

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 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 2018 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 2017-2021 outlines the 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. This was underpinned for the first time 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 carried out via a Citizens Panel. The Corporate Plan 2018-22 was approved by members at the Council Meeting held in February 2018 and the 2018/19 delivery plan approved at Cabinet in April..
- 3.3 Delivery of the Council's Corporate Plan is supported by the Corporate Plan Delivery Plan 2017/18 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
- 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. There is no specific Code of Conduct for Staff however 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 2017/18 the following amendments to the Constitution have been made:
- The Council has adopted a revised and simplified Code of Conduct for Councillors.

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- It has also adopted a revised procedure for considering Code of Conduct complaints to ensure that they are dealt with fairly and proportionately.
- The Council has adopted a revised Member/Officer Protocol, designed to underpin a strong working relationship and mutual respect between councillors and Council employees.
- The Council has extended the terms of reference of what was the Performance and Audit Committee by giving it explicit responsibility for governance issues and now called the Governance, Audit and Performance Committee.
- The Council has endorsed, and incorporated into its constitution, the Uttlesford Youth Council's constitution, which sets out the relationship and engagement between UDC and the Youth Council.
- The Council has adopted a revised and much clearer definition of a "key decision", aimed at improving transparency in decision-making.
- Changes have been made to the procedure for electing the Chairman and Vice-Chairman of the Council by inviting nominations at the Annual Meeting at which appointments are made rather than, as previously, at an earlier meeting.

- 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 2017/18.
- 3.8 In 2010 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 2017/18
- 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..
- 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 2013), 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 01/04/17 to 31/03/18, there were 8 allegations received of a breach of the Code of Conduct, of which
6 were against parish councillors;
2 were against district councillors

- 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. This Strategy and Policies that provide clear reporting channels have been reviewed and updated and will be published in 2018/19.
- 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 approach to Risk Management underwent a comprehensive review in 2017/18, including training for key staff, a new Corporate Risk Policy and a new Corporate Risk Register which is reviewed and updated quarterly by CMT and reported twice a year to the Governance, Audit and Performance Committee. In addition, new service Risk Registers have been developed and sit alongside service plans. Reporting on the service Risk Registers will be further developed in 2018/19.
- 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 a dozen other PIs. Areas of concern are discussed by the Committee and follow-up reports are requested if necessary. -Examples of performance issues discussed in 2017/18 include void re-let times and museum visitor figures.
- 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 has been operated in the council for eight years. Staff are measured against operational objectives that are linked through to service plans and the Corporate Plan and are also set 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 2017/18, for the first time, the council achieved a 100 per cent completion rate for UPerform. The council has recognised that the salaries it offered were not always keeping pace with other employers. Therefore as a retention measure, the council changed its pay grades at the beginning of 2017/18 which gave every employee a pay rise and an opportunity to progress through three further spinal column points in the coming years.
- 3.17 During the year 2017/18 all Members of the Council have had opportunities to attend workshops and training in relation to the Local Plan, including a Garden Communities workshop, and in relation to Housing (on community led housing) and to a major planning application regarding Stansted Airport. During this year specific training for Members of the following committees was also arranged: Licensing and Environmental Health Committee (in-house

training to enable members to determine private hire vehicle/hackney carriage driver and operator licenses and Licensing Act 2003 applications) and Planning Committee (external training on aspects of planning, and in-house training covering Probity in Planning). Additionally Group Leaders attended various training events and conferences, and the Chairman of Scrutiny Committee attended the Centre for Public Scrutiny conference. Following the change of the Council's committee management system from CMIS to Modern.gov, training was offered to all members of the Council to enable them to access agenda packs for all meetings by using their iPad devices, including access to all relevant restricted exempt information reports.

3.18 The Council continues to ensure it is open and accessible to the community. In 2017/18 it has:

- Continued to regularly survey the views of residents through its Citizens Panel
- Continued to meet guidelines on the publication of transparency information on its website
- Continued audio streaming and recording of meetings of the Planning Committee, Full Council and Cabinet and the sign-off of the Statement of Accounts at the Governance, Audit & Performance Committee
- Further enhanced its consultation activity around the LCTS scheme and budget setting
- Supported formation of the Uttlesford Youth Council
- Developed the Keep Me Posted email news service for residents and grew the subscriber base to in excess of 6,000 people.
- Formed a Local Council's Liaison Forum to provide additional communication channel with parish/town councils.

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 2017/18 the Council's Scrutiny Committee has looked at various areas of Council decision making and service delivery, including the draft budget and LCTS scheme and consultation, Street Naming and Numbering and Air Quality. In addition, the Centre for Public Scrutiny was commissioned to review the Council's scrutiny procedures and practices and recommendations were reported to the February 2017 Scrutiny Committee meeting. These

recommendations will be taken forward in 2018/19. A summary of the Committee's work for the year can be found at Item 8 of the Full Council meeting of 10 April 2018.

- 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. We also work closely with Braintree, Harlow and Epping Forest for shared provision of insurance and energy efficiency.
- 3.21 Corporate Peer Challenge was conducted in November 2016; report and action plan approved at Council in July 2017 and update report on progress against action plan reported to GAP in February 2018. Discussions will commence shortly with the LGA regarding a follow-up visit..
- 3.22 The Council's Draft Statement of Accounts for 2016/17 was completed by 31 May 2017. The audited Statement of Accounts for 2016/17 was published on 27 July 2017. The Council received an unqualified opinion on its accounts for the ninth successive year.
- 3.23 During 2017/18 work has continued on the development of the council's new HR and Payroll system. Phase 1 of the project is complete and the system is now used across the authority. Phase 2, which includes appraisals and online recruitment, was set up during 2017/18 and will go live in 2018/19.
- 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 council engaged the services of a number of advisors to support the council in determining whether to loan the company £47m, including all relevant due diligence and to advise the council on the best value option for securing the funds and obtaining the best return on investment. The decision to provide the company with the loan to enter in to the joint venture was taken by full council on 8 December 2016. 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.

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.

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- 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.
- 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 Internal Audit Manager's Annual Report and Opinion for 2017/18 concluded that the audit opinion on the control environment for 2017/18 is 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 Of the twenty-two Internal Audits from the 2017/18 Internal Audit Programme on which has been undertaken two audits were given an Internal Audit opinion of either Little or Limited Assurance:
- The Audit of Leisure –PFI was given the opinion of Limited Assurance. Seven recommendations were made - one level 4, three level 3 and three level 2; all recommendations are expected to be implemented by their agreed due dates in 2018/19.
 - In October 2017, an Interim Internal Audit Report was issued for the Audit of Street Services – Trade Waste with the opinion of Little Assurance. 22 recommendations were made - six level 4, twelve level 3 and four level 2; the due dates for these recommendations were no later than 30 April 2018 after which further work will be undertaken to completed the audit as part of the 2018/19 Audit Programme; all of the 22 recommendations have been implemented by their dues dates.
- 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 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.
- 4.7 The work of the Council's Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) 2017. 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 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. The External Assessment concluded that the Internal Audit service generally conforms with 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. During 2018/19 the service will be working to implement these recommendations. .

- 4.8 In April 2017, the Governance, Audit & Performance Committee carried out the annual review of its effectiveness as an audit committee during 2017/18 using the Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013) self-assessment and was considered to have effectively fulfilled its Audit Committee functions in accordance with the CIPFA guidance for an Audit Committee..
- 4.9 The Council has a Performance Management Framework through which 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.
- 4.10 EY were appointed as the Council's External Auditor from 01 September 2012 and are responsible for reviewing the Council's Statements of Accounts. In addition to reviewing the 2016/17 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.
- 4.11 As part of closing the Audit Commission the Government novated external audit contracts to Public Sector Audit Appointments (PSAA). The audit contracts were due to expire following conclusion of the audits of the 2017/18 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government. In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. In July 2015 Public Sector Audit Appointment (PSAA) were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015.
- 4.12 The arrangements for local government bodies ceases after the 2017/18 audit and under the new arrangements authorities are required to either:
1. 'Opt in' to a Sector Led Body, Public Sector Audit Appointments (PSAA).
 2. To establish an auditor panel and conduct our own procurement exercise.
 3. Explore the establishment of local joint procurement arrangements with neighbouring authorities.

The Council has taken option 1 and this was approved by Full Council on the 15th November 2017.

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 Significant Issues from 2016/17

In the 2016/17 Annual Governance Statement the following two issues were identified:

- 1 The Council's revised Document Retention Policy and Schedule was drafted in September 2016 but awaits formal agreement of CMT and publication

The Council's revised Document Retention Policy & Schedule was published in August 2017. Further revision to the Retention Schedule will be undertaken during 2018/19 as part of the ongoing compliance with the General Data Protection Regulation and Data Protection Act 2018

- 2 The Council's payroll provider Sage reported a potential data breach to the Council in August 2016 after the Council's payroll information, along with that of other organisations, was accessed without authorisation. An employee of Sage was subsequently arrested. The Council took appropriate action on being alerted, including informing the Information Commissioner, contacting all those whose details could have been accessed and organising protective registration for them through Cifas. The Council has now moved to a new payroll provider.

There have been no further issues arising from this data breach.

Actions Identified for 2017/18

In the 2016/17 Annual Governance Statement the following two actions were identified for 2017/18:

- 1 Code of Corporate Governance to be reviewed and updated in accordance with Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016)

The revision of the Code of Corporate Governance has not been completed, this has been included as a Significant Control Issue identified in 2017/18 and included as an action identified for 2018/19

- 2 The Council needs to consider its position regarding Data Protection in preparation for the General Data Protection Regulation (GDPR) which comes into force 25 May 2018

A GDPR Project Team was established in July 2017 to manage the Council's implementation and ongoing compliance with the GDPR and the new Data Protection Act 2018 which come into force on 25 May 2018

5.2 Significant Control and Governance Issues identified 2017/18

- 1 The revision of the Code of Corporate Governance has not been completed, this has been included as a Significant Control Issue identified in 2017/18
- 2 Significant control weaknesses were identified by Internal Audit in the Trade Waste Service. Significant work has been undertaken within the service to ensure the implementation of the recommendations. Internal Audit will undertake further audit work to complete the audit in 2018/19.
- 3 Homes England has drawn the Council's attention to non-compliance with the Capital Funding Guide (CFG) and has made a recommendation that the Council update and improve internal processes to ensure compliance to the CGF and send evidence of this to Homes England by 01 August 2018, (this is subject to further discussions with Homes England).

5.3 Actions Identified for 2018/19

- 1 Publication of the revised and update Counter Fraud Strategy and Policies
- 2 Publication of a Code of Conduct for Staff and a revised Register of Interests (in line with the Internal Audit Recommendation made following the Audit of Corporate Governance

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- 3 Completion of the GDPR Project and establishment of the processes and procedures required to ensure ongoing compliance with GDPR and the new Data Protection Act 2018
- 4 The completion of the review and update of the Code of Corporate Governance
- 5 Implementation of recommendations from
 - the review of Scrutiny
 - the Peer reviews of
 - Electoral Services
 - Licensing
 - Planning
 - The Ombudsman regarding training for Senior Managers in the handling of complaints

It is 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 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: _____

Howard Rolfe
Leader of the Council