	2009/10 ref	**ANNUAL GOVERNANCE STATEMENT** **2010/11**
1	2	**1. Scope of Responsibility**
2	3	Uttlesford District Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
3	4	In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control.
4	5	The Council has approved and adopted a Code of Corporate Governance. The Code is contained in the Council's Constitution, which can be found on the Council Website www.uttlesford.gov.uk. Hard copies are available on request.
5	12	**2. The Purpose of the Governance Framework**
6	13	The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled.
7	14	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 designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate their likelihood and impact, and to manage them effectively.
8	15	The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2011.
9	16	**3. The Governance Framework**
10	17	Uttlesford District Council's governance framework derives from six core principles:
11	18	a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
12	19	b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
13	20	c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
14	21	d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
15	22	e) Developing the capacity and capability of members and officers to be effective; and
16	23	f) Engaging with local people and other stakeholders to ensure robust

		public accountability.
17	24	The key elements of each of these core principles at Uttlesford District Council are as follows:
18	25	***Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area***
19	26	The Uttlesford District Council Corporate Plan outlines the vision, aims and four priority areas and it is complemented by the Medium-Term Financial Strategy and together these represent the key planning documents for the Council. They are informed by public consultation, carried out via a Citizens Panel.
20	27	The objectives outlined are translated into more specific aims and objectives in service delivery plans. Performance was monitored by individual services and formally reviewed by the Strategic Management Board and Performance Select Committee.
21	28	Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction.
22	29	The Local Strategic Partnership (LSP) - Uttlesford Futures membership comprises of a wide range of public, private, voluntary and community sector organisations committed to sustaining the high quality of life in the district.
23	34	***Members and officers working together to achieve a common purpose with clearly defined functions and roles***
24	35	Uttlesford District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people.
25	36	In 2010/11 the main decision making Committees were the Policy Committees, namely Finance and Administration, Community and Housing and Environment which were responsible for all matters defined by law and operated within the budget and policy framework approved annually by full Council. In addition there was the Licensing Committee which also had certain policy functions. The role of the Policy Committees was to develop policies and services within the framework of the Corporate Strategy and policies. Meetings were open to the public except where personal or confidential matters were being discussed. Policy committees took decisions under delegated powers and those decisions therefore have effect as if decisions of Full Council, they did not need to be and were not ratified.
26	37	Policy and decision making was facilitated by a clear framework of delegation set out in the Council's Constitution, with clear details of delegated authorities to officers.
27	38	The Council met in public at six times during the year. There were five cycles of meetings for Committees of the Council in 2010/11. The Licensing and Standards Committees also met on an ad hoc basis to deal with individual cases. This, together with an appropriate level of delegation to senior managers, enabled decision making.

28	39	The Strategic Management Board of the Council meets on a weekly basis and provides the strategic direction of the Council in delivering the requirements of the Corporate Plans. It also considers other internal control issues, including risk management, performance management, compliances, efficiency, value for money and financial management.
29	40	There is also a robust budget and policy framework and detailed financial regulations, which are monitored by the Section 151 Officer. The Constitution is updated continually to reflect any changes in structure.
30	41	In early 2010 CIPFA published a statement on the role of the chief financial officer in local government, setting out core principles and standards relating to the role of CFO and how it fits into the organisation's governance arrangements. The Council complied with the CIPFA statement in 2010/11.
31	42	***Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour***
32	43	The behaviour of Members is regulated through a Code of Conduct which has been formally approved and adopted. This Code is supported by protocols that apply the principles of the codes to specific areas of Council activity.
33	44	The Council has a Standards Committee responsible for performing the functions under s.54 and s.55 Local Government Act 2000.
34	53	The Head of Paid Services, Section 151 Officer and Monitoring Officer have specified roles within the Constitution to ensure reports prepared for member decision comply with the budget and policy framework and are lawful. The Section 151 Officer is also responsible for preventing the Council incurring expenditure which is unlawful. The Monitoring Officer is also responsible for preventing unlawful or ultra vires activities
35	54	Each Member receives copies of the meeting Agendas in advance. As one of the Agenda items for each meeting, the Members are required to declare any interests at the outset of the meeting. In addition, Members are encouraged to undertake any training relevant to their area of decision making.
36	55	Internal and External Audit work together to review and provide annual opinions of the control framework, governance arrangements and the validity of the annual accounts.
37	56	The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud & Corruption Strategy and Whistle Blowing Policy have been developed and communicated to staff as part of the Induction process. Both Policies provide clear reporting channels and are reviewed on an annual basis.
38	57	The Council's financial management arrangements consist of a number of interlocking strands:
39	58	**Financial Regulations** – The regulations provide the framework for managing the

		Council's financial affairs. They identify the financial responsibilities of the Council, its committees and officers. They also set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services including standing orders for contracts.
40	59	**Contracts Procedure Rules** – These set out guidance on procurement of supplies and service, ensuring that relevant legislation is followed and value for money obtained.
41	60	**Medium Term Financial Strategy** – The Council approved the latest version of the Medium Term Financial Strategy (MTFS) in February 2011. This forecast provides the basis for financial decision making over the next five years for both the Council's Revenue and Capital budgets for deploying of resources and identifying of savings targets. The Council also publishes a Budget Book containing more detailed revenue information for the following financial year together with capital projections for the next five years. The projections are reviewed and updated on an annual basis.
42	61	**Budget Management** - A protocol is in place for the management of budget over and under spends, and use of the Council's financial reserves, that is designed to manage areas of known budget risk, the planning for predictable budget peaks and change management issues. The responsibility for all earmarked reserves is assigned to individual officers.
43	62	**Budget Monitoring and Reporting** – All budgets are assigned to named budget holders who receive monthly financial reports to enable them to manage their budgets. Summary reports are prepared for SMB and Committees. The reports have complete coverage of the Council's financial position, clear and detailed analysis, a rolling revised budget to ensure that actuals are compared with budgets like for like, and coverage of General Fund, HRA, Capital and Treasury Management in one report.
44	63	*Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
45	65	The Scrutiny Committee is formally responsible for monitoring and reviewing policy and advising policy committees, as well as scrutinising the performance of outside bodies and making recommendations as appropriate and may receive public petitions.
46	66	The Performance Select Committee monitored the performance of the Council and progress against improvement plans, fulfilling the Council's Audit Committee functions in respect of External Audit, Internal Audit and Risk Management and making recommendations to policy committees and the Council as a whole on its policies, budget and service delivery as appropriate.
47	67	There are also 2 regulatory committees. The Development Control Committee performs the role of the Council as local planning authority in determining planning applications and dealing with enforcement issues. The Licensing Committee takes decisions in connection with licensing people, premises and vehicles required to be

		licensed by the Council
48	68	The Council has resolved to commence a cabinet style administration from May 2011
49	69	The Council has embedded Risk Management throughout its activities.
50	70	The council's approach to corporate and divisional risk management has been substantially revised and the new system started at the beginning of 2010/11 following training sessions and the approval of the new Risk Management Strategy and Corporate and Divisional Risk Registers at the end of 2009/10.
51	71	The Corporate Risk Register is closely linked to the Corporate Plan, with the key risks associated with each Corporate Plan action identified, scored and then monitored.
52	72	The Corporate Risk Register is reviewed quarterly by the Strategic Management Board. Each risk holder updates their risks and, if appropriate, adds new and emerging risks, and then SMB colleagues provide challenge.
53	73	Corporate Risks at or above the threshold identified in the Strategy are reported to Performance Select Committee on a quarterly basis.
54	74	Divisional Risk Registers are closely linked to Divisional Plans, with the key risks associated with the each Divisional Plan action identified, scored and monitored.
55	75	Each Divisional Head provides an update to SMB on a quarterly basis, via a report collating service area developments, performance data and risk register updates. This means that the links between performance, risks and actions are clearly set out and closely monitored.
56	79	The Voluntary Improvement Board established in 2008 completed its work plan during 2010/11 following the demonstrable improvements in all areas throughout the Council.
57	80	***Developing the capacity and capability of members and officers to be effective***
58	81	All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts to ensure that the best candidates are appointed into each position.
59	82	All officers receive an annual performance review' and regular reviews throughout the year at which performance is measured against set objectives. Training needs are also identified and addressed.
60	84	A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost.

