

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 and 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 Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016). A copy of the authority's Code of Corporate Governance is on our website at 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 Regulations 2015, regulation 6(1)(a) and (b), which requires all relevant bodies to conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement. The Code of Corporate Governance is currently under review and will be updated in 2020/21.

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 2020 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 2019/2023 outlines the aims and four priority areas and three new underpinning themes (summarised as environmental impact, use of digital and diversity and inclusion) and it is complemented by the Medium Term Financial Strategy and together these represent the key planning documents for the Council. This was again underpinned by an annual delivery plan setting out the specific projects/activities that would contribute to the Council's priorities. The Corporate Plan is reviewed annually and takes account of feedback from public consultation as well as data and analysis relating to the residents, communities and businesses in the District. The significantly revised Corporate Plan 2020/2024 was approved by members at the Council Meeting held in February 2020 and was informed by conversations during the election in May 2019 and subsequent workshops with members of the Residents for Uttlesford party.
- 3.3 Delivery of the Council's Corporate Plan was supported by the Corporate Plan Delivery Plan 2019/20 approved by the previous Administration in February 2019, and service plans in which the corporate objectives are translated into more specific aims and objectives. These are then cascaded 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 against the delivery plan is monitored by the Corporate Management Team (CMT) and Cabinet, while service plans are monitored by individual services and formally reviewed quarterly by the CMT. In addition, the Council's key performance indicators are monitored quarterly by the Governance, Audit & Performance Committee. Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction. The Local Government Ombudsman's annual review letter is presented to the Governance, Audit & Performance Committee each September, along with an annual summary of complaints resolved through the Council's own complaints system.
- 3.4 Uttlesford District Council has adopted a Constitution which establishes the roles and responsibilities for members of the executive (the Cabinet), Governance, Audit & Performance, 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. A Code of Conduct for Staff was approved and published during 2019/20. There is a guide to disciplinary standards; conduct of officers is directed by Human Resource Policies (HRP) 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 During 2019/20 the following amendment to the Constitution has been made:

The Council has revised its scheme for public participation at Planning Committee meetings to promote greater involvement by members of the public and parish councils. It also provided for the Youth Council to have a permanent nonvoting representative at Full Council meetings in order to participate in debates. In July 2019 the Council set up a Governance Working Group to consider whether the Council should revert to the committee system of decision making or should introduce changes to the current Leader and Cabinet model. The Working Group has yet to report.

3.7 In 2016 CIPFA published its 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 2018/19.

3.8 In 2019 CIPFA published its 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 2019/20

3.9 The primary counterbalance to the Executive is the Scrutiny Committee. The role of this committee is to provide a robust challenge to the Cabinet. A Memorandum of Understanding has been developed to set out the relationship between the scrutiny and executive functions to address some of the recommendations from the Centre for Public Scrutiny review of the council's scrutiny processes and practices. This MoU was approved by Scrutiny Committee and by Cabinet, through an executive decision, in March 2019. It follows recommended practice and will assist in ensuring the two functions work effectively together.

3.10 The Governance, Audit & Performance Committee monitors the performance of the Council, fulfilling the Council's Audit Committee core functions, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2018), 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 and/or senior manager when there is consistent underperformance in a particular service area/indicator.

3.11 The Council has a formal complaints procedure 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 April 2019 to 31 March 2020, there were 9 allegations received of a breach of the Code of Conduct. These broke down as follows:

- Three complaints against parish councillors, which were not passed for investigation. Two allegations did not fall within the scope of the Code of Conduct and the third was dealt with by “words of advice” as the matter complained of was insufficiently serious to warrant an investigation.
- One complaint against a parish councillor was not pursued by the complainant when asked for further information.
- One complaint against a number of parish councillors was not pursued when they ceased to be councillors in May 2019.
- One complaint against a parish councillor is currently under formal investigation.
- One complaint against a parish councillor and a district councillor was passed for formal investigation. The investigation found no breach of the Code.
- Two complaints, involving two district councillors are in the process of being passed for formal investigation.

In addition, there are also a number of connected complaints relating to one parish council which need analysis and resolution.

- 3.12 The Council has policies to protect both itself and its staff when making decisions. A Counter Fraud and Corruption Strategy and Policies have been developed in accordance with the Code of Practices on Managing the Risk of Fraud and Corruption (CIPFA 2014), and include the Council’s Fraud Response Plan, Whistleblowing and Bribery Act 2010 Policies which have been developed and communicated to all staff via the internet and as part of the Induction process. Reviewed and updated Counter Fraud and Corruption Strategy and Policies were published in April 2019.
- 3.13 The Council has embedded Risk Management throughout its activities with the Corporate Risk Register reflecting the key threats to achieving its corporate aims and objectives. The Council’s Corporate Risk Register is reviewed and updated by CMT and reported twice a year to the Governance, Audit and Performance Committee.
- 3.14 Performance Management is monitored through quarterly reporting to CMT and the Governance, Audit and Performance Committee on 16 Key Performance Indicators and more than 20 other PIs. Areas of concern are discussed by the Committee and follow-up reports are requested if necessary. Among issues discussed during 2019/20 were planning applications processing times and recycling rates...
- 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, including ILM training for supervisors and managers.
- 3.16 The individual performance review system known as U-Perform has been operated in the council for ten years. Staff are measured against operational objectives that are linked through to service plans and the Corporate Plan and are also provided with behaviour statements against which they can

demonstrate how they go about their roles. U-Perform also identifies developmental and training needs, through which training is made available to staff to ensure that individuals are able to undertake their present role effectively. In 2019/20 the Council achieved a completion rate for U-Perform in excess of 90 percent. The moderation process through which the council's Chief Executive and Directors review U-Perform ratings for all staff to ensure consistency across all departments continued to operate.

3.17 During the year 2019/20 the Council undertook a more extensive training and induction programme than usual in view of the change of administration and the large number of new councillors. Training was arranged in these areas:

- Welcome and Induction Session, Part 1: How the Council works, Who's Who and Code of Conduct
- Welcome and Induction Session, Part 2: Data Protection and Safeguarding, Effective Decision-Making and Mock Council Meeting
- Introduction to Scrutiny (Scrutiny Committee)
- Introduction to Scrutiny (All Members)
- Planning Committee Training
- Licensing and Environmental Health Committee Training
- Governance, Audit and Performance Committee Training
- Standards Committee Training
- Environmental Health
- Police and the Council for Volunteer Services – Uttlesford
- Council Finance and the Budget
- Museum and Castle Tour
- The Council's Interaction with Business
- Charing Skills
- Housing
- Communities, Health and Wellbeing
- Development Management (Non-Planning Committee members)

3.18 The Council continues to ensure it is open and accessible to the community. In 2019/20 it has:

- Continued to regularly survey the views of residents through targeted consultation
- Launched a sub-site for council jobs to better promote the wide range of employment opportunities available at Uttlesford District Council
- Continued to develop the councils websites to follow Government Digital Service design principles
- Continued to meet guidelines on the publication of transparency information on its website, including publishing Gender Pay Gap information

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- Published an accessibility statement setting out our commitment to making our online services accessible to as many users as possible and complying with the requirements of the new Public Sector Bodies Website and Mobile Applications Accessibility Regulations 2018
- Continued audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet and, latterly, all committees including the Scrutiny Committee
- Conducted a major survey of all council tenants and leaseholders using the recognised HouseMark STAR questions in order to provide data to benchmark our services against national criteria
- Continued to support the Uttlesford Youth Council
- Continued to deliver the Keep Me Posted email news service for residents and grew the subscriber base to in excess of 8,000 people

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 2019/20 membership of the Council's Scrutiny Committee changed, including the appointment of a new Chair and Vice-Chair. Training was offered to all members of the committee. During the course of the year the committee has established task and finish groups on planning obligations and airport-related fly-parking and discussed reports on various topics including the council's commercial strategy, corporate plan and medium term financial strategy. A summary of the Committee's work for the year can be found on the agenda of the Full Council meeting of 22 April 2020.
- 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 regularly 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. The Council also works closely with neighbouring authorities to promote sustainable economic growth and on strategic planning issues in the context of the duty to cooperate under the Planning Acts. It also works with Braintree and Epping Forest Councils for shared provision of energy efficiency advice, insurance arrangements and building control.
- 3.21 From 1 April 2020 the Council entered into a limited company joint venture partnership with Norse, known as UNL, to provide housing planned and responsive repairs, stewarding and cleaning. The Director of Operations and the Deputy Leader are Directors of the new company.
- 3.22 A Corporate Peer Challenge was conducted in November 2016; the report and action plan was approved at Council in July 2017 and update reports on progress against the action plan have been regularly reported to GAP. Following the last report in October 2018 it was anticipated that the council would submit itself for an LGA progress review. However the change in administration and associated work supporting the new members meant this was not programmed before Parliamentary General Election was called, which further diverted staff resources.

- 3.23 The Council's Draft Statement of Accounts for 2018/19 was completed by 31 May 2019. The audited Statement of Accounts for 2018/19 was published on 30 July 2019. The Council received an unqualified opinion on its accounts for the tenth successive year.
- 3.24 On 15 May 2017, Aspire (CRP) Ltd (a wholly owned company of the council) purchased a 50% share in Chesterford Research Park (which is part of the South Cambridgeshire Biotech Cluster) in a joint venture with Aviva Ltd. The company has three Directors all of which are council employees and are members of the Corporate Management Team. The company also engages the services of two Non-Executive Directors to complement the skills of the directors in determining the company's activities, which are the subject of audit processes separate to the council. Members of the Cabinet form the shareholder board. The Council resolved to fund 50% of the refurbishment and refit costs of Newnham Building and this work commenced in early 2019. The expected completion date is early 2021.
- 3.25 The Council has appointed a Data Protection Officer to lead on compliance with the Council's data protection and other information governance obligations.
- 3.26 The Council continued to make preparations for a no-deal exit from the European Union, the original deadline of March 29 having been postponed to initially October 31 2019 and then December 31 2019. The Council's response to the risks and uncertainties associated with EU Exit has been coordinated through an Officer Working Group which is chaired by the Assistant Director of Housing Health and Communities. The Group has reviewed detailed arrangements for services, the implications for business continuity and emergency planning, provided information to the public and stakeholders and promoted the EU Settlement scheme. The effects of EU exit on legislation and how it affects the Council will be monitored by the Group and appropriate action taken to ensure continuing compliance and preparedness.

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 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 Monitoring Officer to ensure compliance with legal requirements.

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- 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 The 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 Covid-19 emergency has delayed the completion of work on the Internal Audit Programme 2019/20 and therefore the subsequent publication of the Internal Audit Manager's Annual Report and Opinion for 2019/20. However it is anticipated that the audit opinion on the control environment for 2019/20 will be that risks material to the achievement of the objectives for the audited areas identified by Internal Audit were, on balance, satisfactorily managed and controlled.
- 4.5 At the date of publication of this Draft Annual Governance Statement, nineteen out of the planned twenty-seven Audits from the 2019/20 Internal Audit Programme have been completed. Of these, four audits were given an Internal Audit opinion of either Little or Limited Assurance:
- The Audit of Corporate Equality and Diversity was given the opinion of Little Assurance. Nine recommendations were made - seven level 3 and two level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21.
 - The Audit of Business Continuity & Emergency Planning was given the opinion of Little Assurance. Nine recommendations were made – two level 4; six level 3 and one level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21
 - The Audit of HR & Payroll was given the opinion of Limited Assurance. Nine recommendations were made – two level 4; six level 3 and one level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21
 - The Audit of Licensing was given the opinion of Limited Assurance. Eight recommendations were made – three level 3 and five level 2; all recommendations are expected to be implemented by their agreed due dates in 2020/21
- 4.6 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 Senior Management Team (SMT) 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.
- 4.7 The work of the Council's Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) 2019. 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 External Quality Assessment of the performance of Internal Audit and its conformance with the PSIAS was undertaken in September 2017. An essential element of this assessment was to ensure that the annual audit opinion

issued by Internal Audit may be relied upon as a key source of evidence and assurance. The External Assessment concluded that the Internal Audit service generally conforms to the expectations of the PSIAS and made 15 recommendations to reflect that there are areas in which the service can be further improved and enhanced. At 31 March 2020, 13 of the recommendations have been fully implemented and 1 partially implemented; the remaining recommendations are expected to be fully implemented during 2020/21.

- 4.8 Through the Council's Performance Management Framework the quality of service can be measured by performance indicators. Most indicators are monitored on a quarterly basis; some are bi-annual or annual. All are discussed by the Corporate Management Team and the top two of three layers of indicators are reported to Committee.
- 4.9 Public Sector Audit Appointments (PSAA) is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For audits of the accounts from 2018/19, PSAA appoints an auditor to relevant principal local government authorities that have opted into its national scheme. Appointments are made for the duration of a five-year appointing period. The current appointing period covers the audits of the accounts for 2018/19 to 2022/23.
- 4.10 In December 2017 BDO LLP were confirmed by PSAA as the Council's new External Auditors for the period 2018/19 to 2022/23

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 Significant Issue from 2018/19

In the 2018/19 Annual Governance Statement the following issue was identified:

Equality & Diversity

The Audit of Corporate Equality and Diversity identified significant issues that needed to be addressed to improve governance, monitoring reporting and compliance to equality legislation. This was reported to GAP in November 2018. Resources have been identified to implement the recommendations made and further updates on progress will be given to GAP during 2019/20.

A further Audit of Corporate Equality and Diversity was carried out as part of the 2019/20 Internal Audit programme to review progress on the recommendation made in the previous audit. The audit identified that considerable progress had been made towards improving the Council's level of achievement measured against the Equality Framework for Local Government. Further recommendations have been made aimed at assisting the Council in this which will be reviewed during 2020/21 with further updates on progress will be given to GAP during the year.

5.2 Significant Control and Governance Issues identified 2019/20

1. COVID 19 PANDEMIC

The council began to consider the implications of the spread of coronavirus in January 2020 by reviewing its corporate business continuity plan and the Stansted Airport Health Plan; the first message to its staff regarding advice and guidance was sent on 11 February and included reference to dedicated intranet pages. The implications for work at Stansted Airport was considered with scenario planning and regular calls regarding imported food and all managers reviewed their business continuity plans with a health epidemic in mind.

An internal working group was also established in February, which then became the tactical coordinating group once a formal incident was declared in March and a command structure initiated. The council was (and remains) fully engaged with the Essex Resilience Forum. All expenditure associated with managing the virus was recorded (and continues to be so). Businesses were rebilled following the Chancellor's budget statement on 10 March to reflect further reliefs. The council moved quickly to enable staff to work from home, where possible, once the 'lockdown' was announced by the Prime Minister on 23 March and by mid-April had nearly 150 people working from home.

2. COVID 19 PANDEMIC – RISK TO 2020/21 BUDGET

The Covid-19 pandemic is putting significant pressure on the 2020/21 budget, mainly around lost income rather than direct cost of fighting the disease. Whilst the Government has provided the Council with approximately £930,000 of additional funding this is currently expected to fall short of the actual impact on our finances. Government has indicated that the money provided is sufficient to meet our needs and no additional money will be forthcoming. Government has also requested details of available Reserves we hold, that could be used if necessary.

The announced delay in the reviews of Fair Funding, Business Rates and New Homes Bonus will likely lead to another one year settlement. This generally results in Uttlesford receiving a favourable settlement, mainly down to the amount of New Homes Bonus received. However, due to the pandemic it is unlikely that housing delivery will be on a similar level as previous years and, if the award is calculated in the same way as previous years, this will have a significant impact on the allocation we receive in 2021/22.

3. EUROPEAN PARLIAMENTARY AND PARLIAMENTARY GENERAL ELECTIONS

The late confirmation of the planned European Parliamentary Election in May 2019 and unscheduled Parliamentary General Election in December 2019 substantially impacted on the council's ability to progress work of the new administration (specifically working groups) and to hold formal meetings but this was well managed and communicated.

It is proposed 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 the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

The Council considers its Corporate Governance and Internal Control arrangements to be fundamentally sound.

Signed: _____

Dawn French
Chief Executive

Signed: _____

John Lodge
Leader of the Council