

(Reference documents and web site availability are detailed at the end of this Governance Statement).

## 1.0 Scope of responsibility

- 1.1 Watford 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 and properly accounted for. 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. A key aspect of this responsibility is the identification and management of risk.
- 1.2 Further, Watford has approved and adopted a code of corporate governance which is consistent with the principles of the Cipfa / Solace Framework 'Delivering Good Governance in Local Government'. It is also in accordance with the requirements of the Accounts and Audit (England) Regulations 2011.
- 1.3 This Governance Statement explains how Watford Borough Council has recognised key challenges and the processes it has put in place to maintain services with considerably less money. It also explains how the council is attempting, through considerable financial investment, to safeguard the future prosperity of its area.
- 1.4 Underpinning the Governance Statement is a framework which ensures corporate ownership at the very highest levels of management and is dynamic in responding to all governance issues as they occur. A key component of the Governance framework is the underlying system of internal control which 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.

## 2.0 Strategic Aims and Objectives

- 2.1 The governance framework enables the council's key objectives to be met and these can be summarised as follows:

### **VISION:**

A successful town in which people are proud to live, work, study and visit

### **OUR OBJECTIVES:**

- Making Watford a better place to live in
- To provide the strategic lead for Watford's sustainable economic growth
- Promoting an active, cohesive and well informed town
- Operating the council efficiently and effectively

- 2.2 Underpinning these over arching priorities are a series of measurable ( SMART) objectives so that every member of staff and our community can feel fully engaged in the process. The council also plays a major role in the Local Strategic Partnership, **One Watford**, which is made up of key stakeholders such as Hertfordshire County Council, Police and Crime Commissioner for Hertfordshire, Herts Valleys Clinical Commissioning Group, the Chamber of Commerce, Watford and Three Rivers Trust, Watford Community Housing Trust, and John Lewis plc.

### **3.0 Decision Making Structures**

- 3.1 Watford Borough Council has a directly elected Mayor, which means that the community elect the person to lead the council at four yearly intervals. The Mayor is supported by a Cabinet that plays a key role in determining the overall budget and policy framework of the council. Each member of the Cabinet has a portfolio for which they are responsible and can make decisions within their area of responsibility.
- 3.2 The major check upon executive decisions taken by the Mayor and Cabinet is the council and key decisions such as setting the annual budget and establishing the Constitutional Framework can only be approved by council. Prior to council approval, a detailed scrutiny process through a Budget Panel ensures all proposals are given rigorous challenge.
- 3.3 In addition the council has an overarching Overview and Scrutiny Committee which, amongst other responsibilities, oversees the work of Budget Panel and any task groups set up to scrutinise a particular service area. There are also five further committees covering development control, licensing, audit, functions and standards.
- 3.4 At an officer level, the senior management (with effect from July 2013) will comprise the Managing Director and Heads of Service. Financial control will primarily be the responsibility of a shared Director of Finance with neighbouring Three Rivers District Council. This combined management will comprise the Leadership Team who meets fortnightly to review and progress the key objectives of the council.
- 3.5 Overall financial control is monitored on a monthly basis by Leadership Team and the Budget Scrutiny Panel, and quarterly by Cabinet. Budget preparation is influenced by the council's Medium Term Financial Strategy which forecasts budget pressures and available resources over a four year period. This MTFS is reported quarterly to Cabinet and Budget Panel where variations to the strategy are approved. The council has the ultimate responsibility for approving the annual budget. The final accounts at the end of a financial year are subject to formal approval by the Audit Committee (but is also reported to Cabinet and Budget Panel).

### **4.0 The Governance Framework**

- 4.1 The council has approved a Code of Corporate Governance which identifies community focus, service delivery arrangements, structures and processes, risk management, internal control arrangements and standards of conduct and is detailed within the council's Constitution. This sets out how the council takes decisions, roles and responsibilities of members and officers, codes of conduct and procedure rules and also sets out the rights of citizens.
- 4.2 Council, Cabinet and committee/ scrutiny meetings are open to the public and written reports are available to the public through the council's website. Information is only treated as confidential when it is necessary to do so for legal/ commercial reasons.
- 4.3 The council publishes its Corporate Plan annually, which sets out key service improvement priorities for the medium term, with targets for performance and deadlines for achievement. This has been informed by public consultation on a range of topics, particularly around priority setting, and a detailed analysis of the Watford context based on information derived from sources such as Census 2011 and the Indices of Multiple Deprivation. Progress on the Plan is reported to the public through a quarterly magazine, About Watford, and includes an 'annual report' on the council's achievements compared to its initial targets.
- 4.4 Councillors are assisted in their policy and decision-making roles by the advice of staff with suitable qualifications and experience, under the leadership of the Managing Director. All reports requiring a decision from members include comments on financial, legal, equalities, sustainability, community safety and other appropriate issues such as potential risks to non

achievement, all of which ensures that comprehensive advice is provided prior to decisions being taken.

- 4.5 The scrutiny function within a local authority provides a necessary check upon the role of the Executive and is a key component of corporate governance. At Watford it is co-ordinated through the Overview and Scrutiny Committee, which can review Cabinet decisions and service performance, the council has recently set up an Outsourced Services Task Group as a standing scrutiny panel to scrutinise the activities of functions undertaken by external providers on the council's behalf. In addition the Standards Committee considers member conduct and the Budget Panel considers financial issues in a non political forum. Finally, the Audit Committee reviews the overall governance arrangements including the service related control and risk management environment. The Audit Committee also considers the response to Freedom of Information requests, and the Ombudsman's annual report as well as annual accounts and treasury management (investment) policies.
- 4.6 The council's protocols and procedures are reviewed and updated on a regular basis for standing orders, financial regulations, a scheme of delegation and supporting procedure notes/ manuals clearly defining how decisions are taken and the process and controls required to manage risks. Compliance with established policies, procedures, laws and regulations is achieved through a combination of training events, written policy and procedural documentation, authorisation procedures, managerial supervision, review by internal and external audit and use of the disciplinary procedure where appropriate.
- 4.7 Codes of Conduct defining the standards of behaviour for members, staff, our partners and the community have been developed and communicated and are available on the council's website. These include:
- Members Code of Conduct
  - Code of Conduct for staff
  - Anti fraud and corruption policy (including whistle blowing and anti bribery)
  - Money Laundering detection guidance
  - Members and officer protocols
  - Regular performance appraisals, linked to service and corporate objectives.
  - Service standards that define the behaviour of officers
  - A Standards Committee which has a key role in promoting and maintaining high standards of conduct for members.
  - Officers are subject to the standards of any professional bodies to which they belong.
- 4.8 The Head of Democracy and Governance (from July 2013) is the council's Monitoring Officer and her duties include: maintaining the council's Constitution; reporting on any potential or actual illegality or maladministration; and giving advice to the Mayor and councillors on the Constitution or issues of maladministration, financial impropriety or probity.
- 4.9 The Shared Director of Finance (from July 2013) is the statutory Chief Finance Officer. Her duties include: overall responsibility for financial administration; reporting on any actual or potential instances of illegality in expenditure, including unlawful loss or deficiency or illegal items of account; and giving advice to the council on financial planning.

## **5.0 Performance Management**

- 5.1 Performance management follows very much a 'cascade' principle. The council approves its Corporate Plan annually (although it covers a rolling four year perspective) and highlights key aspirations and targets including a series of objectives to be achieved in the year ahead. This Corporate Plan then cascades down to individual services delivery plans, which in turn translates into team and individual work plans. Performance is monitored on a quarterly basis through Heads of Service, Leadership, Cabinet Members and Overview and Scrutiny Committee. Performance reviews also include consideration of complaints and progress against the council's equalities agenda.

- 5.2 The Council keeps residents and stakeholders informed of its progress through a quarterly publication called 'About Watford' which is delivered to every household and covers key issues, events and challenges. At the end of every financial year the March edition includes an Annual Report which informs the community of progress in the achievement of the Corporate Plan.

## **6.0 Data Quality and Risk Management**

- 6.1 The need to develop policies and guidance on data quality and assurance is essential in order to promote consistency and awareness across the organisation. To that end, the council has a senior member of staff who acts as the Senior Information Risk Officer. There is also a council wide Data Quality Champions Group which meets periodically and adopts a risk based approach to data quality. Guidance documents include a Data Quality Policy; an Information Security Policy; a Data Asset Register; and management training modules all of which are on the intranet.
- 6.2 The governance framework is dependent upon the underlying system of internal control which is designed to manage risk to a reasonable level. The council's approach to risk management is governed by its Risk Management Strategy which is updated annually and approved by Leadership Team and the Audit Committee. This Strategy underpins the Strategic Risk Register which was planned to be updated in June 2013 (now July 2013) and covers major issues that will affect the achievement of the council's key objectives. This Risk Register is at a strategic/ high level and is complemented by detailed project and service area registers. This process is overseen by the Risk Management and Business Continuity Steering Group which meets four times a year and ensures a consistent approach to risk management across the council.
- 6.3 Business continuity and emergency planning are other key aspects within the corporate governance framework and again falls within the remit of the Risk Management corporate group. There is however a need to review the current disaster recovery procedures to establish if they continue to be fit for purpose and this is scheduled to be carried out in 2013/2014.
- 6.4 The risk management section within the Partnership Framework has been revised and all committee reports contain a 'risk implications' section as an aid to decision taking. There is however a need to ensure an effective risk identification process occurs where the council has outsourced the provision of services to a private sector partner.

## **7.0 Shared Services with Three Rivers District Council**

- 7.1 Watford Borough Council has been a leading authority in developing a shared service for revenues, benefits, ICT, financial services, and human resources with the neighbouring district council. In order to monitor and control this arrangement a Shared Services Joint Committee has been formed and comprises members from both councils.
- 7.2 The Joint Committee is required to produce its own statutory Statement of Accounts which are subject to audit by Watford Borough Council's external auditors. This process clearly provides a degree of comfort to both constituent authorities that good governance practices are being followed. The internal audit service (provided through the Shared Internal Audit Service, a local internal audit partnership) also allocates a significant number of audit days to the validation of the control environment.
- 7.3 Reliance upon external and internal audit scrutiny is insufficient however and the constituent bodies have put in place:
- a detailed joint agreement which includes all aspects of best practice, financial administration and risk management.

- detailed estimates to be approved by the constituent authorities prior to each financial year and budget monitoring information provided to the constituent authorities on a regular basis.
- the Joint Committee to receive detailed quarterly performance management monitoring reports.
- the draft Statutory Statement of Accounts to be considered and approved by the Joint Committee.
- consideration of all audit reports affecting shared services.

## **8.0 Community Engagement**

- 8.1 Corporate governance includes informing our community of the plans and aspirations of the council and is primarily communicated through its published Corporate Plan and the regular editions of 'About Watford'. The directly elected Mayor, Dorothy Thornhill MBE, takes the lead in ensuring there is open and effective community leadership and provides a focal point for individuals, communities, business and voluntary organisations to engage with the council. The Mayor is also the Chair of the borough's Local Strategic Partnership, One Watford, which developed the Sustainable Community Strategy through extensive consultation and engagement and which is communicated through its own website and that of the council.
- 8.2 The council has established twelve neighbourhood forums, which mirror the borough's ward boundaries and each have a devolved budget of £2,500. These are organised and managed by the relevant local councillors as part of their commitment to community leadership and engagement.
- 8.3 The council has established clear channels of communication with all sections of the community and other stakeholders. It provides citizens and business with information about the council and its spending through a leaflet that is distributed with council tax and business rate bills and the publication of a summary of its key financial information through the council magazine 'About Watford'.
- 8.4 A range of consultation and engagement projects are undertaken annually. This includes a regular 'Community Survey' with the borough's Citizens' Panel, which incorporates the council's annual budget survey. The Citizens Panel has been completely refreshed to ensure it is representative of the Watford community. Local residents are also invited to attend the Mayor's annual information seminars, which help build understanding about council finances and the implications for future service delivery. The Watford Compact provides an agreement between the statutory and voluntary sectors in Watford to clarify and strengthen their relationship and to achieve better outcomes for individuals and for the Watford community. All signatories to this document adhere to the national Compact standards.

## **9.0 The Role of Audit and the Audit Committee**

- 9.1 The governance framework and its compliance mechanisms must be distinguished from the role of audit which is to review the effectiveness of the compliance framework, not to be a substitute for it.
- 9.2 The internal audit function is carried out, from 1<sup>st</sup> April 2013, by the Shared Internal Audit Service (SIAS), a local internal audit partnership hosted by Hertfordshire County Council. This will provide greater independence and resilience and should be considered a positive step in improving governance. Internal Audit carry out a programme of reviews during the year which are based upon a risk assessment including fraud risk. As part of these audits, any failures to comply with legislation, council policy and practice or best practice guidance issued by a relevant body is identified and reported. Circulation of reports to senior officers, reports to the Audit Committee and follow-up procedures ensure action is taken on priority improvements. Progress on implementing internal audit recommendations is reported in quarterly reviews to Audit Committee and to the Leadership Team.

- 9.3 External auditors, Grant Thornton, appointed by the Audit Commission, provide an external review function through the audit of the annual accounts, assessment of value for money, certification of grant claims and the periodic inspection of services such as revenues and benefits. The Annual Audit and Inspection Letter is circulated to all Members and formally reported to Cabinet and the Audit Committee.
- 9.4 The Audit Committee's terms of reference are consistent with best practice. The Committee approves the annual plan of internal audit, and receives the quarterly and annual reports of the Head of the Shared Internal Audit Service. It approves the Statement of Accounts, the annual governance statement and the review of the effectiveness of the internal audit system. It receives reports on risk management and reviews the operation of treasury management. It also received the annual letter from the Ombudsman and considers regular reports upon Freedom of Information requests.

## **10.0 Key Challenges/ Risks**

10.1 The key challenges/ risks facing the council can be summarised as follows:

- continued reductions in central government funding
- the outsourcing of services to the private sector and other local authority bodies
- the transfer of risk to local authorities for business rates and council tax benefit
- planning for the introduction of universal credit with the part transfer of responsibility to central government
- the continued reduction in the level of senior management which could affect governance controls
- ensuring the investment strategies of the council deliver future prosperity and financial returns.
- the effect of demographic changes upon future service delivery
- the cost of future pensions liabilities increases due to reduced investment returns and people living longer

The council's approach to dealing with these challenges are set out in succeeding paragraphs of this Governance Statement.

- 10.2 Central government is compelled to reduce public expenditure in order to balance its books. Local authorities have suffered significant losses of central funding and this is anticipated to continue until 2018. The scale of such funding (after the effects of inflation) is likely to approach a 50% cumulative reduction in external support. Council tax increases will be constrained and cannot cover this shortfall in government funding and it will, therefore, be necessary to reduce the council's cost base. The council is committed to delivering value for money and has developed a financial planning process to identify service efficiencies. This has resulted in £2.6m of efficiencies over the three year period 2011/2014 and has been achieved in part through reducing management costs.
- 10.3 This work has been further developed with the production of a 'Roadmap' to identify what the council will look like in the future and which seeks to anticipate and manage change. Service reviews have commenced and will be used to identify a further £2m of efficiencies which includes exposing some services to external providers. As a consequence, the ICT shared service (with TRDC) is to be outsourced to Capita Secure Information Solutions ; also the waste, street cleansing, recycling, parks and open spaces services will be outsourced to Veolia Environmental Services UK . The combined saving in future years to Watford from outsourcing these two services is likely to provide an annual saving of circa £900k.
- 10.4 This level of saving is encouraging but exposes the council to a second key risk/ challenge namely how to monitor both the achievement of these financial savings and the effect upon day to day service delivery. Key performance indicators are included within both contracts and will be monitored by client teams which in turn will be accountable to Leadership Team/ Cabinet Members/ the Overview and Scrutiny Committee / Outsourced Services Scrutiny Panel and the Shared Services Joint Committee.

- 10.5 Further, in its search for public expenditure savings, central government has been transferring risk to local authorities. Business rates collected by councils had formerly been paid over to central government and subsequently received back according to need. This has now changed whereby changes to the business rates base will affect local authorities and central government on an equal basis. For some authorities this may provide increased income, but for others the reverse will happen and the risk of a shortfall in funding has increased. Similarly, central government has imposed a 10% cut on council tax benefit payments and has transferred that shortfall in funding to local authorities to try and make good. In both instances, Watford will need to monitor the implications and to seek to minimise the impact for its finances and its client base.
- 10.6 The need for further expenditure reductions will be required and the council seeks to ensure continuous improvement through:
- work carried out as part of the annual budget process
  - project appraisal and formal project management for all improvement projects and major investment programmes.
  - undertaking best value/ value for money and managerial reviews
  - implementing the recommendations of Internal Audit
  - implementing the recommendations of external auditors and inspectors
  - the adoption of best practice where cost-effective
  - increasing use of technology to deliver services that customers want
  - market testing of services where appropriate
  - consultation with the public and staff
  - partnership working with companies and other public bodies
  - setting challenging targets for improvement
- 10.7 Further strategies to reduce the council's cost base have included reducing the levels of senior management and has resulted in the deletion of the two executive director posts, the sharing of the Director of Finance role (with neighbouring Three Rivers District Council), and the deletion of the Executive Director, Services post. This has cascaded down and resulted in further management and support officer reductions. From a governance perspective it is important that the 'control environment' and levels of risk do not increase as a consequence and will need to be monitored closely during 2013/2014.
- 10.8 The council has an ambitious programme of capital investment which involves significant partnership working with the private sector. The regeneration of Charter Place has resulted in Intu PLC taking control and financing its future redevelopment and will involve the management of the centre and the Market facility in the short term. In return the council has obtained funding for future improvements and guarantees for improved levels of commercial rent income. The monitoring of this project will require vigilance in the years ahead. Similarly, the council has entered into a partnership with Kier Construction (through a Local Asset Backed Vehicle) and a simultaneous agreement with the West Hertfordshire Hospitals NHS Trust to deliver the Health Campus project. This includes the opportunity to deliver new Hospital facilities, improved access by way of a new road, increased parking provision, around 560 residential units, office space and an increased retail offer. The project is not without risk and involves significant up front financial investment by the council. A key governance issue for the future will be to ensure that the council is not disadvantaged in comparison with its private sector partner.
- 10.9 The council needs to anticipate the effect of demographic changes and the Census 2011 shows that Watford's population has increase by 13.3% (to 90,301 persons) during the 10 year period 2001 to 2011. This will affect the provision of services and will include the effect upon housing, education, social care, transport and volumes of welfare claimants. Both Watford and Hertfordshire County Council constantly evaluate the impact that demographic changes will necessitate.

10.10 Demographic and employment changes will also impact upon Watford Council's Pensions Fund as it is adversely affected by the fact that former (and current) employees are living longer and will continue to drawdown pensions far longer than previously occurred. Combined with this, investment returns have not been favourable whilst interest rates remain depressed. An actuarial review of the value of the Pension Fund will be known in December 2013 and will probably present the council with a key challenge in funding any pensions shortfall. The council's Medium Term Financial Strategy which covers the period 2013/ 2017 will need to factor in any financial effects arising out of the actuarial review.

## **11.0 Review of effectiveness**

- 11.1 In accordance with recent external audit guidance, the review of the effectiveness of the governance framework will focus upon significant weaknesses and the 'big picture'. If issues have not been highlighted then that is because current governance arrangements have proved fit for purpose.
- 11.2 The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Shared Internal Audit Services annual report and also by comments made by the external auditors and other review agencies and inspectorates. The Mayor and Portfolio Holders maintain a continuous review of the council's policies, activities and performance of officers both through quarterly reviews and on a day to day basis.
- 11.3 The governance of special projects has raised a number of issues relating to procurement and evaluation of financial and service offers. In these cases external specialist advice has been sought in order to protect the council's interests. These projects include the Watford Health Campus, Charter Place re-development, and market testing of waste, refuse, street cleansing, parks and open spaces. The ICT service for Watford and Three Rivers has recently been outsourced to Capita SIS with effect from 21<sup>st</sup> May 2013.
- 11.4 The increasing threat of cyber crime presents Watford with one of its greatest challenges and this has been evaluated through a comprehensive report to the Audit Committee (and Joint Shared Services Committee) upon ICT security/ vulnerabilities. This report was also provided to Capita SIS as part of its due diligence process and a detailed progress plan has been produced to correct potential weaknesses within ICT security. Progress on this plan is reported to Watford's Audit Committee at every meeting.
- 11.5 The Annual Report of the Head of Shared Internal Audit Services has been reported to the Audit Committee at its meeting on 26<sup>th</sup> June 2013 and included the following statement... "Audit Opinion: Based on the internal audit work undertaken we give satisfactory assurance on the adequacy and effectiveness of the internal control environment". The Annual Report continues: " there have been no significant new concerns arising from the majority of the audits undertaken in 2012/2013 that necessitate an adverse overall opinion. However updates on some of the concerns reported in the previous Annual Report have been included in 2012/2013, in Section 3 of this report". The majority of these concerns relate to the ICT environment where a significant number of improvements have been made and the ICT outsourced contract has included financial resources to programme all outstanding issues.
- 11.6 For the future, there is however a need to organise training for the Audit Committee in 2013/2014 to ensure it has the expertise to properly supervise and challenge the governance arrangements across the council. A training session for members of Watford and Three Rivers Audit Committees is to be held in the autumn of 2013/2014.
- 11.7 The 'Key Challenges/ Risks' section of the Governance Statement identifies a number of major issues faced by Watford over the immediate future and will require a systematic strategy to review how existing governance effectiveness will be maintained and has been summarised within the next section of this Statement.



