

TENDRING DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2019-20

1. ACKNOWLEDGEMENT OF RESPONSIBILITY FOR A SOUND SYSTEM OF GOVERNANCE

Tendring 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, 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 acknowledges that it is responsible for: -

- **putting in place proper arrangements for a sound system of governance and internal control;**
- **facilitating the effective exercise of its functions; and**
- **management of risk.**

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the **CIPFA / SOLACE *Delivering Good Governance in Local Government Framework (2016 Edition)***. A copy of the Council's Code is available to be viewed or downloaded from the website (www.tendringdc.gov.uk) or can be obtained by contacting the Head of Governance and Legal Services.

This statement explains how the Council has complied with the Code, and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant councils to, each financial year: -

- (a) conduct a review of the effectiveness of the system of internal control
- (b) prepare an Annual Governance Statement

This Annual Governance Statement covers the period from 1 April 2019 up until its publication with the Council's Statement of Accounts on 30/11/2020.

2. ROLES OF THOSE RESPONSIBLE FOR THE DEVELOPMENT AND MAINTENANCE OF THE GOVERNANCE ENVIRONMENT



The Leader of the Council and the Chief Executive play key leadership roles in embedding good governance and driving on-going improvements within the Council. Other key roles and responsibilities in respect of the development and maintenance of the governance environment can be summarised as follows: -

The Authority (Full Council)	The Executive (The Cabinet)
<ul style="list-style-type: none"> • Approve Constitution and Policy Framework • Approve Council's overall budget • Approve matters reserved by law or by the Constitution to Full Council 	<ul style="list-style-type: none"> • Undertake the Council's Executive functions • Making decisions within the Budget and Policy Framework
Standards Committee	Overview and Scrutiny Committees
<ul style="list-style-type: none"> • Promote and maintain high standards of conduct • Develop culture of openness, transparency, trust and confidence • Embed a culture of strong ethical and corporate governance 	<ul style="list-style-type: none"> • Review or scrutinise Executive decisions • Assist with policy formulation and review • Scrutinise performance in relation to the Council's Corporate Plan, Priorities and Projects and the Budget • Report to Council / Cabinet on council functions/ matters affecting the area or its inhabitants
Audit Committee	Management Team
<ul style="list-style-type: none"> • Approve the Council's Statement of Accounts • Independent assurance of adequacy of risk management framework • Consider Internal / External Audit work and recommendations arising 	<ul style="list-style-type: none"> • Develop and maintain the Council's strategic direction • Ensure delivery of agreed targets within service areas • Review overall performance, both financial and non-financial, and change management
Statutory Officers	Internal Audit
<ul style="list-style-type: none"> • Head of Paid Service – discharge of council functions • Monitoring Officer – lawfulness and fairness of decision making, including scope of powers 	<ul style="list-style-type: none"> • Provide an independent and objective assurance function • Improve effectiveness of risk management, control and governance processes

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| <ul style="list-style-type: none"> • Chief Financial Officer (S151) – lawfulness of Council’s financial affairs and financial prudence of decision making | |
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3. EFFECTIVENESS OF THE KEY ELEMENTS OF THE CORPORATE GOVERNANCE FRAMEWORK

Purpose of the Governance Framework

The governance framework comprises: -

- **the systems and processes, culture and values by which the authority is directed and controlled**
- **its activities through which it accounts to, engages with and leads its communities**

It enables the authority to monitor: -

- **the achievement of its strategic objectives**
- **to consider whether those objectives have led to the delivery of appropriate services and value for money**

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 ongoing process designed to: -

- **identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives**
- **evaluate the likelihood and potential impact of those risks being realised**
- **manage those risks efficiently, effectively and economically**

The Governance Framework has been in place within the Council for the year ended 31 March 2020 and reviewed up to the date of approval of the statement of accounts.

The Governance Framework

The key elements that comprise the Council’s governance arrangements include: -

1. The Council’s Constitution, Budget and Policy Framework

- The **Council’s Constitution**, which sets out the Council’s decision making framework, enabling decisions to be taken efficiently and effectively; provides a means of holding decision makers to public account; a structure to deliver cost effective quality services to the community; and defines roles and responsibilities
- A **Corporate Plan** which identifies the Council’s vision, its aims, opportunities and values
- **Budget and Policy Frameworks** covering key policies and plans that must be approved or adopted by full Council, including its Budget, Council Tax, Housing Investment Programme, Local Development Plans, Licensing Policies, Procurement Strategy and Information Governance.

2. Other Strategies, Policies and Procedures

- Clear **Codes of Conduct** which set behavioural expectations for all individuals representing the Council
- **Human Resources Policies and Procedures** covering an extensive range of good employment practices
- **Whistleblowing and Complaints Procedures** that provide individuals with opportunities to report issues within the Council
- **Information and IT Policies and Procedures** protecting data held by the Council
- A wide range of strategies, policies and procedures providing governance frameworks over functions and activities of the Council

3. Examples of Good Governance

- The identification of **Priorities and Projects** and their translation into clear goals enabling the targeting of work by departments

- **Performance Management and Budget Monitoring Frameworks** providing a review of key activities against targets set, delivery of projects, and financial performance
- The Publication of **Agendas, Reports, Minutes and Decisions** providing accurate and reliable information to the public
- A **Corporate Risk Management Framework** providing a structure for risk management within the Council, and a **Corporate Risk Register** identifying the key risk that the Council is exposed to that is subject to regular review
- **External Standards Compliance** including compliance with accounting and auditing codes and standards, and conformance of the Council's financial management arrangements with the governance requirements of the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government (2016)*"
- Robust governance arrangements for working, engaging and consulting with the Council's stakeholders, partners and the public

The Code of Corporate Governance provides a framework of the governance arrangements in place in the Council, and includes additional detail for each of the above headings. The Code is subject to regular review to reflect changes to the Council's Governance Framework, and any update to the CIPFA / SOLACE framework.

As part of the Annual Review of the Council's Governance Framework, a number of activities and actions have been identified and undertaken during **2019/20** strengthening the Council's Governance Framework. The key activities and actions are set out below against the **Core Principles of Good Governance** identified in the Council's Code of Corporate Governance.

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

- On-going training opportunities provided to Officers including corporate enforcement workshops attended by staff at all levels and other topical issues presented to the Senior Managers Forum. Examples of presentations included Driver Safety at Work, Firmstep (maximising the benefits of the Council's investments), Corporate Plan and Priorities, Project Management, Contracts & Procurement, General Audit outcomes and APSE Energy (as part of the Climate Change work).
- Approval by Full Council in August 2019 of a revised Licensing Enforcement Policy.
- The Human Resources & Council Tax Committee, in October 2019, agreed and adopted an updated Safeguarding Policy and Procedures.
- The Monitoring Officer at the meeting of the Standards Committee in October 2019 drew the Committee's attention to national cases relating to a number of key topics relating to Member conduct.
- The Standards Committee, at its meetings held in July and October 2019, received updates and other related information on the implementation of the Committee on Standards in Public Life's recommendations.
- The Standards Committee, in October 2019, reviewed the Council's Member Code of Conduct Complaints Procedure to ensure it was still 'fit for purpose'.
- The Licensing and Registration Committee, in November 2019 following a public consultation, approved Child Sexual Exploitation training as a mandatory condition on the Hackney Carriage/Private Hire driver and operator licences for existing and new drivers and operators.
- Annual Report on Declarations of Interests and mandatory training requirements for Members submitted to Standards Committee in February 2020, including Members' Code of Conduct and dedicated planning and licensing training for members of the respective committees.
- The Human Resources & Council Tax Committee, in February 2020, endorsed changes required to Council HR policies and procedures for Statutory Parental Bereavement Leave in accordance with the Parental Bereavement (Leave and Pay) Act 2018.

- A Guidance Note was issued by the Monitoring Officer on decision making powers to be relied upon in the absence of formal meetings taking place (prior to the remote meeting regulations being in force).
- Approval by the Chief Executive (under urgency provisions) following consultation with the Chairman and Members of the Audit Committee in March 2020 of an updated Anti-Fraud and Corruption Strategy and also the Risk Based Verification Policy.
- The Partnerships Portfolio Holder, in April 2020, formally adopted, on behalf of the Council, the International Holocaust Remembrance Alliance's (IHRA) working definition of antisemitism to be included within any future policy updates and working practices.
- Approval by the Council in July 2020, following consideration of the recommendation of the Human Resources and Council Tax Committee, of the Pay Policy Statement 2020/2021.
- Detailed Health and Safety Risk Assessments have been undertaken for internal and external activities.
- The Council's governance arrangements have been promptly reviewed reflecting new legislation and government guidance throughout its response during the pandemic.

B. Ensuring openness and comprehensive stakeholder engagement

- The Council continued to be engaged in a number of community projects in partnership with stakeholders with a comprehensive update being endorsed by Cabinet during the year, to be delivered to support the Council's Priorities especially in the areas of education, health and well-being and community safety.
- Cabinet, approved, for public consultation purposes:
 - a draft Housing Strategy 2019-2024 in July 2019; and
 - the draft Corporate Plan for 2020-2024 September 2019.
- Cabinet, in September 2019, approved 'Love Clacton' as the brand for the Clacton Town Centre rejuvenation project and endorsed the Vision and Action Plan and approach towards public engagement.
- The Planning Policy & Local Plan Committee, in July 2019, approved the Draft Essex Coast Recreational Disturbance Avoidance and Mitigation Strategy Supplementary Planning Document for public consultation purposes.
- In August 2019 Full Council approved the Additional Sustainability Appraisal, evidence and amendments relating to Section 1 of the Local Plan to be submitted to the Local Plan Inspector, together with any representations received during the subsequent public consultation period on the schedule of proposed amendments to Section 1.
- Cabinet, in January 2020, approved the North Essex Economic Strategy which had been produced in partnership with Braintree District, Colchester Borough, Essex County and Uttlesford District Councils.
- The Creative and Cultural Strategy adopted by Cabinet (decision published in April 2020) followed consultation with all members.
- All Member briefings on topical subjects including Members' Code of Conduct, Press & Media relations, Local Plan & North Essex Garden Communities, Financial Forecast, Jaywick Sands TDC Housing Development, Corporate Priorities, Clacton and Dovercourt Town Centre regeneration projects, Member Development Scheme, Tendring4Growth, proposed Cultural and Heritage Strategies, Mayflower 400, Mental Health & NHS 10 Year Plan, Sport England LDF and Climate Change.
- The Leader has held meetings with the Group Leaders throughout the coronavirus pandemic to discuss a range of topics across political groups, adopting a 'One Council' approach.
- A business questionnaire has been issued to develop an action plan to support the local economy 'Back to Business', following the Covid-19 restrictions on trading.
- As part of getting Tendring "Back to Business", an all-inclusive approach including members and officers has been adopted, to generate ideas to support the District's economy and help as many of our businesses to recover after the lockdown.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

- Approval by Cabinet in July 2019 of its Priorities and Projects for 2019/20.
- Approval by Full Council in January 2020 of a new Corporate Plan for the period 2020-2024.
- Working with key partners via the local Health and Wellbeing Board to define and improve health inequalities in Tendring.
- Officers have continued to work on key decision making areas such as full project development and monitoring arrangements along with proportionate due diligence requirements.
- The Planning Policy & Local Plan Committee in July 2019, endorsed a new Strategic Housing Land Availability Assessment as evidence to support the deliverability of housing proposals in the new Local Plan and for the purposes of determining planning applications.
- Cabinet, in July 2019, approved the Vision and Masterplan for the regeneration of Dovercourt Town Centre and agreed projects for development.
- In August 2019, the Council declared a Climate Emergency and has been working with specialised advisers to prepare the associated Action Plan with the aim of the Council's activities being 'carbon neutral' by 2030. A climate emergency budget of £150,000 was approved to support this work.
- Cabinet, in December 2019, approved the re-allocation of budget to support energy efficiency measures at Community Centres as part of the Council's commitment to achieving carbon neutrality.
- Cabinet, in January 2020, approved funds to support the 'Tendring4Growth' corporate plan theme for sustainable economic growth in the District.
- The Leader of the Council, in March 2020, established the Members' Small Scheme (in the sum of £48,000 from a new Tendring Community Fund (TCF) as part of the response to the Covid-19 emergency by facilitating grants to organisations nominated by individual Councillors up to £1,000 each.
- The Council approved the Annual Capital and Treasury Management Strategy 2020/21 at its meeting held in July 2020 that set out key appraisal criteria for capital investment decisions.
- Establishment of a Back to Business initiative supported by the allocation of specific funding of £862,000 to deliver associated activities including Projects and Priorities

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- A cross-party Working Party was established in August 2019 and has been overseeing and working alongside Officers in the preparation of the Climate Emergency Action Plan for the Council.
- Cabinet, in July and October 2019, approved asset improvement works to Clacton Leisure Centre following consideration of a detailed business case.
- The Planning Policy & Local Plan Committee, in October 2019, endorsed the 'Livewell' Development Accreditation Scheme being aimed to promote developments considered to make a positive contribution to health and well-being.
- Cabinet, in October 2019, authorised governance arrangements for 'Gifted Units' under the terms of Section 106 Planning Agreements to increase the Council's housing stock.
- Cabinet, in October 2019, following a public consultation, approved, disposal and acquisition of land to and from Essex County Council to aid the extension of the Sixth Form facility at Clacton County High School and the improvement of the public open space.
- The Council invoked its formal emergency planning structure in March 2020 to directly respond to the impact of COVID-19, remaining alert to government guidance and put in place internal structures in place to support the various categories of vulnerable residents and local businesses.
- The Council continues to deliver a long term financial sustainability plan during the year with the underlying key aim of protecting services, as far as reasonably practical, during the on-going and

challenging public sector financial environment. Early reporting of the direct financial impact of the Covid-19 crisis was undertaken and will form part of the future quarterly financial performance reporting.

- Approval by Council in July 2020, following consideration of recommendations submitted by a cross-party Constitution Review Portfolio Holder Working Party via Cabinet for amendments to the Council's Constitution including its Articles, Procedure Rules and Scheme of Delegation.
- Approval by Council in July 2020 of a revised Annual Capital and Treasury Strategy 2020/21 (including Prudential and Treasury Indicators) and associated treasury management practices to support the delivery of investment activity that remains in accordance with the relevant Codes of Practice and guidance.
- The Council has internal governance arrangements to support delivery of major projects, which includes scheduling regular meetings attended by senior officers.
- The Council relied upon the urgency provisions within the Constitution and a robust governance framework was swiftly enacted to enable decisions to be taken early during the coronavirus pandemic. Such provisions were reviewed following the introduction of emergency legislations.

E. Developing the entity's capacity, including the capacity of its leadership and the individuals within it

- The Officer structure of the Council has continued to be subject to revision to facilitate service delivery within the resources available responding to evolving priorities and projects, including the establishment of Assistant Directors based around the Council's Corporate Plan and priorities.
- The Council maintained its accreditation of gold standard of Investors in People as measured against the new Generation 6 IIP standards.
- The initiation of a digital transformation project to deliver improvements to business continuity and resilience producing efficiencies in working practices.
- Reporting to full Council if Members fail to attend meetings within 4 months (rather than 6 months automatic disqualification) and decisions being taken within the 6 months to extend periods of non-attendance during the pandemic due to on-going illnesses.
- The Standards Committee, in October 2019, endorsed the Councillor Development Statement 2019-23 to ensure Councillors are best equipped to fulfil the range of responsibilities their role entails as a key component to delivering good governance.
- Topical learning and development activities for staff continue to be delivered and available for individual topics and areas across the Council.
- The Human Resources and Council Tax Committee endorsed activities being undertaken in relation to Employee Engagement and Health & Well-being.
- Home working arrangements were implemented for the majority of staff to take effect at the outset of the pandemic and data was collated to enable redeployments across services, where working at home was not possible.

F. Managing risks and performance through robust internal control and strong public financial management

- The continuation of a regular comprehensive financial performance report to Management Team and Members setting out a snapshot of key financial information in one place. This report includes a risk assessment of key lines of the financial forecast.
- A revised Corporate Risk Register was designed and implemented during the year to strengthen accessibility to key information and the activities in place or planned to address risks identified.

- Senior Officers attended the Council’s Audit Committee to support them in their assurance work and in responding to significant governance issues that emerged during the year.
- The Internal Audit Team established an open dialogue with the Council’s Senior Management Team on the organisations risks and risk appetite.
- The Council’s dedicated Fraud and Compliance Team continued their comprehensive Housing Tenancy Audit during the year with properties taken back into the Council’s possession for re-letting or further action taken as necessary.
- Internal audit were a key element ensuring the right internal control arrangements were in place as part of the council covid-19 response, such as remote home working and decision making arrangements.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- Internal audit continue to attend key project boards and working parties through the development of schemes and initiatives rather than just at the end of the process.
- Regular reporting to management team of key health and safety issues during the year.
- A restructure of the Internal Audit team was undertaken reflecting on the current organisational structure to provide the right capacity at the right level to fulfil its responsibilities as set out in its associated Charter.
- All urgent decisions taken by the Leader during the Council’s response to COVID-19 have been published decisions and formally reported to Cabinet for maximum openness and transparency.

4. Other Governance Issues:

Impact of Coronavirus 19

Coronavirus started to impact on governance during March 2020 and up to the date of publication, therefore the AGS reflects the impact on governance arrangements during this period. A second conclusion on the adequacy of governance arrangements during this period has been included to make clear the impact.

The relevant officers (for example, the Council’s Section 151, Monitoring Officer and Head of Internal Audit) were actively involved in the Council’s response to COVID-19, especially in relation to service delivery and governance arrangements discussed as part of the Emergency Planning structure invoked in early March.

Under the six principles referred to earlier, examples of the impact of COVID on governance have been included. An action plan is referred to below to undertake a review of the Councils response and ongoing impact which will form part of Internal Audits work programme for 20/21. The review will cover the impact on governance falling into the following broad categories:

- **Impact on business as usual in the delivery of services**
- **New areas of activity as part of the national response to coronavirus and any governance issues arising**
- **The funding and logistical consequences of delivering the local government response.**
- **Assessment of the longer term disruption and consequences arising from the coronavirus pandemic**

5. OPINION ON THE LEVEL OF ASSURANCE THAT THE GOVERNANCE ARRANGEMENTS CAN PROVIDE

The framework in place provides a sound basis for delivering good governance within the Council.

The Council has a statutory responsibility for conducting, each financial year, a review of the effectiveness of its system of internal control. The review of effectiveness is informed by: -

- **The work of Internal Audit as outlined in the associated annual report**
- **Any issues reported or comment from the Council's external auditors and other review agencies and inspectorates**
- **The work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment**

In practice, review of effectiveness is an ongoing process throughout the year. Set against the backdrop of ongoing reductions in Government funding of the Council and associated savings targets, action has continued within the Council in **2019/20** to provide a sustainable and long term basis against which to deliver services. These changes present governance challenges and risks that have been recognised as part of the process of managing change.

The Council draws assurance on its governance arrangements from a number of sources, in particular: -

- **Internal Audit**
As set out in the Public Sector Internal Audit Standards (PSIAS) there is a requirement under PSIAS 2450 that the Chief Audit Executive must provide an annual report to the Audit Committee, timed to support the Annual Governance Statement. This must include:
 - An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment);
 - A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and
 - A statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

The Council adopts a 'Three Lines of Defence' assurance model which is taken from the following sources;

1. Senior Management and Departmental Leadership

Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

2. Internal Governance

The second line of defence consists of activities covered by several components of internal governance (Statutory Officers, Corporate Oversight Functions, Quality Control, IT Security, Data Protection and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.

3. Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit Regulations 2015, which states that a relevant body must:

- Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Internal Audit Approach

The Internal Audit function undertakes a programme of audits each year to provide the Council and its Audit Committee with assurance on the adequacy of its system of internal control, governance and risk management arrangements. The audit programme has been developed to risk based and comprise of different audit techniques to make it leaner and more supportive of service delivery to meet the Council's needs.

Internal Audit has continued to work with services on a consultancy basis to support the implementation of new processes, identify and analyse root cause if necessary and ensure that all relevant employees have the appropriate training to competently carry out their role. Transformation, Project Management, Procurement and Risk Management are some of the areas where this type of work has been undertaken and continues to collaborate resources.

In 2019/20 to date, only three audits from a total of 34 undertaken received an overall audit opinion of "Improvement Required" where high severity issues were identified. The audits were Planning Enforcement, Housing Repairs and Maintenance and Housing Allocations Follow Up. The associated improvements actions remain on-going with regular feedback reported to the Audit Committee throughout the year that supports the provision of a continuous update on the council's control environment, governance arrangements, material issues identified and improvement actions.

