

EPPING FOREST DISTRICT COUNCIL

Annual Governance Statement 2018/19

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 Local Code of Governance (last updated January 2019), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Council's 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.

It is important the Council can demonstrate that its Annual Governance Statement is aligned with its Local Code and the seven CIPFA/SOLACE principles 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 2019 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 2018/19 were:
1	The corporate plan covering 2018-2023, 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 and updated during 2018/19
4	There are three Select Committees to cover the Council's corporate ambitions being Stronger Communities, Stronger Place and Stronger Council. In addition, Task and Finish Panels undertake specific reviews and there is a co-ordinating Overview and Scrutiny Committee.
5	A Standards Committee
6	An Audit and Governance Committee
7	A Leadership Team consisting of the Chief Executive, Strategic Directors (with one vacant post) and seven Service Directors. The Chief Executive as Head of Paid Service is supported by the Council's Monitoring Officer and Section 151 Officer
	A Corporate Governance Group consisting of the Chief Executive, Section 151 Officer, Monitoring Officer, the Chief Internal Auditor and other Service Directors as required

8	depending on the agenda, meeting monthly
9	A Corporate Risk Strategy overseen 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, governance and risk management arrangements
14	A robust whistle blowing policy and process (which was updated January 2019 and disseminated) along with anti-fraud and corruption strategy (which was reviewed and approved by Council in December 2018) 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:

The Chief Executive and Service Director governance statements, which provide appropriate management assurance that the key elements of the system of internal control are operating effectively;

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 2018/19

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 2018/19 AGS

No.	Significant issue identified in 2018/19 AGS	Action taken in 2018/19 to address the issue
1	<p>General Data Protection Regulations (GDPR): 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.</p>	<p>A GDPR action plan owned by the Council's Data Protection Officer is monitored by the Corporate Governance Group in conjunction with Internal Audit to address data protection issues as they arise and to ensure on-going compliance. The number of self-reported data breaches to the Information Commissioner's Office during 2018/19 was low. The ICO took no further action as they placed reliance on the action plan submitted with each notification.</p>
2	<p>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.</p> <p>This is being delivered through the Transformation Board and overseen by Council.</p>	<p>The transformation project continues to gather momentum. The transformation programme is being overseen by the new Leadership Team and progress reported to Cabinet.</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 2019/20

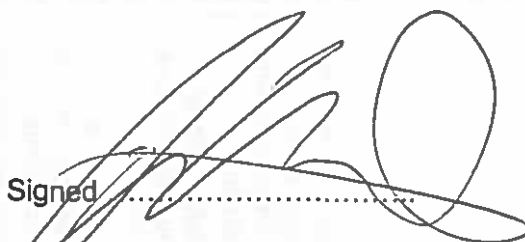
No.	Objective	Risk area/action plan for 2019/20
1	Business Continuity Planning (BCP)	<p>An internal audit of BCP found that although there is a corporate Business Continuity plan it is not fit for purpose and contingency arrangements in place inadequate.</p> <p>An urgent project has been initiated due for completion November 2019, and action is already being taken to address the concerns raised by Internal Audit which involves a dedicated Officer group working in conjunction with an external specialist. Progress against the project is being closely monitored by the Corporate Governance Group, which is chaired by the Chief Executive.</p>
2	Economic climate: Uncertainty over	Brexit implications, and other economic

	Brexit may impair the Council's strategic aims and objectives	uncertainties, are being regularly monitored by Leadership Team. The Council liaises with the Local Resilience Forum Lead and with the East of England Local Government Association on Brexit related operational issues and community impact. In turn both these organisations liaise with Ministry for Housing, Communities and Local Government
3	Statutory posts: It is important the Council ensures that the role, responsibilities and standing of the Council's Section 151 Officer and Monitoring Officer complies with legislation (in particular the Local Government and Housing Act 1989) and good practice as the Council's restructure is completed	This will be kept under review by the Leadership Team in consultation with the Monitoring Officer, Section 151 Officer, Internal and External Audit. External legal advice will be obtained if deemed necessary.
4	Close down of Accounts: Delays have been encountered in the closure of the Council's 2018/19 accounts due to a variety of internal and external factors and will result in an increase in Audit fees.	The Council is jointly working on improvements with its External Auditors, which includes a review of processes, working papers and electronic files. Ultimately this will ensure streamline and efficient processes are in place ahead of closing next year's accounts.
Common themes from the Service Assurance Statements were:		
5	Restructure: As a result of the restructure many Officers have/or will be taking on new roles and responsibilities. The Council's scheme of delegation needs to remain robust and fit for purpose. In addition, support and guidance needs to be offered to these Officers	Delegated authorities are being reviewed by the Service Director (Business Services) and is included in the Leadership Team Work Plan. A staff awareness campaign will be undertaken to ensure Officers are aware of their responsibilities regarding corporate policies and training offered as appropriate. This includes Financial Regulations, Procurement Rules, Anti-Fraud and Corruption Policy, Whistleblowing procedure, Code of Conduct and Customer Service Standards.

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 

Georgina Blakemore
Chief Executive

Signed 

Councillor Chris Whitbread
Leader of the Council

Appendix 1 Epping Forest Code of Governance

INTEGRITY	OPENNESS	VISION	OUTCOMES	CAPACITY & CAPABILITY	PERFORMANCE	ACCOUNTABILITY
<p>Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.</p>	<p>Ensure openness and comprehensive stakeholder engagement</p>	<p>Define outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>Determining the interventions necessary to optimise the achievement of intended outcomes</p>	<p>Develop the Council's capacity, including the capability of its leadership and the individuals within it.</p>	<p>Manage the Council's risk and performance through robust internal control and strong public financial management.</p>	<p>Implement good practice in transparency, reporting and audit to deliver effective accountability.</p>
<p>Examples supporting the Annual Governance Statement (AGS) 2018/19</p>						
<p>Constitution sets out code of conduct for Members and staff. Regularly publicised whistleblowing policy. Zero tolerance to anti-fraud and corruption. Clear and transparent decision making process. Section 151/Monitoring Officer part of report clearing process. Standards Committee</p>	<p>Published Freedom of Information and complaints/complaints scheme. Publicly available agenda and minutes of meetings. Monitoring and maintaining a record of partnerships. Member appointment to community organisations. Active consultation through the Council's Consultation policy and plan 'Critical friend' challenge through the Council's scrutiny process. Revised and updated Code of Governance</p>	<p>2018-2023 Corporate Plan which is supported by service/operational plans. Draft Local plan that supports the Council's vision. Decision making process that take into account these effects on its residents, paying due regard to the public sector equality duty. Providing fair access to Council services offered. Economic Development Strategy</p>	<p>Open and transparent reporting of Key Performance Indicators and action plans for indicators that are out of tolerance. Decision making processes that receive objective and rigorous involvement including involvement of the Monitoring and Section 151 Officers Corporate approach to project management.</p>	<p>People Strategy Established induction and training programme for existing and new Councillors. Process includes mentoring and training events. Induction process for staff, access to personal development appropriate to their roles. Formal Personal Development Review (PDR) for staff and access to health and wellbeing opportunities.</p>	<p>Risk management is an integral part of the council's activities and decision making. Internal Audit function that provide assurance on governance, risk management and controls reporting to the Audit and Governance Committee Active Corporate fraud team supporting the Council's Anti-Fraud and Corruption strategy. Medium Term Financial Strategy.</p>	<p>Defined process to ensure reports for the public/stakeholders are fair, balanced, easily accessible and understandable. Reporting regularly on performance and on the use of resources. Processes to ensure external/internal audit recommendations are acted upon. Requirement for Service Directors to produce annual assurance statements which feed into the AGS</p>
<p>An active Corporate Governance Group which takes charge of the Annual Governance Statement</p>						