## 12.0 Significant Governance Issues

- 12.1 The 'normal' running of council business has and can be controlled through the governance framework detailed at sections 4 to 9 of this report. Specific issues identified within the 2011/2012 Governance Statement have largely been resolved and are updated at the end of this Governance Statement.
- 12.2 The Annual Governance Statement for 2012/2013 does however identify additional risks that the council needs to address by way of individual action plans with measurable milestones and timescales and include:

No.	Issue	Action	Lead	Update
1	Continued reductions in Central Government funding will place pressures upon the delivery of services	The MTFS will be updated quarterly and planned efficiencies through the council's Road Map will be monitored	Shared Director of Finance and Leadership Team	Quarterly updates have been planned
2	The outsourcing of ICT and waste, street cleansing, recycling, parks and open spaces can result in an unacceptable fall in levels of service.	Detailed key performance indicators have been included within contract documentation and need to be rigorously monitored	Head of Cultural and Client Services	Monthly monitoring in place  Outsourced Scrutiny Panel to receive performance reports
3	Welfare Benefit changes and the preparation for Universal Credit needs to ensure no unacceptable impact upon benefit recipients	Monitoring of existing client base needs to identify where distortions occur. Testing of current ICT systems need to ensure a seamless transfer of caseloads to central government	Head of Shared Services Revenues and Benefits	Quarterly monitoring and reporting to the Shared Services Joint Committee will occur  Monthly updates to be provided to Leadership Team

4	Deletion of senior management posts may result in a breakdown in governance processes.	Transfer of responsibilities to named officers should ensure future accountability	Managing Director and Leadership Team	<p>Quarterly monitoring through Leadership, Portfolio Holders and internal audit reports to Audit Committee</p> <p>Extensive work undertaken to review delegations / responsibilities where appropriate to ensure effective management of highlighted areas is identified and actioned</p>
5	Ensuring investment partnerships at the Health Campus and Charter Place achieve planned objectives	Detailed development agreements are in place and will be monitored through Partnership Boards	Managing Director and Elected Mayor	Quarterly monitoring through the Major Projects Board should occur
6	The effect of demographic changes need to be identified at an early stage	The composition of the council's client base is kept under continuous review. Pressures upon services such as housing and welfare entitlement will be known	Leadership Team	Quarterly monitoring will consider any implication upon existing service provision
7	The council's Pension Fund needs to be adequately funded in order to meet current and future liabilities	In December 2013 the triennial review of the Pension Fund will be reported by the Actuary. The council will need to respond to the main features of that report	Shared Director of Finance	The Medium Term Financial Strategy will need to factor in making additional annual provision if necessary. The use of ad hoc payments into the Fund should also be considered

**Statement from the Elected Mayor and Managing Director**

13.1 We propose over the coming year to keep a close focus upon the key governance issues identified as part of the 2012/2013 review and are satisfied that the identified actions and reporting mechanisms will ensure no adverse outcomes will occur. We will monitor their implementation and operation periodically during the year with a formal review as part of the 2013/2014 Annual Governance Statement.

