

# ANNUAL GOVERNANCE STATEMENT 2016/17

## 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 (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 will be updated during 2017/18 to ensure it 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.

## 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 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 2017 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 vision which is summarised as 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. Performance is formally monitored twice a year. Progress is 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, 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, 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 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. At the end of the year, it was agreed that the Scrutiny Committee would consider upcoming Cabinet reports to assist and support policy development and review the key decisions to be taken. These new arrangements are to be reviewed twelve months after implementation.

### **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 in December 2016.

### **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 were revised in January 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;
  - the review of the effectiveness of internal audit;
  - 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 Annual Governance Statement;
  - Review the work of the External Auditor, his 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 2016/17.

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 are used to consult users of specific services. Procedures are in place to ensure that requests made under the Freedom of Information Act 2000 are responded to within the statutory deadlines. In addition to statutory residents' consultations, the Council undertook a budget consultation with its residents in 2016/17 and the results were used to inform the Council's efficiency plan which was submitted to central government in October 2016.

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 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 a 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 annual review meetings 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, although some of the legal requirements ceased five years after the transfer and in July 2015 the Council relinquished its right to nominate members to the B3Living board.

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.

In March 2016 the Council was awarded the iESE (Improvement and Efficiency Social Enterprise) award for partnership working.

## **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

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 2016/17 as the LGO closed the three complaints after initial enquiry.

## **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 performs an annual self-assessment review of its effectiveness. The March 2016 assessment concluded that the Committee was compliant with recommended best practice. Some minor areas for improvement were identified and an action plan was put in place to address these. In March 2017 the Audit and Standards Committee reviewed the results of their skills and knowledge analysis and coupled with their annual Committee report agreed there was no need to formally evaluate effectiveness during 2016/17, this has therefore been postponed to the following year.

## **The work of internal audit**

For 2016/17, 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.

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 October 2016) and the Audit Results Report (published in July 2016). An unqualified opinion was received on the 2015/16 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 reported to all members and to 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. During 2016/17 the Council; achieved a Tidy Britain Silver Award for street cleanliness, was named as the bronze winner for the Remodelling Local Services award by iESE for its work on its cemeteries service, was announced as winner of the Enterprising Britain award for Promoting Entrepreneurial Spirit and was named the Entrepreneurial Council of the Year (2017) by the Local Government Chronicle (LGC), at an award ceremony in March.

## Overall opinion of Broxbourne's governance arrangements

This Annual Governance Statement demonstrates that the Council has sound governance arrangements in place which continue to work well in practice for the 2016/17 financial year. However, the Council does not remain complacent and areas for improvement or development are detailed in section 5.

### 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 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 Section 151 Officer, the Head of Internal Audit, the Head of Business Management, 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 2015/16 AGS**

| <b>Significant issues identified in 2015/16 AGS</b>  | <b>Action taken in 2016/17 to address the issue</b>  |
|--|--|
| 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.                                     | Cabinet considered the results of the public consultation and agreed an Efficiency Plan on 11 October. The plan was submitted to the DCLG (Department for Communities and Local Government) on 14 October 2016 and has been accepted.  |
| Outsourced services - The Council will ensure there are robust governance and contract management arrangements in place to oversee the outsourced arrangements (housing benefits, revenues and computer services). | Officers are meeting on a regular basis with both Welwyn Hatfield (who manage the contract) and Sopra Steria (the outsourced provider). Formal quarterly Key Performance Indicator (KPI) meetings are taking place and financial penalties imposed when these are not met.                             |
| Data security - Compliance will be monitored following the rollout of a suite of data security policies and training provided to staff.  | A series of lunchtime training sessions has been provided by the Monitoring Officer across the Council. A Secure e-mail procedure has been recently added to the suite of data security policies with targeted training to officers being provided. Further Council wide training is due in June 2017. |

| <b>Significant issues identified in 2015/16 AGS</b>  | <b>Action taken in 2016/17 to address the issue</b>   |
|--|---|
| Service resilience - Resourcing requirements and alternative service delivery models will be considered to ensure the continued delivery of key Council services.  | A number of initiatives have been acted upon including: <ul style="list-style-type: none"> <li>• Formation of a Building Control company which commenced trading on 15 August 2016</li> <li>• Following Cabinet approval Broxbourne is looking to join the Hertfordshire Home Improvement Agency in respect of disabled adaptations.</li> </ul> |
| Equality objectives - It is important that the Council monitors the 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 the use of its services and reviewing equalities impact assessment template. | Progress has been made to enable an annual report of the Council's progress against the annual action plan, which will go to the June 2017 Scrutiny Committee. Equality Impact Assessment training has been provided to managers and refresher training provided to senior managers.  |

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 2017/18**

| <b>Objective</b>                           | <b>Action to be taken in 2017/18</b>  |
|--|---|
| 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.  |
| 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.<br><br>Work is already in hand to ensure that Broxbourne is compliant with the requirements of the GDPR ahead of May 2018 and beyond. |
| 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.   |

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