Annual Opinion 2019/20

The assurance opinion is based on:

- Internal Audit work completed during the course of the year;
- observations from consultancy/ advisory support;
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- a review of assurance from other providers including those from first and second lines of defence, independent regulators and peer reviews;
- the extent of resources available to deliver the internal audit work; and
- the quality and performance of the Internal Audit service and the extent of compliance with the Public Sector Internal Audit Standards

Limitations to the Annual Opinion

As the COVID-19 pandemic forced a national lockdown in March 2020 and as a result forced the Council in to remote working and in some areas a complete halt on service provision other than emergency work, it did become particularly challenging to complete outstanding audits. However, with exception to one consultative review (Procurement) and one core audit (Health and Safety), fieldwork has been completed on all other audits within the audit plan. Health and Safety priorities shifted in March 2020 which meant their workload increased dramatically due to the pandemic. Therefore a decision was taken to suspend work on the audit to support the Health and Safety Team during the lockdown period.

The Head of Internal Audit Annual Opinion

The overall direction of travel regarding the internal control environment since 2018/19 has improved in core areas such as the Council's key systems, there are some service areas requiring further improvement and others where expected controls and risk mitigation has not been implemented as expected; however, as the majority of audits in 2019/20 continued to receive an adequate or substantial assurance opinion it is reasonable to suggest that there has not been a considerable deterioration in internal control and operational processes within the year.

Governance arrangements and internal controls have been evaluated in all audits within the plan, albeit with varying levels of scope. Senior Management continue to review strategic risks on a regular basis within Management Team and the Corporate Risk Register is reviewed bi-annually with any feedback reported to Management Team for consideration.

The majority of the year has been unaffected by the COVID-19 pandemic and therefore the annual opinion will reflect normal operations. However, governance arrangements and key systems will need to be reviewed from March 2020 to provide assurance that good governance and control remain strong in light of the procedural changes across all service areas.

The opinion of the Internal Audit Manager is drawn from all of the information reported above, external reviews carried out throughout the year from other assurance providers and through the ongoing work in supporting Senior Management and Services in delivering the Councils objectives and vision.

The Internal Audit function is expected to commission an independent assessment on compliance with the Public Sector Internal Audit Standards that have been set by the Institute of Internal Auditors (IIA) and adopted by the Chartered Institute of Public Finance and Accountancy (Cipfa) every five years. Internal Audit received an independent report in 2017/18 concluding conformance with the standards which was reported to the Audit Committee. Although this assessment is undertaken, the Internal Audit function must continue to complete an annual Quality Assurance and Improvement Programme (QAIP) which is a self-assessment questionnaire against the PSIAS. A (QAIP) was completed and presented to the Audit Committee for review in January 2020.

The Internal Audit Manager is satisfied that sufficient work was completed in 2019/20 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's activities. The internal control environment continues to remain stable with no significant changes from 2018/19, an open dialogue with Senior Management on risk remains in place and a generally sound system of internal control has been assessed across the majority of the Councils operational areas. Therefore, an overall unqualified opinion of Adequate Assurance can be provided.

- **External Audit**

The Council is subject to an annual programme of external audit work associated with the Council's Statement of Accounts and value for money arrangements.

Each year the auditor's overall findings are brought together in an Audit Results Report and Annual Audit Letter (available on the Council's website). Action is taken on issues identified, with any material ongoing issues incorporated within Significant Governance Issues below.

- **Other Review Agencies and Inspectorates**

The Council is subject to inspection and review by a number of other agencies and inspectorates. The Council aims to take action to address any issues that arise from such inspections and reviews, and to improve governance arrangements where it is appropriate to do so.

- **Senior Managers**

In addition to the review work undertaken above to review and strengthen the Council’s Governance Framework, the Council’s senior managers have participated in a review of the effectiveness of the system of internal control providing assurance regarding the governance / control environment for their areas of responsibility.

6. ISSUES RAISED IN THE PREVIOUS YEAR’S ANNUAL GOVERNANCE STATEMENT

In respect of the governance issues identified as part of last year’s Annual Governance Statement, the actions undertaken to address and resolve those issues included: -

Governance Issue	Required Action(s)	Completed Action(s)
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>The Council continues to deliver the ten year approach to budgeting, aimed at maximising savings opportunities whilst delivering growth in underlying income to deliver a balanced budget over a ten year forecast.</p> <p>Risks exist to the plan should savings not achieved and income generation schemes not materialise while using non-recurrent reserves to addressing budget gaps is not sustainable should austerity continue.</p>	<p>Continue to develop the long term forecast with a focus on:</p> <ul style="list-style-type: none"> • Ensuring the robustness of assumptions used in financial planning/forecasting. • Prioritising resources whilst maintaining services wherever possible. • Undertaking targeted reviews of significant areas for cost pressures • Continuing to identify opportunities for savings, with the development of a 4 year plan for delivery. <p>Delivery of a balanced budget in 2020/21 in-line with the forecast.</p>	<p>The budget for 2020/21 was agreed by Full Council on 11 February 2020 which was based on the most up to long term forecast.</p> <p>The long term forecast remains broadly on target with the delivery of annual surpluses over the life of the forecast still anticipated to be achieved.</p> <p>To isolate the on-going revenue forecast from potential one-off costs associated with the maintenance of Council Assets, an initial fund of £1.134m was agreed by Cabinet on 13 September to support costs that may emerge over the remaining years of the forecast. This will be complimented by a corporate review of the Council’s operational assets to prioritise spending from this fund over the next few years</p> <p>A savings plan covering the period from 2021/22 and beyond will be developed during the year.</p>
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>By strengthening the linkages between the Corporate Plan priorities and the Council’s investment plans.</p>	<p>To identify and maintain an ongoing corporate investment plan (including the capital programme) supporting delivery of the Council’s priorities including the development of relevant strategies as necessary.</p>	<p>As part of delivering against the corporate plan and associated priorities, an investment plan will be developed as early as possible from 2020/21 which will be directly linked to the Council’s budget and evolving financial position and supported by the reprioritisation of budgets / existing funding and/or as part of the long term forecast.</p>

<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Supporting the delivery of key housing and development projects and priorities through open and transparent decision making (including informal briefings). Demonstrating effective use of the council's resources throughout continuation of the project development. This will include robust governance arrangements including risk management, funding, skills and capacity.</p>	<p>Consultation on a draft Housing Strategy and approval of a business/action plan setting out delivery, funding and performance of key housing and development building projects such as:</p> <ul style="list-style-type: none"> • Development of Jaywick Sands; • Garden Communities; and • Other relevant sites across the district. <p>Additional specific statutory consultation on the Local Plan and future development of the Garden Communities project.</p>	<p>Following consultation, the Housing Strategy has been recommended by Cabinet to Full Council for adoption.</p> <p>Options to deliver further housing in Jaywick Sands remain in progress with discussions underway with external partners to develop the most advantageous approach that balances the right housing and tenure with viability / affordability.</p> <p>The Planning Inspector's decision relating to Section 1 of the Local Plan has been received endorsing the development of the Tendring Colchester Garden Community. The next stage of the project for place-making and delivery, with associated governance arrangements will be set out in future reports with any associated consultation undertaken as necessary.</p>
<p>Developing the entity's capacity, including the capacity of its leadership and the individuals within it</p> <p>Ensuring compliance of the Council's governance arrangements through project board reviews and delivery of transformation projects, through the monitoring of key policies.</p>	<p>For the relevant project board or lead officers to identify sufficient resources to demonstrate and monitor compliance with the Council's policies and procedures (forming the Governance framework) during delivery and embedding the final arrangements.</p> <p>To complete the roll out of the revised business planning and project management approach.</p> <p>Launch the Cabinet report writing through modern.gov using the new template and processes.</p> <p>Recruit to the Senior Governance Officer post.</p> <p>Develop an induction and training programme for the newly elected Councillors covering a range of topics, including dedicated chairmanship training and an overview and scrutiny workshop.</p>	<p>A Project Board has been established with its regular meetings taking place from August 2019. The Project Board will continue to take a key role in supporting the development of projects / business cases, which will include a review of key outcomes / deliverables once the project has been fully implemented.</p> <p>A revised business planning and project management approach has been rolled out across the Council with awareness / Q&A sessions undertaken at departmental manager's meetings and senior manager's forums.</p> <p>The roll out of the functionality of Modern.Gov has been delayed due to the authority's response to Covid-19 and moving to virtual meetings, recruitment to a vacancy will assist with developing Modern.gov over a phased approach in 2020/21.</p> <p>The new Assistant Directors have commenced a review of capacity across the Council following the management restructure.</p>

		<p>Member development and training opportunities have been delivered including a session covering skills, practice and approach to chairing different meetings, and affordable housing for the Planning Committee. The overall member development programme is now underpinned by a new Member Development Statement and is ongoing and in addition to the All Member Briefing programme.</p> <p>Training on chairmanship took place in June (1:1 sessions) and September (a group session) and overview and scrutiny training was provided in June 2019 & 2020. Access to the LGA's online training portal for Councillors is being rolled out and where LGA courses support Executive/Scrutiny or other training needs, attendance at these is being facilitated. Training for Councillors is aligned to best support the delivery of the new Corporate Plan.</p>
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Ensure the Local Code of Corporate Governance and key policies and procedures are up to date.</p>	<p>Through a centralised review develop an action and monitoring plan to include policy review dates and associated decision making.</p>	<p>The work associated with this action will commence in 2020/21 as it will form a key role of the Senior Governance Officer post as part of the capacity referred to above.</p> <p>In the interim the Business Support team have developed a spreadsheet which holds information on policies and procedures published on the Council's intranet. This is being utilised to contain information on reviewing and updating policies.</p>

7. SIGNIFICANT GOVERNANCE ISSUES

To support the Council in addressing some of the key issues and improvements that have emerged from the annual review of effectiveness, including any items identified as part of the work of the External Auditor, the following actions have been identified :-

Governance Principle & Issue	Required Action(s)
Carried Forward and Updated from 19/20	

<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>Ensuring compliance of the Council’s governance arrangements through project board reviews.</p> <p>Utilising the Council’s systems to implement best practice for drafting, reporting and decision making</p>	<ul style="list-style-type: none"> • Review of project outcomes being undertaken by the Project Board to support future decision making and delivery • Commence the roll out of the functionality of Modern.gov over a phased approach in 2020/21.
<p>Developing the entity’s capacity, including the capacity of its leadership and the individuals within it.</p> <p>Ensuring the Council has the appropriate structures in place to support delivery of the Corporate Plan following the Senior Management restructure.</p>	<ul style="list-style-type: none"> • Finalise the operational capacity review and implement any recommended and approved staffing restructures.
<p>New and Updated for 20/21</p>	
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>Managing risks and performance through robust internal control and strong public financial management</p> <p>By strengthening the linkages between the Corporate Plan priorities and the Council’s investment plans along with review of the longer term impact of COVID-19</p>	<p>As part of the Back to Business and Recovery Plan:</p> <ul style="list-style-type: none"> • Undertake a corporate review of the Council’s operational assets to prioritise spending from an associated reserve over the next few years; • to develop an investment plan during 2020/21 which will be directly linked to the Council’s budget and evolving financial position and supported by the reprioritisation of budgets / existing funding and/or as part of the long term forecast; and • conduct an audit review in relation to the effectiveness of the Council's response to the COVID-19 including <i>a review of the lessons learnt from the Council’s response and</i> Longer term consequences.
<p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>To set out the Council’s vision following the Council’s Climate Emergency declaration of the</p>	

Council's activities being 'carbon neutral' by 2030.	<ul style="list-style-type: none"> • Prepare an Action Plan for approval by both the Cabinet and Council to form part of the Council's Policy Framework
<p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Ensure the Local Code of Corporate Governance and key policies and procedures are up to date.</p>	<ul style="list-style-type: none"> • Review of the Council's Equality and Diversity strategy, policies and procedures
<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Establishing a corporate framework to support community engagement</p>	<ul style="list-style-type: none"> • Developing the Council's approach and adopting principles for community engagement.

Progress regarding these governance issues will be monitored throughout the forthcoming year by the Council's Audit Committee.

8. CONCLUSION

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We propose over the coming year to take steps to address the significant governance issues identified in this statement, and to further enhance our governance arrangements. We are satisfied that these steps will address the needs for improvements that were identified in our review of effectiveness and will monitor their implementation as part of our next annual review.

Ian Davidson
Chief Executive

Councillor Neil Stock OBE
Leader of the Council

Date:

Date:

The Chief Executive and the Leader of the Council have certified the formal Annual Governance Statement, which is held by the Assistant Director Finance and IT and can be reviewed upon request.