

**MALDON DISTRICT COUNCIL****ANNUAL GOVERNANCE STATEMENT 2017/18****1. SCOPE OF RESPONSIBILITY**

- 1.1 Maldon 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. Under the Local Government Act 1999 it has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.
- 1.2 Maldon District Council has approved and adopted a local Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'. The code forms part of the Council's constitution and can be found on our website [www.maldon.gov.uk](http://www.maldon.gov.uk). This Statement explains how Maldon District Council has complied with the Code and also how it meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015.

**2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and the activities through which it is accountable 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 and cost effective services.
- 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, not absolute, assurance of effectiveness. The system of internal control is, in part, based on an ongoing process of risk management, designed to identify and rank the risks to the achievement of the Council's priorities, plans and policies. Risk management is designed to evaluate the likelihood of those risks occurring, to consider their impact should they materialise and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Maldon District Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

**3. THE GOVERNANCE FRAMEWORK**

- 3.1 The Council adopted a revised Code of Corporate Governance in line with guidance provided by CIPFA and SOLACE. The Code describes how the District Council discharges its responsibilities for putting in place proper arrangements for the governance of its affairs, incorporating the six core principles of effective governance

identified by CIPFA / SOLACE. The governance framework that the Council has put in place to encourage adherence to the Code is set out below together with the key areas of evidence of delivery,

### **3.1.1 Focusing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area**

- After the implementation of the Senior Management Review, the Council undertook significant amount of work during 2014/15 to develop a new Corporate Plan and Vision covering the period 2015-2019. In developing the new corporate plan, a consultation exercise was carried out to elicit the views of the local community and of partner agencies.
- On February 2015, the Council approved and adopted a Corporate Plan covering the period 2015 – 2019. Subsequent annual updates have been undertaken with the 2018/19 update approved by Council on 8<sup>th</sup> February 2018. The Corporate Plan details the vision, goals, objectives and core values that guide the direction, work and achievements of the authority. It is the Council’s core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium Term Financial Strategy, ICT Strategy and Workforce Development Plan, all of which underpin the Council’s ambition to transform the way it delivers its services in the future.
- Guided by the Corporate Plan, the corporate goals are underpinned by Key Corporate Activities (KCAs). These are the “flagship” activities for each goal that the Council is committed to progressing or achieving each year and provide a focus for the Council in delivering its priorities. The KCAs are subject to Council approval and are detailed in the Level 1 Business Plan for each Directorate. This plan is the cornerstone of the performance planning process and contains the aims and priorities for each Directorate and are submitted to the Programme Committees for notification.
- At an operational level, each service produces a Level 2 business plan. These are not submitted to Committee, but facilitate effective performance and risk management within the Directorates including the setting of individual objectives and completion of performance reviews.
- Progress of the KCAs and performance on selected indicators and measures are monitored quarterly by the Corporate Leadership Team (CLT) based upon updates recorded on TEN, the Council’s Performance and Risk Management System.
- Corporate performance and risk is considered and challenged by CLT together with the Service Managers at quarterly performance and risk clinics. The outcomes of the clinics inform the quarterly performance reports to the Council’s Overview & Scrutiny Committee and the risk reports to the Audit Committee.
- Six monthly performance reports are also provided to the Programme Committees.

- Staff objectives flow from, and contribute to, achieving the Level 1 and 2 Business Plan objectives.

**3.1.2 Members and Officers working together to achieve a common purpose with clearly defined functions and roles.**

- The Council has adopted constitutional arrangements for its operation and the discharge of its responsibilities and functions. It has three service Committees, an Overview and Scrutiny Committee, an Audit Committee, a Joint Standards Committee, three Area Planning Committees, an Investigating and Disciplinary Committee and an Appointments Committee.
- The constitutional arrangements include terms of reference for each Committee which define those matters which Committees can deal with in contrast to those matters on which they have to report (recommend) to the Council. Also included is a scheme of delegation which enables matters to be dealt with by designated Officers of the Council. The Council sets the policy framework and annual budget, and determines strategic and other matters as required by law. Each Committee has a specific portfolio of responsibilities requiring them to work closely with senior management to achieve the Council's ambitions. The principal decision making body is the Council.
- The Council has adopted a number of codes and protocols affecting the way it operates, in particular a Member/Officer Relations Protocol intended to clarify roles and promote effective communication.
- The Council's Corporate Leadership Team (CLT), comprising of the Chief Executive and the three service Directors, provides corporate leadership. CLT meets weekly on a formal basis, to steer and co-ordinate arrangements for the delivery of the Council's vision and goals.
- A Leader and Chief Executive forum is conducted through six-weekly meetings of the Chief Executive and Directors with the Leader of the Council, Deputy Leader of the Council and Chairmen of the service Committees. This acts as a sounding board on the best approach to deal with new and emerging issues and a ready-made reporting mechanism does not exist.
- The Constitution details the role of the Head of Paid Service, whose function is carried out by the Chief Executive of the Council.

