

MALDON DISTRICT COUNCIL**ANNUAL GOVERNANCE STATEMENT 2016 / 17****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'. 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 2017 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. An update of this was submitted to Council for approval on 5 April 2017. The Corporate Plan details the vision, goals 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 service pledges contained in Service Business Plans which are the cornerstone of the planning process at the operational level and which contain the aims and priorities for each service area for a twelve month period and are notified to committees. Progress of service pledges and selected performance indicators are monitored closely by Service Managers, Corporate Leadership Team and on TEN, the Council's corporate performance management system. Quarterly performance update reports, along with financial monitoring information, Corporate Risk Register, complaints and compliments information are considered by the Corporate Leadership Team at Performance Clinics, where a whole day is dedicated to challenge the performance of service teams and that corrective management actions are agreed at these meetings. The Performance Clinic reports are then summarised and provided to the Council's Overview and Scrutiny Committee at a meeting dedicated to for the consideration of performance management and these reports are also discussed with the Chief Executive, Corporate Leadership Team and the Performance Monitoring Officer. Six monthly updates are provided to the Programme Committees. Staff objectives flow from, and contribute to, achieving the 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 a Constitution which defines how it operates and assigns clear roles and responsibilities to Committee, Member and Officer functions. The Constitution incorporates three main Programme Committees, an Overview and Scrutiny Committee, an Audit Committee, a Joint Standards Committee and three Area Planning Committees.
- A Scheme of Delegation is included in the Constitution setting out the scope of delegation and any restrictions. There is delegated decision making to the Service

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Committees, reporting to the Council, which sets the policy framework and annual budget, and determines strategic and other matters as required by law. Each Committee has clear terms of reference with 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 Full Council.

- The Council has adopted a number of codes and protocols that govern Member and Officer relations and which assist in understanding roles and promoting effective communication.
- The Council's Corporate Leadership Team (CLT), comprising of the Chief Executive and the three 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.
- During 2016 / 17 a Leader and Chief Executive forum has been formally conducted through 6-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 acting as a sounding board on the best approach to deal with new issues arising that do not already have a reporting mechanism.
- A formal Member / Officer Protocol approved by the Council is in place.

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 in place were updated in the year to reflect statutory changes.
- 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 Legal & Democratic Services Manager is designated as 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 and external audit arrangements. and advise the Council accordingly. During 2016 / 17, the Council's Internal Audit function is 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.

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- Corporate Governance arrangements in the form of Standing Orders, to regulate Council proceedings and business, and Terms of Reference, including a Scheme of Delegation, are embodied in the Constitution.
- 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 post 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 2010" 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 Constitution sets out the Code of Conduct and Conventions for elected Members to ensure stability, propriety of procedure, probity and proper democratic accountability. 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 adopted the Joint Negotiating Committee (JNC) for Local Authority Chief Executives model in respect of the three statutory officer posts (Head of Paid Service, Monitoring Officer and Section 151 Officer).
- Registers of gifts and hospitality are maintained for both Members and officers. A 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.

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

- The Council's published Constitution sets out the decision-making arrangements including the Access to Information Procedure Rules and protocols for running the business of the authority. The Codes of Conduct seek to safeguard Members and Officers against conflicts of interest.

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- The Council implemented a 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 committee meetings are open to the public (with the exception of items that are exempt under the Access to Information Act). Committee agendas and reports are available online seven 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, communicate decisions and minutes of the meetings to ensure that they are available to the public.
- The Council has a right for the public to speak on pre-notified issues at most meetings. For Area Planning Committees this is in respect of a relevant planning application and for the Programme committees as well as Overview and Scrutiny Committees it is in respect of items on the agenda. At meetings of the full Council the public may ask questions of the Leader of the Council 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.
- The scrutiny function of the Council is discharged by the Overview and Scrutiny Committee. Amongst its responsibilities, this Committee reviews and examines the decisions made by, and performance of, both other Committees and Council Officers, undertakes detailed scrutiny of issues of concern, and makes recommendations arising from the outcome of the scrutiny process.
- Separate from the scrutiny function is 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.
- The Controls Assurance Framework on TEN 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. This process also provides an invaluable opportunity to identify any risks of a corporate nature on a timely basis. There is an annual review of each service area's controls and risks, facilitated by the Performance and Risk Officer which provides both information on the overall strength of internal control and governance and also becomes that service's risk log included in their annual Business Plan.
- 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 system, so integrating them with the Council's standard approach.

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, Service Business Plans and service pledges, performance data and targets, risk and staff objectives are clear. Staff have an annual Personal 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.
- 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 PDPs.
- 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 Member Bulletin, issued on a monthly basis, aims to keep Members abreast of relevant information relating to customers, staff news, Council, District, county, regional and nationwide items, news and events of interest.
- The Corporate Induction process ensures that new staff has the chance to meet the Leader of the Council, who addresses them concerning the role of elected Members.
- 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 Workforce Plan developed approved during 2015 / 16 identifies how Council meet the current and future people needs. 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.

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- 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.

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 2015 / 16, the external auditor, EY, stated that:
- “We concluded that you (the Council) have put in place proper arrangements to secure value for money in your use of resources” for the year ended 31 March 2016.
- 4.3 The Council continuously reviews and seeks to improve its governance arrangements. Amongst the processes during 201 / 17 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 The annual opinion on the effectiveness of the system of internal control for 2016 / 17 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 2016 to 31 March 2017
- The Council has achieved their budget for 2016-17 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 Information Governance (which was the only report to receive limited assurance), Cyber Crime, Income and Debtors, and Channel Shift and the Customer Strategy. The Council is working to address the issues identified.

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

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

4. SIGNIFICANT GOVERNANCE ISSUES – 2016 / 17

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. In addition to the information set out in the Risk Register, one significant risk/issue was identified as a result of 2015/16 Use of Resources financial resilience work of external audit that is considered to merit inclusion here:

“We (EY) identified one significant risk in relation to our value for money conclusion. This related to sustainable resource deployment, and the need to achieve the savings over the medium term to balance the general fund budget. We have performed the procedures outlined in our Audit Plan to address this risk and our work did not identify any significant matters in relation to the Council's arrangements. We therefore concluded that the Council had adequate arrangements in place. “

5. 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: