual Report being reported to Audit Committee in June 2023.

## 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.

The diagram below 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 always acting in the public interest.

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



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

A summary of the review of effectiveness of local arrangements in place for 2022/23 against each of the principles is set out on the following pages identifying opportunities for governance enhancements.

Progress against the delivery of actions identified in the 2021/22 Annual Governance Statement is reflected in the coloured boxes throughout this Annual Governance Statement

**Principle A: Behaving with integrity and respecting the rule of law**

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

**Summary of 2022/23 Review of Effectiveness:**

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

The standards of conduct and personal behaviour expected of Members and Officers, its partners and the community are defined and communicated through Codes of Conduct and Protocols and the Council’s Constitution. Arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these codes and protocols.

The Council’s website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Authority’s Code of Conduct and sets out how the authority will deal with such allegations. Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. The Council has appointed an Independent Person, to consult on alleged breaches to the Member Code of Conduct.

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 Constitution sets out the employment procedures for the Head of the Paid Service, Strategic and Assistant Directors, Monitoring Officer and Chief Finance Officer.

## Organisational Values

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



The Values are embedded into Member and Officer Induction, regular officer meetings with their managers (REAL conversations), the Modern Member training programme, and management development programmes. A set of desired behaviours associated with each of the Values has been developed and form part of the Council's appraisal process for officers.

The Council has a Whistle-blowing Policy which is based on the Public Interest Disclosure Act 1998 as well as an Anti-Fraud and Corruption, Anti-Money Laundering, Anti-Bribery and Fraud Sanctions policies. The Council's website and intranet have options for the public and staff to report suspected fraud that link to the Council's Shared Anti-Fraud Service webpage.

During 2022/23, the Council did not carry out any directed covert surveillance.

### **The following governance activity pertaining to best practice has been delivered in 2022/23:**

- The Member Code of Conduct has been reviewed and approved by Council. The Code now aligns with the LGA's model code.
- The Council's Whistle-Blowing Policy was reviewed and approved by Audit Committee.
- Council agreed the appointment of the Council's new Monitoring Officer in accordance with the Local Government and Housing Act 1989.
- Anti-Money Laundering Training was carried out.

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

### **Principle B: Engaging with local people and other stakeholders**

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

### **Summary of 2022/23 Review of Effectiveness:**

Stevenage Borough Council is a co-operative council which means working in equal partnership with local people to shape and strengthen communities.

The Council wants to hear views about Council services. The Council regularly provides local residents, partners, and other interested parties with opportunities to influence the planning, prioritisation, and monitoring of services. A variety of methods are used to engage the local community, such as: surveys and questionnaires, community roadshows, focus and action groups and stakeholder conferences.

## Cooperative Neighbourhoods

Through the development of the Cooperative Neighbourhoods programme in 2020, Stevenage Borough Council has formed partnerships between elected members, council officers, stakeholders, and community groups to focus on the needs of the community. Six cooperative neighbourhood areas each have a dedicated team that concentrates specifically on the development and improvement of their area through community engagement and direct delivery. They are made up as follows:

- Bedwell and Pin Green
- Chells and Manor
- Longmeadow & Roebuck
- Old Town, Symonds Green and Woodfield
- Shephall and Bandle Hill
- St Nicholas and Martins Wood

Each team functions in the following ways:

- Connecting staff from different departments who work in the same part of Stevenage so they can provide better services to residents.
- Responding more quickly to matters that residents are concerned about.
- Making it easier for residents to shape the services and projects in their neighbourhood by continuous engagement using a variety of opportunities including face to face, digital and email/telephone options.
- Supporting the activities of residents and communities who want to improve their neighbourhoods and create new opportunities for themselves

These teams also work together on the co-production of a variety of projects, initiatives, and developments across the town. Focusing on community collaboration and engagement, community wealth building and supporting local community groups and organisations, the Cooperative Neighbourhoods programme ensures healthy community relationships across the town.

## Shared Services

The Council has a number of shared service arrangements to provide efficient and effective shared service provision and governance arrangements facilitate effective stakeholder engagement to deliver agreed outcomes.

## Customer Feedback

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.

A Resident Survey was carried out in 2021/22 to survey how residents perceive Council services and their local area. The information gathered from residents has provided insight on residents' priorities for the town, the extent to which the Council is perceived to provide value for money and how well services are meeting residents' expectations. A STAR (Survey of Tenants and Residents) was also carried out. The STAR survey is used nationally by many housing providers to understand the thoughts, feelings, and opinions of council tenants and for them to tell their landlords what is important to them.

## Communication

The Council uses a variety of media to communicate with its residents, businesses, and customers, for example Stevenage Chronicle which is the Council's quarterly magazine for residents which provides the latest information about Council initiatives and services, community news and events. The Council's website, press releases and social media are also used extensively to provide information to the public.



## The following governance activity pertaining to best practice has been delivered in 2022/23:

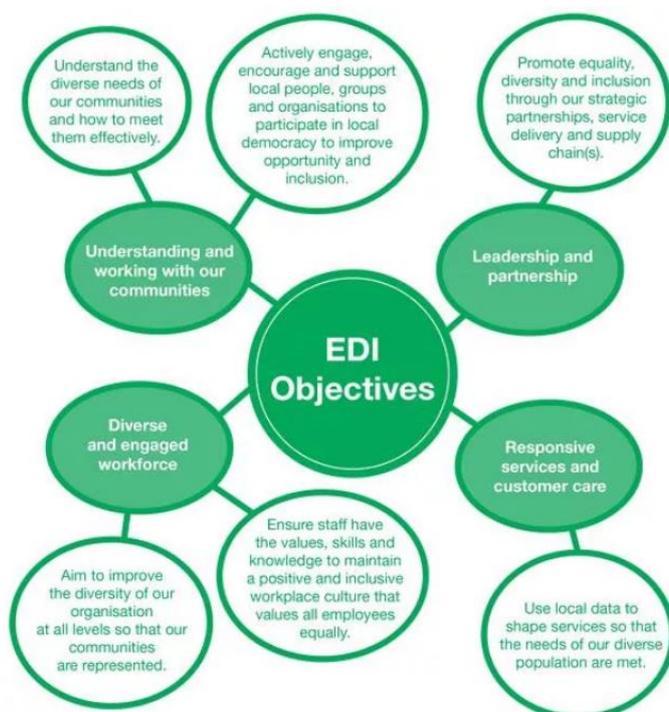
- The Annual Report and Performance Overview highlighting the Council's achievements over the past year and plans for the next twelve months was approved by Executive and published on the Council's website

### Equality and Diversity

The Council views equality and diversity to be about knowing and understanding the make-up of the town and the needs of its communities. The Council delivers services that are fair, accessible, and open to everyone. The Council communicates to staff, customers, communities, and our partners about the importance of treating people fairly, and celebrating differences