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Mayor

Managing Director

Date

Date

**Specific Issue identified within the previous year’s Annual Governance Statement**

2011/2012	Issues			
No.	Issue	Action	Lead	Update
1	Revenues and Benefits reconciliations to be completed for 2011/2012.	External help has been engaged to bring this up to date.	Head of Revenues and Benefits Shared Services.	This has been resolved and all reconciliations are up to date.
2	Revenues and Benefits received a detailed Health Check report in Summer 2010. A few recommendations have still to be achieved.	Solid progress has been made but this should continue to be revisited until all recommendations are completed.	Head of Revenue and Benefits Shared Services	All immediate recommendations have been actioned..

3	<p>Revenues and Benefits received an Inspection from the Department of Works and Pensions at year end. The first issue related to notification of amendments from the DWP (ATLAS) had not been actioned The second issue relates to the fact that the Shared Services 'local authority error' for Watford is higher than acceptable levels.</p>	<p>Retrospective action needs to be taken to action all ATLAS notifications.</p> <p>Improvements in timescales for dealing with outstanding benefit claimants should result in the level of local authority error falling to acceptable levels.</p>	<p>Head of Revenues and Benefits Shared Services</p>	<p>ATLAS work has largely been completed but will continue to require monitoring until all notifications have been actioned.</p> <p>The incidence of local authority error has not significantly improved and is a cause for continuing concern.</p>
4	<p>The incidence of Cyber Fraud has increased across the economy generally. This fraud includes false supplier details, syndicates submitting fictitious benefits claims, and the lack of proper vetting procedures relating to key staff appointments.</p>	<p>The most vulnerable areas of Council activity have been reviewed . ICT security systems have had a 'health check' . Additional staff vetting procedures should be in place when appointing ICT or Benefits staff in particular.</p>	<p>Head of Finance Shared Services and Head of ICT Shared Services</p> <p>Head of HR Shared Services</p>	<p>Only outstanding issue is the vetting of Benefits staff and needs to be addresses during 2013/2014.</p>
5	<p>Issues relating to the ICT operating platforms need to continue to be addressed so that there is greater resilience for all users.</p>	<p>Progress has been made in improving server resilience and issues relating to the 'thin client' environment. This progress needs to continue.</p>	<p>Head of ICT Shared Services</p>	<p>The operating platform is considerably more resilient and this will be completed as part of the outsource of the ICT service to Capita SIS.</p>

## Key Reference Documents:

**Cipfa/ Solace Framework ‘Delivering Good Governance in Local Government’**

**Accounts and Audit (England) Regulations 2011**

<http://www.legislation.gov.uk/uksi/2011/817/contents/made>

**Medium Term Financial Strategy 2013/ 2017 (January 2013)**

<http://watford.moderngov.co.uk/documents/s4197/Appendix%206%20Medium%20Term%20Financial%20Strategy%202013-2017%2016012013%20Budget%20Panel.pdf>

**Watford Borough Council Constitution**

<http://www.watford.gov.uk/ccm/content/legal-and-democratic/constitution/constitution.en;sessionid=6BFC7098E7D9D16A855D7CC46E575CAE>

**Watford Borough Council Corporate Plan 2013-17 – including the council’s strategic priorities**

<http://watford.moderngov.co.uk/documents/s4588/Appendix%20I%20Draft%20Corporate%20plan.pdf>

**Watford Sustainable Community Strategy**

<http://www.watford.gov.uk/ccm/content/strategic-services/new-partnerships/sustainable-community-strategy.en>

**Procedure Rules, Financial Regulations and Schemes of Delegation**

- Procedure Rules (Part 4 of the constitution)

<http://www.watford.gov.uk/ccm/content/legal-and-democratic/constitution/constitution.en>

- Financial Regulations

<http://www.watford.gov.uk/ccm/content/legal-and-democratic/constitution/part-4---financial-procedure-rules.en>

- Schemes of Delegation

<http://www.watford.gov.uk/ccm/content/legal-and-democratic/constitution/part-3-%281%29---schemes-of-delegation.en>

**Codes of Conduct**

Members

<http://www.watford.gov.uk/ccm/content/legal-and-democratic/constitution/part-5---codes-and-protocols.en>

Officers

<http://www.watford.gov.uk/ccm/content/legal-and-democratic/constitution/part-5---officers-code-of-conduct.en>

**Reviewed by Leadership Team, May 2013.**