

EPPING FOREST DISTRICT COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT

2023/24



1. Scope

Epping Forest District Council (EFDC) 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 is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a [Local Code of Governance](#) (last reviewed February 2024), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Council's Constitution.

This statement explains how the Council has complied with the Code and meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement (AGS).

2. Purpose of the Governance Framework

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

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. It is also responsible for evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

3. Review of Effectiveness

The Council is responsible 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 various sources and concludes that the arrangements continue to be regarded as fit for purpose in accordance with the Council's governance framework as set out below.

4. Overall opinion of Epping Forest District Council's Governance Arrangements

The Corporate Governance Group has undertaken an assessment of the arrangements for governance during 2023/24 including a review of the assurance checklists and statements submitted by managers. It has concluded that arrangements are fit for purpose and working effectively.

This AGS demonstrates that the Council has sound governance arrangements in place which continued to work well in practice for the 2023/24 financial year. However, the Council is not complacent and areas for improvement or development are detailed in Section 5.

<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p>	<p>The Council's Constitution sets out the principles, rules, and protocols for the way in which the Council conducts its business and complies with the provisions of the Local Government Act 2000. It includes the processes by which decisions are made and who is responsible for what. The role of the Head of Paid Service is discharged by the Chief Executive, the Section 151 Officer by the Strategic Director, and the Monitoring Officer by the Legal Services Manager. The Constitution is republished when updates are made. This was most recently carried out in January 2024.</p> <p>Financial Regulations are included within the Constitution and will be reviewed during 2024/25 to ensure they remain fit for purpose.</p> <p>Procurement arrangements demonstrate good practice, compliance with legislation, value for money and public accountability. The Council's Procurement Rules are periodically reviewed, updated, and disseminated to staff.</p> <p>Codes of Conduct for members and officers are contained within the Constitution to ensure high standards of conduct. Breaches of the members code are investigated by the Monitoring Officer and reported to the Standards Committee.</p> <p>Members and officers must register any interests and declare any gifts or hospitality in the appropriate registers in line with their codes of conduct. The processes for this will be reviewed in 2024/25 to ensure they are sufficiently robust.</p>
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	<p>The Antifraud and Corruption Strategy and Whistleblowing (Confidential Reporting) policy have been reviewed and updated in February 2024 and promotes a zero-tolerance approach.</p>
<p>Principle B Ensuring openness and comprehensive stakeholder engagement.</p>	<p>All Cabinet, Audit and Governance, Planning and Overview & Scrutiny Committee meetings are webcast for transparency. Agendas and minutes of Council meetings are publicly available.</p> <p>The Council's website is regularly updated and contains information about the Council including contact details.</p> <p>The Council has a raft of key partnerships in place including its wholly owned subsidiary Qualis, Community Safety Partnership, North Essex Economic Board, Health and Wellbeing Board, and nhs to name but a few. The Council also shares service with other councils including payroll, Internal Audit and legal services.</p> <p>The Council's customer complaints policy sets out how to make a complaint. If you believe your concerns have not been appropriately addressed, you can take your case to the Local Government Ombudsman or the Housing Ombudsman who will independently review it.</p> <p>The Tenant's and Leaseholders' Panel is regularly consulted regarding housing policies, most recently on the Condensation, Damp and Mould policy.</p> <p>A dedicated officer ensures Freedom of Information and data access requests are responded to in line with legal requirements, with technical advice and support provided by the Council's Data Protection Officer.</p>
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<p>The Corporate Plan 2023-27 sets out the Council's values, behaviours and priorities. It defines the goals to be achieved and is supported by service plans</p> <p>The Local Plan 2011-2033 was adopted by the Council in March 2023 and supports the Council's vision for the district.</p> <p>The Council's Economic Development Strategy, Nurturing Growth 2022-2025, sets out the priorities for the district. The Council is a key partner in the Essex and Hertfordshire Digital Innovation Zone.</p> <p>Demonstrated a collaborative approach to working through the Epping Forest Community Safety Partnership.</p> <p>A Health and Wellbeing Strategy approved by partners.</p> <p>An EFDC Employee and Member Travel Plan which promotes sustainable travel.</p>
<p>Principle D Determining the interventions necessary to optimise the achievement of intended outcomes.</p>	<p>The Corporate Plan 2023-27 is subject to annual review and performance monitoring. Delivery of the Plan will be measured through Objectives and Key Results.</p> <p>Major projects are tracked through monthly Portfolio Steering Group meetings attended by members of the Senior Leadership Team in addition to Programme Management Office staff. Project Management processes are subject to ongoing improvements to work in the best interests of the Council.</p> <p>Key Performance Indicators and action plans for indicators that are out of tolerance are reported to members.</p>

