EPSOM AND EWELL BOROUGH COUNCIL
DRAFT ANNUAL GOVERNANCE STATEMENT – 2015/2016

Scope of responsibility

1. Epsom and Ewell Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Epsom and Ewell Borough 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.

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

3. Epsom and Ewell Borough Council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework, "Delivering *Good Governance in Local Government"*. This statement explains how Epsom and Ewell has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011 and accompanies the 2015-16 Final Accounts. The Annual Governance Statement is subject to review by the Audit, Crime & Disorder and Scrutiny Committee and the Strategy & Resources Committee when it considers the Statement of Accounts.

    The purpose of the governance framework

4. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

5. 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 Epsom and Ewell Borough Council's policies, aims and objectives,

to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

6. During 2015/16 the Council has worked to strengthen a number of governance arrangements which will continue into 2016/17 including procurement, project management, contract management and agency procurement.

7 The organisational changes implemented on the 1st April 2016 continue to be established through the Leadership Team and further organisational development and cross organisational projects. The work during 2015/16 will continue to be embedded in 2016/17 to deliver service improvements and the new key priorities.

8. The efficient use of resources is an overarching priority with projected budgetary gaps over the medium term due to cuts in government funding.

9. The governance framework has been in place at Epsom and Ewell Borough Council for the year ended 31 March 2016 and up to the date of approval of the Annual Report and Statement of Accounts.

Sources of Assurance
▪ During 2015/16 the Council has been working towards a new Corporate Plan (2016-2020) which was adopted in April 2016.
▪ The Council has four new priorities for the Borough; Keeping the Borough Clean and Green, Supporting the Community, Managing Resources and Supporting Businesses & the Local Economy.
▪ The behaviour of Councillors is regulated through the Code of Conduct supported by a number of protocols.
▪ The Council's has adopted a code of conduct for members and co-opted members and has in place arrangements to meet the requirements under section 27 of the Localism Act.
▪ Employees are subject to a Code of Conduct and a number of specific policies as set out by Human Resources.
▪ Policy and decision making is facilitated by a framework of delegation set out in the Constitution.
▪ Risk Management Framework covers strategic risk management, to identify corporate risks, assess the risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls.
▪ The Council maintains and reviews a Leadership Risk Register and Service Risks. Risk Management awareness is built into the Council's training programme. The Corporate Governance Group also has a role in embedding risk management across the authority.
▪ The Director of Finance & Resources is designated as the responsible officer for administration of the Council's financial affairs under section 151 of the Local Government Act 1972. This includes ensuring the lawfulness and financial prudence of decision making, providing advice, particularly on financial impropriety, publicity and budget issues, giving financial information.
▪ The Director of Finance & Resources meets her financial responsibilities and ensures fully effective financial management arrangements are in place by

attending key meetings where significant financial issues are discussed, and has a key role in the Leadership Team. She reports to the Chief Executive. This role meets the requirements Statement on the role of the Chief Financial Officer in Local Government and is a key role of good governance.

- The Audit, Crime & Disorder and Scrutiny Committee carries out the role of an Audit Committee as identified in CIPFA's "Audit Committees – Practical Guidance for local authorities.

- The Council has in place an approved Whistleblowing Policy for investigating complaints from members of the public and established anti-fraud and corruption arrangements.

- The Monitoring Officer has a legal obligation duty to ensure the lawfulness and fairness of decision-making.

- The Council has in place a Corporate Equality Scheme 2011–2016 to meet the Council's statutory duties to make sure all services and activities are available to all those in the Borough.

- The Customer Charter sets out standards of services that residents can expect to receive.

- The Council has a Team Strategy (2012-2016) which supported the previous Corporate Plan for the delivery of people management aims and objectives , which will be updated into an Organisational Development Strategy (2016-2020) to support the new Corporate Plan

- The Council has IIP accreditation.

- During 2015/16 the Council is in the process reviewing its performance management framework in light of changes to its key priorities. As a result the performance management information was not produced for the final quarter of the year. The new performance indicators will be reported to the relevant committee. The Audit, Crime & Disorder and Scrutiny Committee will continue to monitor indicators not met.

- The Council's Consultation Strategy 2012-2016, which supports the Council in its duty to provide information, consult and involve the community.

- The Council continues to develop a range of partnership arrangements and has reviewed the corporate governance arrangements for priority partnerships and has an action plan in place.

- The Council has adopted corporate complaints systems. Major programmes and projects are monitored and reported to the Leadership Team providing an oversight of the resources required and deliverability of projects

Review of effectiveness

10. Epsom and Ewell Borough 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 Leadership Team within the authority, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also by other reports issued by the External Auditor and other review agencies and inspectorates.

Assurance Received

- The senior management was restructured in April 2015 with the formation of two directorates and a Leadership Team. This is a decision making body who meet fortnightly The Statutory Officers Group meet on alternative fortnights.
- The Head of Internal Audit's Annual Report is presented to the Audit, Crime & Disorder and Scrutiny Committee, the Head of Internal Audit's opinion is that "there were adequate and effective risk management and governance. Our work identified further enhancements to the framework of internal control to ensure it remains adequate and effective. Weaknesses were identified in reviews of Property Maintenance, PCI compliance control framework, and Car Park Income."
- The Risk Management Framework was reported to the Audit, Crime & Disorder and Scrutiny Committee in November 2015, who is responsible for monitoring and reviewing the Council's risk management arrangements.
- The Heads of Service complete annual self-assessments (Divisional Assurance Statements) of the processes and controls they have in place to allow them to achieve their service objectives. This identifies a range of service risks used to complete the Service Risk Register.
- Performance management reports are taken place to the relevant the policy committees and the Audit, Crime & Disorder and Scrutiny Committee over the course of the year..
- Local Ombudsman Report on complaints received.
- The Audit, Crime & Disorder and Scrutiny Committee produce an Annual Report.
- Financial assurance from budget targets report and Quarterly Revenue and Capital Monitoring Reports. Each service has savings targets based on controllable expenditure built into 4 year cost reduction plan.
- Register of pecuniary interests.
- Fraud Risk Assessment.
- Pay Award and Pay Policy statement 2016/17.
- Emergency Planning and Business Continuity Plans.
- Annual compliance with the Public Sector Network (PSN) Code of Connection for ICT Security.
- As part of the Council's policy on transparency and openness, information on financial spend is publically available.
- Work has been undertaken to raise the awareness of information governance risks, polices have been updated and mandatory training has been rolled out to all staff in 2015/166.
- All committee reports have been seen by the Chief Finance Officer and the Monitoring Officer.

11. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Crime & Disorder and Scrutiny Committee, Corporate Risk Group, Corporate Governance Group and Corporate Management Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

12. The following significant internal controls have been identified:-

No.	Issue	Action	Lead Officer	Date
Significant Governance Issues				
1	**Public Sector funding reductions and on-going financial pressures**	Due to in-year savings a small underspend occurred in 2015/16. Finance will continue to work with managers to reduce costs and deliver the longer term requirements detailed in the Medium Term Financial Strategy and supported by the 4 year cost reduction plan.	Director of Finance & Resources & Leadership Team	Mar 17
2	**Lack of staffing and resources due to budget pressures and legislative changes, impacting on the changes required to deliver savings and efficiencies and the impact on delivering core services.**	The prioritisation of resources through the Corporate Projects List And implementation these key projects to improve efficiencies. Implement recommendations from the light touch DMA Review and LGA Peer Review. Agree an Organisational Development Strategy 2016-2020 to support the Corporate Plan Conduct a staff survey and review the outcome. One Team Staff Forum and Manager's Huddle	Leadership Team	Mar17 March 17 Nov 16 Mar 17 Sept 16
3	**The Council has been through a period of change and a number of corporate governance issues have been addressed although**	Address issues through the action plans for the corporate groups covering -Corporate Governance – Procurement	Corporate Groups	Action Plan for each Group

	there is further work to refine processes and procedures and monitor the impact of these changes.	-ICT Customer Focus -Economic Vitality -Corporate Property. .		
4	Although some work has been undertaken in 2015/16, the Council is not fully compliant with the Procurement Regulations Act and the Transparency Agenda.	Updated Contract Standing Orders to be approved in June 2016. Progress joint working with the London Borough of Sutton which will ensure we are compliant with PCR 2015 and the transparency agenda. It will also provide access to procurement expertise, provide an up to date contract register and detailed spend analysis.	Procurement Working Group	July 16
5.	A new performance framework needs to be developed to support the new Corporate Plan.	New PI's have been agreed and a new performance management framework is being developed for the autumn committee cycle	Director of Finance & Resources	Nov 16
6.	There are a number of weaknesses in the control framework impacting on PCI (Payment Card Industry) compliance.	An action plan was agreed to be implemented by September 2016 and will be audited in November 2016.	Head of ICT	Sept 16
7.	The cost of Homelessness continues to rise adding to financial pressures	A number of initiatives have been agreed by the relevant committee to reduce expenditure including the introduction of a Private Sector Leasing Scheme, Residential Property Fund and the refurbishment on an existing property to provide temporary accommodation.	Head of Housing and Env Services	March 17
8.	All decisions are not properly reported to Committee and reports are of inadequate standard.	Delegated authorities are updated and training to all managers on writing reports and processes	Monitoring Officer	Sept 16
9.	Lack of assurance that the Council have robust arrangements, appropriate approval, and adequate controls in place for the	To review the processes and procedures for recording, collecting and monitoring of all monies due and ensuring there is adequate evidence of	Head of Place Development	Dec 16

	collection of CIL and S106 monies	compliance.		
10.	**Fraud training and awareness needs to be provided to all staff**	Training will be scheduled for 2016	Corporate Governance Group	Dec 16
11.	**Health & Safety Risks are not effectively managed**	The Leadership Team to ensure that the new risk assessments are being completed in all areas and appropriate action taken to reduce the risks.	Leadership Team	Dec 16

10. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Chair of Strategy and Resources & Chief Executive on
Behalf of Epsom and Ewell Borough Council