

ANNUAL GOVERNANCE STATEMENT 2018/19

1. Introduction

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. In addition the Council 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 reviewed November 2018) 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 2019 and up to the date that the statement of accounts was approved.

3. The Council's 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 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).

Objectives describe in more detail how each of these priorities will be implemented from 2017 to 2020. All objectives are incorporated into the relevant service plans for departments and individual members of staff's objectives.

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 and internal audit, service reviews, matters arising from performance management monitoring, 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.

Defining and documenting the roles and responsibilities of members and officers

The Council's Constitution 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:

- items to be dealt with by way of recommendation to the Council
- items to be dealt with under executive powers
- powers delegated to officers in consultation with relevant members
- 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 its officers in relation to fraud and corruption. This was last updated and approved by the Audit and Standards Committee on 28 November 2018.

The Council's whistleblowing policy was reviewed in March 2019 and a staff awareness campaign will be undertaken in early 2019/20.

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. These will be reviewed again during 2019/20.

The role of the Audit and Standards Committee

The Council maintains a separate Audit and Standards 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
 - 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
- making recommendations to Council about the outcome of complaints against councillors

At its 26 November 2018 meeting the Committee reviewed its Terms of Reference and outcomes of the self-assessment which showed the Committee was able to demonstrate compliance with best practice for an effective Audit Committee.

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 service lead and are reviewed on a periodic basis. 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 2018/19.

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.

The Audit and Standards Committee considers any complaints made against members of the Council relating to breaches of the code of conduct. During 2018/19 the Monitoring Officer investigated two member complaints, one of which was reported to Audit and Standards Committee and Council in April 2019 and the other is on-going.

Complaints made to the Local Government Ombudsman are monitored by the Chief Executive and reported annually to the Scrutiny Committee with details of the issues so that lessons can be learned where appropriate. For 2018/19 the LGO closed two complaints after initial enquiry and two were not upheld. The LGO upheld one which found the Council's handling of the original complaint was flawed at stage one but adequately rectified at stages two and three, therefore no further action was required.

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 Objective Setting 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. Procedures are in place to ensure that requests made under the Freedom of Information Act 2000 receive a response within the statutory deadlines. Surveys are used to consult users on specific services. In 2018/19 the Council consulted residents about Brookfield Garden Village and the draft Cheshunt Old Pond strategy.

Regular communication channels include the 'Broxbourne Life' magazine which is delivered to all households, the website, notice boards, information stands, Social Media (Twitter, Facebook and Instagram) TV screens and publicity on Council vehicles and correspondence.

Communication with the Chamber of Commerce, Federation of Small Businesses, Herts Local Enterprise Partnership, Hertfordshire Growth Hub, Ambition Broxbourne Board and London Stansted Cambridge Consortium remain key 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 Ambition Broxbourne Board and the Broxbourne Skills Group direct review and deliver the Council's economic objectives. Membership of each is made up of both public and private sector organisations.

The Council works intensively with the Police, Fire and Rescue, Probation and other partners on the Broxbourne Community Safety Partnership, particularly to highlight trends, inform priorities and tackle anti-social behaviour, acquisitive crime, hate crime and domestic violence. This includes the Council's joint Youth Intervention project with local secondary schools working in partnership with the St Giles Trust to work with young people to protect them from gang culture. The key partners meet regularly on the Broxbourne Joint Action Group to review local crime statistics and intelligence and to plan joint action.

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 as well as 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 also considers group governance arrangements, which for 2018/19 included Badger BC Investments Limited and the arrangements for Broxbourne Environmental Services Trading Limited (BEST).

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

Equalities

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

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
- 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 2018/19 and will be referred to Council for approval in July 2019.

The work of internal audit

For 2018/19, the internal audit annual report, confirmed that the Council has adequate and effective risk management arrangements, governance and control processes. Areas for improvement were identified in a number of reviews and action plans agreed. Where significant deficiencies in control processes have been identified by Internal Audit, the actions that the Council plans to take will, if implemented satisfactorily, resolve these.

Following an external assessment in November 2016, the Internal Audit service was confirmed as being fully compliant with the Public Sector Internal Audit Standards. An internal review during 2018/19 confirms this is still the case.

The Shared Anti-Fraud Service reports to each Audit and Standards Committee on the outcomes of their work. There were no material occurrences of suspected internal fraud or corruption during the year.