**3.1.3 Promoting values for the Authority and demonstrating the values of good governance through upholding standards of conduct and behaviour.**

- The Council has a Standards Committee, the terms of reference of which include promoting, monitoring and enforcing probity and high ethical standards of conduct for elected Members. The arrangements for the Committee and the process for dealing with conduct complaints have been reviewed and updated during 2017.

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- The Council's Monitoring Officer is responsible for advising if any proposal would give rise to unlawfulness or maladministration, and therefore performs a key function in ensuring lawfulness and fairness in the operation of the Council's decision making process. The Monitoring Officer has appointed deputies to act in her stead when necessary. The interim senior solicitor is the Council's Monitoring Officer.
- The work of the Audit Committee is intended to enhance public trust in the corporate governance of the Council. It has a key role to provide assurance to the Council on the adequacy of governance and internal control arrangements, and review the adequacy of the internal audit arrangements, and advise the Council accordingly. Since 2016 / 17, the Council's Internal Audit function has been provided by BDO LLP. The Committee works closely with the Council's External Auditor and Internal Audit provider, receiving their respective annual opinions. The Committee considers and formally approves the annual Statement of Accounts.
- Corporate Governance arrangements in the form of Procedure Rules to regulate Council proceedings and business, and Terms of Reference, including a Scheme of Delegation, are embodied in the Council's constitutional documentation.
- Adopted Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (under the Local Government Act 1972), is responsible for ensuring that sound financial management systems are maintained and expenditure is lawful and appropriate and this appointment is held by the Director of Resources. The Council considers that its financial management arrangements conform with the governance requirements of the CIPFA "Statement on the role of the Chief Financial Officer in Local Government 2015" as set out in the Application Note to "Delivering Good Governance in Local Government: Framework".
- All Council Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value. The Director of Resources is responsible for maintaining a continuous review of the financial regulations and for reporting, where appropriate, any breaches. The Section 151 Officer considers the Council's Finance function to be adequately resourced.
- The Council's constitutional arrangements include a Code of Conduct for elected Members based on the Principles of Public Life (the Nolan Principles). This was originally adopted in 2012 and revised in 2016.. Officers are subject to a Code of Conduct, the policy for which was refreshed and adopted with effect from 18 November 2013. The Council has also adopted the procedures laid down in the Joint Negotiating Committee (JNC) for Local Authority Chief Executives model for use in connection with the exercise by the Investigating and Disciplinary Committee of its remit in relation to the posts of Head of Paid Service, Section 151 Officer and Monitoring Officer.

- Registers of gifts and hospitality are maintained for both Members and Officers. A statutory register of interests is maintained for Members, and the Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.
- The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's intranet.
- BDO LLP under their remit of Internal Auditors consider fraud as part of their audit workplan. This ensures we confirm to the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).

**3.1.4 Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk.**

- The Council's constitutional arrangements include protocols and procedures to guide the management of business and decision-making, for example the Access to Information Procedure Rules. The Codes of Conduct seek to safeguard Members and Officers against conflicts of interest.
- The Council has implemented and reviewed its Whistle Blowing Policy, which provides arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.
- Council and committee meetings are open to the public (with the exception of items of business considered during private session due to the likely disclosure of exempt information under the Access to Information Act 1985). Committee agendas and reports are available online at least five working days before the date of the meeting, and are also available to view at the Council Offices. The Council makes every effort to advertise meetings, and to publish decisions whether taken by Councillors or by Officers under delegated powers. The Minutes of Council and Committee meetings are also published and made available to the public.
- The Council provides an opportunity for members of the public to speak at committee meetings. For Area Planning Committees this is in respect of a relevant planning application and for the service Committees as well as the Overview and Scrutiny Committees the public can speak on any agenda item. At meetings of the Council the public may ask questions of the Leader of the Council (or via the Leader to a Chairman of a Committee) on any topic.
- The Council records all public Council and Committee meetings held in the Council Chamber at the Council Offices. These can be listened to using the links on the Council's website.
- The Council's Feedback Procedure has been designed to ensure that it is easy for the public to express their views and for all complaints and comments to be handled in a prompt, fair and efficient manner. The procedure and complaint form are available on the Council's website.

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- The Overview and Scrutiny Committee provides a scrutiny function and reviews and examines decisions and performance of Committees and Council Officers.
- The Audit Committee, whose role is to have an independent oversight of control and governance arrangements. Audit Committee members undertake annual reviews both of the sources of information which they access in order to perform their role, and of the Committee's performance against its Terms of Reference. The Terms of Reference are subject to regular review against recommended best practice.
- Identifying and recording service risks on TEN (the Council's Performance Management system) complements and links directly with the Council's corporate risk management framework. It evaluates the adequacy and effectiveness of existing controls and identifies any required actions to address Service risks highlighted during the year. The risks are included in each service's business plan which is subject to regular review by the manager and their Director. This process also provides an invaluable opportunity to identify any risks of a corporate nature on a timely basis.
- The Audit Committee is responsible for oversight of the Council's risk management arrangements as one source of control assurance. The Council's approach to risk management is set out in the Risk Management Policy.
- The Council maintains a focus on a relatively small number of key corporate risks. These are kept under constant scrutiny and changes are made in year as necessary. Corporate risks in excess of the Council's defined risk tolerance levels have identified mitigating actions, progress on which is regularly reported to the Audit Committee. The Corporate Risk Register and associated actions are recorded and updated on the TEN Performance and Risk Management system, so integrating them with the Council's standard approach.
- The Council employ the services of BDO LLP to carry out the function of Internal Audit. The service provided conforms with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2010. Recommendations arising from the internal audits undertaken by BDO are recorded on the TEN Performance and Risk Management System and are subject to quarterly updates. Any that are not updated are reported to CLT as part of the quarterly performance and risk clinics.

### **3.1.5 Developing the capacity and capability of Members and Officers to be effective.**

- The Council aims to ensure that Members and Officers have the necessary knowledge, capacity and skills to undertake their duties.
- The Council's Performance Management Framework ensures that the links between the Council's corporate goals, Business Plans and key activities, performance data and targets, risk and staff objectives are clear. Staff have an annual Personal Performance Review discussion with the aim of identifying learning and development needs and gaps are addressed through training and development opportunities. Regular team meetings and Performance Conversations between staff and their line managers and are held where work objectives are discussed.

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- The Corporate Training Plan prioritises training by corporate need. After corporate priorities have been funded the remaining funds are available to services to meet identified training needs for Personal Development Plans.
- Compulsory E-learning is used to inform staff of essential information and expectations regarding statutory responsibilities for such matters as Safeguarding and Data Protection. This programme will be steadily extended to cover a wider range of training and other information.
- Training events as well as Members seminars are held regularly to provide information on a variety of topics for Members. The Council has decided to introduce mandatory training for Members of Planning Committees.
- The Corporate Induction process ensures that new staff has the chance to meet the Leader of the Council, who speaks about the role of elected Members. It also introduces all officers, including senior officers to the framework of the authority under which they will be working.
- The Senior Management Review which took place during 2014 / 15 has created a more focussed Corporate Leadership Team, thereby strengthening the strategic decision making to enable the organisational improvement and change required to meet longer term challenges ahead.
- The Council has a workforce development strategy in place. The Strategy sets out the Council's innovative plans to ensure that we have highly skilled people in place to deliver high quality services.

### **3.1.6 Engaging with local people and other stakeholders to ensure robust public accountability.**

- The Council is committed to encouraging members of the local community to contribute to, and participate in, the work of the Council.
- The Council seeks to undertake meaningful public consultation in order to inform its decisions, to help make the best decisions based on the views of the local community and the wider information available to the Council. The Council undertakes consultations using a variety of techniques as appropriate.
- The Council undertake consultation with particular interest groups, including our Friends Groups, Parish Clerks' Forum, Developer Forum, Landlord Forum, Business Forums, Community Safety Partnership and Park Watch scheme members.
- The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation.
- The Council launched a new website in July 2016 which now includes a range of information about the work that the Council and its partners are undertaking.
- Council officers commit to provide timely support, information and responses to external auditors to ensure the timely and relevant review of the Statement of Accounts. Any audit findings and recommendations from an audit are properly considered and processes reviewed where applicable.

**4. REVIEW OF EFFECTIVENESS**

- 4.1 Maldon District Council is responsible for conducting, at least annually, a review of its governance framework including the effectiveness of systems of internal control. The review is informed by Directors who are responsible for developing and maintaining the internal control environment. It also considers the work of the Council's Internal Audit service provider and comments made by the External Auditor, and other external review agencies and inspectorates.
- 4.2 In the Audit Report for the period 2016 / 17, the external auditor, EY, stated that:
- “We concluded that you have put in place proper arrangements to secure value for money in your use of resources” for the year ended 31 March 2017.
- 4.3 The Council continuously reviews and seeks to improve its governance arrangements. Amongst the processes during 2017 / 18 that have contributed to the review are:
- The annual opinion of the Head of Internal Audit to the Audit Committee on the assurance gained from the Internal Audit work. The report to the Audit Committee on 23 June 2017 (with regard to 2016 / 17) detailed background information relating to the protocols, scope of work and assessed quality of the Audit function, and highlighted areas where concerns had been identified through audit work, and where audit work was not completed.
  - The approach to obtaining assurance from Directors and managers in respect of the annual review of internal controls. The Performance & Risk Officer engages staff by inviting them to consider what are the biggest risks, of any type, facing them and what controls they have in place to deal with those risks. This assists service staff to understand the relevance of the process. This process is embedded with actions to update, monitor and report on progress and has proved effective.
- 4.4 This table shows the progress on the control weaknesses identified in the 2016/17 AGS.

| <b>SIGNIFICANT ISSUE IDENTIFIED IN 16/17 AGS</b>  | <b>ACTION TAKEN IN 2017/18 TO ADDRESS THIS ISSUE</b>   |
|---|--|
| <p><b>PROCUREMENT</b></p> <p>A control weakness was identified in respect of the procurement and delivery of the St Cedd's project. This was a project involving the demolition of temporary buildings and the creation of an overflow car park. The contractors delivering the car park did not meet the requirements of the specification, there was a lack of capital monitoring and the project overspent by £50,000.</p> | <p>Overview &amp; Scrutiny reviewed procurement and capital programme in 17/18. There was an in depth review of the programme for 2017/18 for deliverability. Eight recommendations were agreed for implementation to address weaknesses identified.</p> |
| <p><b>DEBTORS</b></p> <p>The Council has identified required improvements in the raising, collection and monitoring of Sundry Debt.</p>   | <p>The debtors policy was reviewed and updated and reviewed by Members. Monthly reporting to management on aged debtors has been updated to ensure that the data is clear and relevant and reflects the policy.</p>                                      |

- 4.5 The annual opinion on the effectiveness of the system of internal control for 2017/18 produced by BDO LLP as the Council's internal audit service provider concluded that:

“Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

In forming our view we have taken into account that:

- The majority of audits provided moderate assurance opinions for the period 1 April 2017 to 31 March 2018
- The Council has achieved their budget for 2017-18 and has plans in place to ensure that the budget gap is addressed in their budget plans. The Council has recognised the ongoing reduction of government funding in their future financial plans
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in delivery of the Elections Improvement Plan (which was the only report to receive limited assurance), Economic Development and Business Rates Growth, Information Management, Contracts Procurement Management and Purchasing, Business Resilience and Business Continuity and Disaster Recovery. The Council is working to address the issues identified.”

- 4.6 The Council and all its Committees met regularly throughout the year and were effective in their work.

- 4.7 There were no serious information security breaches within the year. The ICT Manager and GDPR principle advisor have raised data security awareness to staff and members to ensure that they are aware of their responsibilities in this respect.

## **5. SIGNIFICANT GOVERNANCE ISSUES – 2017/18**

- 5.1 The Corporate Risk Register details the key risk areas facing the Council, together with the proposed mitigating actions and progress made on these. The Council is satisfied that these actions will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the regular review of those risks.
- 5.2 Internal Audits work, and the Councils own internal processes have not identified any key risks in 2017/18 that require noting in this statement.

## **6. OTHER ISSUES**

- 6.1 The Overview and Scrutiny Committee met eight times in 2017/18. As part of its Programme of Work, the Committee scrutinised a number of areas and whilst none of the matters discussed were considered a significant governance issue, i.e. one that could affect the future of the Council, some of these areas have been summarised below for transparency:
- procurement of capital projects, as detailed in paragraph 4.4 above;
  - administration of leases and licences, to ensure the maximum realisable financial benefits for Council assets;
  - agreement of final terms of a lease following delegation by a Committee.
- 6.2 The areas for continued review by the Overview and Scrutiny Committee form part of its 2018 / 19 Programme of Work which is reviewed at each meeting.

## **7. CONCLUSION**

- 7.1 Steps will be taken in 2018/19 to address the weaknesses identified by officers, internal and external audit in their reviews of effectiveness. These steps will aid to strengthen the Governance Framework already in existence at Maldon District Council and their implementation will be monitored as part of the 2018/19 annual review.

**8. CERTIFICATION BY THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE**

Signed:

Councillor M F L Durham  
Leader of the Council  
Date:

Ms. F Marshall  
Chief Executive  
Date: