

Draft Annual Governance Statement 2019/2020

ANNUAL GOVERNANCE STATEMENT

For the year ended 31st March 2020

1. Corporate Governance

Corporate Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance ensures that the Council provides for effective leadership and management in the use of public money; ensures the delivery of high quality services to all taxpayers and citizens; and achieves the desired outcomes for service users and communities.

East Devon District Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the Council's website at <http://eastdevon.gov.uk/council-and-democracy/council-business/our-key-policies/code-of-corporate-governance/purpose-and-scope-of-the-policy/> or can be obtained by writing to the Council. The principles upon which it is based are summarised in this Statement.

2. The Annual Governance Statement

The Accounts & Audit (England) Regulations 2015 require the Council to prepare and publish an annual governance statement. This is a public document that reports on the extent to which the Council complies with its own code of corporate governance. The Annual Governance Statement explains how the Council makes decisions; manages its resources in line with the Council's priorities; and achieves the required outcomes for service users and communities.

In the Annual Governance Statement the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period (Appendix 1)
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them (Section 6)

3. The Governance Framework

Scope of Responsibility:

East Devon District Council is responsible for ensuring that:

- Business is conducted in accordance with the law and proper standards
- Public money is safeguarded, properly accounted for and used economically, efficiently and effectively

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Purpose of the Governance Framework:

The Council's governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled and activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework aims to ensure that in conducting its business the Council:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the way that it operates

The Governance Framework:

The governance framework sets out how the Council is operating in order to demonstrate compliance, ongoing improvement, its commitment to maintaining the highest ethical standards and levels of governance. The governance framework has been in place at East Devon District Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

The Council has based its governance framework on the CIPFA/SOLACE guidance 2016 'Delivering Good Governance in Local Government'. The framework sets out seven core principles for good governance. Appendix 1 provides a summary of key elements of the Council's governance framework and how they relate to the seven principles.

4. Review of Effectiveness

East Devon District 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:

- Internal Audit (SWAP) Annual Report and Opinion 2019/20– Report to be presented the Audit & Governance Committee in September 2020 giving reasonable assurance. Key areas for improvement have been picked up within this Statement in Section 6.
- External audit and inspection (Grant Thornton) – a Report will presented to the Audit Governance Committee in September 2020 but no areas of concern are expected to be raised.
- A specific review of the effectiveness of internal control and compliance to the governance framework was undertaken in April/May 2020 through the completion of assurance statements by the Strategic Management Team. A review of this statement is considered by the Strategic Lead Finance, the Monitoring Officer, Chief Executive, Assistant Director SWAP and the Chairman and Vice Chairman of the Audit & Governance Committee for compliance and any apparent organisational improvements are included in this Statement.
- The mechanisms for maintaining and reviewing the effectiveness of the system of internal control throughout the year include.
 - Cabinet is responsible for considering overall financial and performance management and receives comprehensive budget monitoring reports on a frequent basis and Council service performance reports.
 - Overview & Scrutiny Committees challenge the Cabinet Committee where necessary including the invite of appropriate Cabinet members and Lead Officers to attend to answer questions.
 - The Standards Committee meets quarterly when required and at every meeting considers an update report on complaints against councillors which includes learning points and recommended actions. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
 - The Audit & Governance Committee meet five times a year to provide independent assurance to the Council in relation to the effectiveness of the risk management and internal control environment.
 - The South West Audit Partnership provides an independent and objective assurance service (Internal Audit function) to the Council and completes a programme of reviews each year to inform an opinion on the internal control, risk management and governance arrangements. The service undertakes any fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where suspected fraud or irregularity has occurred.

The results of the annual review of the effectiveness of the key elements of the Council's governance processes during 2019/20 are set out in the table in Appendix 1.

5. Significant Governance Issues - Issues raised in 2018/19 Annual Governance Statement

Issues raised in last year's Annual Governance Statement are copied below with updates on progress.

Key Issue to be addressed	Responsible Officer	Progress
Completion of Business Continuity Plan.	Strategic Lead Organisation Development	Complete and audit review carried out giving reasonable assurance
With the New Council, member training will be provided to ensure the Overview and Scrutiny role is fully understood to enhance the role of both functions.	Strategic Lead - Governance & Licensing	Completed.
To ensure processes and financial controls are implemented to manage the new Housing Maintenance Contract with a value of up to £100m. Weakness were identified with existing process, see 2017/18 issues to address. SWAP will review as part of the 2019/20 Audit Plan	Strategic Lead - Housing, Health & Environment	Completed. Audit review scheduled for 2020/21 to ensure controls in place.
To ensure a comprehensive General Data Protection Regulations (GDPR) and Information Asset Register (IAR) is in place.	Strategic Lead - Governance & Licensing - GDPR Strategic Lead Finance - IAR	Still some actions required to be implemented – Audit assurance partial. Report to be presented to A&G Committee.
To finalise the asset management review giving the Council a complete picture of its asset holdings in an accessible form.	Senior Manager - Property & Estates	Audit review scheduled 2020/21 at request of Leader & Audit Chair.

6. Significant Governance Issues – Issues raised in this year's Annual Governance Statement (2019/20).

Worth noting from this year's review which includes two key external assessments initialled by the Council is:

- The Council went through an Investor in People assessment against the new standard and obtained a Platinum accreditation and thereby obtaining the highest level of the IIP standard. This is an external assessment that the Council is a high performing organisation and an important measure of the organisations culture.
- The Council requested a Corporate Peer Challenge from the Local Government Association. This is part of the national scheme whereby the Government encourages Local Government to learn and improve through a process of informed challenge by its peers. The report is a public document and the Council has published an action plan in response to the comments and recommendations in the report:
https://www.local.gov.uk/sites/default/files/documents/Corporate%20peer%20challenge%20report%20-%20East%20Devon%20Council%20September%202019_0.pdf
- The new Chair to the Audit & Governance Committee brings additional skills to the Committee being a qualified and experienced Accountant.
- The Monitoring Officer has seen a significant increase in 2020/21 of the number of code of conduct complaints he has received. This will need to be kept under review to work with the Standard Committee in the context of the standards process, areas of complaints and resourcing implications.

Key issues identified in the annual review in relation to improvements required in governance arrangements or internal control procedures are given in the table below.

Key Issue to be addressed	Responsible Officer	Date for implementation
Information Governance (including GDPR) – This received a partial assurance in the SWAP audit. Key recommendations to be implemented (additional training, document disposal module, update of Information Asset Register, review of privacy notices).	Strategic Leads - Governance & Licensing, Finance & Organisation Development.	March 2021
With the New Council, member training will be provided to ensure the Overview and Scrutiny role is fully understood to enhance the role of both functions.	Strategic Lead - Governance & Licensing	December 2020
Corporate Health and Safety – This received a partial assurance in the SWAP audit. Key recommendations to be implemented (training, risk assessments, first aid policy, H&S plan).	Service Lead - Environmental Health and Car Parks, Environmental Health & Car Parks	SWAP follow up– March 2021
Following member concerns the Leader of the Council in agreement of the Chair of Audit &	SWAP/Service Lead - Place,	March 2021

Key Issue to be addressed	Responsible Officer	Date for implementation
Governance has requested an audit of the Council's Asset Register.	Asset and Commercialisation, Service Lead - Place, Asset And Commercialisation	
Review of the role of Audit & Governance Committee in line with CIPFA's Audit Committee Role – Practical guidance and core functions.	Strategic Lead Finance	December 2020

Appendix 1 – Assessment of key controls

<p>CORE PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p>	
<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council's governance processes during 2019-20</p>
<p>Behaving with Integrity</p> <p>Demonstrating strong commitment to ethical values</p> <p>Respecting the rule of law</p>	<p>The Council has a robust Constitution in place that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, proportionate, transparent and accountable. The Constitution was reviewed during 2019/20.</p> <p>The Constitution contains the Code of Conduct for staff and members. Officers have a clear understanding of their roles and responsibilities through an approved scheme of delegation and through job descriptions and person specifications. All staff have been asked to confirm that they had read and understood the Code of Conduct and is included in the induction for new members and staff.</p> <p>Registers of gifts & hospitality and member & officer interests were maintained. Individual members' interests are published on the Council's website.</p> <p>The Council has effective arrangements in place for dealing with complaints against members of East Devon District Council. Allegations that a member has failed to comply with the Code of Conduct are assessed initially by the Monitoring Officer, in consultation with an Independent Person, in order to decide whether the allegations merit investigation or another course of action. Details of complaints and the findings of any investigations are reported to the Standards Committee.</p> <p>The Standards Committee comprises five Members of East Devon District Council plus four non-voting independent Persons and regulates and oversees the Code of Conduct. The Committee took an active approach to ensuring high levels of good governance, ethical behaviour and transparency throughout the Council's decision making processes. The Scrutiny Committee monitored and scrutinised the performance and decision making of the authority.</p> <p>All Legal and Financial advice supporting recommendations made to Council committees are documented.</p> <p>The Council has an appointed Corporate Counter Fraud & Compliance Manager and a Strategy has been adopted by Council.</p> <p>The Council has a whistle-blowing, Anti-Fraud and Corruption Policy and Anti-Bribery Policy.</p>

CORE PRINCIPLE A**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

The Council has a designated Monitoring Officer whom ensures compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer the Monitoring Officer will report to the full Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. The Council also conforms to the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

Every contract that the Council enters into adheres to the Public Contract Regulations 2015 and follows Contract Standing Orders and requires high standards of transparency and ethics.

CORE PRINCIPLE B**Ensuring openness and comprehensive stakeholder engagement****Supporting Principles****Assessment of the effectiveness of key elements of the Council's governance processes during 2019-20****Openness**

Engaging comprehensively with other organisations that the council needs to work with to improve services and outcomes

Engaging with individual citizens and service users effectively citizens

The Council Plan for 2016-20 sets out our main priorities and forms the focus of all that we aim to achieve by 2020.

Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the Performance Framework which is recorded and monitored through the Council's performance management systems. Delivery of the Council Plan is monitored by the Overview and Scrutiny Committees. These Committees drive the scrutiny process on behalf of the public with a view to improving the delivery of public services.

Council Plan outcomes for the year are presented in the Annual report.

The Council has a communication Plan 2016-20 which amongst other items sets out we will;

- continue to keep our website up to date using our adopted principles so that the information clear and easy to find
- write policies and strategies for intranet and web
- involve residents in deciding what good public services means to them
- make the most of opportunities for communities and councils to improve their local areas
- tailor our communications to specific audiences using different ways to suit different people (for example, some people prefer social media whereas others prefer a newsletter so we will take this into account and monitor how effective we are)

CORE PRINCIPLE A**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

	<ul style="list-style-type: none"> - Rigorous use of Communication and Consultation Plans at the outset of larger projects. <p>The Council has an Engagement Policy and evidence of such engagement can be seen from the Council's viewpoint survey.</p> <p>The Council complies with the Local Government Transparency Code 2015 and the Freedom of Information Act publication scheme and has a stated position towards transparency.</p>
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CORE PRINCIPLE C**Defining outcomes in terms of sustainable economic, social, and environmental benefits**

Supporting Principles	Assessment of the effectiveness of key elements of the council's governance processes during 2019-20
Defining outcomes Sustainable economic, social and environmental benefits	<p>The Council Plan for 2016-20 includes priorities and outcomes: Encouraging communities to be outstanding, developing an outstanding local economy, delivering and promoting our outstanding environment and continuously improving to be an outstanding Council.</p> <p>Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the Performance Framework which is recorded and monitored through the Council's performance management systems</p> <p>A strategic Planning Committee is in place to oversee development of the Strategic Plan and its delivery.</p> <p>Contract Standing Orders sets out how the Council will procure goods, works and services by the most economic, efficient, effective and sustainable means to ensure that the needs of the community are met, within a clear framework of accountability and responsibility.</p> <p>The Council has an adopted Local Plan.</p>

CORE PRINCIPLE D**Determining the interventions necessary to optimise the achievement of the intended outcomes**

Supporting Principles	Assessment of the effectiveness of key elements of the council's governance processes during 2019-20
Determining interventions Planning interventions Optimising achievement of intended outcomes	<p>The Council operates a Cabinet system including delegation to Lead Members who are members of the Cabinet as defined in the Council's Constitution with a range of thematic portfolios. This gives a clearly defined decision making process.</p> <p>The Council's Constitution contains details of the respective roles and responsibilities of elected members, named officer roles and all officers employed by the Council. The Council's</p>

CORE PRINCIPLE A
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

	<p>Constitution lists statutory roles for officers which ensure legality, financial prudence and transparency in decisions and transactions.</p> <p>The Council operates an Overview and Scrutiny function. Members can “call in” decisions that have been made but not yet implemented, to enable them to consider whether the decision has been taken in accordance with the Council’s decision making principles. The Budget and Public Policy framework is detailed in the Council’s Constitution.</p> <p>The Scrutiny Committee monitors and scrutinises the performance and decision making of the authority. They may make recommendations to the Full Council.</p> <p>The Council has a robust organisational approach to business planning and performance management. A Performance Framework exists with monthly and quarterly performance monitoring and publication including financial monitoring.</p> <p>The Council has an adopted Financial Plan (2019 – 2029) linked to its Transformation Strategy. The Council annual budget approval involves significant Councillor involvement before adoption.</p>
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CORE PRINCIPLE E
Developing the entity’s capacity, including the capability of its leadership and the individuals within it

<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council’s governance processes during 2019-20</p>
<p>Developing the entity’s capacity</p> <p>Developing the entity’s leadership</p> <p>Developing the capability of individuals within the entity</p>	<p>A corporate Member’s induction programme is in place and ongoing training for Members includes the member code of conduct, personal safety and procedures.</p> <p>The Council has investors in people Platinum award recognising good policies and procedures are in place and working well which is externally validated.</p> <p>This includes having in place a performance framework covering all officers including an appraisal system with targeted, relevant training.</p> <p>There are regular team meetings, and one to ones. The Authority implements the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Living Wage for its entire staff.</p>

CORE PRINCIPLE F
Managing risks and performance through robust internal control and strong public management

<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council’s governance processes during 2019-20</p>
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CORE PRINCIPLE A**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.****Managing Risk****Managing Performance****Robust Internal Control****Strong Public Financial Management**

The Council has an adopted Risk Management Policy with clear accountability and review processes in place. Audit & Governance receive 1/4ly updates on the risk register.

The Council has an induction and development programme for Councillors. This is of vital importance, given the technical complexity of the Council's core operations, the decision making structure and the financial value of the transactions controlled by the Authority.

All statutory Officers receive the training and support to carry out their duties effectively and as appropriate, participate in continuous professional development.

The Cabinet meets on a monthly basis at set times to consider key matters including those on performance. Matters are published in the Forward Plan to enable the public to be aware of future decisions. All reports include reference to the Council Plan.

In addition to the quarterly performance reports there are at least quarterly financial reports submitted to Cabinet detailing estimated outturn against the approved budget.

The annual budget is supported by the Strategic Lead Finance commenting upon its deliverability and is supported by an appropriate reserves policy. The final accounts, of which this statement is an integral part, outline the Outturn of the Authority and are prepared in accordance with professional standards and subject to external audit.

In order to demonstrate robust internal control the Authority has:

- A Risk Management Framework linked into the Authority Structure;
- An appropriate suite of Anti-Fraud and Corruption Policies;
- A balanced budget supported by appropriate reserves
- Standards Committee supported by independent Members

The Council carries out staff surveys to assess their views on the management of the organisation. The findings have been considered in the production of service plans and priorities.

CORE PRINCIPLE G**Implementing good practices in transparency, reporting, and audit to deliver effective accountability****Supporting Principles****Assessment of the effectiveness of key elements of the Council's governance processes during 2019-20**

CORE PRINCIPLE A**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.****Implementing good practice in transparency****Implementing good practices in reporting****Assurance and effective accountability**

The Council makes as much information as possible available on its website and there are approximately 200 services that can be fulfilled on-line. Support is also available to those residents who cannot access the internet.

The Council publishes its statement of accounts on the website.

The Council's external auditors Grant Thornton issued their Annual Findings Report 2018/19 which contained an unqualified opinion on the financial statements. They also gave an unqualified value for money conclusion on the Council's arrangements to secure economy efficiency and effectiveness in its use of resources.

The Strategic Management Team is responsible for responding to recommendations made by Internal Audit and External Audit.

Progress made against the issues identified in the 2018-19 Annual Governance Statement action plan have been monitored by the Strategic Management Team and the Audit & Governance Committee.

The Council has a Whistle-blowing Policy which is advertised both inside the Council and on the Council's website.

The Council has an Anti-Fraud, Theft and Corruption Policy approved by the Audit & Governance Committee.

The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. It complies with the Transparency Code and has a stated transparency agenda.