The Council in 2022 agreed the objectives that will promote equality, diversity and inclusion across its services, communities and workforce over the next four years (2022 –2026) and in-line with the Public Sector Equality Duty (PSED) of the Equality Act (2010). The council is working, together with its partners, to:

- Understand the diverse needs of our communities and how to meet them effectively
- Actively engage, encourage, and support local people, groups and organisations to participate in local democracy to improve opportunity and inclusion
- Promote equality, diversity and inclusion through our strategic partnerships, service delivery and supply chain(s)
- Use local data to shape services so that the needs of our diverse population are met
- Aim to improve the diversity of our organisation at all levels so that our communities are represented
- Ensure staff have the values, skills and knowledge to maintain a positive and inclusive workplace culture that values all employees equally



Alongside these objectives, the council has an Equality, Diversity and Inclusion (EDI) Strategy (2022-2026) which sets out its approach to advancing equality, diversity and inclusion, including a commitment to the development and publication of an EDI Action Plan that will be presented to the Executive for approval in July 2023.

The delivery and monitoring of EDI activity will be the responsibility of the Equality and Diversity Governance Group (EDGG), the Officer Equality Group (OEG) and the Senior Leadership Team Equality Champion. The outcome will be the publication of a progress report to the Executive on an annual basis.

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

## Principle C: Defining outcomes – the Council’s vision and priorities

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

### Summary of 2022/23 Review of Effectiveness:

#### The Council’s vision:

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

#### Stevenage Together:

Stevenage Together is a range of diverse partner agencies who share a vision of Stevenage in the future. Its ethos is to foster innovative ways of working together, in order to improve the lives of people who live work and visit Stevenage.



Stevenage Together aims to:

- Generate pride in the borough
- Develop communities
- Help people feel safe
- Regenerate the economy
- Improve residents’ health

#### The work of Stevenage Together includes:

Improving the health of Stevenage residents by:

- providing a healthy hub;
- providing clean and green spaces and play opportunities; and
- promoting good mental health.

Maximising opportunities to grow the local economy by:

- encouraging volunteering;
- developing opportunities for our young people;
- supporting local businesses to grow; and
- addressing child poverty.

Making Stevenage a safer place to live, work and visit by:

- developing proactive solutions to antisocial behaviour;
- consulting with communities to understand their concerns and needs; and
- designing out crime.

#### Stevenage Development Board

The Stevenage Development Board was set up in 2020 to prepare Stevenage’s bid for government funding through the MyTown initiative. The Board brings together voluntary key stakeholders from public sector organisations, private businesses, not for profit organisations and Heritage organisations to ensure a diverse range of views are represented. The work of the Development

Board forms part of the wider 20 year £1bn regeneration of Stevenage Town Centre. The Board provides an environment for collaboration and innovation across a range of partners, especially in the skills sector, providing a strong platform to support the regeneration efforts in the town. As a result of the joint working of the Board, Stevenage secured the second joint highest bid in the country.

### Future Town, Future Council

The Future Town, Future Council (FTFC) programme is the Council's main strategic planning approach to create a better Stevenage and great service for its people. The FTFC programme guides the Council's focus and resource allocation as defined in our Corporate Plan.

There are five programmes:

#### 1. Transforming our Town

This programme is focusing on regenerating Stevenage with the help of partners in the development sector.

Projects include:

- SG1 development
- The Hub
- The Bus Interchange
- Multi-Story Car Park and Cycle Hub
- Public Realm work
- Meanwhile use
- Towns Fund

#### 2. More Social and Affordable Homes

This is the Council's building homes programme to sell privately to fund much needed social housing.

#### 3. Co-Operative Neighbourhoods

Stevenage Borough Council is a co-operative Council and as a result works closely and collaboratively with local businesses, charities, and influencers.

Projects include:

- Co-operative Neighbourhood Model
- Community Plans
- CCIN Policy Labs
- Volunteering
- Supporting and working with VCSE's
- Neighbourhood investments
- Equalities Commission
- Resident Survey
- Major Refurbishment Contracts and other Housing Investment projects



#### 4. Making Your Money Count

This theme is about making and using the Council's money effectively:

Projects include:

- Financial efficiencies (Medium Term Financial Strategy, budget, savings delivery)
- Commercialisation
- Transformation

#### 5. A Clean, Green, Safe and Thriving Town

Projects include:

- Clean and Green
- Biodiversity
- Climate Change
- Community Safety
- Culture
- Community Wealth Building
- Sustainable Transport (Future Town, Future Transport)
- Health

The Co-operative Corporate Plan (FTFC) reflects the ambitions and projects and articulates to the public the Council's key priorities and objectives that support the achievement of the FTFC programme over the next few years. A review and update of the Council's Co-operative Corporate Plan is planned in 2023/24.

Every year progress against the Council's priorities are considered and this informs important decisions about where to spend the budget. The Annual Report summarises the Council's achievements over the past year and outlines what it plans to do in the next twelve months and is published on the Council's website.

#### Financial and Asset Planning

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

The Council's Chief Financial Officer continues to assess the financial impact of the pandemic. As a result of the government restrictions in response to the pandemic there has been significant impact on the Council's income, expenditure, and cash flow. The projected gap between government funding and losses has necessitated the MTFS to be regularly reviewed and updated over the last few years. Members approved financial resilience measures which have improved General Fund balances for this and future financial years.

The Housing Revenue Account (HRA) Business Plan is the Council's 30-year strategic plan for managing and maintaining its housing stock. It sets out the Council's short-to-medium term plans and priorities for its housing management services and provides a long-term perspective on stock investment and financial plan. The Council's HRA Medium Term Financial Strategy looks at these plans over a five-year horizon in greater detail setting out the principles which generates the need for Financial Security targets. The Housing Revenue Account Business Plan is currently under review to ensure a balanced HRA financial plan for the next 30 years and to ensure there are

sufficient HRA funds to support the Council's Housebuilding and Acquisitions Programme. Changes are required due to a number of new government policies affecting Housing providers, for example regarding the decent homes standard and building regulations, overall regulation of the sector and compliance requirements, and environmental improvements, like decarbonisation of the housing stock. The outcome of this review will be reported to Executive in 2023.

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

The Council also has a five-year Capital Strategy. The purpose of the Capital Strategy is to show how the Council determines its priorities for capital investment, how much it can afford to borrow and sets out any associated risks. All capital schemes are regularly reviewed and prioritised to determine whether they should be included in the Capital Strategy. The Officers' Capital Group ensures that effective arrangements are in place for the design and delivery of capital projects.

The Stevenage Borough Local Plan 2011-2031 sets out how Stevenage will develop in the future. The plan seeks to provide around 7,600 new homes, alongside new jobs and community facilities. It provides the basis for the regeneration of the town centre, which includes plans for new homes, shops, offices, coffee bars, restaurants and seeks to create a centre people can be proud of. It also protects green infrastructure and historic assets, to ensure people can continue to have a good quality of life in the town.

