

1	<b>SCOPE OF RESPONSIBILITY</b>
1.1	Uttlesford District 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, and used economically, efficiently and effectively. Uttlesford District 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.
1.2	In discharging this overall responsibility, Uttlesford District 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.
1.3	Uttlesford District Council 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. A copy of the authority's code is on our website at <a href="http://www.uttlesford.gov.uk">www.uttlesford.gov.uk</a> or can be obtained from the Council Offices, London Road, Saffron Walden, Essex, CB11 4ER. This statement explains how Uttlesford District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.
2	<b>THE PURPOSE OF THE GOVERNANCE FRAMEWORK</b>
2.1	The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
2.2	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 Uttlesford District 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.
2.3	The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2013 and up to the date of approval of the annual statement of accounts.
3	<b>THE GOVERNANCE FRAMEWORK</b>
3.1	Some of the key features of the governance framework are set out in the following paragraphs.
3.2	The Uttlesford District Council Corporate Plan 2012 to 2017 outlined 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. The Corporate Plan is reviewed annually and takes account of feedback from public consultation carried out via a Citizens Panel. The Corporate Plan 2013 to 2018 was approved by members at the Council Meeting held in February 2013.
3.3	Delivery of the Council's Corporate Plan is supported by directorate and service plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the council's U-Perform system. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored

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	by individual services and formally reviewed quarterly by the Corporate Management Team (CMT) and the Council's Performance & Audit Committee. Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction.
3.4	Uttlesford District Council has adopted a Constitution which establishes the roles and responsibilities for members of the executive (the Cabinet), Performance & Audit, Scrutiny, and Standards Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. The Council has adopted a new regime pursuant to the Localism Act 2011 and appointed a new Standards Committee from 01 July 2013. Conduct of officers is directed by Personnel Policy Notes and through the values and behaviours which are part of the Council's individual performance review system known as 'U-Perform'.
3.5	The Constitution contains procedure rules, standing orders and financial regulations that clearly define how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Management Team. The Constitution also contains a Statutory Officers Protocol.
3.6	In 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 2012/13.
3.7	In 2010 CIPFA published a CIPFA Statement on the Role of the Head of Internal Audit, setting out core principles and standards relating to the role of the Head of Internal Audit and how it fits into the organisation's governance arrangements. The Council was substantially compliant with the CIPFA statement in 2012/13, however does not fully comply with Principle 1 of the CIPFA Statement which includes the requirement that the Internal Audit Manager be consulted on all proposed major projects, programmes and policy initiatives and given the opportunity to give advice to the Leadership Team and others on the control arrangements and risks relating to any proposed policies, programmes and projects.
3.8	The primary counterbalances to our Cabinet are the Scrutiny and the Performance & Audit Committees. The Scrutiny Committee provides a robust challenge to the Executive, calling it to account where it considers it necessary.
3.9	The Performance & Audit Committee monitors the performance of the Council, fulfilling the Council's Audit Committee core functions in respect of External Audit, Internal Audit and Risk Management and Performance Management. The Committee can, and does, request assurance from the relevant Cabinet member when there is consistent underperformance in a particular service area/indicator.
3.10	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. The Standards Committee has responsibility for overseeing the investigation of complaints against members. For the period 01/04/13 to 31/03/13, 3 complaints were received against district councillors and 1 against a parish councillor. Under our procedures these were examined by the Monitoring Officer in conjunction with an independent member of the Standards Committee. None of the complaints were considered to justify an investigation by the Standards Committee.
3.11	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

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	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 due to be reviewed during 2013/14.
3.12	The Council has embedded Risk Management throughout its activities with the Corporate Risk Register directly linking to the aims set out in the Council's Corporate Plan. Each member of CMT and the Community Partnerships, ICT and Street Services Managers provide updates to CMT, via a report collating service area developments, performance data and risk register updates thus the links between performance, risk and actions are clearly set out and closely monitored. The Corporate Risk Register is reviewed quarterly by the Performance & Audit Committee. The Council's Corporate Risk Strategy was revised during 2012/13 and approved by the Performance and Audit Committee at its meeting on 16 August 2012
3.13	Performance Management is monitored through quarterly reporting to CMT and the Performance & Audit Committee on 16 Key Performance Indicators along with more than 30 other Performance Indicators. In 2012/13 the Performance & Audit Committee were particularly concerned about underperformance in two areas of work and sought additional assurance, including regular written and verbal updates, from the relevant senior managers and portfolio holders.
3.14	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. 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. Training needs are identified through the U-Perform appraisal system.
3.15	A new individual performance review system known as 'U-Perform' was introduced for all officers for 2012/13, in which staff are measured against operational objectives that are linked through to the Corporate Plan via service and directorate objectives. U-Perform also identifies developmental and training needs to ensure that appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.
3.16	During 2012/13 workshops have been held for Members on Finance, Boundary Changes and several concerning Planning. Training has also been provided to Members on the new Standards regime including the new Code of Conduct. The Members Bulletins provide fortnightly updates to Members on relevant corporate matters, service specific items, legislative changes etc.
3.17	The Council continues to ensure it is open and accessible to the community. In 2012/13 it has: <ul style="list-style-type: none"> <li>• Continued to regularly survey the view of residents through its Citizens Panel</li> <li>• Continued to maintain the transparency section of the website</li> <li>• Held several large scale consultation exercises around the draft Local Plan.</li> </ul> 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. 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.

3.18	During 2012/13 the Council's Scrutiny Committee has looked at various areas of council decision making and service delivery, including waste collection arrangements, Homelessness, the Local Development Framework and the allocation of the Jubilee Fund. It has also scrutinised the work of external organisations, including the East of England Ambulance Service in relation to response times, Essex Police in relation to police station closures and GP provision in the district. A summary of the year's work can be found at Item 10 of the 18 April 2013 Scrutiny Committee.
3.19	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. The Council is actively involved in the Essex Community Budgets programme and has set aside £50,000 to invest on a needs basis.
3.20	The Council has a dedicated team responsible for change and transformation. The team use Prince2 methodology on all major projects. In addition, as necessary, specialist project teams are established for the big system changes we undertake.
4	<b>REVIEW OF EFFECTIVENESS</b>
4.1	Uttlesford District 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 the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
4.2	The Council's Monitoring Officer (the Assistant Chief Executive – Legal) has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Cabinet, Committees and Council are seen by the Assistant Chief Executive – Legal to ensure compliance with legal requirements.
4.3	The Council's Section 151 Officer (the Assistant Chief Executive – Finance) has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations to ensure they remain fit for purpose, and submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by the Assistant Chief Executive – Finance to ensure compliance with financial requirements.
4.4	Uttlesford District Council's Internal Audit Service, via a specific responsibility assigned to the Internal Audit Manager, is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. The Internal Audit Manager's Annual Report and Opinion for 2012/13 concluded on balance that our audit opinion on the control environment for 2012/13 is that risks material to the achievement of the objectives for the audited areas identified by Internal Audit are, on balance, adequately managed and controlled.
4.5	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.
4.5	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 was 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.
4.7	In April 2013, the Performance and Audit Committee carried out the annual review of its effectiveness as an audit committee using the CIPFA self-assessment checklist and was considered to be substantially compliant.
4.8	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.
4.9	The Audit Commission, in addition to reviewing the 2011/12 Statement of Accounts, issued a formal opinion on the Council's arrangements for securing Value for Money giving an unqualified opinion. Ernst & Young were appointed as the Council's External Auditors from 01 September 2012 and are responsible for reviewing the Council's 2012/13 Statement of Accounts.
5	<b>SIGNIFICANT GOVERNANCE ISSUES</b>
5.1	<b>Outstanding Issues from 2011/12</b> 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.
5.2	<b>Significant Control and Governance issues identified 2012/13</b>
	1. The new U-Perform process introduced in 2012/13 requires all members of staff to have objectives set against which their performance is measured in their annual appraisal. The Chief Executive's objectives are set in the Council's Corporate Plan which is reviewed and agreed annually with the Leader and Members; however there is no formal mechanism currently in place for an annual appraisal to review the performance of the Chief Executive against the Corporate Plan objectives.  To address this, a formal system of annual appraisal to review the performance of the Chief Executive will be introduced.
	2. Internal Audit Manager is not consulted on all major projects, programmes and policy initiatives in line with CIPFAs 'the Role of the Head of Internal Audit'.  To address this copies of all draft Directorate and Service plans will be forwarded to the Internal Audit Manager to give prior notice of proposed major projects, programmes or policy initiatives expected during the coming year.
	3. In previous years, each member of CMT and the Community Partnerships, ICT and Street Services Managers provided quarterly updates to CMT via a report collating the service area developments performance data and risk register updates. During 2012/13 reports on Performance and Risk Management have continued to be reviewed quarterly;

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	<p>however service area updates were only given on a six-monthly rather than quarterly basis.</p> <p>To ensure that all members of CMT are more frequently informed of any service area developments that may impact on their own areas of responsibility; each member of CMT and the Community Partnerships, ICT and Street Services Managers will be required to report quarterly to CMT on their own service area developments.</p>
5.3	<p>We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. 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.</p> <p>Signed: _____ Leader and Chief Executive on behalf of Uttlesford District Council.</p>