61	85	The Chief Executive and Leader of the Council have a good working relationship and hold regular meetings to discuss any emerging issues. The Chief Executive also briefs all members with regard to their roles at the time they are sworn in.
62	86	There are regular meetings between Senior Members and Officers. These include regular Chairs and Directors meetings and Committee Chairmen briefing meetings. These meetings allow Members to be briefed on reports going through Committee and to allow Members to ask pertinent questions to inform the decision making process.
63	88	***Engaging with local people and other stakeholders to ensure robust public accountability***
64	89	Uttlesford District Council recognises that communication with all stakeholders plays a fundamental role in the successful delivery of high quality, cost effective services.
65	90	The Council continues to ensure it is open and accessible to the community. In 2010/11 it has:
66	91	• Run its first Citizens Panel surveys and used the results to inform policy and decision-making in areas including budget and corporate priority setting
67	92	• Further improved other areas of consultation ensuring a more consistent joined up approach
68	93	• Became one of the first local authorities in the country to publish its spending over £500 via a new Transparency section on the website, winning praise from the Department for Communities and Local Government and a fact-finding visit from senior civil servants
69	96	All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council.
70	97	When identifying the priorities and objectives for the Corporate Plan the views of stakeholders and the wider community are sought through a number of consultation mechanisms, and are taken into account. The Corporate Plan is made available to all via the Council's website.
71	99	The Council has formal complaints procedures which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members.
72	100	There is a Local Strategic Partnership - Uttlesford Futures - which has adopted a new Sustainable Community Strategy up to 2018. The membership of the thematic working groups is being reviewed alongside the action plans and additional partners are being identified and invited to participate. The Transport Forum is set to become one of the thematic groups under the Uttlesford Futures Partnership and meetings held with Essex County Council representatives to secure commitment to the development of transport action plans. Presentations have been made to the two community forums at which parish council representatives and the public are

		present. Funding streams were withdrawn in the financial year 2010/11. The LSP will be comprehensively reviewed in 2011/12
73	101	The Sustainable Community Strategy was developed following consultation with key stakeholders and the wider community. Progress against the actions are measured on a quarterly basis and reported to Uttlesford Futures Management Team and Board.
74	102	Since December/January a review has been taking place of all of the action plans to ensure that completed or unachievable projects are removed and replaced with a smaller number of SMART projects to ensure the community benefits from the pooling of partnership resources. In addition, projects have been established for which Performance Reward Grant (PRG) funding has been secured to the value of £263,671 and have been implemented over a 2 year period. By way of introducing partnership risk assessments these were applied initially to the PRG projects and then rolled out across all of the thematic groups' actions plans and partners. PRG projects developed successfully and the LSP now has its own web page on the Uttlesford website which is linked to the Essex LSP portal to keep the public informed.
75	103	There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Uttlesford Futures has a comprehensive Governance Handbook and the terms of reference for all of the working groups are being reviewed to ensure they comply with the overarching document. Key partnerships include the Local Strategic Partnership - Uttlesford Futures; the Essex Legal Services Partnership and the Parking Partnership established between Colchester (lead authority) Braintree and Uttlesford Councils which has been succeeded by the North Essex Parking Partnership.
76	104	**4. Review of Effectiveness**
77	105	The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Strategic Management Board who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the External Auditors and other review agencies and inspectorates
78	122	***Internal Audit***
79	123	The role of internal audit is to review the internal control framework that governs the operations of the Council and, in so doing, provide an independent opinion to both management and members on the robustness of the Council's internal control environment.
80	124	The Internal Audit team complies in all significant respects with the requirements of CIPFA's Code of Practice for Internal Audit in Local Government in the UK and with the Code of Ethics and International Standards for the Professional Practice of Internal Auditing of the Chartered Institute of Internal Auditors – UK and Ireland
81	125	Annual audit coverage is traditionally linked to a five year strategic work plan, which ensures that all services are reviewed on a cyclical basis. The frequency with which

		services are audited within the cycle is dependant on the result of a risk assessment, indications of performance and being reconciled to available audit resource. Senior officers and Members are traditionally consulted about the proposed work plan.
82	126	A separate Annual Audit Plan is agreed that identifies the audits to be completed during the year, including the core fundamental systems (audited annually as part of the managed audit agreement with the Council's External Auditors) and other operational systems.
83	127	The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director, Head of Division and Service Manager. Head of Paid Services, the Monitoring Officer and the Section 151 Officer also receive a report of all audits completed.
84	128	Each audit report includes agreed recommendations for improvement, rated in line with the Council's risk rating system and an opinion of the overall internal control environment for each audit.
85	129	All recommendations are regularly followed up to ensure they are implemented within agreed timescales
86	130	The Internal Audit Team reported directly to the Performance Select Committee at each of its meetings. The committee approved the Audit Plan and monitored progress against the audit plan and on the implementation of audit recommendations.
87	131	It is best practice that a review of the effectiveness of the system of internal audit and its compliance with the CIPFA Code of Practice for Internal Audit in Local Government is undertaken and the findings of this review have been reported to Members for their consideration as part of its Annual Report and Opinion. The purpose of this review is to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance.
88	132	***Other Assurance Mechanisms***
89	133	In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all divisional heads and directors on the effectiveness of the internal control environment. A review of the returns concluded that based on this self assessment, effective controls were in place.
90	134	The Council has a Performance Management Framework through which quality of service can be measured by both local and national performance indicators. Performance targets were set and agreed for 2010/11and monitored on a quarterly basis by Divisional Heads and reported to the Strategic Management Board and Performance Select Committee in order that corrective action can be taken where services are deemed to be under performing.
91	135	Unverified performance data for 2010/11 has identified that 64 per cent of all indicators collected performed on or above target (86 per cent of National Indicators, 59 per cent of Corporate Indicators and 64 per cent of Service Indicators). The Audit

		Commission will be completing checks of the data submitted but it is not yet known when feedback on these will be available. The under-performing Performance Indicator review process continues to be applied to indicators that have under-performed for two or more quarters.
92	136	In May 2008 an Audit Commission inspection of Community Housing services assessed the service as Fair service/Poor prospects for improvement. A re-inspection in 2010 acknowledged the significant progress that had been made and scored the service as Fair/Promising prospects for improvement. An action plan has been drawn up to ensure continuing improvements and is being delivered. Reports on progress are made to the appropriate Committee.
93	137	The Audit Commission, in addition to reviewing the Statement of Accounts, issues a formal opinion on the Council's arrangements for securing Value for Money. In 2009/10, one area was qualified (see below). No qualification is expected for 2010/11 *(subject to confirmation)*
94	140	**5 Significant Control and Governance Issues**
95	141	***Outstanding issues from 2009/10***
96	142	**Asset Management**
97		In 2009/10 the Council received a qualified assessment from the Audit Commission in regard to its asset management as its Corporate arrangements for Asset Management were underdeveloped. In 2010/11 a new Asset Register and Asset Management Plan have been developed and support for their implementation is being provided by Braintree District Council
98	143	***Significant Control and Governance issues identified 2010/11***
99	144	No significant issues have been identified. The Council considers its Corporate Governance and Internal Control arrangements to be fundamentally sound**.**

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review

Signed

John Mitchell   Councillor Jim Ketteridge
Chief Executive   Leader of the Council
Date: Date: