

ANNUAL GOVERNANCE STATEMENT 2017/18

1. Scope of responsibility

Broxbourne Borough Council is responsible for ensuring that its 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. 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, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance (last updated July 2017) which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accounting)/SOLACE (Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government*. The Council's code is available on the website. The code is aligned to the 2016 edition of the CIPFA/SOLACE framework.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement (AGS).

2. The purpose of the governance framework

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

The system of internal control is a significant part of that 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 on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The governance framework has been in place within the Council for the year ended 31 March 2018 and up to the date that the statement of accounts was approved.

3. The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

Identifying, communicating and reviewing the Council's vision and outcomes

During 2016/17 the Council revised its Corporate Plan which sets out the Council's corporate priorities and objectives. The priorities and objectives have been placed at the centre of the Council's policy and financial planning framework to inform service priorities and budget decisions.

The 2017-20 Corporate Plan sets out the Council's vision which is expressed through three main priorities:

- Ambition Broxbourne (a thriving economy);
- Beautiful Broxbourne (enhancing the quality of life) and;
- Innovative Broxbourne (an effective, enabling Council).

Each priority is delivered through a set of objectives which describe in more detail how each of the priorities will be implemented from 2017 to 2020 and list the performance measures that will be used to monitor progress. All objectives are incorporated into the relevant service plans.

Measuring the quality of services for users

The Council's programme for securing continuous improvement in its services is set out in service plans and in the Annual Report. Actions for improvement are drawn from a variety of sources including external audit, the Council's own internal audit, service reviews, matters arising from performance management, consultation exercises and service improvements identified by the Council's complaints procedure.

The Council has a performance management framework in place. Quality of service is measured through performance indicators which are reported to Cabinet, Scrutiny Committee and the Corporate Management Team (CMT). The Scrutiny Committee reviews any areas of concern as informed from corporate community consultation, direct feedback from members, residents, performance management and the results of reviews and inspections.

Benchmarking takes place to compare costs and quality of services with other councils, including those that are classed as 'nearest neighbours'.

Defining and documenting the roles and responsibilities of members and officers

The Council's Constitution was comprehensively revised in May 2011 and is regularly reviewed to ensure it remains fit for purpose. The Constitution sets out how the Council operates. It details how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution sets out a scheme of delegation which defines:

- The items to be dealt with by way of recommendation to the Council;
- The items to be dealt with under executive powers;
- The powers delegated to officers in consultation with relevant members; and

- The powers delegated to officers.

The Constitution also sets out public access to the decision making process. Scrutiny Committee considers upcoming Cabinet reports to assist and support policy development and review the key decisions to be taken.

Developing, communicating, and embedding codes of conduct defining the standards of behaviour for members and officers

The Constitution incorporates a member code of conduct to ensure high standards of member conduct. An officer code of conduct has been in place since January 2010.

All members are required to register financial or other relevant interests, as specified by the code of conduct. Both members and officers must declare any gifts or hospitality in the appropriate registers.

The Constitution includes a protocol for member-officer relations which describes and regulates the way in which members and officers should interact to work effectively together.

An anti-fraud and corruption strategy is in place and sets out the responsibilities of the Council, its members and officers in relation to fraud and corruption. This was last updated and approved by Council on 27 February 2018.

Contract standing orders, financial regulations and schemes of delegation

The Constitution sets out the scheme of delegation, financial regulations and procurement rules. A scheduled programme exists for the regular review and update of all key governance documents. All such documents have been reviewed in line with this schedule.

Training is given to all new staff and periodically to existing staff on the financial regulations and procurement rules and guidelines.

Compliance with financial regulations is checked regularly and at key financial audits. Contract Standing Orders, which form part of the Constitution, were revised in May 2016 to reflect new EU thresholds and refresher training was provided to staff on these changes. In June 2016 the Financial Regulations were updated to reflect recent changes in organisational and management structures.

The role of the Audit and Standards Committee

The Council maintains a separate Audit and Standards Committee, the membership of which includes an independent member who is the Chairman of the Committee. The core functions of the Audit and Standards Committee comprise:

- Internal audit matters including:
 - approval of the internal audit charter and annual internal audit strategy and plan;
 - monitoring of the adequacy of management response to internal audit reports and recommendations;
 - the Head of Internal Audit's annual report and opinion;

- summaries of specific internal audit reports and key recommendations arising from these;
- Anti-fraud and corruption issues including the Council's policies on anti-fraud and corruption and whistle-blowing;
- Monitoring development and operation of the Council's risk management arrangements;
- Review and approval of the AGS;
- Review the work of the External Auditor, reports and inspection letter;
- Approval of the Council's Statement of Accounts;
- Maintaining an overview of the Council's constitution and governance arrangements.

Compliance with relevant laws and regulations, internal policies and procedures

Ensuring compliance with established policies, procedures, laws and regulations involves a range of measures which include:

- Notification of changes in the law, regulations and practice to services;
- Awareness, understanding and training carried out by officers and external experts;
- The drawing up and circulation of guidance and advice on key procedures, policies and practices;
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer and the Monitoring Officer.

The Head of Paid Service function is discharged by the Chief Executive. The role is detailed in the Constitution and is central to all that the Council does.

The Council has designated its Head of Legal Services as Monitoring Officer. The function ensures compliance with policies, procedures, laws and regulations. The Monitoring Officer will report to the Council if they consider any proposed action, decision or omission would give rise to unlawfulness or maladministration. All reports for member decision are required to include the legal implications of the decision, which are reviewed by the Head of Legal Services.

The financial management of the Council is the responsibility of the Director of Finance (Section 151 Officer), and is conducted in accordance with the Constitution and financial regulations, with the assistance of professionally qualified finance staff. The Section 151 Officer has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the Council. The Council's financial management arrangements conform in all key areas with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Risk management arrangements

The Council's adopted risk management policy applies best practice to the identification, evaluation and control of key areas of risk that could impact on the achievement of the Council's objectives and service priorities. It sets out a framework to ensure that all parties understand their roles and responsibilities. The focus of the Council's risk management policy is to promote risk awareness as opposed to risk aversion. This is to ensure that opportunities are considered and subjected to methodical assessment so that initiatives can be evaluated in the context of the Council's risk appetite.

A strategic level risk register is established to manage those risks which may threaten the Council's ability to achieve its corporate objectives. This register is owned and maintained by CMT and the management of these risks is regularly reported to the Audit and Standards Committee.

Strategic risk management is supported by operational level risk registers which are owned by each Head of Service and are reviewed on a periodic basis and at least semi-annually. Agreed actions to manage and reduce risk have been incorporated into the relevant service plans.

The Audit and Standards Committee receives a quarterly report on risk management which includes a rolling review of each department's risk register.

Confidential reporting and complaints procedures

The Council has in place an anti-fraud and corruption strategy, fraud response plan and confidential reporting policy which are available to staff via the intranet. These documents were updated in 2017/18.

The Council is a partner in the Hertfordshire Shared Anti-Fraud Service (SAFS). This service investigates all suspected cases of fraud with the exception of benefit frauds which are referred to the Department for Works and Pensions National Benefit Fraud Hotline.

The Council has a corporate complaints procedure, details of which can be found on the website. Complaints are recorded on the corporate customer relationship management (CRM) system. A quarterly report is presented to the Scrutiny Committee which provides details of any trends and the actions taken to address recurring issues.

The Audit and Standards Committee considers any complaints made against members of the Council relating to breaches of the code of conduct.

Complaints made to the Local Government Ombudsman are monitored by the Chief Executive.

Member and officer development needs

A programme of training and induction for newly elected members is delivered each year. In addition a programme of regular member training and briefing sessions is offered to all members, this includes relevant legislative changes, compliance and financial issues. In addition specific training is provided to members of the Audit and Standards, Scrutiny, and Planning and Regulatory Committees on topics relevant to the core functions of those committees.

The annual Employee Review Meeting is a core part of performance management and provides the link between the Council's corporate objectives and service plans to individual objectives. This is supported with regular follow up meetings to track progress and identify any training requirements.

Communication and consultation with the public and other stakeholders

The communications strategy sets out how the Council will engage with the community and stakeholders. The corporate communications team leads in meeting the Council's

communication needs as well as co-ordinating, supporting and acting as a central consultation point for specialist advice and quality control.

The Council uses a number of channels to both consult and communicate with the community and other stakeholders. Area fora are used to consult on community safety and other local issues. Focus groups and surveys are used to consult users on specific services. Procedures are in place to ensure that requests made under the Freedom of Information Act 2000 receive a response within the statutory deadlines. In 2017/18 the Council consulted residents about the emerging Local Plan and also about the emerging strategy for Cheshunt Old Pond.

Regular communication channels include the 'Broxbourne Life' magazine which is delivered to all households, the website, notice boards, information stands, Twitter, TV screens and publicity on Council vehicles and correspondence. A regular channel remains open with the Chamber of Commerce for economic development aspects of the Council's work.

Governance arrangements for partnerships

Partnerships are a key component of service provision. The Council has established its key partnerships and each has terms of reference and detailed governance arrangements which include decision making processes and dispute resolution procedures.

There are service level agreements in place for shared services and key voluntary sector partners with regular review meetings to monitor performance against the agreements.

The Council has formed an 'Ambition Broxbourne' board to direct, review and deliver the Council's economic development objectives. Membership of the board comprises the Council, local businesses, a housing association and the third sector.

The Council works intensively with the Police, Fire and Rescue, Probation and other partners on the Broxbourne Community Safety Partnership, particularly to tackle anti-social behaviour, acquisitive crime, hate crime and domestic violence. The key partners meet regularly on the Broxbourne Joint Action Group to review local crime statistics and intelligence and to plan joint action. In 2017, the Broxbourne Joint Action Group was awarded the Problem Solving Award by the Police and Crime Commissioner for Hertfordshire.

The Broxbourne Health and Wellbeing Strategy Group is a partnership of the Council, local GP practices, CVS Broxbourne and East Hertfordshire, MIND, District Nurses, Children's Centres and Health Visitors in the Borough. The partnership has terms of reference and works to the Broxbourne Health and Wellbeing Strategy.

This year, the Council has won accolades for effective services and partnership working. The Council was Highly Commended in the 2017 MJ Awards for commercialism in property. In March 2018 the Council won the iESE (Improvement and Efficiency Social Enterprise) 2018 Gold award for Reinventing Local Services, for improvements to the leisure centres and improving participation in physical activity by previously inactive residents in partnership with Hertfordshire MIND and local GP practices. The Council was also cited by the Department for Work and Pensions as an example of best practice in helping clients receiving income-related benefits make the transition to paid work.

4. Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, by the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The review of effectiveness considers the role of:

- The Council
- The Cabinet and Committees, including the Audit and Standards Committee
- Internal audit
- Other explicit review and assurance mechanisms

Local Government Ombudsman (LGO) complaint information is reported annually to the Scrutiny Committee with details of the issues so that lessons can be learned where appropriate. There was no need for such a report for 2017/18 as the LGO closed the four complaints after initial enquiry and a further two were not upheld.

Equalities

During the year the Scrutiny Committee received an annual monitoring report on progress with the achievement of the Council's equalities objectives. Equalities Impact Assessments are carried out when policy proposals are considered which may have an impact on service users.

The work of the Audit and Standards Committee

The Audit and Standards Committee considers the work of and recommendations made by the internal and external auditors and other review bodies. The Committee is also responsible for overseeing the Council's governance arrangements. The committee receives quarterly reports on:

- The work of internal audit in reviewing the Council systems and processes to ensure that they are adequate;
- Progress made by management in implementing audit recommendations; and
- The management of the Council's strategic risks.

The Audit and Standards Committee produces an annual report summarising the Committee's work and achievements. This was completed for 2017/18 and was referred to Council for approval.

The work of internal audit

For 2017/18, the internal audit annual report, confirmed that the Council has adequate and effective risk management arrangements, governance and control processes.

Each year the Internal Audit service assesses its compliance with the Public Sector Internal Audit Standards (PSIAS). In November 2016 this assessment was carried out by an external assessor who concluded that the service was fully compliant with the Standards, providing an effective and efficient service. The assessment remains valid for five years.

SAFS reports to each Audit and Standards Committee on the outcomes of their work. There were no financially material occurrences of suspected internal fraud or corruption during the year.

Other review and assurance mechanisms

The external auditors' findings and recommendations are set out in the Annual Audit Letter (published August 2017) and the Audit Results Report (published in July 2017). An unqualified opinion was received on the 2016/17 financial statements and the auditors were satisfied that the Council has made proper arrangements for securing financial resilience and for challenging how it secures economy, efficiency and effectiveness in its use of resources.

In August 2017, the Council met its target of becoming financially self-sufficient. This means that it is no longer reliant on funding from central Government in order to set a balanced budget. This achievement was due to the Council's successful programme of investment in commercial properties.

The Council has a service assurance model, whereby heads of service are required to complete self assessment questionnaires in respect of the control environment within their particular service area. The combined results provided a positive overall assessment for the Council's internal control environment. The issues emerging from this exercise have been considered and included as appropriate in section five below.

There are ongoing reviews and updates of the corporate strategic and operational risk registers to reflect the changing nature of the risks facing the Council and the actions required to mitigate these risks. These are reported quarterly to the Audit and Standards Committee.

The Monitoring Officer has ensured throughout the year that all Council activity has been proper and legal within the requirements of his statutory governance and control responsibilities.

The Director of Finance has certified the Statement of Accounts, providing assurance on the financial aspects of governance and control. The external auditors review the Council's Statement of Accounts and supporting financial systems and provide their annual audit opinion as published in the Statements. All reports containing decisions prepared for committees, Cabinet and Council were subject to review by CMT to ensure that financial, legal and risk implications of decisions were adequately considered and expressed. Quarterly budget monitoring took place throughout the year, and was reported to all members and presented at the meetings of the Scrutiny Committee.

Individual Cabinet members receive feedback from senior officers within their areas of responsibility, on the delivery of services and the achievement of objectives and targets. Issues of strategic and corporate importance are referred to the Cabinet and Council where appropriate. The Council has other external assessments and accreditations, such as Investors in People, Lexcel, Quest, Parkmark and Green Flags

Overall opinion of Broxbourne's governance arrangements

This AGS demonstrates that the Council has sound governance arrangements in place which continue to work well in practice for the 2017/18 financial year. However, the Council is not complacent and areas for improvement or development are detailed in section five.

5. Significant governance issues

This final part of the AGS outlines the actions taken, or proposed, to deal with identified significant governance issues or risks. During the year the Governance Group met on a regular basis to monitor and review the corporate governance framework and to consider specific governance issues as they arose. The group comprises the Monitoring Officer (Chairman), the Deputy Section 151 Officer, the Head of Internal Audit, the Corporate Policy Manager and other officers when they have specific contributions to make.

The Governance Group has strengthened parts of the Council's governance processes and has ensured that all issues raised in the previous AGS have been addressed as detailed in Table One below.

Table One: Progress on significant governance issues/risks identified in the 2016/17 AGS

Issues identified in 2016/17 AGS	Action taken in 2017/18 to address the issue
Audit and Standards Committee governance: Following a review of the Chartered Institute for Public Finance and Accountancy (CIPFA) guidance on the composition of the Audit and Standards Committee as from May 2017 no members of Cabinet will be on the Committee	Complete. Since May 2017 members of Cabinet no longer sit on the Committee
General Data Protection Regulations (GDPR): It is imperative that businesses and public bodies are prepared for the GDPR which will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR Work is already in hand to ensure that Broxbourne is compliant with the requirements of the GDPR ahead of May 2018 and beyond	This project is being led by the Council's Data Protection Officer and a range of activities identified in the project plan are being delivered including: <ul style="list-style-type: none">• Training sessions for Senior Managers, Head of Service and Councillors have been delivered. Complemented with mandatory staff briefing and articles in the weekly staff newsletter• An Information Asset Register has been compiled, being refined and work is in progress to establish the legal basis for all processing activities• Data Protection Impact Assessments (DPIA) are being completed by departments, including outsourced services in relation to IT

Issues identified in 2016/17 AGS	Action taken in 2017/18 to address the issue
	<ul style="list-style-type: none"> • In the process of reviewing and updating Data Protection policies, document retention schedules and other associated procedures are being reviewed and updated • The Privacy Notice on the Council's website is being updated
Business Continuity Plans (BCP): A common theme from the Service Assurance Statements was ensuring that Business Continuity Plans remain relevant and periodically tested and a multi-disciplinary approach will be undertaken to ensure this	<p>During the year:</p> <ul style="list-style-type: none"> • BCP continues to feature on the corporate risk register. • The BCP has been fully scoped and structured. Enquiries have been initiated with the identified priority services to establish their resource requirements. • The redrafted BCP will be submitted to CMT for ratification. This will be followed by briefings and testing regime. • Reviewing the outcomes from the 2017/18 IT Disaster Recovery audit to ensure it supports the Council's BCP priorities.

In preparing this statement and reviewing the effectiveness of the Council's governance arrangements the following areas have been identified for improvement or for closer monitoring. This are set out in table two below together with steps to be taken to address them.

Table Two: Significant governance improvement or risk areas for 2018/19

Objective	Action to be taken in 2018/19
General Data Protection Regulations (GDPR)	On 25 May 2018, the EU General Data Protection Regulation (GDPR) comes into force. It is important the Council not only maintains compliance but ensures there is a continuous process for improvement too
Delivery of the Transformation project which aims to develop a new, 'customer focussed' method of working for the Council	Consultants have been brought in to help the Council develop processes, structures and recommend technology which will enable it to interact with its customers and allow customers to access Council services from wherever and whenever they choose
Set up of the Council's subsidiary company, Broxbourne Environmental Services Ltd (BEST)	Legal advice will continue to be sought to ensure governance arrangements comply with legislation and the BEST Board, which include a non-cabinet Member, will ensure these

Objective	Action to be taken in 2018/19
It is important that robust governance arrangements are put in place as BEST is being set up, being a significant new venture for the Council in delivering key services	arrangements are working in the best interest of the Council
Common themes from the Service Assurance Statements were:	
Business Continuity Plan (BCP) testing	Testing regimes need to be introduced to verify the effectiveness of business continuity plans, provide training to participants on what to do in a real scenario and identify areas where the plan needs to be strengthened
Project management methodology	The Council's Project Management Board will review the Council's approach to projects and consider what further training and awareness is required
Emergency cover for staff and succession planning	The Council's Transformation programme will consider resourcing requirements and service delivery models to ensure a more effective and efficient delivery for key Council services in the longer term

The Council proposes over the coming year to take steps to monitor the above matters and further enhance its governance arrangements. The Council will address the need for improvements that were identified in its review of effectiveness and the Council will monitor their implementation and operation as part of the next annual review.



J T Stack
Chief Executive



Cllr MJB Mills-Bishop
Leader