

EPHING FOREST DISTRICT COUNCIL

Annual Governance Statement 2017/18

1. Scope of responsibility

Epping Forest District Council (EFDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Code of Governance (last updated February 2018), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Councils Constitution. A copy of the Code is on our website at www.eppingforestdc.gov.uk. The code is aligned to the 2016 edition of the CIPFA/SOLACE framework.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement (AGS).

2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks 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 the Council's policies, aims and objectives. It is also responsible for evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Council's Code of Governance recognises that effective governance is achieved through the following seven CIPFA/SOLACE principles.

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- (ii) Ensuring openness and comprehensive stakeholder engagement.
- (iii) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- (iv) Determining the interventions necessary to optimise the achievement of intended outcomes.
- (v) Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- (vi) Managing risks and performance through robust internal control and strong public financial management.
- (vii) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

At their February 2017 meeting the Audit and Governance Committee agreed a new Local Code of Corporate Governance, which was updated to reflect the latest CIPFA/SOLACE guidance. The Committee reviewed the code in February 2018 and agreed no changes were required. It is important the Council can demonstrate that its Annual Governance Statement is aligned with its Local Code and this is set out in Appendix 1.

The table below summarises the Council's Governance Framework (which includes the system of internal control) for the year ending 31 March 2018 and up to the date of approval of this Statement and the Statement of Accounts.

	The Governance Framework
	The key elements of the Council's governance arrangements for 2017/18 were:
1	The corporate plan covering 2015-2020, setting out the Council's priorities and defining the goals to be achieved
2	The Constitution, which is revised each year: <ul style="list-style-type: none"> 2.1 sets out the Council's decision-making framework; 2.2 gives a clear definition of the roles and responsibilities of members, committees, and the statutory officers (Head of the Paid Service, Section 151 Officer and Monitoring Officer); 2.3 includes a scheme of delegation of responsibility, financial regulations and Procurement Rules; and 2.4 defines codes of conduct for members and officers, and a protocol for how the two work together.
3	The Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. The Council's Local Code of Governance was reviewed during 2017/18
4	There are four Select Committees to cover the key policy areas of all four directorates, Task and Finish Panels to undertake specific reviews and a co-ordinating Overview and Scrutiny Committee.
5	A Standards Committee
6	An Audit and Governance Committee
7	A Management Board (MB) consisting of the Chief Executive, Deputy Chief Executive and Directors. At the end of 2017/18 and, pending the introduction of a new senior management structure, MB currently comprises the Acting Chief Executive and the Acting Deputy Head of Paid Service, supported by the Council's Monitoring Officer and

	Section 151 Officer
8	A Corporate Governance Group consisting of the Chief Executive, Directors, Section 151 Officer, Monitoring Officer and the Chief Internal Auditor, meeting monthly
9	A Corporate Risk Strategy managed by a Risk Management Group meeting quarterly
10	A standard committee report format that includes specific consideration of all legal, financial, professional, technical, risk management and equalities implications
11	A Medium Term Financial Strategy which informs service planning and budget setting, and the provision of an annual Financial Issues Paper to the Finance and Performance Management Cabinet Committee
12	A comments, compliments and complaints procedure
13	A risk-based approach to internal audit, emphasising the need for sound control and good value
14	A robust whistle blowing policy and process (which was reviewed and adopted by Council in December 2017) along with anti-fraud and corruption strategy (which was reviewed and approved by Council in July 2017) outlining the Council's zero tolerance approach to fraud and corruption and include anti bribery and anti-money laundering policies.

3. Review of effectiveness

The Council is responsible 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 various sources noted below and concludes that the arrangements continue to be regarded as fit for purpose in accordance with the Council's governance framework:

Director governance statements, which provide appropriate management assurance that the key elements of the system of internal control are operating effectively. These were completed by the Acting Chief Executive and the Director of Communities in conjunction with their Assistant Directors;

Documentary evidence of processes, procedures and standards;

A Corporate Fraud Team, which supports the Council's counter fraud and corruption framework in taking action to prevent, detect and investigate fraud.

