

ANNUAL GOVERNANCE STATEMENT 2015/16

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 January 2015) which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Council's code is available on its website.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework

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

The system of internal control is a significant part of 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 ongoing 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 (2010).

The governance framework has been in place within the Council for the year ended 31 March 2016 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

The Council's corporate priorities and objectives are detailed in the 2014/17 Corporate Plan. 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.

In 2014/15, the Council approved strategies for each of the Council's three corporate priorities: Ambition Broxbourne, for a strong local economy, the Health and Wellbeing Strategy and the Green, Pleasant and Safe Strategy. Two of these (Ambition Broxbourne and Health and Wellbeing) were reviewed in 2015/16 with a review of the third planned for 2016/17.

These strategies describe in more detail how each corporate priority will be implemented from 2014 to 2017 through the objectives, and list the performance measures that will be used to monitor progress. All of the corporate objectives are incorporated into the relevant service plans. Performance is monitored twice annually through review of progress in implementing the service plans. Details of performance are reported to Cabinet and published in the Annual Report.

Measuring the quality of services for users

The Council's programme for securing continuous improvement in its services is set out in individual service plans. Actions for improvement are drawn from a variety of sources including external audit and other external reviews, the Council's own internal audit service and service reviews, issues 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 the Scrutiny Committee, Corporate Management Team (CMT) and the Cabinet. Any areas of concern as informed from corporate community consultation, direct feedback to members, from citizens of the community, performance management and the results of review and inspections are reviewed by the Scrutiny Committee.

Benchmarking takes place to compare costs and quality of services with other authorities, in particular 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, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution describes how decisions are made and 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.

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.

In November 2014, following approval by Council the terms of reference of the Standards Committee were merged with those of the Audit Committee to ensure standards issues continue to be considered regularly but as part of the wider governance of the Council. 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.

Standing orders, financial regulations and schemes of delegation

The Constitution sets out the scheme of delegation, financial regulations and contract procedure 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 financial regulations and procurement rules and guidelines.

Compliance with financial regulations is checked regularly and at key financial audits. The Financial Regulations and Contract Standing Orders were updated in 2014/15 to reflect changes in the Council's structure following a restructure and introduction of new European Union (EU) procurement legislation. Training has been provided to staff on these updates. Contract Standing Orders were revised in February 2016 to reflect new EU thresholds.

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. 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;
 - the review of the effectiveness of internal audit;

- summaries of specific internal audit reports and key issues;
- 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 Annual Governance Statement;
- 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 internal 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 he considers 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 (2010).

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 and contribute to risk management at the various decision making levels. 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 objectives. This register is owned and maintained by the Corporate Management Team and progress with the management of these corporate risks is regularly reported to the Audit and Standards Committee. The strategic risk register was recently refreshed by the Corporate Management Team following a risk workshop facilitated by the Council's insurers. 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.

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

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 on the intranet. These documents were updated in 2015/16 and approved by Council in July 2015. The Department for Works and Pensions 'fraud hotline' is widely publicised and is available for reporting suspicions of benefit fraud. Suspicions of other frauds can be reported to the Hertfordshire Anti-Fraud Service, of which Broxbourne is a partner, which is also widely publicised.

The Council has a corporate complaints procedure which can be found on the Council's website. The Council records complaints on its corporate customer relationship management (CRM) system. Information is collated and categorised centrally and reported annually to the Scrutiny Committee, with details of trends and 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. These sessions are open to all existing members.

A programme of regular member training and briefing sessions which includes relevant legislative changes, compliance and financial issues is also undertaken each year. Training sessions are open to all members alongside specific training for members of Audit and Standards, Scrutiny, and Planning and Regulatory Committees on topics relevant to the core functions of that committee.

The staff appraisal system is a core part of performance management and provides the link between the Council's corporate objectives and service plans to individual objectives to set targets for delivery. Assessment of training and development needs is linked to individual objectives and performance needs.

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 forums are used to consult on community safety and other local issues. Focus groups are used to consult users of specific services. In addition to statutory residents' surveys, surveys have been commissioned from Ipsos MORI since 1993 and the results used to inform the Council's priorities.

Regular communication channels include the 'Broxbourne News' magazine delivered to all households, a proactive media relations programme, an improved website, notice boards, information stands, Twitter, TV screens and publicity on Council vehicles and correspondence. A regular channel has also been opened 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, governance arrangements, decision making process and dispute resolution procedures (where appropriate) embedded. Work took place in 2015/16 to identify and review all key community partnerships. The Local Strategic Partnership has a governance statement including risk and performance management arrangements and its terms of reference are reviewed regularly to ensure they are fit for purpose.

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

The relationship between the Council and B3Living Limited is governed in practice by regular meetings and numerous shared work areas. There are still aspects of the relationship governed by a legal agreement dated 23 January 2006. Some of the legal requirements ceased five years after the transfer.

Ambition Broxbourne has formed a board to direct the partnership created to achieve the Council's economic development objectives comprising membership from the Council, local businesses, a housing association and the third sector. The Council won an iESE award for partnership working in March 2016.

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/assurance mechanisms

In 2015 the Code of Corporate Governance was refreshed and was adopted at April 2015 Council meeting.