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	<p>Decision making processes receive objective and rigorous analysis including involvement of the Monitoring Officer and the Section 151 Officer.</p> <p>Robust budget preparation processes reflect the Council's objectives and the medium-term financial plan have been embedded.</p>
<p>Principle E Developing the Council's capacity, including the capability of its leadership and the individuals within it.</p>	<p>The People Strategy 2023-27 ensures that the Council recruits and retains staff, develops skills, and ensures those skills are deployed effectively to improve resilience across the organisation.</p> <p>The Council is embarking on back office shared services with Colchester City and Braintree District Councils. This has been endorsed by the Senior leadership teams from across the three authorities.</p> <p>There are established induction and training programmes for both existing and new Councillors and staff available through the Litmos eLearning platform and through external training opportunities. Mandatory training is tracked to ensure it is completed.</p> <p>A formal staff Personal Development Review (PDR) process and all staff have access to health and wellbeing support.</p> <p>Statutory Officers have the qualifications, skills, resources and support necessary to perform their roles effectively.</p>
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</p>	<p>The Council's Risk Management Policy and Strategy applies best practice to the identification, evaluation, and control of key risks that could impact on the achievement of the Council's objectives and service priorities. The corporate risk register is owned by the Senior Leadership Team and is reported to the Audit and Governance Committee for comment and Cabinet for approval.</p> <p>Strategic risk management is supported by operational and project level risk registers, which are owned by each Service Director or project owner. Agreed actions to manage and reduce risk have been incorporated into the relevant service or project plans.</p> <p>Robust business continuity/emergency planning processes are in place to respond to and continue to provide services in an emergency or event. Business Continuity plans have been completed in the year and exercises undertaken to test these.</p> <p>The Council has an effective health and safety management framework which seeks to ensure compliance with the law. This includes regular training for staff.</p> <p>Counter fraud and anticorruption arrangements are in place, including an established Corporate Fraud Team. The Antifraud and Corruption Strategy and Whistleblowing policy are updated annually.</p> <p>There is a designated Data Protection Officer and arrangements are in place for the safe management of data. Data sharing agreements are in place where the Council shares data with other bodies.</p>

<p>Principle G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.</p>	<p>The Council has three Scrutiny Committees: Place, Overview and Scrutiny Communities. Their primary role is to hold local decision-makers to account and to help improve local services by reviewing and challenging decisions taken by the Council and its partners; undertaking investigations into services or policy areas which are of interest or concern to people in the District; and making evidence-based recommendations to improve services provided by the Council and partner organisations</p> <p>The Audit and Governance Committee met four times in the year and includes independent members. Internal audit and external audit programs are presented for member scrutiny and tracked, and clear processes ensure external and internal audit recommendations are acted upon by managers and the Council.</p> <p>The internal audit function is delivered in line with the Public Sector Internal Audit Standards and provides assurance on governance, risk management and controls.</p> <p>Effective arrangements are in place to produce the Annual Governance Statement, including assurance statements from directors. The Local Code of Governance is reviewed and updated annually.</p> <p>The Council is reviewing its Publication Scheme to ensure transparency information is provided in line with the Transparency Code 2015.</p> <p>The Council's shared service arrangements are appropriately governed to ensure accountability in terms of achieving outcomes and managing risks.</p>
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5. Significant Governance Issues

This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues or risks. The Council's Corporate Governance Group, which monitors and reviews the corporate governance framework, has ensured that issues raised in the previous AGS have been addressed as detailed in Table 1.

Other governance issues have been identified to further strengthen arrangements, as detailed in Table 2 below.

Table 1: Progress on significant governance issues identified in the 2022/23 AGS

No.	Significant issue identified in 2022/23 AGS	Action taken in 2023/24 to address the issue
1	<p>Economic Issues</p> <p>At the time of preparing this (2022/23) AGS, economic volatility – both nationally and globally – continues, although there are some early signs of stability emerging with inflation beginning to settle down (CPI peaked</p>	<p>The implications continue to be monitored by SLT. It appears the economic risk is now receding, consumer price index (CPI) was down to 3.2% in March 2024.</p> <p>Implications feature as key considerations in the reports presented to Cabinet and in the development of the MTFP (Medium-</p>

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No.	Significant issue identified in 2022/23 AGS	Action taken in 2023/24 to address the issue
	<p>at 11.1% in October 2022), with notable reductions in fuel and energy prices. Interest rates though continue to rise as the Government strives to further dampen inflation. This is having a direct impact on both the Council and Qualis, threatening the viability of a range of capital schemes.</p> <p>The economic situation is also proving challenging for the local community and is increasing the demand for Council services in some areas (e.g. Housing Benefits) as well exerting pressure on core Council funding streams such as Council Tax and Business Rates.</p>	<p>Term Financial Plan) for 2024/25 and future years.</p> <p>This includes the Section 151 Officer's quarterly Qualis Monitoring Report to Cabinet.</p> <p>Frontline services, especially Revenues and Benefits, continue to prioritise and resource the delivery of the various support packages offered by the Government in response to public need (e.g. through various Energy schemes and rebates).</p> <p>The Council has a Cost-of-Living page on its website, which includes useful websites, organisations, and advice to help with rising costs.</p>
2	<p>Statement of Accounts</p> <p>The delays with the audit of the Accounts reported in the 2021/22 AGS have worsened (nationally) in 2022/23, with the Government now actively considering a range of concerns raised from within the Local Government sector. Locally, the Council has an increasingly resilient Finance function, but a shortfall in External Audit resources has prevented the final sign off of the draft 2020/21 Accounts and limited audit work has been undertaken on the draft 2021/22 Accounts. Concerns include potential accuracy of rolled forward balances in the 2022/23 Accounts.</p>	<p>The Council is continuing to work with its External Auditors to resolve the audit difficulties, and the Section 151 Officer is also accessing professional guidance and support available through professional networks, including the Essex Finance Officers Association (EFOA).</p> <p>The delay in auditing accounts is a national issue. In February 2024 the Minister for Local Government launched a consultation on measures to clear the local audit backlog in England.</p> <p>The 2020/21 Accounts were approved by the Audit and Governance Committee in February 2024. An unqualified opinion was issued by the external auditor. There has been significant progress made on the 2021/22 Accounts.</p> <p>The Audit and Governance Committee is being kept informed on progress.</p>
3	<p>Financial Management Code</p> <p>The assessment has carried over from the 2021/22 AGS action plan, although further progress was made in addressing the underlying principles of the Code in 2022/23.</p>	<p>Many of the good practice features of the Code have been progressively implemented over the last four years.</p> <p>The Code assessment will now be undertaken in 2024/25 to ensure that the Council can demonstrate compliance with the Code. If there are any remaining deficiencies, an action plan will be developed to address these.</p> <p>A template for the review has been</p>

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No.	Significant issue identified in 2022/23 AGS	Action taken in 2023/24 to address the issue
		identified and resource being identified to undertake the review.
4	<p>Income Recovery</p> <p>The Income Recovery functions require improvement, with the Council experiencing a range of interlinked financial pressures as a consequence of sub-optimal performance (leading to increased revenue costs through additional bad debt provisions and lower returns from funding incentives such as the Essex “Council Tax Sharing Agreement” (CTSA). The Sundry Debtors function has a substantial backlog of outstanding cases (exacerbated by the recent installation of a new IT system) and the Council experienced higher Local Tax arrears than expected at the year end, due to a decline in both Council Tax and Business Rates collection performance in Quarter 4 of 2022/23.</p>	<p>Additional performance measures have been introduced in 2023/24 to monitor and capture the Council’s progress in tackling a backlog in outstanding Sundry Debts more closely. Additional resources are also being engaged within the Revenues function.</p> <p>Income collection and recovery systems (including performance), for both Local Tax and Sundry Debts, is being explored and benchmarked as part of the shared services partnership with Braintree District Council and Colchester City Council.</p>
5	<p>Financial Regulations</p> <p>The review has carried over from the 2021/22 AGS action plan, with the delay partly as a consequence of ongoing delays to the introduction of the new Management Structure.</p>	<p>The review has been scheduled in for 2024/25.</p> <p>The updated Financial Regulations will be systematically rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.</p>
<p><i>Common themes emerging from the 2022/23 Service Assurance Statements were:</i></p>		
6	<p>Risk Management</p> <p>Further work is required to develop and embed risk management processes.</p>	<p>A revised risk management strategy and policy has been developed and approved by Cabinet in December 2023. Risk management features quarterly at SLT to review strategic risks and an operational risk management group meets quarterly. Service and Directorate risk registers have been developed. Member training on risk management was provided in January 2024.</p>
7	<p>Business Continuity</p> <p>A Business Continuity project has been ongoing during 2022/23 which has included providing relevant training to services so that they can</p>	<p>Business continuity arrangements are being strengthened through the completion of all Business Continuity Plans (corporate and service level).</p>