The Chief Internal Auditor's annual opinion on the Council's control environment, delivered to the Audit and Governance Committee, as the body charged with governance. Audit reports issued along with the assurance ratings of, substantial, moderate, limited or no assurance, on the adequacy and effectiveness of the Council's control environment, including key financial systems;

The work undertaken by the External Auditor reported in their annual audit and inspection letter and other review reports;

Significant governance issues from previous years and from 2017/18

4. Overall opinion of Epping Forest's governance arrangements

This AGS demonstrates that the Council has sound governance arrangements in place which continue to work well in practice for the 2018/19 financial year. However, the Council is not complacent and areas for improvement or development are detailed in section five.

5. Significant governance issues

This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues or risks. The Council's Corporate Governance Group, who monitor and review the corporate governance framework, has ensured that the issues raised in the previous AGS have been addressed as detailed in Table one below.

Table One: Progress on significant governance issues identified in the 2017/18 AGS

No.	Significant issue identified in 2017/18 AGS	Action taken in 2017/18 to address the issue
1	<p>General Data Protection Regulations (GDPR): It is imperative that businesses and public bodies are prepared for the GDPR which will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.</p> <p>Work is already in hand to ensure Epping Forest is compliant with the requirements of the GDPR ahead of May 2018 and beyond.</p>	<p>This project is being overseen by the Council's GDPR Working Group and a range of activities identified in the project plan are being delivered including:</p> <ul style="list-style-type: none"> • training sessions for staff and councillors have been delivered, with mandatory e-learning for all staff being rolled out beginning 2018/19 • an information asset register has been compiled so that all relevant processing activities have been identified and the legal basis for these • data protection policies, document retention schedules and other associated procedures have been reviewed and updated • The Privacy Notice on the Council's website has been updated and departments are reviewing and updating their own specific ones where required
2	<p>Corporate Policies: For the second year, Service Assurance Statements identified a need to raise awareness of, and communicate changes to, corporate policies in particular Officer Code of Conduct, data protection policies, anti-fraud and Whistleblowing.</p> <p>A staff awareness campaign will be devised and implemented to address this and will include use of metacompliance to ensure staff have read relevant policies, articles in the monthly staff newsletter District Lines, and reminders at staff briefings.</p>	<p>Data protection policies have been updated as part of the GDPR project described above, and has included the use of metacompliance to ensure key ones have been read.</p> <p>The Council's anti-fraud and corruption policy and whistleblowing policy have been updated and accessible on the Council's website and publicised in the staff newsletter.</p> <p>The Corporate Governance Group continues to monitor the need to review/update other related corporate policies.</p>

In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement or require careful monitoring. These are set out in the table below, together with the steps to be taken to address them.

Table Two: Areas for improvement or monitoring during 2018/19

No.	Objective	Risk area/action plan for 2018/19
1	General Data Protection Regulations	On 25 May 2018, the EU General Data Protection Regulations came into force. It is important the Council not only maintains compliance but ensures there is a continuous process for improvement too. This will be delivered through the GDPR Working Group.
2	Transformation	The Council is embarking on an ambitious transformation programme which involves the delivery of new staff, IT and accommodation strategies and implementation of new processes, structures and technology. This is being delivered through the Transformation Board and overseen by Council.
Common themes from the Service Assurance Statements were:		
3	Business Continuity Plan (BCP) testing	Building on the desk top exercise undertaken 18 months ago, testing regimes to be introduced to verify the effectiveness of business continuity plans, provide training to participants on what to do in a real scenario and identify where the plan needs to be strengthened.
4	Emergency cover for staff and succession planning	The Council's transformation programme will consider resourcing requirements and service delivery models to ensure an effective and efficient delivery of key Council services in the longer term.

We propose over the coming year to continue to improve matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Derek Macnab
Acting Chief Executive

Signed

Councillor Chris Whitbread
Leader of the Council

Appendix 1 Epping Forest Code of Governance

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