

	2010 /11 ref	ANNUAL GOVERNANCE STATEMENT 2011/12
1	1	1. Scope of Responsibility
2	2	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	3	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	4	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	5	2. The Purpose of the Governance Framework
6	6	The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled.
7	7	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	8	The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2012.
9	9	3. The Governance Framework
10	10	Uttlesford District Council's governance framework derives from six core principles:
11	11	1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
12	12	2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
13	13	3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
14	14	4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
15	15	5. Developing the capacity and capability of members and officers to be effective; and
16	16	6. Engaging with local people and other stakeholders to ensure robust public accountability.

17	17	The key elements of each of these core principles at Uttlesford District Council are as follows:
18	18	<i>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</i>
19	19	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	20	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 (01/04/11 –31/10/11) or the Corporate Management Team (01/11/11–31/03/12) and the Performance Select Committee (01/04/11-15/05/11) or the Performance & Audit Committee (16/05/11-31/03/12).
21	21	Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction.
22	22	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	23	<i>Members and officers working together to achieve a common purpose with clearly defined functions and roles</i>
24	24	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	25	In 2011/12 the Council changed its governance arrangements under the Local Government Act 2000 from alternative arrangements (committee system) to executive arrangements (executive leader and cabinet). The cabinet therefore became the council's main decision making body for all executive functions. As defined by law and in accordance with the budget and policy framework approved by Full Council. Although there is power for executive functions to be delegated to individual members of the cabinet this was not done and all executive decisions were taken by the cabinet collectively. All meetings of the cabinet were held in public unless items containing confidential or exempt information were being discussed
26	26	Policy and decision making was facilitated by a clear framework of delegation. The delegation scheme is in two parts. The first relates to those functions of the Council which are not executive functions. Delegation of these functions flows from Full Council. Executive functions can only be delegated by the Leader of the Council. The Leader has granted delegated authority to officers to carry out certain executive functions. The schemes of delegation are published on the Council's website. In addition the Leader delegated power to expend up to £1000 on the performance of any executive function relating to their ward pursuant to s.236 Local Government Act 2000 subject to consultation with the Assistant Chief Executive – Finance to ensure legality of the proposed expenditure.

27	27	The Council met seven times during the year. The Cabinet met on thirteen occasions. The Scrutiny Committee met on eight occasions. The Performance and Audit Committee met on five occasions. The Licensing and Environmental Health Committee met on four occasions. The Standards Committee met on five occasions. 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	28	From 01/04/11-31/10/11 the Strategic Management Board (SMB) of the Council met on a weekly basis; from 01/11/11 the Corporate Management Team (CMT) meet on a fortnightly basis and provide the strategic direction of the Council in delivering the requirements of the Corporate Plans. They also considers other internal control issues, including risk management, performance management, compliances, efficiency, value for money and financial management.
29	29	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	30	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 2011/12.
31	31	<i>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</i>
32	32	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	33	The Council has a Standards Committee responsible for performing the functions under s.54 and s.55 Local Government Act 2000.
34	34	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	35	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	36	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	37	The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud & Corruption Strategy, Bribery Act 2010 Policy and the Council's

		Whistle Blowing Policy have been developed and communicated to all staff via the internet and as part of the Induction process. These Policies provide clear reporting channels and are reviewed on an annual basis.
38	38	The Council's financial management arrangements consist of a number of interlocking strands:
39	39	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	40	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	41	Medium Term Financial Strategy – The Council approved the latest version of the Medium Term Financial Strategy (MTFS) in February 2012. 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	42	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	43	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 CMT and Cabinet. 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	44	<i>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</i>
45	45	The Scrutiny Committee is formally responsible for monitoring and reviewing policy and decisions of the Cabinet, as well as scrutinising the performance of outside bodies and making recommendations as appropriate and may receive public petitions.
46	46	The Performance & Audit 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	47	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	48	The Council change to a Cabinet style administration from May 2011
49	49	The Council has embedded Risk Management throughout its activities.
50	50	Following extensive revision of the Council's approach to corporate and divisional risk management in 2009/10 and 2010/11, the process was further streamlined in 2011/12, with the Corporate Risk Register directly linking to the aims set out in the Council's new Corporate Plan.
51	51	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	52	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	53	All Corporate Risks are reported to the Performance and Audit Committee, irrespective of their score.
54	54	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	55	Each member of CMT and the Community Partnerships and ICT Managers provide an update to CMT 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	<i>Deleted reference to the Voluntary Improvement Board</i>
56	57	<i>Developing the capacity and capability of members and officers to be effective</i>
57	58	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	<i>Deleted reference to annual performance reviews for officers</i>
58	60	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.
59	61	The Chief Executive and Leader of the Council have a good working relationship and hold regular meetings to discuss any emerging issues. Following the May 2011 District Elections, induction training was provided for all Members.

60	62	There are regular meetings between Senior Members and Officers. These include regular Cabinet and Directors meetings and Committee Chairmen briefing meetings. These meetings allow Members to be briefed on reports going through to Cabinet and Committee and to allow Members to ask questions to inform the decision making process.
61	63	<i>Engaging with local people and other stakeholders to ensure robust public accountability</i>
	64	<i>Deleted reference to recognising the role of communication</i>
62	65	The Council continues to ensure it is open and accessible to the community. In 2011/12 it has:
63	66	<ul style="list-style-type: none"> ▪ Continued to regularly survey the view of residents through its Citizens Panel
64	67	<ul style="list-style-type: none"> ▪ Refreshed the membership of that panel to ensure it reflects even more closely the make-up of the community
65	68	<ul style="list-style-type: none"> ▪ Added further information to the Transparency section on its website, including its new Pay Policy.
66	69	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.
67	70	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.
68	71	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.
69	72	There is a Local Strategic Partnership - Uttlesford Futures which has radically restructured its Board and the thematic groups. The roles of partners have been enhanced. The thematic groups have been structured around the priorities for whole place community budgeting, and none will be chaired by Members of the District Council. A realistic new vision has been adopted
70	73	There is no longer a statutory requirement to produce a sustainable community strategy. Uttlesford Futures retains a strong emphasis on sustainability
71	74	Projects under the performance reward grant have been completed. The Council can support the partnership with administrative and limited professional assistance but its role will become one of encouraging/facilitating rather than delivery by direct funding
72	75	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 Public Law Partnership and the North

		Essex Parking Partnership. We also work closely with Braintree, Harlow and Epping Forest for joint provision of environmental, recycling, asset management, economic development and communications
73	76	4. Review of Effectiveness
74	77	The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and Corporate Management Team 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
75	78	Internal Audit
76	79	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.
77	80	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
78	81	Annual audit coverage is linked to a strategic work plan, which ensures that all of the Council's services are subject to review 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 previous performance and being reconciled to available audit resource. Senior officers and Members are consulted about the proposed work plan.
79	82	A separate Annual Audit Programme 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.
80	83	The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director, Assistant Director and Head of Service. Head of Paid Services, the Monitoring Officer and the Section 151 Officer also receive a report of all audits completed.
81	84	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.
82	85	All recommendations are regularly followed up to ensure they are implemented within agreed timescales
83	86	The Internal Audit Manager reports to the Performance & Audit Committee at each of its meetings. The committee agree the Audit Programme and monitored progress against it and on the implementation of audit recommendations.
84	87	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 the Internal Audit Manager's 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.
85	88	Other Assurance Mechanisms
86	89	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 CMT members 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.
87	90	The Council has a Performance Management Framework through which the quality of service can be measured by performance indicators. Targets are monitored on a quarterly basis, discussed by the Corporate Management Team and reported to Committee.
88	91	With the establishment of a new Performance and Audit Committee, a review of the indicators being reported to the Committee was undertaken. The Committee now receives 15 Key Indicators plus a further 34 Performance Indicators. In addition, the Committee can, and does, request assurance from the relevant Cabinet member when there is consistent underperformance in a particular service area/indicator.
	92	<i>Deleted redundant National Indicator references</i>
89	93	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 2010/11 an unqualified opinion was given
90	94	5 Significant Control and Governance Issues
91	95	Outstanding issues from 2010/11
92	96	There were no significant issues identified for 2010/11
93	98	Significant Control and Governance issues identified 2011/12
94	99	During 2011/12 the staff appraisal scheme underwent a review to ensure that it continues to meet the Council's business needs. During the review, the scheme was temporarily suspended, such that some staff will not have had their performance formally appraised, although in practice informal arrangements applied. As a result, the Performance Management Framework will have operated inconsistently during 2011/12. The redesigned scheme was re-launched in April 2012.

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
 Chief Executive
 Date:

Councillor Jim Ketteridge
 Leader of the Council
 Date: