

## **1. SCOPE OF RESPONSIBILITY**

- 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 [www.uttlesford.gov.uk](http://www.uttlesford.gov.uk) 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. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 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 2014 and up to the date of approval of the annual statement of accounts.

### 3. THE GOVERNANCE FRAMEWORK

- 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 2013 to 2018 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 2014-2019 was approved by members at the Council Meeting held in February 2014
- 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 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 2013/14.
- 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 complied with the CIPFA statement in 2013/14
- 3.8. The primary counterbalances to our Cabinet are the Scrutiny and the Performance & Audit Committees. The role of these committees is to provide a robust challenge to the Executive.
- 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 31/03/14, there were 6 allegations received of a breach of the Code of Conduct. 2 were against parish councillors, 4 against district councillors. 1 complaint against a parish councillor and 1 complaint against a district councillor were made by members of the public. The other 4 complaints were made by district councillors. 1 complaint against a parish councillor and 2 complaints against district councillors were passed for investigation. In 1 case a district councillor was found to have breached the council's code of conduct but the committee decided that no action was necessary. In the other 2 cases no breach was found.
- 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 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 being reviewed in May 2014.
- 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 2013/14 the Performance & Audit Committee were particularly concerned about performance in three areas of work and sought additional assurance, including regular written and verbal updates, from the relevant senior managers and portfolio holders.
- 3.14. In order to monitor and improve the Council's Housing Department's performance in terms of meeting National Standards and Local Offers, agreed with tenants, the Council has introduced a system of co-regulation in Uttlesford. Co-regulation enables our tenants to work with us to effectively "audit" our performance. In order to co-regulate the Housing Service, we have set up a Tenant Regulatory Panel (TRP) which includes Tenant Inspectors. The TRP have a number of tools at their disposal in order to investigate our performance and make recommendations for improvements. The TRP reports directly to the Tenant Panel which is the umbrella organisation representing council tenants in Uttlesford. It also reports to our Housing Board. Tenants Inspectors report back directly to the TRP.
- 3.15. 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.
- 3.16. The 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.
- 3.17. During 2013/14 training before Planning meetings has been carried out. Training has also been provided to Members on the new Scrap Metal Dealers Act. The Members Bulletins provide regular updates to Members on relevant corporate matters, service specific items, legislative changes etc.
- 3.18. The Council continues to ensure it is open and accessible to the community. In 2013/14 it has:
- Continued to regularly survey the view of residents through its Citizens Panel
  - Published further information on the transparency section of the website to meet new guidelines

- Held further consultation exercises around the draft Local Plan.
- Trialled audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet

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.

- 3.19 During 2013/14 the Council's Scrutiny Committee has looked at various areas of council decision making and service delivery, including car parks, dog fouling, the Local Plan, Housing scrutiny, septic tank collection and planning performance. It has also scrutinised the work of external organisations, including the East of England Ambulance Service in relation to response times, GP accessibility in growth areas and changes to NHS England and the West Essex CCG. A summary of the year's work can be found at Item 12 of the 29 April 2014 Scrutiny Committee.
- 3.20 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 shared provision of , insurance, energy efficiency, health and safety and communications. The Council is actively involved in the Essex Partnerships programme and has set aside £50,000 to invest on a needs basis..
- 3.21 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 REVIEW OF EFFECTIVENESS**

- 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 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 Section 151 Officer 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 2013/14 concluded on balance that our audit opinion on the control environment for 2013/14 is that risks material to the achievement of the objectives for the audited areas identified by Internal Audit are, on balance, substantially 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.
- 4.6 With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit has been governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF. The PSIAS are mandatory for all internal auditors working in the UK public sector. An internal assessment of the performance of Internal Audit and its conformance with the PSIAS has been 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. An essential element of this assessment 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 2014, 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 in all material respects.

- 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 EY were appointed as the Council's External Auditor from 01 September 2012 and are responsible from reviewing the Council's Statements of Accounts. In addition to reviewing the 2012/13 Statement of Accounts, EY issued a formal opinion on the Council's arrangements for securing Value for Money concluding that the council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **5 SIGNIFICANT GOVERNANCE ISSUES**

### **5.1 Significant Issues from 2012/13**

There were three significant governance issues identified in the 2012/13 Annual Governance Statement, all of which have been resolved.

1. A formal system of annual appraisal to review the performance of the Chief Executive has been introduced.
2. Directorate and Service plans have been made available to the Internal Audit Manager.
3. Each member of CMT and the Community Partnerships, ICT and Street Services Managers are required to report quarterly to CMT specifically on their own service area developments.

### **5.2 Significant Control and Governance issues identified 2013/14**

1. Since 1 April 2011 parking in Uttlesford has been run by the North Essex Parking Partnership and is a major source of income and expenditure for the Council, but at present the Council's Internal Audit is unable to provide assurance on the systems and controls within the NEPP. Under the terms of the partnership agreement Colchester Borough Council, in their role as lead authority for the NEPP, is responsible for the internal audit arrangements for NEPP.

However, Internal Audit at Colchester BC is outsourced to Deloitte who have also been given responsibility for the internal auditing of the NEPP by Colchester BC. As a consequence of this, the NEPP internal auditors have no direct accountability to the partnership and access to internal audit work and reports to the other partners in the NEPP is restricted. It has only been through working in conjunction with the other NEPP partner Internal Audit Managers, and only after two different Hold Harmless letters per partner authority were submitted to Colchester

BC, that access to Deloittes audit information was agreed and copies of the Deloittes Internal Audit Reports for the NEPP finally distributed (for 2012/13 in September 2013 and for 2011/12 in May 2014).

For the first time for 2013/14, and only following a specific request from the other NEPP partner Internal Audit Managers, were these Internal Audit Managers consulted on the objectives and scope of the Internal Audit work to be undertaken by Deloittes. Unfortunately the report has not yet been finalised and therefore unavailable for consideration at this time.

Draft protocols between NEPP partner Internal Audits are under discussion, access to the NEPP computer systems has now been given to the Council's Internal Audit section. It is anticipated that the Council's Internal Audit will be able to complete its audit work during 2014/15 and as a result be able to provide assurance on the systems and controls within the NEPP.

- 5.3 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.

Signed: \_\_\_\_\_  
Leader and Chief Executive on behalf of Uttlesford District Council.