

Committee: Audit and Standards Committee

Date:

Title: Local Code of Corporate Governance 2024
and Annual Governance Statement 2023/24

Tuesday, 10
December 2024

Report Author: Nurainatta Katevu Head of Legal/ Monitoring
Officer
nkatevu@uttlesford.gov.uk

Summary

1. The Council should approve a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016. The Annual Governance Statement should then explain how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015. Once approved, the AGS will form part of the Statement of Accounts.

Recommendations

2. Committee are requested to approve the Local Code of Corporate Governance 2024 and the Draft Annual Governance Statement 2023/24 for publication with the Statement of Accounts.

Financial Implications

3. None

Background Papers

4. None.

Impact

Communication/Consultation	The draft Annual Governance Statement 2023/24 has been prepared in consultation with the Corporate Management Team and Senior Managers
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	Local Government Act 1999 and other primary and secondary legislation identified in the body of the report
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

5. The 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.
6. The Council should approve a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016. The Annual Governance Statement should then explain how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015. Once approved, the AGS will form part of the Statement of Accounts.
7. In line with the CIPFA/SOLACE framework, the statement should be “an open and honest self-assessment” of the Council’s performance across all of its activities and:
 - Describes the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible;
 - Describes processes applied in reviewing their effectiveness; and
 - Lists actions proposed to deal with significant governance issues identified
8. Relevant staff across the organisation who are accountable for the delivery of various governance arrangements have contributed to the 2023/24 AGS.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to assess the corporate governance arrangements of the Council may lead to non-compliance with Accounts and Audit Regulations	1 = Little or no likelihood Timetable is established for the preparation of the Annual Governance Statement	3 = Significant risk or impact due to statutory requirement.	The Annual Governance Statement is reviewed by Audit and Standards Committee

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Local Code of Corporate Governance 2023

Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Uttlesford District Council is committed to the practice of good governance; ensuring good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users.

The Principles of Good Governance

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) provide a framework for developing and maintaining a Local Code of Corporate Governance and for discharging accountability for the proper conduct of public business, to support the publication of an Annual Governance Statement.

The CIPFA/SOLACE guidance *Delivering Good Governance in Local Government* (2016) identified seven Core Principles against which local authorities should review their existing corporate governance arrangements and develop and maintain a Local Code of Governance. Each principle is translated into a range of specific requirements that should be reflected in the Local Code.

These seven principles are:

- **Core Principle A** – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- **Core Principle B** – Ensuring openness and comprehensive stakeholder engagement
- **Core Principle C** – Defining outcomes in terms of economic, social and environmental benefits
- **Core Principle D** – Determining the interventions necessary to optimise the achievement of the intended outcomes
- **Core Principle E** – Developing the entity’s capacity, including the capability of its leadership and the individuals within it
- **Core Principle F** – Managing risks and performance through robust internal control and strong public financial management
- **Core Principle G** – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Uttlesford District Council’s (UDC) Local Code of Governance has been prepared in accordance with the CIPFA/SOLACE Guidance. The following section describes how UDC complies with each of the core principles and the supporting principles to deliver the best outcomes for the local communities it represents.

Internal Audit Revised Final Report 2024/25

Corporate Governance (Ref 24_25.01)

1. Executive Summary

Directorate: Corporate

Audit Owner: Nurainatta Katevu, Head of Legal

Distribution List: CMT

Overall Opinion

LIMITED



Number of issues relating to Control Design

- 0** Critical
- 1** High
- 3** Medium
- 0** Low

Number of issues relating to Controls Operating in Practice

- 1** Critical
- 1** High
- 8** Medium
- 1** Low

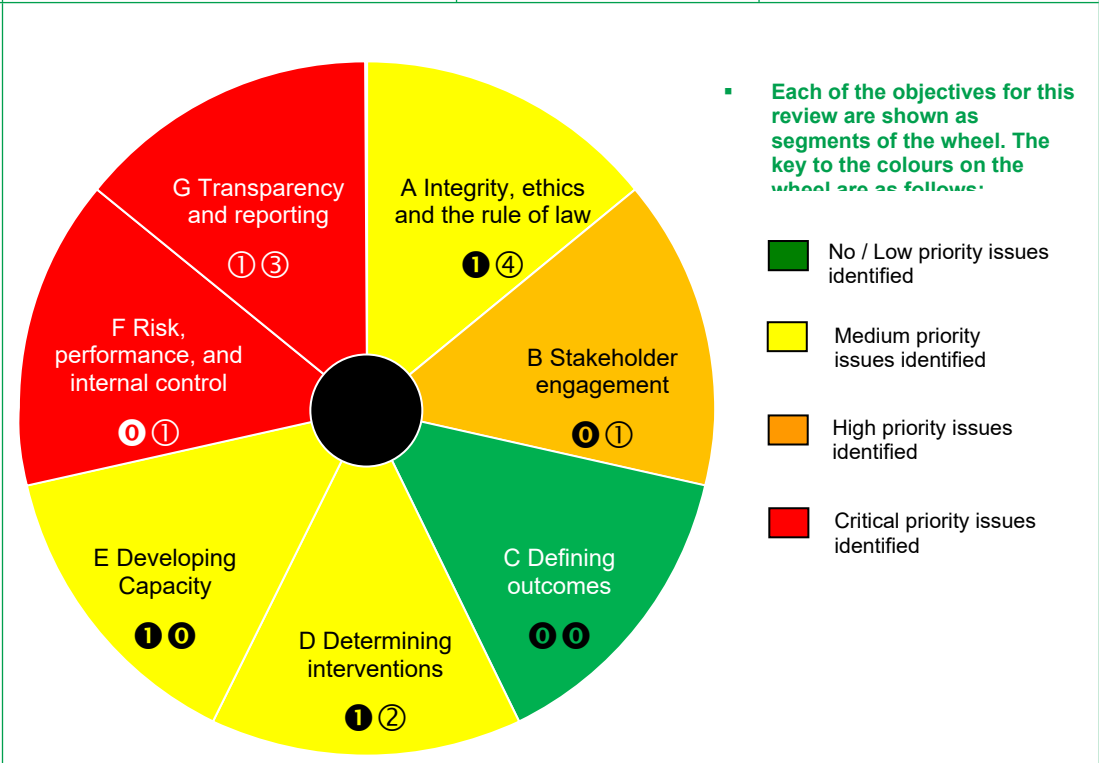
Overview

The Council's Code of Corporate Governance has ensured it has most of the key elements of the CIPFA/SOLACE framework in place. Risk Management has not been embedded in the Council and External Audit arrangements have been inadequate since the pandemic. In addition, oversight arrangements for the Local Strategic Partnership are not currently operational. The Council has recognised these issues and work is already underway to fill these gaps in the governance processes.

Critical and High Priority Findings

1 critical finding was identified. External Audit have not signed off the Council's accounts for 2019/20, 2020/21, 2021/22 and 2022/23.

2 high priority finding was identified relating to the risk management framework and the operation and oversight of the Local Strategic Partnership.



Scope of the Review/ Limitations:	The scope of this review involved mapping the Authority's corporate governance arrangements to the CIPFA/SOLACE framework and evaluating its operation against each of the core principles.							
Auditor: Philip Honeybone Fieldwork commenced: April 2024 Fieldwork completed: April 2024 Draft report issued: May 2024 Management comments: Final report issued: Signed: Philip Honeybone, Audit Manager	Risk Register Updates: It is recommended that management consider including the unregistered risks identified below in the council's risk register.							
	Issues raised and officers responsible for implementation							
	Name	Critical	High	Medium	Low	Total	Agreed	Latest Implementation Date
	Strategic Director of Finance, Commercialisation and Corporate Services	1					1	30 September 2024
Director of Business Performance and People		1	1.5	1		2.5	31 July 2025	
Interim Strategic Director, Housing, Health and Communities		1				1	30 September 2024	
Head of Legal			3			3	30 November 2024	
Director of Corporate Services			1.5			1.5	31 May 2025	

Corporate Governance Principle Reviewed (as per agreed Terms of Reference)		
Ref	Principle	Issue Priority
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
A1	Behaving with integrity	Medium ●
A2	Demonstrating strong commitment to ethical values	Medium ●
A3	Respecting the rule of law	Low ●
B	Ensuring openness and comprehensive stakeholder engagement	
B1	Openness	Low ●
B2	Engaging comprehensively with institutional stakeholders	High ●
B3	Engaging with individual citizens and service users effectively	Low ●
C	Defining outcomes in terms of sustainable economic, social, and environmental benefits	
C1	Defining outcomes	Low ●
C2	Sustainable economic, social and environmental benefits	Low ●
D	Determining the interventions necessary to optimise the achievement of the intended outcomes	
D1	Determining interventions	Medium ●
D2	Planning interventions	Low ●
D3	Optimising achievement of intended outcomes	Low ●
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	
E1	Developing the entity's capacity	Low

		●
E2	Developing the capability of the entity's leadership and other individuals	Medium ●
F	Managing risks and performance through robust internal control and strong public financial management	
F1	Managing risk	High ●
F2	Managing performance	Medium ●
F3	Robust internal control	Low ●
F4	Managing data	Low ●
F5	Strong Financial Management	Critical ●
G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
G1	Implementing good practice in transparency	Low ●
G2	Implementing good practices in reporting	Medium ●
G3	Assurance and effective accountability	Critical ●