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No.	Significant issue identified in 2022/23 AGS	Action taken in 2023/24 to address the issue
	develop their business continuity plans.	A business continuity exercise by the Wider Leadership Team was undertaken in November 2023, the outcomes of which are being used to help inform the Plans.

Table 2: Areas for improvement or monitoring during 2024/25

No.	Issue / Risk area	Action plan for 2024/25
1	<p>Terra Verde Services Ltd</p> <p>The Council has set up a wholly owned company, Terra Verde Services Ltd (TVS), which will provide the district's waste collection service from November 2024.</p>	The Council will ensure it has the right governance structures in place to provide assurance to both Members and the public that the new company is working in the best interests of the district.
2	<p>Financial Regulations</p> <p>Carried over from last year's AGS action plan.</p>	Financial Regulations will be reviewed, updated as required, and systematically rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.
3	<p>Financial Management Code review</p> <p>Carried over from last year's AGS action plan.</p>	The assessment against the Code, started towards the end of 2023/24, will be concluded during 2024/25. If there are deficiencies, an action plan will be developed to address these.
4	<p>Procurement</p> <p>The Procurement Act 2023, due to go live on 28 October 2024, represents a big change for all public bodies.</p> <p>The Act consolidates the different regimes currently governing procurement into one Act, thereby creating a simpler and more flexible system. The existing overarching principles have been replaced with these new objectives which authorities must consider in all procurement activities:</p> <ul style="list-style-type: none"> • Value for money • Acting with (and being seen to act with) integrity • Maximising public benefit • Treating suppliers the same (unless otherwise justified) 	Work has commenced to review internal processes, update all procurement related policies, procedures, and guidance, and identify training and awareness needs for both Officers and Members.

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No.	Issue / Risk area	Action plan for 2024/25
5	<p>Transparency Code</p> <p>The Local Government Transparency Code 2015 sets out the minimum requirements for local authorities to publish open data for public reuse and in a timely way.</p>	<p>Work is in hand to ensure the Council is meeting the Code's publication requirements.</p>
<p><i>Common themes emerging from the 2023/24 Service Assurance Statements are:</i></p>		
6	<p>Declarations of Interest and Gifts & Hospitality</p> <p>The arrangements for keeping declarations of interest up to date are unclear and guidance around recording gifts and hospitality could be improved.</p>	<p>A fundamental review of current processes will be undertaken and an IT system-based solution is envisaged.</p>
7	<p>Data, decision-making and performance monitoring</p> <p>Improvements to data accuracy are required to adequately support effective decision-making.</p> <p>Performance indicators linked to service objectives need to be developed.</p>	<p>This will be overseen by the officer Information Governance Group which is chaired by the Council's Senior Information Risk Office (SIRO). This will include development of a corporate data strategy or principles and performance indicators at the service level.</p> <p>Work has already commenced to improve the accuracy and use of data when developing new systems and processes, for example the Cx housing system.</p>
8	<p>Staff training and awareness</p> <p>Training in Financial Regulations and Contract Standing Orders was requested by some managers</p>	<p>Financial Regulation training and awareness will be rolled out, following the review of Financial Regulations planned for this year. The Procurement Team will be consulted to ensure this training dovetails with their procurement related training.</p>

We propose to continue improving matters in the year ahead, in order to further enhance our governance arrangements. We are satisfied that these steps will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Signed

Date:

Date:

Georgina Blakemore
Chief Executive

Councillor Chris Whitbread
Leader of the Council