The General Fund Asset Management Strategy and rolling five-year action plan is guiding the Council's future strategic property decisions to make sure the estate is managed sustainably and efficiently so it can adapt and remain fit for the future, and help the Council meet its Future Town Future Council aims. The strategy sets out clear financial targets to achieve to meet the Council's financial challenges. To help reach these financial targets, the strategy recommends seven clear areas for change, including undertaking local asset reviews to identify new opportunities to release surplus land and buildings for sale and opportunities to generate new sustained revenue income as well as improving efficiency and utilisation of assets with partners.

### Climate Change

Climate Change has now reached a point where we must all take immediate action. With its declaration of a climate emergency in June 2019, Stevenage Borough Council is committed to tackling this. The Council has a holistic vision which focuses on cutting its own emissions to net zero and supporting the town's businesses and residents to do the same by 2030. The Council's Climate Change Strategy sets out how the Council plans to achieve this and the action everyone can take which will have the most far-reaching impacts. The steps the Council is taking to ensure a climate safe future will also have significant positive impacts on health and wellbeing within the community as the Council looks to champion warm, energy efficient housing and the protection of green space. Following the climate emergency declaration, the Council has been working to understand what action can be taken to not only reduce the carbon outputs of its assets and activity, but also in what ways it can act as a community leader to empower the whole town to take action. The declaration was a direct result of collective action from ordinary citizens, and therefore the Council believes the response should be community led.



Understanding the emissions will involve building up a detailed picture of what Stevenage's outputs are.

Lead the way by ensuring Stevenage Borough Council (SBC) is producing as little greenhouse gases as possible as quickly as possible

Advocating for and facilitating real change will see SBC lobbying for more drastic action at County and Central Government level, as well aiding local stakeholders' efforts to shrink their carbon footprints.

The response to the climate change emergency will be resident led which means the community will be fully involved throughout the process.

SBC will utilise this opportunity to improve our residents' quality of lives, by striving to end fuel poverty, improve the built environment to encourage the shift to active travel and making healthy plant based food accessible.

Clear targets will be set with regular monitoring in place.

4

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**General Fund Asset Management Strategy:** A new Asset Management system which will be used to enhance the management of the Council's commercial assets has now been procured and implementation is scheduled to commence over the next few months.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Making Your Money Count (MYMC):** The Medium-Term Financial Strategy which included potential ongoing Covid impacts, cost of living crisis impacts, and inflationary impacts was considered by Executive in September 2022. The report set out a Making your Money Count Target of savings of £3.03 Million for the period 2023/24-2025/25 with a saving of £1.5M being required for 2023/24. Officer and Member meetings were held to consider savings options to ensure the Council could present a balanced budget for 2023/24. The identified and agreed savings have ensured a balanced budget for 2023/24.

The Housing Revenue Account Business Plan is being refreshed and is scheduled for consideration by Executive in autumn 2023.

The Transformation and Commercialisation programmes, which will help meet the MYMC savings target and provide an excellent customer experience, are both progressing. The Commercialisation programme is already bringing in additional income streams which will help the Council meet its financial security ambitions.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

## Principle D: Determining Interventions

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

### Summary of 2022/23 Review of Effectiveness:

#### Financial Governance Arrangements

The Making Your Money Count programme continues to enhance the financial resilience of the Council by ensuring resources are being used effectively and efficiently and through the development of commercial and entrepreneurial skills and services

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

The Council's framework of internal financial control is supported by Financial Regulations and Contract Standing Orders. The regulations provide the framework for managing the Council's financial affairs. They set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services. The Council's Financial Regulations and Contract Standing Orders were last reviewed and agreed by Executive in July 2020.

#### Monitoring performance:

The performance and quality of each FTFC programme is monitored via a set of performance measures and performance against the FTFC programme is reported to Executive each quarter. In addition to tracking progress against the delivery of the FTFC programme, performance across all Council services is monitored through the year to highlight achievements and identify areas for improvement and this is also reported to the Executive each quarter.

A performance and governance system is used to monitor performance and risk and provides insight into corporate priority delivery. The system provides a range of corporate performance monitoring relating to service delivery, finances, staff, and customers, alongside consideration of the risks associated with the delivery of objectives to provide strategic insight and facilitate prompt implementation of any necessary improvement plans.

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

A Performance Guide is available to staff on the Council's intranet. The guide sets out the Council's approach to:

- Identifying appropriate performance measures aligned to corporate and services priorities and resource
- Monitoring and reviewing performance measure results to help identify activity to improve outcomes for the community
- Identifying and celebrating business achievements

Staff receive training on the Council's performance management arrangements and how to input to the Council's performance system, InPhase

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

### **Housing Development Programme**

Stevenage Borough Council has an ambitious house building target, to deliver more social and affordable Council rented homes. The Council's house building programme is now well-established providing benefits such as homes for social and affordable rent as well as private sale homes.

Progress of the Housing Development programme against key milestones is reported to Executive each quarter as part of the quarterly Performance Report.

The Housing Development Working Group receives updates on the Housing Development Programme. Progress of the programme against key milestones is reported each month to the FTFC programme board. New build schemes within the HRA form part of the HRA Business Plan, and the General Fund schemes are reported to Executive as part of the Capital Strategy updates as well as ongoing in quarter capital monitoring with the Finance team.

The numerous contracts for the building works commissioned by the Housing Development team are monitored through monthly site meetings attended by an officer representative as well as the contractor and an independent Employers Agent whose role is to administrate the effective running of the contract.

Executive, at its meeting in January 2021 approved the setting up of a Wholly Owned Company (WOC). This will allow the Council to meet the needs identified in the Strategic Housing Market Assessment commissioned by the Council, specifically with providing housing in the private rental market. These ambitions complete the wider ambitions to develop more affordable housing, achieve wider area improvements (than just housing) and generally improve the look, appearance and functioning of neighbourhoods that the town's communities enjoy. The WOC sits alongside the existing housing delivery methods deployed by the council in terms of resources and expertise, however it has its own accounting and governance processes.

### **Transforming our Town**

The Council, along with its development partners, are currently delivering a major, twenty year, £1bn regeneration programme designed to transform Stevenage. The programme will deliver new transport infrastructure, commercial space, retail, spaces for leisure, arts and culture, and town centre living.

The council is working with private sector partners to deliver large elements of this transformation. This includes a partnership with Mace for the delivery of SG1. The £350 million SG1 scheme comprises a 14.5-acre site in Stevenage town centre which includes a minimum of 1700 new homes, 60,000 sq feet of ground floor retail and restaurant space, new public spaces and a public services hub, combining community assets such as health services, library, voluntary sector, café and Council offices.

Reef Group has completed the £50m Queensway North scheme, upgrading to the former site of Marks & Spencer and adjoining buildings. The development has introduced new retail, residential and commercial facilities including a 24-hour gym and office space along with new homes and flexible working facilities. Reef Group are continuing works on a new £65m HQ for Autolus Therapeutics, due to open later this year.

Funding has also been secured through national Government opportunities. The Stevenage Development Board was formed in March 2020 to lead the development of a Town Investment Plan. In March 2021 the Board secured £37.5 million of 'Towns Fund' funding from the then Ministry of Housing, Communities and Local Government to support the regeneration of the town through the delivery of a range of projects which will provide greater retail, culture, and work / skills development opportunities for local people.

Stevenage Development Board oversees the investment being made as part of the Government's Towns Fund initiative. The work of the board has prioritised projects in Culture & Heritage, Sustainable Transport, Town Centre Regeneration, and Skills & Employment. This includes improving the infrastructure in the town and investing in facilities, creating employment and skills opportunities for local people, and attracting investment in the internationally recognised life sciences sector.

Projects funded through the Towns Fund initiative include a new Multi-Storey Car Park which is adjacent to Stevenage Railway station, with secure cycle storage to improve connectivity and wider transport links for residents and visitors. The new parking facility, which opened in May 2023, almost doubles the capacity of the former surface level with 622 spaces, includes blue badge parking and spaces for electric vehicles.

Another new piece of transport infrastructure is the Stevenage Bus Interchange, which opened in Summer 2022. Construction on the new facility began in late 2020, funded by a £9.6 million Local Growth Fund Investment from Hertfordshire LEP. A level-crossing was installed across Lytton Way as part of the works, providing better accessibility and aligning with the changing town centre and other forms of new transport infrastructure. The opening of the Bus Interchange allowed the development of Event Island Stevenage within the town centre, on the site of the former bus station.

### Community Wealth Building

Community wealth building is a new people-centred approach to local economic development, which directs wealth back into the local economy, and places control and benefits into the hands of local people. Stevenage Borough Council passed a motion on 29 January 2020 in support of Community Wealth Building. This included a commitment to launch a Cooperative and Inclusive Economy Charter.

Some examples of how the town can work together to bring about an inclusive economy include:

- Shopping locally;
- Officering work placements and apprenticeships, and
- Using local supply chains

The Council has produced a Community Wealth Building Strategy. Community Wealth Building focuses on how much money is held and reinvested in an area for the benefit of local communities. For the Council, this relates to how much business it does with local suppliers and how it supports local people to connect to, and drive forward, a sustainable and inclusive economy. At the heart of the strategy is making sure that the economy works for everyone. This has identified four key foundations that underpin an inclusive economy:

- Procurement and social value
- Training and skills
- Cooperative and social economy growth and
- Tackling climate change.

To support the Council's approach to Community Wealth Building a Cooperative Inclusive Economy Charter for Stevenage was agreed by Executive in July 2020. A Cooperative Inclusive Economy encourages communities, organisations, and businesses to work together, helping to shape the economy and to share the benefits of growth. The Charter's aim is to create a fairer society and a more resilient economy for everyone, residents, organisations and businesses. The Charter is underpinned by an action plan and includes a space for communities and stakeholders to pledge their support.

The project is delivering against the following five work streams:

- Hertfordshire Opportunities Portal
- Procurement

- Grants scheme
- Planning
- Evaluation and Feasibility

### Social Value Portal

The Council uses a social value portal to monitor, measure and manage the tendering and delivery of social value through contracts and other business-related activities. The aim of this is to understand what value business brings to society, according to the principles of the Public Services (Social Value) Act 2012. The Social Value Portal uses the National Social Value Measurement Framework, also known as the National TOMs (Themes, Outcomes Measures), to measure social value. The National TOMS framework was developed by the National Social Value Taskforce and was the result of extensive consultation across its members and is endorsed by the Local Government Association.

### Procurement

The Council adopted its Co-operative Procurement Strategy (2021-2024) in October 2021. The focus of the strategy is around five principle foundations including Community Wealth Building, Sustainability, Social Value and Ethical Procurement, Commercial and Insourcing and Pro-active Procurement. Each foundation is a building block of the consideration that need to underpin the procurement process and are embedded in the way the Council procures goods, works and services.

The Council has joined with other Hertfordshire local authorities and public bodies to work together in procurement and partnership projects for the benefit of all participating authorities. As part of this partnership, the Council has a portal called Supply Hertfordshire that holds information about advertised opportunities and participating authorities.

### Transformation Programme

In August 2021, the Executive agreed a Transformation Programme aimed at improving customer satisfaction, increasing workforce productivity and organisational resilience, while achieving the savings required by the Council's Medium Term Financial Strategy. This programme forms a significant element of the 'Making Your Money Count' FTFC Programme and will help the Council achieve its financial security targets.

#### **Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Commercialism:** To ensure that the Council's ambitious commercial agenda can be achieved, the following action has been carried out: The process of applying for a garage has now been digitised. Digital garage lettings provide customers with a choice of where they would like a garage. It also provides information to help customers find the right garage. Preliminary work has been undertaken to understand the amount of aged debt and this work will be fed into the wider workstream in the Transformation Programme around income and debt which will also consider processes around debt management. A new skip hire offer was launched in January 2023. A wholesale review of fees and charges was undertaken for 2023/24, starting with a workshop with service managers to discuss inflationary pressures and key considerations when setting charges. This resulted in the development of a number of new income streams and a full set of proposals for the General Fund was presented to the November Executive

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

#### **Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Socio-Economic Impacts:** As a result of the combined socio-economic impacts of welfare reform, the COVID-19 pandemic, and an economic downturn the following actions have been carried out:

The Community Renewal Fund bid 'Community Wealth Building Together' which was submitted in collaboration with colleagues from other Districts and Boroughs was approved for delivery by DLUHC and the

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

Hertfordshire LEP on 3rd November 2021. All of the programme's outputs and outcomes have seen significant over achievement against the original targets, with no shortfalls against any indicators. This positive performance resulted in a £60K increase in project budget, to a total of £761,640. All spending is now complete.

