



**EPSOM AND EWELL BOROUGH COUNCIL
(DRAFT) ANNUAL GOVERNANCE STATEMENT – 2014/2015**

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 2015 and accompanies the 2014-15 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. The governance framework has been in place at Epsom and Ewell Borough Council for the year ended 31 March 2015 and up to the date of approval of the Annual Report and Statement of Accounts.

Sources of Assurance

- A clear statement of the Council's purpose and vision is set out in its Corporate Plan – Making Epsom and Ewell, an excellent place to live and work. The Council's priorities for 2012-2016 are set out in the Corporate Plan, which also documents the Council's role in working with its partners. The Council is currently developing a new Corporate Plan for 2016 – 2020.
- The Council has six priorities for the Borough; these are Economic Vitality, Sustainability, Visual appearance, Quality of life, Safer and Stronger communities and Managing Resources. To achieve its Corporate Priorities, the Council sets service targets that are revised annually.
- 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 risks contained in the Annual Service Plans. Risk Management awareness is built into the Council's training programme. The Corporate Risk 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 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 approved a Team Strategy which forms part of the corporate framework for the delivery of people management aims and objectives and has IIP accreditation.
- The Council has in place a robust performance management framework that is key to identifying service improvement and providing good quality services. The Corporate Management Board receives monthly reports and quarterly reports. Policy committees receive performance management reports monitoring progress against annual service plans. The Audit, Crime & Disorder and Scrutiny Committee monitor indicators not met. The performance management framework incorporates risk analysis reviewing any issues that may prevent an action being achieved.
- The Council's Communications Strategy 2010-2015 includes consultation with residents and other stakeholders.
- The Council's Consultation Strategy 2010-2015 which support's the Council's 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 a corporate complaints systems which has a four stage complaint approach.

Review of effectiveness

7. 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 Directors and senior managers 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 management structure has been subject to review during 2014/2015 resulting in a restructure. The Corporate Management Board met weekly, but this has been replaced by the Statutory Officers Group and the Leadership Team who meet alternate weeks.
- The Head of Internal Audit's Annual Report presented to the Audit, Crime & Disorder and Scrutiny Committee. For 2014/15 Internal Audit concluded, from the

work undertaken that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of Epsom and Ewell Borough Council's arrangements. Some areas of weakness were identified where the council needs to enhance controls. These were in relation to Procurement, Procurement of Agency Staff, Data Quality and Payroll.

- The Risk Management Framework was reported to the Scrutiny Committee in November 2014, who are 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.
- Performance management reports are taken place to relevant the policy committees and the Audit, Crime & Disorder and Scrutiny Committee over the course of the year. Based on the information provided during the year and reviews of data quality, adequate controls are in place.
- Monthly monitoring reports are produced as key indicators.
- Annual Service Plans are monitored and updated be the relevant Committee
- 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.
- Register of pecuniary interests.
- Fraud Risk Assessment.
- Pay Award and Pay Policy statement 2015/16.
- Emergency Planning and Business Continuity Plans.
- 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, policies have been updated and mandatory training is being rolled out to all staff in 2015.
- All committee reports have been seen by Chief Finance Officer and the Monitoring Officer

8. 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

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

Significant Governance Issues				
No.	Issue	Action	Lead Officer	Date
1	Financial Pressures – The Council continue to be at risk of budgetary cuts and increase reliance on income streams	The development of the new MTFS with a cost reduction plan will alleviate some of this risk. It is important that the MTFS is accompanied by a detailed plan of how the projected deficit will be reduced.	Director of Finance & Resources	March 2015
2	Corporate Governance – A review of corporate governance has identified a number of weaknesses and failure to comply with procedures.	The Corporate Governance Group has identified an action plan to address key issues	Statutory Officers Group	Action Plan for each Project
3	Procurement – the Council is at risk of noncompliance with legislation and Contract Standing Order	An independent review of procurement capacity will be completed and officer led Procurement Group will be established to implement agreed actions.	Procurement Group	December 2015
4.	Managing resources –the Council has limited resources and skills to deliver service improvements	As part of embedding the new management structure, need to ensure there is adequate resilience and the correct skill sets within each department. A development programme is in place for the Leadership Team.	Chief Executive	November 2015

Significant Governance Issues				
No.	Issue	Action	Lead Officer	Date
5.	Performance Management - The current framework does not produce the information to address and measure key targets.	As part of developing the new Corporate Plan, the performance framework will be adapted to ensure it captures and measures key actions aligned to the key risks.	Chief Executive	September 2015
6	Information Governance – The Council need to ensure that the mandatory training is complete and all staff are aware of the policies.	Training to be held in June/July 2015.	Corporate Governance Group	June/July 2015
6	Homelessness – The rising costs of homelessness has resulted in significant increased budgetary constraints.	A Homelessness project group meets fortnightly to address both demand and supply issues. A project plan is in place and the proposed allocation policy will be fully implemented by December 2015.	Director of Finance and Resources & Head of Housing and Environmental Services	December 2015
7	Fraud – Fraud training and awareness needs to be provided to all staff	Training will be scheduled for 2015	Corporate Governance Group	December 2015
8	Transparency – The Council have not met all the requirements of the Transparency Agenda	To complete the action plan and report to Statutory Officers Group with progress	Head of Legal & Democratic Services	July 15

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