Other review and assurance mechanisms

The external auditor's findings and recommendations are set out in the Annual Audit Letter (published August 2018) and the Audit Results Report (published in July 2018). An unqualified opinion was received on the 2017/18 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 service leads and Directors 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 were 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 her 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, and Green/Flag Pennant.

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 2018/19 financial year. However, the Council is not complacent and areas for improvement, development or review 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 Corporate 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 the Treasury, Insurance and Risk Manager.

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 2017/18 AGS

Issues identified in 2017/18 AGS	Action taken in 2018/19 to address the issue
<p>General Data Protection Regulations (GDPR)</p> <p>On 25 May 2018, the EU General Data Protection Regulation (GDPR) came into force. It was important the Council not only maintained compliance but ensured there was a continuous process for improvement as well</p>	<p>The Head of Legal Services continues to monitor GDPR compliance as part of her Data Protection Officer role. Information Champions have been identified for all Council sections to assist with compliance going forward for each Service area. Some of the tasks the Information Governance group will cover are:</p> <ul style="list-style-type: none"> • consider whether a service specific privacy notice is needed and if so, put one in place • review and update the data retention policy and schedule • ensure service areas are aware of the procedure to report a data protection breach • help launch the "spring clean your data day 2019" to help officers with the deletion of data that should no longer be retained by the Council
<p>Delivery of the Transformation project which aims to develop a 'customer focussed' method of working for the Council</p> <p>The Council is developing processes and implementing IT systems to enable it to interact with its customers and allow customers to access Council services from wherever and whenever they choose</p>	<p>The transformation project continues to gather momentum following the report to Cabinet in September 2018 defining the next steps. The first major milestones for the project, the new website and reception, will be implemented in July 2019</p>
<p>Set up of the Council's subsidiary company, Broxbourne Environmental Services Trading Ltd (BEST).</p> <p>It is important that robust governance arrangements are put in place for BEST, being a significant new venture for the Council in delivering key services</p>	<p>The company commenced trading on 1 April 2019 as planned. During the year legal advice was sought and acted upon to ensure governance arrangement complied with legislation</p>
<p>Business Continuity Plan (BCP) testing</p> <p>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</p>	<p>The annual Information Technology (IT) Disaster Recovery exercise was completed in January 2019 which found that the restoration arrangements comfortably supported the provision of Council's services within a nine hour period. Further consideration is needed in respect of hardware availability, internet access and website availability. However, this cannot be reviewed until the new</p>

Issues identified in 2017/18 AGS	Action taken in 2018/19 to address the issue
	digital platform is in place in July 2019
Project management methodology The Council's Project Management Board (PMB) will review the Council's approach to projects and consider what further training and awareness is required	PMB has trialled a post project review report for the Ambition Broxbourne Business Centre (ABBC). This showed that the ABBC was performing better than was anticipated. Further work is planned in 2019/20 to review the Council's approach for projects outside of the capital programme
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	Issues raised in respect of succession planning have been discussed at CMT and with Service leads. Personnel is undertaking work in this area

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. These 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 2019/20

Objective	Action to be taken in 2019/20
Trading Companies: In April 2019 the establishment of a Shareholder Panel to oversee the operation of the trading companies owned by the Council was agreed	Review the membership and outcomes of the Shareholder Panel to ensure it is adequately carrying out the shareholder functions on behalf of the Council
Brexit: If there is a 'no deal' Brexit then this may impair the Council's strategic aims and objectives	Brexit features on the corporate risk register and the Council has produced a document which outlines the possible implications for the Council. This will be continually monitored when there is more clarity around the position of the UK
Transformation: The Council continues in 2019/20 with its significant investment programme of service changes	Continue oversight via a dedicated named Cabinet Member and dedicated Director driving the transformation programme
Common themes from the Service Assurance Statements were:	
Succession planning	The work of Personnel in this area will be disseminated to service leads
Business Continuity Planning	Work at the corporate level on priority services has been largely completed. The focus in 2019/20 will be on non-priority services

Objective	Action to be taken in 2019/20
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Business Continuity Planning	Work at the corporate level on priority services has been largely completed. The focus in 2019/20 will be on non-priority services

Conclusion

The Council is satisfied that appropriate governance arrangements are in place. 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 L Cocking
Leader of the Council