On 20<sup>th</sup> July 2022, the Council declared a cost-of-living emergency, with the Council calling on Government and Hertfordshire County Council to do more to help residents most impacted by the crisis. An Executive Member Cost of Living Task Force was set up which is working across the Council and with key local partners to identify the support needed in the community and ensure actions are in place to address the needs identified. Executive approved a draft Cost of Living Crisis Action Plan for Stevenage. The plan sets out how the Council and its partners will continue to respond to the cost-of-living crisis, and mitigate the potential impacts on residents, businesses, council employees and Council finances as much as possible. The Council is continuing to work with key local partners, including through the Stevenage Together Partnership, to develop a co-ordinated response across agencies. The Council continues to monitor the impact of the cost-of-living crisis locally and share this information with partners. A cost-of-living dashboard has been developed jointly with Citizen's Advice Stevenage and includes information from other partners such as Mind in Mid-Herts as well as nationally available data.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Leisure Contract:** The Council has entered into a new ten-year Active Communities Leisure Management contract. The new agreement with Everyone Active began on 1<sup>st</sup> April 2023. The UK leisure operator prides itself on being a community-focused organisation and will introduce this approach to residents of the town. Everyone Active aims to support the Council's vision for leisure across Stevenage by producing attractive facilities available to all age groups in the town's community and contribute to the health and wellbeing objectives of the Council.

The action is not being carried over to the 2023/24 Annual Governance Statement as this risk has now been decreased from a High risk to a Medium risk.

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Council Housing Building and Acquisition: To ensure the Council can deliver new council owned homes as programmed, the following actions have been carried out:** To ensure the Council can deliver new council owned homes as programmed, the following actions have been carried out: Viability assessments prior to lending have been carried out. Two new potential schemes have been identified. Both schemes have now been approved and are now fully funded. The team is working with Homes England regarding grant funding opportunities. Performance of the programme is monitored by Executive each quarter. A set of key performance indicators are now being used and need to be met to unlock funding.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Repairs and Voids:** A new materials supplier has been appointed. The Repairs Service review is now complete and has been implemented. A new repairs reporting portal is being implemented.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

## Principle E: Leadership capacity and capability

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

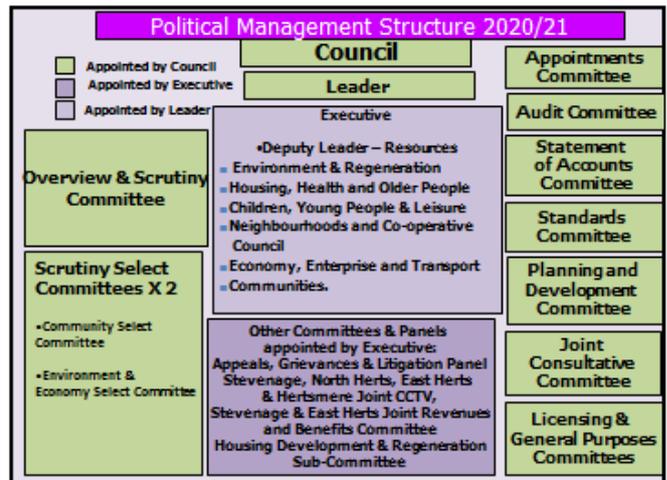
### Summary of 2022/23 Review of Effectiveness:

#### The Council's Political Management Structure:

The Political Management Structure diagram summarises the Council's political structure.

All Councillors meet together as the Council. Meetings are generally open to the public and feature a main topical debate item.

The Council has an approved Constitution which details how the Council operates, how decisions are made, including delegation of decisions and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The Monitoring Officer ensures that the Constitution remains fit for purpose, that legal requirements are met and that the public interest is paramount in all decision making.



Executive, Council and Overview and Scrutiny meetings are recorded and are available via You Tube which means that members and the public can view these meetings at a time convenient to them. This has the benefit of improving scrutiny and reaching a wider audience.

Audit Committee meets quarterly, and its duties include advising and commenting on internal and external audit matters, anti-fraud and corruption issues, risk management and governance, the Council's Constitution in respect of Contract Standing Orders and Financial Regulations and the Statement of Accounts and related Capital determinations. The Audit Committee has been constituted in line with best practice recommendations from CIPFA guidance.

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

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

There is a Modern Members Programme which provides Members with a programme of training to ensure they have the skills and knowledge to ensure effective and informed decision making. This training programme covers essential skills such as understanding budgets as well as topical items and briefing on new legislation. The Modern Members Programme is arranged for all elected members, based on their feedback and requests. There is also a programme of induction training and meetings with key officers for newly elected Members.

## The Council's Officer Structure:

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

The senior leadership team has been structured to drive the development of a sustainable, customer orientated and commercial operating model. The model is focused upon delivering the right services to the right standards, at the right time for the town's residents and businesses, using the most cost/resource effective delivery models.

The Council uses a Human Resources Management system to support workforce planning, training, development and the implementation of the Council's competency framework structure. The Council's Competency Framework provides a map of the behaviours, as well as the skills, that are valued and recognised by the Council.

The Council has a staff Performance and Improvement Policy and Manager Toolkit, as well as associated policies (Absence Management, Dignity at Work, Disciplinary, Grievance and Appeals policies, Organisational Change Policy, Sickness Absence Policy, Social Media Policy) to encourage all employees to personally deliver the highest standards of service possible and for managers to proactively address performance issues. The Council has a rolling appraisal process called REAL Conversations with regular meeting arrangements providing a framework for achieving the best performance on a day-to-day basis. These conversations typically include objectives, development, engagement and wellbeing, but they are also tailored to individuals.

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

## Principle F: Managing Risks – The Council's risk governance arrangements

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

### Summary of 2022/23 Review of Effectiveness:



### Risk Management

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

A Corporate Risk Management Group meets quarterly to oversee and review the process and development of the Council's approach to risk. Risks are reviewed by the Council's Senior Leadership Team each quarter and then reported to the Executive and Audit Committee quarterly.

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

The Council expects the highest standards of conduct and integrity from all who have dealings with it including staff, members, contractors, and the public. It is committed to the elimination of fraud and corruption and to ensure that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability to protect public safety and public money. To ensure this, the Council is a member of the Hertfordshire Shared Anti-Fraud Service which is operated by Hertfordshire County Council. The Shared Anti-Fraud service is a fraud prevention and investigation service. The service also works with the Council to ensure it has the right strategies, policies, training, awareness and understanding of fraud prevention methods and ensures that staff are skilled and trained appropriately to prevent fraud. The Shared Anti-Fraud Service's annual Action Plan ensures compliance with best practice issued by central government, National Audit Office and CIPFA.

To prevent or report fraud, the Council has an Anti-fraud and Corruption Policy as well as a Whistle-blowing Policy, Anti-Bribery and Fraud Sanctions policies.

### Information Technology

The ability to identify and assimilate new technologies is an integral part of the Council's aim to achieving its strategic objectives. The Council has a Shared ICT service with East Herts District Council. The shared ICT service is responsible for developing the shared ICT platform as well as delivering ICT services.

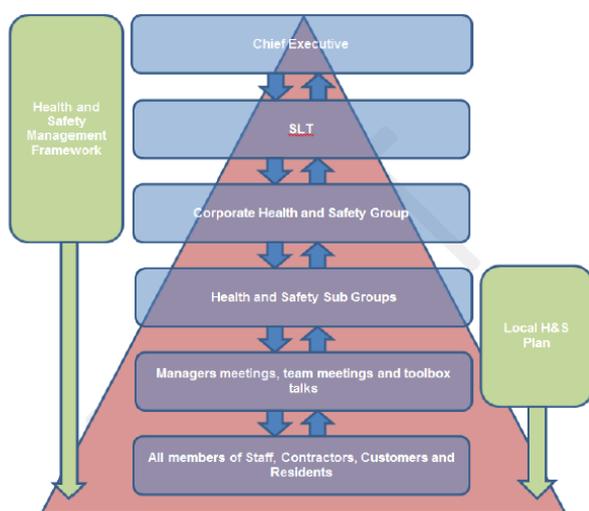
A joint Stevenage/East Herts ICT Partnership Board meets every month to consider the strategic direction of the service. A Joint (Member led) Committee Board, to review the ICT Improvement Programme meets quarterly.

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

A programme of activity to enhance the Council's ICT resilience and cyber security is outlined on page 28 of this document.

### Health and Safety

Figure 14: Council's Health and Safety Framework



To ensure and maintain corporate wide oversight and clarity on health and safety compliance and performance across the Council, a corporate health and safety governance structure is in place that provides assurance to senior management that health and safety assessments and activity across the Council are being effectively managed. Assistant Directors have ensured that health and safety responsibilities at each level of management within their business units are clear. An ongoing schedule of review by Assistant Directors and internal/external peers is providing assurance that key health and safety risks are being suitably controlled while identifying areas where improvements can be made and including these into the ongoing action plan. Senior management representation on the Strategic

Health and Safety Group ensures the group is providing senior management with the assurances that are required. The Council has a complete database of health and safety risk assessments for all services.

Embedding of the Health and Safety framework is being achieved by a process of internal and external audits, peer reviews, shadow health and safety inspections, risk assessment reviews, training to upskill managers, health and safety group meetings, hazard monitoring and action plans

Alongside e-learning health and safety packages there is now a range of toolbox talks available, plus courses on Risk Assessment, Construction, Design and Management Regulations, Manual Handling, COSHH, Hand Arm Vibration, Legionella, Needle sticks, Sharps and Diseases, Hot Works, and Noise.

### **Business Continuity**

The Council has business continuity plans for all of its key services and a Corporate Business Continuity Plan is in place to manage the corporate response to an incident.

### **Information and Records Governance**

New General Data Protection Regulations were approved by the EU Parliament on 14 April 2016 and were enforced on 25 May 2018. The primary objectives of these regulations are to give citizens and residents control of their personal data and to simplify the regulatory environment.

Overall responsibility for information management at the Council has been assigned to the Council's Information and Records Governance Manager. The Council has a Corporate Information Governance Group in place, which oversees the Council's information governance arrangements. The Council has identified and documented its information assets and data flows and developed an information asset register.

The Council has a Data Protection Policy as well as an Information Security Incident Management Policy and Procedure which defines the Council's procedures in response to any actual or suspected data security incident. Specific guidance on records management with defined responsibilities of information asset owners has been developed. Document retention guidance has been produced and communicated to all members of staff, which includes a defined and enforced corporate records retention schedule in line with the requirement of the GDPR and good practice. There are also defined procedures in place for the disposal and destruction of information. All staff are required to complete GDPR e-learning and keep their knowledge up to date.

### **Building Safety and Social Housing Compliance**

A current key focus for local authorities, housing associations and landlords is to prepare for the new Building and Fire Safety Acts as well as the new Social Housing Regulation Bill.

#### **Building Safety Act**

The new Building Safety Act received Royal Assent in April 2022. The new Act focuses on the safety of 'higher-risk buildings (buildings which are at least 18 metres or 7 storeys high with 2 or more residential units) from design stage through to management once occupied. It is the government's response to the Grenfell Tower fire and recommendations from the subsequent Hackitt review.

The Act will give residents and homeowners more rights, powers and protection. It will deliver protections for qualifying leaseholders from the costs associated with remediating historical building safety defects and a toolkit of measures that will allow those responsible for building safety defects to be held to account

The Act creates three new bodies to provide effective oversight of the new regime: the Building Safety Regulator, the National Regulator of Construction Products and the New Homes Ombudsman.

Many of the detailed provisions in the Act will be implemented over the next two years through a programme of secondary legislation. The Building Safety Act 2022 will be fully enforceable by October 2024, although some areas of the Act will become enforceable earlier.

### Fire Safety Act

In addition, on 1<sup>st</sup> October 2023, new fire safety guidance will come into force for all buildings regulated by the Regulatory Reform (Fire Safety) Order 2005. The new regulations will improve cooperation and coordination between Responsible Persons, increase requirements in relation to the recording and sharing of fire safety information, make it easier for enforcement authorities to take action against non-compliance, and ensure residents have access to comprehensive information about fire safety in their building.

These regulations will make it a requirement in law for responsible persons of high-rise blocks of flats to provide information to Fire and Rescue Services to assist them to plan and, if needed, provide an effective operational response. The regulations will also require responsible persons in multi-occupied residential buildings which are high-rise buildings, as well as those above 11 metres in height, to provide a range of additional safety measures. In all multi-occupied residential buildings, the regulations require responsible persons to provide residents with fire safety instructions and information on the importance of fire doors.

Page 29 outlines the proposed actions for 2023/24 to ensure compliance with the Building and Fire Safety Acts.

### Social Housing Regulation Bill

On 8 June 2022, the Social Housing Regulation Bill was introduced to Parliament. The Bill aims to deliver the proposals set out in the Social Housing White Paper by introducing a number of measures to give tenants greater powers, improve access to swift and fair redress, and enhance the powers of the Regulator of Social Housing (RSH). The measures announced under the Bill will:

- Enable the RSH to intervene with landlords who are performing poorly on consumer issues, such as complaints handling and decency of homes, and to act in the interest of tenants to make sure issues are rectified.
- Enable the RSH to inspect landlords to make sure they are providing tenants with the quality of accommodation and services that they deserve.
- Guarantee timely action where the RSH has concerns about the decency of a home by only requiring 48 hours' notice to a landlord before a survey is carried out.
- Provide powers for the RSH to arrange emergency repairs of tenants' homes (following a survey and where there is evidence of systemic failure by the landlord), ensuring that serious issues are resolved rapidly where a landlord is unable or unwilling to act.
- Remove the cap on the fines that the RSH can issue to a landlord who fails to meet required standards.
- Create new Tenant Satisfaction Measures which will allow tenants to see how their landlord is performing compared to other landlords and help the RSH decide where to focus its attention.
- Ensure tenants of housing associations will be able to request information from their landlord in a similar way to how the Freedom of Information Act works for tenants of Local Authority landlords

Page 29 outlines the proposed actions for 2023/24 to ensure compliance with the above new Bill.

#### **Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Cyber Security and IT Resilience:** Work is continuing to roll out new VDI and to migrate services over to Windows 10 and Microsoft 365. Cyber Security awareness e-learning has been rolled out to both staff and Members. Work continues to implement the recommendations made by the SOCITM quality assurance review and DLUHC's recommendations as a result of their review of the Council's Cyber Security arrangements.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24** **Page 86** **at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Corporate Health and Safety:** All high risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

**Progress of significant governance action to facilitate compliance with the CIPFA/SOLACE Governance Framework:**

**Compliance of the Council's Non-Housing Property:** The service has procured a new computer-aided facilities management system. The system is key to modernising the service and improving efficiency in respect of planning, delivery, and follow-up compliance work. A Corporate Compliance Group now meets quarterly to monitor the Council's corporate building compliance. This is then reported to Corporate Risk Group and the Council's Senior Leadership Team.

**Information regarding continued enhancement activity proposed for 2023/24 is outlined in the Planned Improvement Activity for 2023/24 section at the end of this document**

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

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

**Summary of 2022/23 Review of Effectiveness:**

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

- Quarterly financial monitoring reports to Executive
- Quarterly FTFC and corporate performance status reports to Executive
- Annual publication of Statement of Accounts
- Publication of the Annual Governance Statement
- the Council's Annual Report

Compliance to provide information as outlined in the Local Government Transparency Code 2015 is monitored throughout the year by Corporate Governance Group.

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2022/23 arrangements is set out on pages 5 to 7 of this Statement outlining assurance for both financial and non-financial systems.

For 2022/23 the Shared Internal Audit Service assigned reasonable assurance for financial systems and 'reasonable' assurance to non-financial systems. Actions to enhance governance for the areas highlighted have been identified and prioritised.

Due to audit delays, at the time of writing, the Council's External Auditors, Ernst and Young, have not as yet provided their Annual Audit Letter for 2021/22, advising whether the Council's financial

statements give a true and fair view of the financial position of the Council at 31 March 2022 and its expenditure and income for the year then ended. The Auditors have also not as yet confirmed their opinion as to whether the Council has put in place proper arrangements to secure value for money in our use of resources and that our Annual Governance Statement for 2021/22 was consistent with Ernst and Young's understanding of the Council.

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

**Planned Improvement Activity for 2023/24:**

Significant internal control and governance issues identified as part of the 2022/23 review of the Governance Statement identified in the relevant section throughout this Statement and set out in the following Action Plan.

Enhancement activity is deemed significant if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service following reviews of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the associated delivery of priority outcomes should be addressed.

<b>Action</b>
<p><b>To ensure that the General Fund Asset Management Strategy can deliver an effective mechanism to manage incoming investment as well as disposal of the Council's assets, the following activity is planned:</b></p> <ul style="list-style-type: none"> <li>• Implementation of new property data management software to manage the Council's assets</li> <li>• Ensure adequate resources are available to deliver the Corporate Landlord function</li> <li>• Continue the review of the council's commercial portfolio</li> <li>• Deliver the Corporate Landlord function</li> </ul>
<p><b>Making Your Money Count: To ensure that the Council has sufficient resources to fund its medium and long-term service plans and corporate priorities the following activity is planned:</b></p> <ul style="list-style-type: none"> <li>• Complete the refresh of the Housing Revenue Account Business Plan</li> <li>• Carry out a review of the Council's reserves</li> <li>• Develop a Capital Funding Plan to identify and progress funding sources to ensure suitable capital funding is in place to deliver the Council's priorities</li> <li>• Continue to find savings as part of the 2024/25 budget setting process, incorporating the work around the four transformation themes</li> <li>• Robustly undertake budget monitoring to ensure all costs are accurately forecasted and profiled</li> <li>• Continue to look for new revenue streams</li> </ul>

## Action

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

- The Co-operative Commercial and Insourcing Strategy is due for review in August 2023, and it is predicted that as part of the plan for financial sustainability there will be a greater focus on income generating services across the Council. This is likely to involve the setting of commercial Key Performance Indicators (KPIs) for key income generating services across the Council and developing plans for growth and marketing. Work will continue with the Garage Services team to protect and enhance this crucial revenue stream.
- The Commercial team will play a key role in setting fees and charges for 2024/25 and will continue to focus on identifying new income streams, with particular focus on opportunities in planning and grounds maintenance.
- With the Council's offer for filming in the borough and for advertising and sponsorship of both assets and events firmly established, growing the income in these areas will be a priority
- Aligned with the Council's commitment to insourcing, work will continue to assess the options outlined on the Insourcing Roadmap for 2022-24.
- The Commercial team will continue their work supporting the Housing team and consequently, the Housing Revenue Account (HRA).

### **As a result of the combined socio-economic impacts of welfare reform, the Covid-19 pandemic, and an economic downturn the following action is planned:**

- Continue to develop and update the online Cost of Living information hub on the Council's website, covering Council support and signposting to other support including government and local grants, advice about avoiding scams, and support with household costs such as school uniforms.
- Continue to work with partners including Citizen's Advice and the Money Advice Unit to offer residents a comprehensive advice and support service
- Continue to operate and promote the Warm Spaces scheme, utilising public, community, and other buildings to offer comfort during the winter months
- Offer advice to help people with cooking on a budget, including links to Step to Skills to develop learning opportunities
- Continue to promote availability of local employment opportunities and skills and training courses (including funding available to support access) to help raise awareness and confidence for people to increase income and improve their financial wellbeing.
- Develop and implement decarbonisation schemes to reduce Council and tenant costs. To include a bid to Round 2.1 of the Government's Social Housing Decarbonation Fund targeting properties with an EPC D rating or below.
- Modelling the impact of energy increases in the charges to tenants and leaseholders to consider how best to support people with managing costs.
- Continue to work through the Stevenage Together partnership to share learning and best practice and to co-ordinate activity where appropriate.
- Continue to work with the County and district and borough councils in Hertfordshire to share learning and best practice and to co-ordinate activity where appropriate.
- Further develop the use of the Social Value Portal to divert funding from Council contractors to local skills development and key local investment priorities.

## Action

### **IT Resilience and Cyber Security: The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience by:**

- Implement the Cyber Treatment Plan
- Gain Cyber Assessment Framework accreditation
- Agree resources and actions required to implement the SOCITM recommendations
- Recruitment to key ICT roles to be able to deliver the ICT work programme
- Complete the roll out of Windows 10 and M365

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

- Continue the rolling programme of internal and external audits for medium and high-risk services
- Complete the implementation of health and safety enhancements for the Council's identified health and safety risks

### **Repairs and Maintenance: To reduce the backlog in repairs due to the impact of the Covid-19 pandemic and the damage caused by the recent storms the following action is planned:**

- Complete the mobilisation of new fencing and guttering programmes and embedding of new Repairs Supervisors who are responsible for ensuring repairs are undertaken in an efficient, timely and effective way.
- Launch of a new online reporting repairs service which will allow customers to select their own repair appointment times
- Appointment to vacant repairs posts to increase the capacity and performance of the Repairs service

### **Corporate Capacity To ensure the Council has the capacity to carry out all of its priorities as well as provide its core services and implement new government requirements as they arise the following actions are planned:**

- Implementation of service planning in all service areas to improve resource planning
- HR team to continue working with service leadership teams to prioritise recruitment and associated support plans

### **Environmental Maintenance Strategy: To ensure that best practice and statutory compliance is achieved in relation to the Environmental Maintenance service the following action is planned:**

- Produce an Environmental Maintenance strategy that includes detailed guidance on the dangers of fly-tipping, removal of graffiti and other environmental matters.

### **Social Housing Regulation Bill: To deliver the proposals set out in the Social Housing White Paper which will give tenants greater powers, improve access to swift and fair redress and enhance the powers of the Social Housing Regulator, the following action is planned:**

- Development and implementation of a resident/tenant engagement proposal to enable the tenants voice to influence Council policies and decision making and develop a governance structure for this
- Ensure Members and Boards are fully aware of their responsibilities for consumer

Action
<p>standard compliance</p> <ul style="list-style-type: none"> <li>• Develop and implement a breach self-referral process</li> <li>• Carry out a gap analysis exercise once new consumer standards are shared</li> <li>• Implement the required new Tenant Satisfaction Measures which local authorities will be required to report on from April 2023.</li> <li>• Implement the process for capturing the 12 Tenant Perception measures which local authorities will be required to report on from March 2024.</li> <li>• Commence a stock condition survey. This will run for the next 5 years.</li> <li>• Develop and publish a new Communications Plan</li> </ul>
<p><b>Building Management – General Fund Assets: To ensure there is a clear governance structure through a corporate landlord function and ensure compliance of the Council’s non-housing property the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Embedding the new Facilities Management System to integrate operational compliance work within a single system</li> <li>• Implementation of the Corporate Landlord Function</li> <li>• Procurement of compliance services, covering Fire, Gas/Water and Electrical contracts</li> </ul>
<p><b>Building and Fire Safety Acts: To deliver the proposals set out in the new Building Safety/Fire Safety Acts which have established new legal duties for landlord and building owners of higher-risk residential buildings to keep their buildings safe, the following actions is planned:</b></p> <ul style="list-style-type: none"> <li>• Emergency evacuation training for residents of buildings in scope of the Acts</li> <li>• Inspect and develop a remedial programme of work for buildings in scope</li> <li>• Carry out fire door inspection programme</li> <li>• Develop floor and building plans for all housing stock within scope.</li> <li>• Implementation of a new Fire Risk Assessment Prioritisation Tool</li> <li>• Develop and install signage in buildings within scope</li> </ul>

## Approval of Statement:

### Approval of Statement by Chief Executive and Leader of the Council

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Strategic Leadership Team, relevant officers and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Areas to enhance the governance framework already addressed are summarised in this Annual Governance Statement. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 26-29.

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 Richard Henry  
Leader of Stevenage Borough Council

Signed .....  
Date .....  
Matthew Partridge  
Chief Executive of Stevenage Borough Council

**Corporate Backbone**

**A. Behaving with Integrity**

**B. Stakeholder Engagement**

**C. Defining Outcomes**

**D. Determining Interventions**

**E. Leadership Capacity and Capability**

**F. Managing Risk**

**G. Transparency and Accountability**

Corporate Governance comprises the policies and procedures in place and 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

**Key Documents**

Constitution  
 Member and Officer Codes of Conduct  
 Member/Officer Protocols  
 Register of Pecuniary Interests  
 Members Allowances Scheme  
 Financial Regulations  
 Contract Standing Orders  
 Medium Term Financial Strategy  
 Capital Strategy  
 Co-Operative Procurement Strategy  
 General Fund Asset Management Strategy  
 Housing Asset Management Strategy  
 Statement of Accounts  
 Corporate Plan  
 Annual Report  
 Equality and Diversity Policy  
 Competency Framework  
 Performance Framework  
 Risk Management Policy & Guide  
 Audit Plan  
 Annual Audit Letter  
 ICT User Policy  
 Co-Operative Inclusive Economy Charter and Social Value Portal

ICT User Policy  
 HRA Business Plan  
 Workforce Plans  
 Disciplinary Policy  
 Recruitment Policy  
 R.E.A.L. Conversations Policy  
 Job Evaluation Policy  
 Corp Health and Safety Policies  
 Data Protection Policy  
 Freedom of Information Policy  
 Information Security Policy  
 Whistle Blowing Policy  
 Anti-Fraud & Corruption Policy  
 Anti-Money Laundering Policy  
 Anti-Bribery Policy  
 Fraud Sanctions Policy  
 Complaints Policy & Procedures  
 Business Continuity Plans  
 Social Media Policy  
 Local Plan  
 Data Quality Policy  
 Gifts and Hospitality Register  
 Policy for Handling Personal Data  
 Document Retention Guidance  
 Community Engagement Framework

**Contributory Processes/Regulatory Monitoring**

Annual Governance Statement  
 Audit and Standards Committee  
 Overview & Scrutiny Arrangements  
 Head of Paid Service  
 Independent Officer  
 Section 151 Officer  
 Monitoring Officer  
 Financial Reporting  
 Modern Member Programme  
 Corporate Risk Group  
 Corporate Governance Group  
 Housing Management Advisory Board  
 Council's Values and Behaviours  
 Health & Safety Framework  
 Strategic Health and Safety Group  
 Health and Safety Sub Groups  
 Intranet and Council's Website  
 Publication Scheme  
 Freedom of Information Procedures  
 Council Tax Leaflet/Information  
 Customer Feedback process  
 Equality Impact Assessments  
 Officers Capital Group  
 Data Protection Impact Assessments  
 Corporate Compliance Group

Council's Financial Security Group  
 Staff Satisfaction Surveys  
 Member and Staff Induction  
 External Audit  
 Shared Internal Audit Service  
 Shared Anti-Fraud Service  
 Shared Services Agreements  
 Strategic Partnership Agreements  
 Shared Service Partnership Boards  
 Job Descriptions & Job Evaluation process  
 Schedule of Council meetings  
 Overview & Scrutiny  
 Contract Management training  
 Learning & Development Programme  
 Leadership Forum  
 CE staff briefings  
 Key Financial Indicators  
 Data Transparency Webpage  
 RIPA arrangements  
 Housing Development and Regeneration Executive Committee  
 Stevenage Development Board

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