For the 2015/16 reporting period, the Local Government Ombudsman (LGO) has upheld three complaints against the Council. Two were upheld but no significant injustice was found and the other related to a delay in providing requested information. LGO complaint information is reported annually to the Scrutiny Committee with details of the issues so that lessons can be learned where appropriate.

Ethical governance

The Audit and Standards Committee receives a quarterly report on the review of operation of the ethical framework.

No complaints were received concerning members' conduct in the year.

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 received quarterly reports on:

- The work of internal audit in reviewing 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 performs an annual self-assessment review of its own effectiveness, and concluded in March 2016 the Council is compliant with recommended best practice for an effective audit committee. Some minor areas for improvement were identified and an action plan has been put in place to address these.

A programme of training of committee members is in place and this training is extended to, and taken up by, members of Harlow District Council and Epping Forest District Council through the shared service arrangement for Internal Audit services. Broxbourne Council members have also attended training provided by Harlow Council.

The work of internal audit

For 2015/16, the Head of Internal Audit's opinion, as summarised in the internal audit annual report, was that overall a satisfactory level of assurance can be provided in connection with the Council's internal control environment, i.e. all key controls are in place and working effectively.

Each year the Internal Audit function assesses its compliance with the Public Sector Internal Audit Standards (PSIAS). The 2015/16 assessment concluded Internal Audit was compliant with the Standards, which was endorsed by the Audit and Standards Committee who approved the action plan for the small number of areas where there was partial rather than full compliance.

Internal audit works closely with the Hertfordshire Shared Anti-Fraud Service (SAFS) which came into effect from 1 April 2015, which Broxbourne is a member of. SAFS reports to each Audit and Standards Committee on the outcomes of their work. There were no financially material occurrences of suspected 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 October 2015) and the Audit Results Report (published in July 2015). An unqualified opinion was received on the 2014/15 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.

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 5 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 regularly reported to all members and to the Scrutiny Committee.

Individual Cabinet members receive feedback from senior officers within their portfolios 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. The Council achieved a Tidy Britain Silver Award for street cleanliness.

5. Significant governance issues

This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues identified.

During the year the Governance Group has continued to meet on a regular basis to monitor and review the corporate governance framework and for considering specific governance issues as they arise. This group comprises the Monitoring Officer (Chairman), the Section 151 Officer, the Head of Internal Audit, the Corporate Policy Officer 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 identified in the 2014/15 AGS

Significant issues identified in 2014/15 AGS	Action taken in 2015/16 to address the issue
There is a budget gap identified in the Medium Term Financial Strategy	The funding gap and savings requirement for 2016/17 have been identified.
Business continuity plan testing	Oversight and monitoring continues by the Corporate Management Team (CMT) and a walkthrough of one service has been undertaken.
Succession planning	The Council has entered shared service arrangements for several areas including computer services, Revenues, Benefits and Internal Audit and it is looking to develop these further during 2016/17 to improve service resilience and improve service delivery.
Contracts – compliance with new procurement rules	Contract Standing Orders has been updated, new guidance has been issued and communicated to staff via emails and targeted training.
Project Management training	Enhancements to the project management methodology have been discussed by the Project Management Board (PMB). The Head

Significant issues identified in 2014/15 AGS	Action taken in 2015/16 to address the issue
	of Internal Audit is developing an on-line training tool in conjunction with the PMB.
Partnerships	Internal Audit report on partnerships is complete. The partnership protocol is being updated and has been reviewed by the Governance Group.
Risk Management	There is a direct link between departmental service plans and risk registers. Risk appetite is being discussed by CMT and Heads of Service Fraud risks to be reviewed in conjunction with the Shared Anti-Fraud Service.
Data security	Training to all staff has been completed and the following policies produced; <ul style="list-style-type: none"> • Data Protection Policy • Data Security Breach Management Policy • Document Retention Policy A policy on email security is in draft and will be published in 2016/17.
Corporate approach to Anti-Fraud	The Herts Shared Anti-Fraud Service has been in place since April 2015. Regular meetings and reporting is in place. The Anti-Fraud and Corruption Strategy and Fraud Action plan are in place. Training to officers is being provided.
Continue to ensure the Council meets its health and safety requirements to staff and the public.	The Council has a dedicated Health and Safety Officer and service plans will record Health and Safety tasks.

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: Governance improvement areas for 2016/17

Objective	Action to be taken in 2016/17
A robust efficiency plan to guarantee the Council's four year financial settlement from central government.	The Council will continue to achieve savings and increase income.

Objective	Action to be taken in 2016/17
Outsourced services	The Council will ensure there are robust governance and contract management arrangements in place to oversee the new outsourced arrangements (housing benefits, revenues and computer services).
Data security	Compliance will be monitored following the rollout of a suite of data security policies and training provided to staff towards the end of 2015/16.
Service resilience	Resourcing requirements and alternative service delivery models will be considered to ensure the continued delivery of key Council services.
Equality objectives	It is important that the Council monitors its achievements against its equality objectives and this is undertaken by monitoring progress against the Council's Equalities Action Plan. In particular this year the Council will be monitoring use of its services and reviewing equalities impact assessment template.

The Council proposes over the coming year to take steps to address the above matters to further enhance its governance arrangements. The Council is satisfied that these steps 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