2. Detailed Findings, Recommendations and Action Plan

Ref	Matters Arising	Potential Risk Implications	Recommendations	Management Response provided by CMT and agreed actions
1.	<p><u>External Audit</u> UDC (like many other Councils) has a backlog of unaudited accounts that covers 2019/20, 2020/21, 2021/22 and 2022/23. The current deadline set by the Secretary of State for these accounts to be audited and signed-off is 30 September 2024. Whilst the Council has a duty to assist external audit, sign-off of the accounts is outside its direct control</p> <p>The Council have appointed new External Auditors who take on responsibility from 2023/24 financial years.</p>	<p>Non-compliance with statutory duties. Without audited accounts, errors or financial irregularities may go undetected, resulting in financial loss to the authority.</p>	<p>The Council should promptly respond to enquires made by BDO as they seek to complete their audit work and sign-off of the 2019/20, 2020/21, 2021/22 and 2022/23 accounts by the statutory deadline in order to ensure it cannot be held responsible for any further delays.</p>	<p>Critical ●</p> <p>Recommendation agreed? yes</p> <p>Responsible Officer: Strategic Director of Finance, Commercialisation and Corporate Services</p> <p>Target Date: 30 September 2024</p>
2.	<p><u>Risk Management</u> The Council has a risk management policy that was finalised in 2017 but it is need of an update and risk management is not embedded within the Council.</p> <p>A Corporate Risk Register Update was reported to Governance, Audit and Performance Committee in March 2023. Responsibility for oversight of the Corporate Risk Register was then transferred to Cabinet in May 2023 but it did not receive an update in 2023/24. Corporate Management Team (CMT) received a Corporate Risk Register update in March 2024.</p> <p>The Service Plan Template was completed by each service manager in November 2023 for the 2024/25 financial year. It captures risk at service level, but these were not reviewed during the year are not</p>	<p>Without a risk management policy and procedure that is embedded, the Council may not be able to respond effectively to emerging risks which may have a critical impact on one or more of its core activities.</p>	<p>The current review of the risk management policy and procedures should be concluded. The new processes should be embedded within the Council, with Directors and heads of service held accountable for the management of risks in their areas.</p>	<p>High ●</p> <p>Recommendation agreed? yes</p> <p>Responsible Officer: Director of Business Performance and People</p> <p>An updated risk register has been produced and a risk policy is currently being finalised, this was presented to CMT on the 10 July and will be represented in August. It is on the forward plan to be presented to the October Cabinet meeting and additionally has been agreed it will then go to Audit and Standards Committee (next one November). Senior Managers will be required to refer to the register as part of their service planning and risk appraisals where applicable.</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
	<p>linked to the corporate risk register or vice versa.</p> <p>The potential revocation of the Operator's Licence was not on either the Corporate or Service-Level Risk Registers whilst the waste collection service was operating under a grace period. Effective risk management would have ensured timely escalation of the issue and may have allowed effective action to have been taken.</p> <p>The risk management processes are currently under review to update the policy and ensure it becomes embedded at CMT and service level.</p>				<p>Target Date: 31 October 2024</p>
3.	<p><u>Partnerships</u></p> <p>Uttlesford Futures was the Local Strategic Partnership (LSP). The aim of the LSP is to facilitate public bodies working together on projects they would not be able to do on their own. There are four themed working groups (Children and Families group, Community Safety Partnership, Employment Economy Skills Environment and Transport Group, Health & Wellbeing Board).</p> <p>The LSP board has been in place for several years and formal partnership agreements do not exist for all the subsidiary partnerships. It is understood</p>	<p>Without a functioning LSP board, the Council may not be able to work effectively with partners to achieve common goals efficiently and effectively.</p>	<p>The Council should work with its partners to clarify roles and expectations with all its partners.</p> <p>Formal partnership agreements should be put in place where appropriate.</p> <p>Partnership board membership and terms of reference should be agreed, Action plans should be agreed for all partnerships.</p>	<p>High</p> <p>●</p>	<p>Recommendation agreed? yes</p> <p>The interim Strategic Director, Housing, Health and Communities has engaged in high-level discussions with Essex Police on the need to create a new LSP/Responsible Authorities Group.</p> <p>A meeting has been scheduled in June 2024 to develop these discussions further, including exploring best practice examples in other local authority areas, so that a proposed framework/TOR can be</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
	<p>the Interim Strategic Director, Housing, Health and Communities is working on a report for the CEO and Leader to clarify the roles and expectations of the partnership groups.</p>		<p>It should be clear how responsibility for risks are shared by the partners.</p> <p>There should be transparent reporting on partnership activity.</p>		<p>presented to CMT and then Lead Members for discussion and agreement on taking this forward.</p> <p>Responsible Officer: The interim Strategic Director, Housing, Health and Communities</p> <p>Target Date: 30 September 2024</p>
4.	<p><u>Behaving with Integrity</u></p> <p>a) Member induction included code of conduct training. However, 10 members have yet to attend (also noted 6 have not attended). The Democratic Services Manager confirmed there were no further sessions, but the Monitoring Officer has plans to provide training in 2024/25 and achieve 100% turnout.</p> <p>b) The Constitution includes the Gifts and Hospitality guidance. This covers both officers and members. Work is underway to separate the guidance for clarity. The Head of Legal has not seen the member register of gifts and hospitality.</p> <p>c) The Councillors Code of Conduct sets expectations on Councillor behaviour. This was last reviewed in September 2023. This is in line with the latest guidance from the Local Government Association. However, the complaints</p>	<p>The Council may not be able to demonstrate it has taken all the steps necessary to embed ethics at the heart of its decision-making processes.</p>	<p>a) Catch-up sessions should be arranged for those members who have not completed Code of Conduct and other mandatory training)</p> <p>b) The current reviews of member and officer gifts and hospitality should be completed, and it should ensure the Head of Legal has sight of all declarations. Members should be reminded of the need to ensure the Head of legal is aware of all gifts and hospitality in accordance with the policy.</p> <p>c) The complaints process should be reviewed and updated.</p>	<p>Medium</p> <p>●</p> <p>Medium</p> <p>●</p> <p>Medium</p> <p>●</p>	<p>Recommendation agreed? yes</p> <p>Responsible Officer: Head of Legal</p> <p>Target Date:</p> <p>a) September 2024</p> <p>b) November 2024</p> <p>c) September 2024</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
	process was not updated at the same time.				
5.	<p><u>Contractors and outsourced services</u> Members of the public will expect external providers of services on behalf of the Council to maintain the same ethical standards as for services provided direct. This would normally be embedded within contract terms and conditions.</p>	The Council may not be able to ensure outsourced services are delivered to the same ethical standards as those delivered directly.	The council should consider standard phrases that can be included in contracts to ensure that contractors work to UDC's ethical standards.	<p>Medium</p> <p>●</p>	<p>Recommendation agreed? yes Responsible Officer: Head of Legal Target Date: October 2024</p>
6.	<p><u>Scheme of Delegation</u> At the Annual Council Meeting the Scheme of Delegation was agreed. The Head of Legal's view is that the Scheme of Delegation is unclear in places, particularly in relation to what is to be reported to which committee. The cover paper to the scheme of delegation for the Audit and Standards Committee states the corporate risk monitoring function of the former Governance, Audit and Performance (GAP) Committee was transferred to Cabinet. The Audit and Standards Committee's terms of reference still includes monitoring and effective development of audit and risk functions.</p>	Ambiguity or lack of understanding in scheme of delegation may result in unauthorised decisions being made.	<p>There scheme of delegations within the Council's Constitution should be reviewed to ensure there is clarity on the duty of each committee and officer and that this is reflected in Council practice.</p> <p>Training should be arranged for all key officers, so they understand their responsibilities.</p>	<p>Medium</p> <p>●</p>	<p>Recommendation agreed? yes Responsible Officer: Head of Legal Target Date: September 2024</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
	<p>The Delegation to Officers has not been updated in line with the current responsibilities at Director level e.g. in relation to the Director of Business Performance and People still retains responsibility for Revenues and Benefits, Director of Digital Innovation and Commercialisation still retains responsibility for performance and risk, and the Director of Finance, Revenues and Benefits has not been delegated responsibility for Revenues and Benefits.</p> <p>There is also no central register of all delegations where responsibility has been delegated further.</p> <p>The Head of Legal commented officers are often sending documents to legal for sealing are without the authority to seal.</p> <p>Need to train officers so they understand their responsibilities.</p>				
7.	<p><u>Developing the capabilities of members to achieve effective leadership.</u></p> <p>The Council does not have a member development strategy. This would typically include:</p> <ul style="list-style-type: none"> • Assessment of training needs; • Succession planning; • Effectiveness reviews of leadership / committees; 	<p>Without a strategy to develop the leadership capabilities of members, the Council may not be able to respond effectively to all changes in legal or policy demands or in the risk environment.</p>	<p>The Council should work with members to initiate a strategic approach for continual development of leadership capability.</p>	<p>Medium</p> <p>●</p>	<p>Recommendation agreed? Yes</p> <p>Responsible Officer: Director of Corporate Services</p> <p>Target Date: 31 May 2025</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations	Management Response provided by CMT and agreed actions	
	<ul style="list-style-type: none"> • Identification of training needs by individual members. <p>An induction programme was organised for members elected in 2023. Attendance records were maintained, and catch-up sessions have been arranged for some members.</p> <p>The Council received a peer review report on Development Management (with a focus on the quality of decision making) from Local Government Association and Planning Advisory Service in June 2023. This had arisen due to the Council being “designated” as underperforming in this area by the Secretary of State. There have been no other similar effectiveness reviews in 2023/24.</p>				

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
8.	<p><u>Effective Interventions</u></p> <p>a) The Council has developed a range of policies, procedures and strategies in order to ensure its objectives are met (e.g. for member and officer conduct, Human Resources, welfare, environmental health, housing allocation, pay, risk management, health and safety counter-fraud and corruption, safeguarding, document retention, equality, financial regulation, information governance). However, there is no central list that can be monitored to ensure they are reviewed on a timely basis.</p> <p>b) In addition, the Council is subject to inspection and review by external bodies such as the local ombudsman. There is currently no system used to track recommendations made to ensure issues identified are addressed.</p>	<p>Key policies, procedures and strategies may become out of date if they are not reviewed on a timely basis.</p> <p>Issues identified by external inspections or reviews may not be addressed.</p>	<p>a) The Council should ensure all its key policies, procedures and strategies are recorded in one place. This record should include ownership and review dates. Ideagen (Pentana) actions might be suitable for this task.</p> <p>b) A system should be put in place to track actions made by external inspections and reviews. Ideagen (Pentana) might be suitable for this task.</p> <p>c) Arrangements should be made to ensure all relevant officers have been trained on the relevant Ideagen modules.</p>	<p>Medium ●</p> <p>Medium ●</p> <p>Medium ●</p>	<p>Ideagen is a competent system for this type of recording and monitoring and is currently being used by a number of service areas to track and report on performance.</p> <p>A project can be launched to assess how these activities could be managed and the capabilities of the system to do this effectively.</p> <p>It should be noted that I would accept responsibility for assessing the administration of this audit action, but it would fall to the owners of the workstreams to ensure they comply with the requirements and ensure updates are entered for this to be successfully.</p> <p>Responsible Officer: Director of Business Performance and People</p> <p>Target Date: 31 July 2025</p>

Ref	Matters Arising	Potential Risk Implications	Recommendations		Management Response provided by CMT and agreed actions
9.	<p><u>Implementing Good Practice in Reporting</u></p> <p>a) Each year the Council updates the Corporate Plan. This is approved by Council and Cabinet and is published on the website. This identifies the priorities for the Council over the four-year period.</p> <p>b) Cabinet receives quarterly reports on performance on its core indicators, but this is not linked to the Council's Corporate Plan. These are timed to coincide with financial reporting, but the financial statements to the June Cabinet was not accompanied by performance data.</p>	<p>Without an annual report, the Council's stakeholders may not be able to understand the progress the Council has made in achieving the priorities it set out in its Corporate Plan.</p>	<p>a) The Council should publish an annual report each year that summarises progress against the Corporate Plan.</p> <p>b) The year-end core indicator performance reporting should accompany the year-end financial statements.</p>	<p>Medium</p> <p>●</p> <p>Medium</p> <p>●</p>	<p>The Director of Corporate Services will raise the suggested annual report with CMT agenda.</p> <p>Responsible Officer: Director of Corporate Services Target Date: 24 August 2024</p> <p>Performance will provide the author of the financial statements with the information required annually from June 2025.</p> <p>Responsible Officers: Director of Business Performance and People, Strategic Director of Finance Commercialisation and Corporate Services, Director of Finance Revenues and Benefits Target Date: 30 June 2025</p>
10.	<p><u>Openness and Transparency</u></p> <p>The Council has a legal duty to publish sets of data under the Local Government Transparency Code (2015). Audit review showed that whilst some parts are up to date, others (e.g. corporate risk register, counter-fraud fraud activity, invoices paid within 30 days) were not.</p>	<p>The Council is not compliant with the Local Government Transparency Code.</p>	<p>The Council should ensure responsibility for updating each element of the transparency code is delegated to an appropriate manager so that it is updated annually. This could be tracked as an action on Ideagen (Pentana).</p>	<p>Low</p> <p>●</p>	<p>Recommendation agreed? yes</p> <p>The finance and counter-fraud information has now been published. The risk register will be published after it has been presented to Cabinet in October 2024.</p> <p>Responsible Officer: Director of Business Performance and People Target Date: 31 October 2024</p>

3. Basis of our opinion and assurance statement

Key to Risk Ratings for Individual Findings in Reports	
Critical ●	<p>Financial: Severe financial loss; Operational: Cessation of core activities</p> <p>People: Life threatening or multiple serious injuries to staff or service users or prolonged workplace stress. Severe impact on morale & service performance. Mass strike actions etc</p> <p>Reputational: Critical impact on the reputation of the Council which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV.</p> <p>Legal and Regulatory: Possible criminal, or high-profile civil action against the Council, members or officers. Statutory intervention triggered impacting the whole Council. Critical breach in laws and regulations that could result in material fines or consequences</p> <p>Projects: Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene.</p>
High ●	<p>Financial: Major financial loss. Service budgets exceeded; Operational: Major disruption of core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.</p> <p>People: Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff.</p> <p>Reputational: Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion.</p> <p>Legal and Regulatory: Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies</p> <p>Projects: Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality.</p>
Medium ●	<p>Financial: Moderate financial loss. Handled within the team; Operational: Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required.</p> <p>People: Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance or staff.</p> <p>Reputational: Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage</p> <p>Legal and Regulatory: Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.</p> <p>Projects: Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.</p>
Low ●	<p>Financial: Minor financial loss; Operational: Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.</p> <p>People: Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.</p> <p>Reputational: Minor impact on the reputation of the organisation.</p> <p>Legal and Regulatory: Minor breach in laws and regulations with limited consequences.</p> <p>Projects: Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.</p>
Key to Assurance Levels	
No ●	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p>

<p>Limited ●</p>	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p>
<p>Moderate ●</p>	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p>
<p>Substantial ●</p>	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice.</p>

4. Limitations and Responsibilities

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit shall endeavour to plan its work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, Internal Audit shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, the examinations of Internal Audit should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless Internal Audit is requested to carry out a special investigation for such activities in a particular area.

Limitations inherent to the internal auditor's work

Internal Audit work has been performed subject to the limitations outlined below:

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the GAP Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31st MARCH 2024

1. Scope of responsibility

- 1.1. Uttlesford District Council ('the Council') has a duty under the Local Government Act 1999 to make arrangements that ensure continuous improvement in the way it works in terms of economy, efficiency and effectiveness. This includes a responsibility to ensure that Council business is conducted in accordance with the law and that public money is safeguarded and properly accounted for.
- 1.2. To fulfil this responsibility, the Council must put in place proper arrangements for the governance of its affairs and carrying out its functions, which includes arrangements for managing risk.
- 1.3. The Council has approved and adopted a Code of Corporate Governance which is consistent with the seven principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government 2016*.
- 1.4. This statement explains how the Council has complied with the Code. It also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment", which:
 - describes key elements of the Council's governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible.
 - describes processes applied in reviewing their effectiveness, and
 - lists actions proposed to deal with significant governance issues identified.

2. The purpose of the governance framework

- 2.1. The governance framework comprises:
 - the systems, policies, processes, culture and values by which the Council is directed and controlled; and
 - the Council's activities through which it accounts to, engages with and leads the community.
- 2.2. The framework 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.
- 2.3. 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 the Council's policies, aims and objectives.
 - evaluate the likelihood of those risks being realised and the impact should they be realised; and
 - manage those risks efficiently, effectively and economically.



2.4. The governance framework outlined in this document has been in place at Uttlesford District Council for the year ended 31 March 2024.

3. The Governance Framework

3.1. The Council's Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness regarding the seven CIPFA/SOLACE principles of delivering good governance (as updated in 2016).

3.2. Key highlights from the Governance Framework in place at Uttlesford District Council are shown against each of the seven principles below. Further evidence of compliance with the principles can be found in the Code of Corporate Governance.

Good Governance Principle	Uttlesford Council Key Elements 2023/24
<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<ul style="list-style-type: none"> ✓ In line with Public Sector Equality Duty and the Council continues to provide equalities training has been offered to all staff and Councillors to reinforce the Council's commitment to promoting equality and fairness among its local communities, staff and members. ✓ Member Code of Conduct forms part of the Council's constitution. Code of Conduct complaints are handled by the Monitoring Officer via engagement with our Independent Persons and the Standards Committee where appropriate. Local elections were held on 4 May 2023. A comprehensive induction programme for new and returning councillors was delivered, and expert external training was utilised in respect of dedicated committee training, as well as for underlying principled training for matters such as standards and governance. ✓ Declarations of Interest remain a standing item on all Committee, Cabinet and Full Council agendas. ✓ The Council's Counter Fraud Working Group who will provide operational oversight of the Council's counter-fraud activities across all areas. A new Audit Manager was appointed in 2023/24 and commenced employment with the Council on 30 October 2023 and has re-ignited and leads the CFWG. ✓ The annual review letter annual review letter from the Local Government Ombudsman and an annual summary of complaints and compliments relating to the Council's services, was presented to Audit and Standards Committee in September 2023. This information is also reviewed quarterly by the Council's Corporate Management Team, in order to share any lessons learnt. ✓ A & S also receives an annual Information Governance Report which covers data protection and information governance, including any instances of data breaches and the position with regard to Freedom of Information responses. This report was presented in November 2023.



Good Governance Principle	Uttlesford Council Key Elements 2023/24
<p>Principle B Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> ✓ The Council publishes information in line with Local Government Transparency Code 2015, including: <ul style="list-style-type: none"> • Business Rates Transparency Information • Councillor Allowances • Decision Records and Notices • Expenditure Data ✓ The Council sets out its Access to Information policy on its website. ✓ Comprehensive information relating to the Council's Finance and Accounts, including Statement of Accounts, Budget 2023/24, Fees and Charges 2023/24, Spend over £250, Council Investments etc. is available online. ✓ Council Cabinet and Committee meetings are open to the public, and guidance on attending and speaking at public meetings is available online. As speaking rules differ for a number of meetings, specific instructions are provided in the agenda papers for each public meeting. Meetings are broadcast live and available to watch subsequently on YouTube via the council's website. ✓ The Council continues to use the Modgov system to ensure that timely reports are submitted, approved, published and distributed to ensure Member's information needs and relevant statutory deadlines are met. ✓ The Council continues to publish a full record of decisions made in and supporting material presented to Committees, Cabinet and Full Council online. ✓ Notices of Key Decisions, Executive Decisions and Urgent Decisions are issued in advance/made available online as appropriate. ✓ The Council continues to be making improvements to systems and processes in its development management function, both across officer and elected member level activity.
<p>Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> ✓ Cabinet approved a Climate Change Strategy and Action Plan on 7 December 2022 which set a clear direction for tackling climate change and its key priorities. ✓ The Council successfully completed recruitment to vacancies in the Climate Change Team, with the full team onboarded by mid January. At the end of March 2024, the Zero Carbon Communities Grant Scheme saw £185,666k made available in grants for local community projects delivering carbon emission reduction, community action on climate change, biodiversity restoration and



Good Governance Principle	Uttlesford Council Key Elements 2023/24
	<p>enhancement. 15 community projects have been supported across the district for delivery in 2024.</p> <ul style="list-style-type: none"> ✓ Further to the Local Walking and Cycling Infrastructure plan. This study will produce a report and network plan for walking and cycling in Uttlesford which identifies preferred routes for further development, taking account of forecast growth in the local plan, it will also provide a prioritised programme of infrastructure improvements for future investment. A public consultation is set to take place in autumn 2024. ✓ In March 2023, the council invited feedback from residents and businesses on the piloting of a range of shared bike schemes in Saffron Walden. This engagement was undertaken as part of the town Clean Air Project which will be delivered over the next 2 years using grant funding from DEFRA. The project will be formally launch in April 2024. ✓ The Health and Wellbeing strategy has been revised and a new 4yr strategy is in place until 2028. Uttlesford Health & Wellbeing Board is the key mechanism for driving joined up working at local level and works to deliver the strategy, helping to improve the health and wellbeing of residents of the district and to reduce health inequalities. ✓ Uttlesford Community Safety Partnership produces a Strategic assessment for the District which then informs the Delivery Plan for the coming year. The Partnership meets on a quarterly basis to review the plan and to ensure that the priorities are being met through partnership diversionary projects and targeted projects where appropriate. There is a rotating chairperson, voted in on an annual basis, to ensure all statutory partners take responsibility. Links are strong with the police through their tasking process and with County Wide Community Safety colleagues through the Essex Community Safety Network. There is also attendance by officers and the Communities portfolio holder at Safer Essex and there are strong links with the OFPCC allowing the Council to have both a County and District wide view of immerging issues. ✓ The Council's Safeguarding policy is set to be reviewed to reflect Government legislation. Online safeguarding training has been included in the induction process for all staff. ✓ The Council carries out equality and health impact assessments on its services, policies, functions, strategies and procedures to ensure the Council does not discriminate in the way it provides services and employment and that, where possible, it does all it can to promote equality and good relations for the community



Good Governance Principle	Uttlesford Council Key Elements 2023/24
	<p>and various minority groups. Assessments accompany key decisions, and many can be found on the Council's committee system.</p>
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> ✓ The Council's Medium-Term Financial Strategy (MTFS) sets out the predicted financial position for the next 5 years 2023 -2028; this was approved by Council in February 2023. ✓ The MTFS and annual budgets for the General Fund, Capital Programme and Housing Revenue Account along with the associated Strategies for Investments, Capital and Treasury Management were reviewed by Scrutiny Committee prior to approval by Council in February 2023. Financial position and predicted outturn, for the Capital and Revenue net expenditure is reported to Cabinet on a quarterly basis with a draft presented in June 2023. ✓ Cabinet working groups will be considered by Cabinet on 27 June 2023 in order for Terms of Reference to be re-approved and membership for 2023/24 to be established. ✓ . The Regulation 18 Consultation was approved at Full Council in an extraordinary council meeting on 30 October 2023. This is intended to be a 'preferred option' draft which has the potential to reduce the time required for the latter stages of the plan. Completion of the whole process is expected by spring 2026. ✓ A new Corporate Plan is in place with updates on progress against key objectives reported regularly to Scrutiny Committee. ✓ ✓ In March 2023, the Chief Executive requested that Internal Audit undertake a review of the Council's Standards Complaints process. The Audit identified a need to review the Standards Complaints process with particular attention to the triage process. A new Head of Legal Services/Monitoring Officer has been appointed who will drive forward any changes/improvements in the process. <p>Following the appointment of a new Internal Audit Manager, Internal Audit has undertaken follow up Audit for Limited Assurance Audits to assess the effectiveness of the revised process to provide independent assurance over the improvement in the control framework.</p>
<p>Principle E Developing the Council's capacity, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> ✓ During 2022/23, a permanent Assistant Director of Environmental Services/Housing and Head of Legal Services were recruited. However, the Assistant Director of Environmental Services/Housing resigned from the post in March 2024 and an Interim Strategic Director Housing Health and Communities was engaged to provide continuity and improvement of service. ✓ The Council has undertaken staff surveys during the year which has given useful feedback to plan our future way of working, balancing this against service/customer needs.



Good Governance Principle	Uttlesford Council Key Elements 2023/24
	<p>✓ The Council's individual performance review system is known as U-Perform. It is an ongoing process of discussion and feedback between manager and employees. It enables managers to monitor employee performance and deal with any concerns or issues the employee may be facing. It is also an opportunity to recognise an employee's efforts and support personal development and career aspirations and future plans regarding work. U-Perform outcomes are also used to determine whether an employee moves to the next spinal column within their grade and receive a salary increase (until they reach the top of their grade). The process is overseen and moderated by the Chief Executive and Directors. Following a review of U-Perform. The Council will be moving to a new performance Appraisal Scheme (U-Perform) and Values and Behaviours at the end of the 2023/24 financial year.</p> <p>✓ Blueprint Uttlesford was launched in February 2022 and is UDC's change programme focusing on the next five years and beyond. It is the mechanism to deliver the Council's bold and wide-ranging ambitions for improving outcomes for residents and delivering the best services possible as set out in the authority's annually reviewed 5 Year Corporate Plan, and to do so sustainably within available resources, as set out in the council's annually reviewed 5-year Medium Term Financial Strategy and annually set Budget. It sits alongside broader multi-agency strategies and partnerships in which the council is a participant, contributing to their delivery, reflecting their priorities and shaping their strategic direction. 2023/24 was the first year of delivery against the schedule of savings and achieved £1.224 million to be incorporated in the 2024/25 budget.</p>
<p>Principle F Managing risks and performance through robust internal control and strong financial management</p>	<p>✓ In alignment with UDC's Risk Management Policy, the 2023/24 Corporate Risk Register was by the corporate management team with particular regard being paid to those risks whereby the potential likelihood of them occurring or the impact of the pandemic could adversely affect service provision. During the 2023/24 year, new risks were introduced and existing risks reviewed. Nothing was done during the 2022/23 financial year in regard to risk due to a lack of resources and change in personnel. These are now scheduled for review as a priority.</p> <p>✓ The Council conforms to the governance requirements of the 2016 CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The current year accounts have been managed and prepared in line with the updated standards and principles set out in the CIPFA financial management standards.</p> <p>✓ The Director of Finance makes regular reports to Cabinet of the financial position, this includes budget setting and monitoring medium term forecasts, the final outturn annual report and the statement of accounts, plus any other financial matters that impact the Council. CMT also review all reports quarterly.</p>



Good Governance Principle	Uttlesford Council Key Elements 2023/24
	<p>✓ Cyber Security – the council predominantly continued to work from home through 2023/24 and managed and maintained the same level of IT access and system security for staff. There is now a more hybrid way of working with hot-desking available over our 3 sites. Additional security measures have been introduced and current measures expanded to ensure the protection of Council property and data by UDC IT in line with the guidance from the National Cyber Security Centre.</p>
<p>Principle G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</p>	<p>✓ As detailed above and in the Local Code of Corporate Governance, a vast array of information is accessible to the general public via the Council's website.</p> <p>✓ The AGS is presented to the Leader and Chief Executive, approved by Audit and Standards Committee and published alongside Statement of Accounts.</p> <p>✓ Annual reports summarising the work of A&S Committee and Scrutiny Committee were presented to Council in July and October 2023 respectively.</p> <p>✓ A&S Committee receives annually the Local Government Ombudsman's Annual Review Letter. At the same time, the committee receives an annual summary of complaints and compliments received by the Council. This report went to the September 2023 A&S Committee meeting.</p> <p>✓ A&S Committee also receives an annual Information Governance Report which covers data protection and information governance, including any instances of data breaches and the position with regard to Freedom of Information responses. The Information Governance Annual Report 2023/24 was presented to A&S in November 2023.</p>

4. Review of effectiveness

- 4.1. The 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 Corporate Management Team who have responsibility for the development and maintenance of the governance environment.
 - the work of Cabinet and the Committees, including the Governance, Audit and Performance Committee and Scrutiny Committee
 - the Internal Audit Annual Report
 - comments made by the external auditors and other inspection agencies.
- 4.2. As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. These include:



- A **robust Internal Audit function** where the planned work is based on identified key risk areas. The Council's Internal Audit Service arrangements should conform to Public Sector Internal Audit Standards
- An **embedded reporting system for internal audit issues** ensures that senior managers and members are fully briefed on key issues, which includes regular reporting to the GAP Committee.
- A **comprehensive budget monitoring process** that is reported monthly to budget holders, quarterly to CMT and six-monthly to Cabinet.

4.3. The outcome of the review is presented in 5.1 below, which details areas for improvement during 2023/24.

4.4. Effectiveness of Other Organisations

Uttlesford Norse Services Ltd (UNSL) is joint Venture between UDC and the Norse Group for the provision of planned and responsive repairs for Housing along with facilities and cleaning services, which became fully operational on the 1 April 2020. The Norse Group, a wholly owned subsidiary of Norfolk County Council is the largest local authority trading company in the UK.

At the end of 2023/24 the Council gave formal notice to UNSL that the Council had decided not to enact the extension to the joint venture agreement and that existing arrangements would end in March 2025.

- **Uttlesford Leisure PFI** - on behalf of UDC, 1Life Management Solutions Limited operate three leisure centres under the Uttlesford Leisure PFI Contract: Lord Butler Leisure Centre; Great Dunmow Leisure Centre and Mountfitchet Romeera Leisure Centre. The authority finances the PFI agreement through a Unitary Charge which is paid to the Project Company (Linteum Uttlesford Limited) in monthly instalments throughout the duration of the contract. In May 2023 it was identified that parts of the Lord Butler Leisure Centre roof was constructed using reinforced autoclaved aerated concrete (RAAC), its structural behaviour differs significantly from traditional reinforced concrete and is susceptible to structural failure when exposed to moisture. All partners of the PFI worked together during 2023/24 using expert consultants and contractors to make the structure safe and repair work was carried out in February 2023. Regular inspections will be carried out every 3 years, as per expert industry advice to monitor the integrity of the roof.

4.5. Internal Audit Opinion

The annual opinion categories range from No Assurance, Limited Assurance, Moderate Assurance to Substantial Assurance.

The Internal Audit opinion is based on the audits and follow-up work completed since the last annual report and opinion to Audit and Standards Committee in June 2023.



Resourcing has had a significant impact on the delivery of the planned audit programme and Internal Audit does not have sufficient evidence to raise the opinion.

Internal Audit has identified good practice in areas of Corporate Governance (e.g. the Blueprint Uttlesford Programme) which represent a necessary development in the Council's programme processes.

Risk management is not embedded within the organisation although action is now underway to address this.

Follow-up work showed improvements in previously audited systems but other work pressures and resource issues have allowed some agreed actions to slip.

For the year-ended 31st March 2024, the opinion is that the adequacy and effectiveness of the Council's arrangements is **Limited Assurance** – a number of control weaknesses, several of which are high may put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage.

4.6. External Audit

BDO were provided with information that has relevance to their consideration of the Council's 2019/20 Annual Governance Statement and arrangements for use of resources (UoR). This was investigated by a third party and has been concluded. Until the whole process was concluded, the Council understood that BDO would be unable to issue their opinion on the 2019/20 Statement of Accounts (because the opinion includes reference to the Annual Governance Statement) or conclusion on the Council's arrangements for use of resources. However, there now appears to be a very protracted delay by BDO in reconciling their opinion. These issues are now also impacting on the 2023/24 audit sign-off as BDO cannot complete years 2023/24, 2022/2023 and 2020/21 until the 2019/20 issue has been resolved and the auditor's opinion for that year concluded and reported to the Council.

4.7. Other Inspectorates

- In 2023, UDC reported three data breaches to the Information Commissioner's Office Impact. The council is currently awaiting a response from the ICO in relation to these breaches.

5.1. Review of Actions from 2022/23 Annual Governance Statement:

2023/23 AGS	Action taken in 2023/24 to address the issue
To monitor improvements in UDC's internal governance arrangements with UNSL.	Following a review of operational services the Council gave formal notice to UNSL in March 2024 that the Council had decided not to enact the extension to the joint venture agreement and that existing arrangements would end in March 2025



2023/23 AGS	Action taken in 2023/24 to address the issue
Ensure implementation of control improvements identified by independent assurance providers (such as Internal Audit and other inspectors) promptly and in full, to ensure that weaknesses do not persist.	The Council has developed an action plan with CMT and SMT to ensure prompt reporting of breaches to the relevant governing body and to the relevant committee for transparency.
To undertake an independent assessment of the Council's approach to Corporate Risk Management, to identify any organisational improvement opportunities to ensure that the Council's risk management approach is proportionate and robust.	The Corporate Risk Register needs to be updated and reported to Audit and Standards Committee and Cabinet quarterly
Monitor progress of delivery of actions in the Counter Fraud Strategy Action Plan to ensure that the Council's Counter Fraud Strategy is delivered.	The new Audit Manager has reignited the Council's Counter Fraud Working Group who will provide operational oversight of the Council's counter-fraud activities across all areas of the Council. The Audit Manager in collaboration with eth Monitoring officer have updated policies and procedures in place so they are compliant with current legislation.
The Standards Complaints procedures need updating following the issues identified during the Internal Audit review.	The Monitoring Officer has reviewed the current standards complaints procedure in conjunction with the Independent Persons and a revised procedure will be presented to Audit and Standards in spring 2025

5.2. Areas for improvement or monitoring during 2024/25

Area	Action to be taken in 2024/25	Responsible Officer
External Audit	The Council should promptly respond to enquiries made by BDO as they seek to complete their audit work and sign-off 2019/20, 2020/21/ 2021/22 and 2022/23 accounts by the statutory deadline in order to ensure it cannot be held responsible for any further delays.	Strategic Director of Finance, Commercialisation and Corporate Services
Risk Management	Update the risk register and risk policy and present to cabinet for approval to ensure senior managers refer to the register as part of their	Director of Business Performance and People



Area	Action to be taken in 2024/25	Responsible Officer
	service planning and risk appraisals where applicable.	
Partnerships	To engage in high level discussions with Essex Police on the need to create a new Local Strategic Partnership/Responsible Authorities Group	Interim Strategic Director Housing, Health and Communities

6. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year. We did not find any matters that needed addressing during our review other than those that were previously identified and have been progressed.

Signed.....
 Leader of the Council

Signed.....
 Chief Executive

Date: 2024