
ANNUAL GOVERNANCE STATEMENT FOR 2018/19

1 PURPOSE OF REPORT

- 1.1 In compliance with the Accounts and Audit (England) Regulations 2015, an Annual Governance Statement (AGS) must be prepared and presented to Members for their consideration.
- 1.2 Local authorities are required to prepare the annual governance statement in accordance with the guidance *Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016)* (the “Framework”). They are also required to report publicly on the extent to which they comply with their own Local Code of governance on an annual basis, including how they have monitored the effectiveness of their governance arrangements during the year, and on any planned changes in the coming period. The Framework puts forward seven principles for good governance intended to assist authorities across their governance systems, structures and partnerships in reviewing and testing their governance arrangements.
- 1.3 The AGS must be endorsed by the Audit Committee, prior to its certification by the Leader of the Council and Managing Director, and published alongside the Council’s Statement of Accounts.

2 INTRODUCTION

- 2.1 All local authorities are required to maintain a Local Code of Corporate Governance and to produce, in line with proper practice and guidance, an Annual Governance Statement.
- 2.2 The AGS identifies the key procedures within the Council that ensure there is an effective system of internal control and effective governance arrangements upon which assurance can be placed.

3 ASSURANCE FRAMEWORK

- 3.1 The proposed AGS for 2018/19 is appended to this report for Members’ consideration. The format this year reflects that of the Local Code of Corporate Governance. The AGS includes an update on the progress made in addressing the actions needed and risks identified in the 2017/18 AGS.
- 3.2 The AGS states the broad management arrangements within the Council, where assurance has been obtained and, generally, the policies and strategies that are in place.
- 3.3 By considering the key functions of the Council such as those defined in the AGS, Members are able to reach a conclusion on how they feel the Council is performing in relation to governance, internal control and risk.

4 RISK IMPLICATIONS

- 4.1 Through the on going review of the Council's systems, policies and procedures as part of AGS related work any significant weaknesses or risks would be drawn to Members' attention.
- 4.2 The system of internal control within the Council is designed to manage risk to an acceptable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide a reasonable and not an absolute assurance of effectiveness. The system of internal control is based on a continuing and embedded process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised, and to manage them efficiently, effectively and economically.

5 CRIME AND DISORDER IMPLICATIONS

- 5.1 None

6 ENVIRONMENTAL IMPLICATIONS

- 6.1 None

7 RESOURCE IMPLICATIONS

- 7.1 Good governance arrangements are implicit to effective management of resources across the service areas within the Council.

8 LEGAL IMPLICATIONS

- 8.1 The production of the Annual Governance Statement is a statutory requirement of The Accounts and Audit (England) Regulations 2015. It is published with the Council's financial statements and will be reviewed by the external auditors.

9 PARISH IMPLICATIONS

- 9.1 None

10 EQUALITY AND DIVERSITY IMPLICATIONS

- 10.1 None

11 RECOMMENDATION

- 11.1 It is proposed that the Committee **RESOLVES**

- (1) That the Annual Governance Statement for 2018/19 be endorsed and referred to the Managing Director and Leader of the Council for signature.

- (2) That authority be delegated to the Chairman of the Audit Committee to endorse any changes to the AGS following review by the Council's external auditors.



Naomi Lucas

Section 151 Officer

Background Papers:-

None

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ROCHFORD DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT
2018/19

1. CORPORATE GOVERNANCE

Rochford District Council has a duty to conduct at least an annual review of the effectiveness of its governance arrangements.

Under the umbrella of Corporate Governance, the Council is responsible for ensuring that its business, including wholly owned subsidiary companies, is conducted in accordance with the law and proper standards, that public money is safeguarded, is properly accounted for and is used economically, efficiently and effectively. The Council also has a legal duty to make arrangements to continually review and improve the way in which its functions are exercised, while at the same time offering value for money and an effective and efficient service for its residents. The Council is also responsible for maintaining and reviewing a sound system of internal control.

The system of internal control is a significant part of governance and is designed to manage risks to the Council to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide a reasonable assurance of effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact of those risks happening, and to manage them efficiently, effectively and economically.

In 2017 the Council approved and adopted a local code of corporate governance (The Code) which is consistent with the seven principles of good governance set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government Framework 2016"

The framework for Rochford District Council comprises a wide range of systems, policies, procedures, culture and values by which it is directed and controlled and the methods by which it accounts to, engages with, and leads the community [\[view here\]](#).

This statement summarises the outcome of our review as to how Council has complied with the Code during 2018/19 and meets the requirements of regulation 6(1) (b) of the Accounts and Audit Regulations 2015 on the completion of an Annual Governance Statement. It identifies areas where the Council exhibits assurance in its arrangements and areas where focus is required to improve such arrangements

It should be noted that the governance of the Council's wholly owned companies under the Green Gateway umbrella do not fall under the remit of this statement; however high-level assurances have been sought on the appropriateness of the arrangements for these companies given their close relationship to the Council. The parent company, Green Gateway Trading Ltd and Green Gateway Trading (Development) Ltd, were set up as part of proposals to develop the Council's assets. This latter company is

currently recorded as “Dormant” at Companies’ House. Green Gateway Trading Ltd is a fully functioning company carrying out ground maintenance work for the Council and other organisations under contract. All three of these companies are properly constituted, have a financial auditor appointed and all relevant documentation has been submitted as required at Companies’ House. The company has monthly / quarterly board meetings, which are minuted. There are also quarterly minuted meetings with the Client, Environmental Services, and the Portfolio Holder for Environment. The Council’s finance team is contracted to provide financial services for the Company.

2. HOW HAS THIS STATEMENT BEEN PREPARED?

This Statement is set out in line with the seven core principles detailed within the Local Code of Corporate Governance. The principles are;

- **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- **Principle B: Ensuring openness and comprehensive stakeholder engagement**
- **Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**
- **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**
- **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- **Principle F: Managing risks and performance through robust internal control and strong public financial management**
- **Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Key elements of governance are subject to continuous review by the Audit and Review Committees, the Leadership Team of senior managers, Internal Audit and other Members and Officers as required. The work of Internal Audit (specifically the Chief Audit Executive's Annual Report and Opinion), Service Assurance Statements completed by senior management, other subject specific reports from relevant senior management, external review agencies and our external auditor are considered in producing this Statement.

The process of corporate risk management has an annual review of the Corporate Risk Framework and Corporate Risk Register, which is reported to the Audit Committee, with a rolling review of specific corporate risks with updates reported twice each year to that Committee. During 2018/19 there was a strategic review of the Council's approach to risk management by one of the Council's insurers. This assessment identified a good understanding of risk management and relevant processes by the Council's senior management. Recommendations were made and an action plan agreed.

Whilst a number of assurances have been obtained to support the overall conclusion set out in this statement, it is important that the following specific assurances are considered:

Chief Finance Officer (Section 151)

The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that the Council's arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns for 2018/19.

Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report for 2018/19

Chief Audit Executive

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Chief Audit Executive for the Council, is required to provide an opinion on the overall adequacy and effectiveness of the Council's risk management, control, counter fraud and governance processes.

The Chief Audit Executive is satisfied that sufficient work has been undertaken to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements. Based on the work performed during 2018/19 and other sources of assurance, the Chief Audit Executive can provide adequate assurance that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2019, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve the arrangements to enhance the Council's governance framework. The opinion does not imply that Internal Audit has reviewed and commented on all other risks and assurances relating to the Council. It should be stated that it is not expected that all Council activities will be subject to internal audit coverage in any one year.

Internal Audit's work in relation to ICT during 2018/19 was based on security, access and resilience. Such work was non-technical and has relied on physical records, discussion with relevant staff and questionnaires relating the data security management by the

Council's ICT contractor at their own data centre and at the Microsoft Azure Cloud, where many of the Council's systems now sit. The work also considered a self-assessment carried out for the LGA and progress made in implementing recommendations made following a penetration test by an external contractor at the start of the 2018/19 year. There were no significant issues identified although resilience, in respect of the Council's in-house infrastructure, requires addressing. This latter aspect was known to management who commissioned work from another Authority to review and report back with appropriate recommendations for improvement. This report has not yet been received

The Chief Audit Executive's Annual Report for 2018/19 refers to the fact that one audit engagement undertaken in 2018/19 received a "Limited" assurance opinion based on outcomes at the time of testing;

- Insurance Administration
 - No single point of reference for Council owned assets
 - Inadequate monitoring of Council assets and safety regimes to maintain standards required as terms and conditions of insurance
 - No evidence-based record of ensuring contracted works fully comply with standards required under conditions of insurance

Action plans for improving control or revising procedures were agreed and will be followed up within the Annual Audit Plan for 2019/20.

Details of compliance with the Code are shown in the tables in **Section 3**. These details are compiled in the same structure as the Local Code. Many of the items identified can fit into more than one principle or sub-principle.

Many of the key governance mechanisms have been in place for some time and, this Statement, therefore, describes them, together with key changes and developments within the Council's governance framework during 2018/19 and up to the date of approval of the Annual Financial Report.

Much progress has been made in dealing with the significant governance issues identified in the Statement for 2017/18 and this progress is detailed in **Section 4** below.

Matters that remain outstanding from 2017/18 and significant issues that could impact on future governance identified during 2018/19, for action in 2019/20, are detailed in **Section 5**.

3. HOW HAS THE COUNCIL PERFORMED?

Compliance with the seven principles

Core Principle	Sub-Principle
<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Behaving with integrity</p> <ul style="list-style-type: none"> • Member and Officer Codes of Conduct are published within the Constitution • Roles of Members and Officers detailed within the Constitution, in particular those with statutory functions • Constitution is under review to maintain relevance to changing circumstances • Register of Gifts and Hospitality procedures for Members and Officers. This aspect was reviewed in internal audit work in 2018/19.
	<p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> • Standards Committee with Parish representation and independent members • Member Declarations of Interest upon election, published on Website. • Members are required to declare any interests at Council or Committees where there could be a perceived conflict of interests • Corporate Inclusion and Equality Policy 2018-21 was adopted in 2018 • Equality & Diversity Impact Assessments are considered on reports to Council or Committees • A Values Based Recruitment Policy with associated procedures for officers was launched in January 2018 and was used throughout 2018/19 • There is an expectation that contractors will adhere to standards of the Council in areas of Health & Safety and Safeguarding etc. • Whistleblowing policy in place that enables concerns to be raised. (Requires an update but is fit for purpose). This aspect was reviewed in internal audit work in 2018/19. • There is a complaints / compliments procedure in place so that residents may provide relevant feedback to the Council • Effective safeguarding procedures, supported by comprehensive Safeguarding Policy • Following relevant training for several officers the Council is now a recognised as a Hate Crime Reporting Centre • Positive response to the Council's arrangements following completion of a self-assessment

Core Principle	Sub-Principle
	<p>questionnaire from Disclosure & Barring Service in respect of Licensing</p> <ul style="list-style-type: none"> • Full revision of Corporate Debt Policy during 2018/19 to go live 1/4/19 <p>Respecting the rule of law</p> <ul style="list-style-type: none"> • An Anti-fraud and Corruption policy is in place demonstrating a zero-tolerance approach. (This requires an update, which is underway, but is generally fit for purpose). This aspect was reviewed in internal audit work in 2018/19. • Disciplinary Policy in place to deal with officer related matters • Procedures are in place to deal with data breaches under the General Data Protection Regulations (GDPR) that came into force in 2018. This aspect was reviewed in internal Audit work in 2018/19. • Procedures are in place for other regulatory reports e.g. health & safety requirements • Clause in commercial contracts to terminate in cases of bribery and corruption • The Constitution provides legal guidance and responsibilities of Members and Officers

Core Principle	Sub-Principle
<p>Principle B: Ensuring openness and comprehensive stakeholder engagement</p>	<p>Openness</p> <ul style="list-style-type: none"> • Published Business Plan 2016-2020 • Greater use of reports to Council or Committees that are not regarded as confidential than in prior years • Reports and Minutes of Council and Committees are available on the Council's website (CMIS) • There is a wide range of policies and procedures available for public scrutiny on the Council's website • Effective procedures are in place to respond to Freedom of Information requests or Data Subject requests under the GDPR. GDPR was included in Internal audit work during 2018/19. • A wide range of Policies and Procedures are detailed on the Council's website <p>Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none"> • Active participation in Castle Point & Rochford Local Strategic Partnership with key stakeholders such as CCG, Police etc. (CP&RLSP) and other key related partnerships such as Community Safety and Health Partnerships. <p>Engaging with individual citizens and service users effectively</p> <ul style="list-style-type: none"> • Guidance provided to Officers on consultation although there is no overarching policy.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Active “Have Your Say” group that provides feedback on general or specific Council activities with feedback provided to the group in response. • Periodic consultations with the public on matters such as the Budget Survey that was included in MTFS process. • Statutory consultation in respect of Local Plan was carried out within required deadlines. • Consultation with residents in respect of planning applications in line with statutory duties • Complaints and Compliments procedures available by telephone, writing or online • There was a greater use of various strands of social media during the year for both informing and responding

Core Principle	Sub-Principle
<p>Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>Defining outcomes</p> <ul style="list-style-type: none"> • Council Business Plan 2016-20 setting out Priorities. This is due for a refresh in 2019/20. • 5-year rolling programme of Medium-Term Financial Strategy (MTFS) updated annually and approved by Council. That for 2019/20 was approved at Extraordinary Council on 12/2/19. • Budget / Council Tax setting approved annually by Council. That for 2019/20 was approved 19/2/19. Budget setting process and ongoing monitoring was part of internal audit work for 2018/19. • Active participation in the Castle Point & Rochford Strategic Local Partnership (CP&RSLP), involving public and private sector partners • Development of the Asset Delivery Programme at Outline Business Case stage to support the Asset Strategy • The Asset Delivery Programme was subject to a health check review by Local Partnerships, jointly owned by the LGA and HM Treasury, with their report in February 2019. Their assessment was “Amber / Green” which concludes that successful delivery is rated as “Probable”. Some recommendations were made • A review of the Housing Options service was completed by the EELGA with a positive endorsement of preventative and relief work in anticipation of the Homeless Reduction Act • The Council is part of the Association of South Essex Local Authorities (ASELA) and, jointly, the south Essex authorities are working to prepare the South Essex Plan (a joint strategic plan). The aim is to plan across south Essex to bring growth and prosperity to the area through sustainable

Core Principle	Sub-Principle
	<p>economic and housing growth.</p> <ul style="list-style-type: none"> • Taking account of the emerging strategic policy framework for south Essex, the Council is preparing a Local Plan to articulate the emerging strategic policies and to promote specific local policies and proposals that reflect the needs of the district's population for growth that will bring sustainable economic, social and environmental benefits. • As part of the Councils 'Connect' Project the Council will develop a continuous programme of Cultural and Transformational change across the Council, to maximise performance and service delivery by exploring new ways of working. <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • The Council's decision-making process requires consideration of the economic, social and environmental impacts of policies and plans when taking decisions about service provision. • The MTFs identifies efficiency savings across the Council in a systematic and considered manner.

Core Principle	Sub-Principle
<p>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> • Key reports are provided to The Executive and the Investment Board to inform the decision-making process • The Project Management Office (PMO) was relaunched in 2018/19 with revised terms of reference to support project managers. • Public consultations, statutory or discretionary, are used as appropriate with feedback reported in the decision-making process • Engagement in CP&RLSP <p>Planning interventions</p> <ul style="list-style-type: none"> • A reporting process for progression of projects has been developed by the PMO. An overview of the planned approach to role of the PMO was included in 2018/19 internal audit work. • An effective monthly budget monitoring process is in place to assist Assistant Directors • Financial information and key performance indicators are reported to Members (The Executive) on a regular basis • Active Review Committee carrying out overview and scrutiny functions for the Council <p>Optimising achievement of intended outcomes</p>

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Linkage between Council's priorities and MTFS (Principle C) • The Council's decision-making process requires consideration of the economic, social and environmental impacts of policies and plans when taking decisions about service provision.

Core Principle	Sub-Principle
<p>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • Ongoing work on Asset Strategy and Asset Delivery Programme to make best use of resources in an effective and efficient manner • Performance reporting in place for finance and key operations • Use of external contractors to deliver priority services • Contracted use of expertise from other local authorities e.g. Section 151 Officer and Chief Audit Executive during 2018/19 • Use of expertise in CP&RSLP • Contract Procedure Rules are in the course of revision to address issues identified during 2017/18 and to maximise a value for money approach to procurement
	<p>Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none"> • Member training programme including mandatory training for planning decisions and licensing appeals • Roles and responsibilities detailed in Constitution, including Codes of Conduct • Ad hoc training as required e.g. on implementation stages of GDPR and procurement following audit findings in 2017/18. • Member and Officer induction procedures are in place • 360° feedback has recently been undertaken for the Managing Director and Strategic Director. They have made a commitment to undertake some development with the rest of LT during this financial year. Those in professional roles undertake CPD in line with their professional requirements. • The People Plan (Organisational Development Plan) will be updated during 2019/20 to reflect the training and development offer to staff to support the roll out of the Connect transformation programme. • Support is in place for Officers to attend relevant training where appropriate • Appraisal procedures were in place during 2018/19 for Officers of all levels with individual objectives

Core Principle	Sub-Principle
	<p>linked to service plans, themselves linked to corporate objectives, and corporate values.-A new and improved appraisal tool is being developed during 2019/20 using the latest software available. In the meantime, officers are expected to all undertake annual appraisals using the existing Excel document. This is not monitored centrally but the commitment to undertake and monitor is taken by each Assistant Director.</p> <ul style="list-style-type: none"> • Procurement training was rolled out for all staff during 2018/19 following issues identified in internal audit work of 2017/18

Core Principle	Sub-Principle
<p>Principle F: Managing risks and performance through robust internal control and strong public financial management</p>	<p>Managing risk</p> <ul style="list-style-type: none"> • Risk management framework is in place that is renewed annually and approved by Audit Committee. This was last done in April 2018. • The Corporate Risk Register CRR is subject to a rolling review of risks by the Leadership Team to ensure that they are appropriate and relevant. The update of the CRR is reported to the Audit Committee half-yearly and for 2018/19 this was April and November. • There was a strategic risk review carried out by one of the Council's insurers during 2018/19. The assessment identified a good understanding of risk management and processes in place. Recommendations were agreed to enhance this area • Work is under way to develop an effective set of contract risk registers • Project risk registers will fall under the scrutiny of the PMO as part of the support provided following its relaunch during 2018/19 • Service Area Risk Registers are considered generally it for purpose although several require detailed review. This aspect was reviewed in internal audit work in 2018/19. • The Council's decision-making process requires consideration of the economic, social and environmental impacts of policies and plans when taking decisions about service provision. • Work is under way in developing a structured contract management approach, which will include risk management and functional business continuity arrangements • Business resilience and continuity arrangements were identified as requiring further development and work in this area is under way <p>Managing performance</p>

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • A revised Performance Framework detailing roles and responsibility was approved in January 2019 • Budget monitoring procedures and financial reporting are in place (Principle D) • Project Management Dashboard developed in 2018/19 for use by PMO • Reports to Council or Committees on key issues throughout year <p>Robust internal control</p> <ul style="list-style-type: none"> • The Review Committee carries out the overview and scrutiny function of the Council. It has the authority to Call-in decisions of the Executive and sets its own work plan. It makes a report on its work to Council. • The Audit Committee receives reports and provides challenge of the work of Internal & External Audit, financial statements and matters relating to risk management. This committee meets on four occasions through the year. • There is an Annual Audit Plan prepared by the Chief Audit Executive designed to provide sufficient coverage to make a considered judgement on the system of internal control in the Annual Audit Opinion. The Plan for 2018/19 was approved by the Audit Committee in April 2018. • The Internal Audit function is considered compliant with the Public Sector Internal Audit Standards • Where audit work identifies ineffective procedures or insufficient control recommendations are made and are monitored for completion within reports to the Audit Committee through the year. • There are effective counter-fraud measures in place within Revenues & Benefits using the National Fraud Initiative and Pan-Essex data matching exercises to identify those with claims, discounts or exemptions they may not be entitled to. • The Council's approach to counter-fraud is detailed in the Anti-fraud and Corruption Policy. This is a policy that requires an update, which is underway, but it is generally considered fit for purpose. This is supported by a Whistle-blowing policy. This aspect was reviewed in internal audit work in 2018/19. • An Annual Governance Statement is approved by Audit Committee before inclusion in Annual Report. <p>Managing data</p> <ul style="list-style-type: none"> • Implementation of GDPR in May 2018. Work still required on Asset Information Registers, Service Area Privacy Notices and controls over non-digital data. Procedures for dealing with data breaches and subject access requests appear effective. Data Protection and Information Management documents were produced to support the GDPR implementation. Internal Audit reviewed GDPR

Core Principle	Sub-Principle
	<p>implementation in 2018/19</p> <ul style="list-style-type: none"> • The Council participates in the Whole of Essex Information Sharing Forum. • Appropriate measures are in place for accessing / sharing data with organisations such as DWP and DVLA • Output of key financial systems is reviewed during relevant audit engagements. Key financial systems reviewed by Internal Audit in 2018/19 were, Creditors, Treasury Management, and Main Accounting. • Access controls to the Council's ICT Network and key financial systems were reviewed in Internal Audit work during 2018/19. <p>Strong public financial management</p> <ul style="list-style-type: none"> • External Audit review of financial management and Value for money resulting in an Annual report. The unqualified report for 2017/18 was presented to the Audit Committee in July 2018 • MTFS and budget setting process (Principle C) • Budget monitoring and reporting process (Principle C) • Council and Committee Reports available on CMIS

Core Principle	Sub-Principle
<p>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> • The Council's decision-making process requires consideration of the economic, social and environmental impacts of policies and plans when taking decisions about service provision. • Effective process for dealing with freedom of information requests and subject access requests • A range of policies and procedures are amongst items published on website. • The Council is generally compliant with the Transparency Code and there is a work in progress to develop a dedicated web page. • The Contract Register and Council spend records are available on the website for public scrutiny • Agenda, reports and minutes for majority of Council and Committee items are available on Website <p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • Common format for Council and Committee Reports (CMIS) • Audit reports, both Internal and External are publicly available (CMIS) • The Council meets timescales for statutory reporting including Annual Accounts and Annual

Core Principle	Sub-Principle
	<p data-bbox="624 236 963 268">Governance Statement</p> <p data-bbox="562 272 1155 304">Assurance and effective accountability</p> <ul data-bbox="577 312 1966 536" style="list-style-type: none"> <li data-bbox="577 312 1832 344">• Annual Audit Plan is approved and monitored for progression by the Audit Committee <li data-bbox="577 352 1966 424">• All audit recommendations, both Internal and External, are monitored and reported to the Audit Committee regularly until implemented or superseded <li data-bbox="577 432 1711 464">• The Audit Committee may call any relevant officer to attend to clarify matters <li data-bbox="577 472 1939 536">• The terms of the Audit Charter permit direct access to the Audit committee by the Chief Audit Executive if deemed necessary.

4. DEALING WITH LAST YEAR'S KEY IMPROVEMENT AREAS

The following table sets out the matters arising from the 2016/17 annual review of governance and how they have been addressed in 2017/18.

What We Said We Would Do in 2017/18	Progress
<p>ICT Migration</p> <p>Migration project has been identified as a gold project. Project plan with payment milestones is in place and will be completed by end of July 2018.</p> <p>By that time all old version servers will have been updated and migrated and at that point the Council can submit an application for accreditation for compliance with the Public Sector Network ICT security requirements</p>	<p>A significant number of servers have been migrated to the Azure Cloud with three awaiting application provider specifications to enable configuration</p> <p>There has been a significant movement in moving to the Office 365 platform with all Members and around 80 staff completed</p> <p>An application has been made to the Public Sector Network requesting accreditation</p>
<p>Implementation of General Data Protection Regulations (GDPR)</p> <p>An implementation plan is in place in accordance with the ICO guidance and recommendations. Work is ongoing to ensure compliance with the new regulations.</p>	<p>The requirements of GDPR were significantly implemented during 2018/19. Key mechanisms of implementing procedures for reporting potential data breaches are in place along with provision of information in cases of subject data request.</p> <p>Work is still required to complete rollout of service area privacy notices.</p>

What We Said We Would Do in 2017/18	Progress
<p>Ensuring financial resilience given planned future changes in Central Government funding. Ensuring effective processes to identify and then deliver required savings.</p> <p>A continued focus is needed on firming up the current plans to deliver savings, generate income and progress investment opportunities, as there remains a projected c£1m gap in 2019/20, rising to £1.8m in 2022/23</p> <p>This will be reliant, to a large extent, on the Project Lead to identify savings and the Programme Management Office to track delivery of cashable benefits from key projects such as Transformation, Asset Maximisation and Homelessness in the lead up to the 2019/20 budget setting process, as well as cross-service peer review challenges to find further efficiencies within service areas.</p> <p>The future funding position will also continue to be closely monitored to ensure the latest intelligence is used in any financial planning.</p>	<p>The financial planning process for 2019/20 has taken place in an environment of significant pressures on services, and inflationary pressures. Despite these challenges the Council has identified a programme of savings that will enable it to deliver a balanced budget in 2019/20. There remains a projected budget gap of c£1m by 2023/24 for which savings plans will need to be developed.</p> <p>The financial planning process considers the strategic context for the district, medium-term resource projections, and the quantification of new pressures on resources, and the identification of potential budget savings and efficiencies, including income generation.</p> <p>At Member level, budget discussion has taken place to share information and provide national and local context. Portfolio holders have been engaged and feedback from the budget survey has been taken into consideration.</p> <p>Work has been progressed during 2018/19 on longer-term projects will support the Council's MTFS as set out below.</p> <p>Asset Strategy Project:</p> <p>The Council has progressed its Asset Delivery Programme which will consider how the Council's key strategic sites can deliver the objectives set out in its Asset Strategy. The preferred option is consolidation of the Council operations at the Freight House and the figures estimated at the Outline Business Case (OBC) stage are included in the medium-term capital expenditure forecasts, following approval of the OBC by</p>

What We Said We Would Do in 2017/18	Progress
	<p>Investment Board in February 2019.</p> <p>RDC's transformation plans will be developed in parallel with the Asset Delivery Programme through the interlinked "Connect" project which will look to deliver further efficiencies across the council. Further work will be completed for the Asset Strategy FBC which be presented to Full Council later in 2019/20</p> <p>Homeless project: Increased prevention work has resulted in significant reduction in emergency accommodation placements. The forecasted year end position, as at the end of February based on the net spend for the wider Housing Options Service, will be 34% lower than the budgeted amount.</p>
<p>Delivery of Business Plan</p> <p>A Capital Assets Investment Strategy is under development. Key projects under the Plan will continue to be managed by project owners supported by the Project Management Office and overseen by the Investment Board</p>	<p>The Council's Asset Strategy (2018-2028) was developed through consultation with a Member Working Group, it sets out vision for the Council's Assets, lists the key strategic assets and the Council's objectives going forward. The strategy was noted by Investment Board.</p> <p>A refresh of the Council's Business Plan will be undertaken in 2019/20 to align with the MTFs and the key strategic projects on which the Council is focussing, including the Asset Delivery and Connect Programmes.</p>
<p>Continued development of a Health & Safety Culture</p> <p>The Health and Safety Action Plan continues to be delivered. Further policies will be brought forward, and training delivered.</p>	<p>The Council continues to make positive progress to embed a strong health and safety culture. Reports from the Health & Safety Officer are tabled at LT on a quarterly basis, setting out areas for further improvement and making recommendations. A Health & Safety Group has also been established with key officers across the authority.</p>

What We Said We Would Do in 2017/18	Progress
<p>Compliance with Homeless Reduction Act 2017. New legislation coming into force 2018/19</p> <ul style="list-style-type: none"> • Implementation of new homeless software to ensure compliance with new government returns and legislative processes, including new housing personalised plans. • Implementation of new prevention and relief duties. • Establish 'duty to refer' partnership pathways to Review Homeless Strategy. • Continue to work to increase interim / settled housing supply with partners. 	<ul style="list-style-type: none"> • EELGA review of Housing Options service completed, with positive endorsement of preventative and relief work approach and readiness for HR Act. • New homeless review and new draft Housing & Homeless strategy completed August 2018. Consultation via new homeless forum launched June 2018 >40 partners attended. • New software live April 2018. Endorsed by MHCLG via successful completion of new government performance returns (HCLic) • Duty to refer - County wide referral process in place. Ongoing participation at County homeless and housing groups agreeing Essex wide protocols with partners e.g. 16-17 new protocol being piloted. • New joint MHCLG bid success to provide increased DA services locally to support preventative work. i.e. SEDA (new South Essex domestic abuse hub) • Supply work. Active S106 Housing project group - work with housing associations, local alms-house and developers. New long-term lease agreement in place with private developer for 11-bed accommodation unit. • Joint Rochford/Castle Point/National Landlords Association Private Landlord Forum Sept. 2018 & March 2019- engagement with private landlords & promotion of local RDC landlord offer. To indirectly increase supply in the private rental sector.

What We Said We Would Do in 2017/18	Progress
<p>Compliance with Contract Procedure Rules (CPR)</p> <p>An action plan has been introduced to avoid a future breach of the Council's Contract Procedure Rules (CPR) or EU Regulations, including the risk of not identifying aggregated spend over a course of smaller qualifying transactions and not formalising these into aan EU compliant contract as required by the Council's CPR.</p> <p>A particular risk is noted in relation to long-term employment of agency staff.</p> <p>Measures will include;</p> <ul style="list-style-type: none"> • Urgent training for senior management and other relevant officers • The introduction of a control mechanism to centrally identify and manage total agency spend • Formal reporting and warning of any possible breaches that are about to occur or have occurred (investigate the use of the procurement system to help identify possible issues). • Terminating the current agency agreements which have led to the breach and undertaking an EU compliant process to put in place new arrangements to procure agency staff in future 	<p>Contract Procedure Rules are to have a comprehensive review covering issues identified in various audit engagements as well as the specific area in respect of employment of agency staff.</p> <p>Training has been completed and measures have been put in place to monitor aggregated spend and reporting mechanisms are now in place to inform the Leadership Team.</p> <p>Agency staff use is still required to meet resource requirements in service areas, but a wider range of agencies is used, obtaining multiple quotations whilst a compliant framework arrangement is being developed</p>

5. GOVERNANCE AREAS TO BE DEVELOPED IN 2018/19

The review of the effectiveness of the Council's Governance Framework has identified the following actions that will need to be addresses during 2019/20

Governance Area	Governance Matters Identified / Actions Taken	Target Date	Lead Officer
Business Continuity / Resilience	ICT Related Investigatory work will be carried out on the in-house ICT infrastructure to determine areas that are at risk with a view to increasing resilience	October 2019	ICT Business Support & Relationship Manager
Business Continuity / Resilience	Operational Related During 2018/19 Business Continuity updates were started and a full review of service area business continuity plans was requested, and this process started in December 2018	June 2019	Emergency Planning and Business Continuity Officer
Financial Resilience	The ongoing financial resilience of the Council will continue to be closely monitored, particularly in light of the Government's planned changes to the Fair Funding and Business Rates Retention systems from 2020/21 onwards which could have a significant impact on the council's future funding position.	Ongoing	Head of Finance
Project Management	The terms for reference for the Council's Projects and Programme Management Office (PMO) were re-set in January 2018 and the performance of the PMO is due to be reviewed in 2019 to ensure continued effectiveness.	September 2019	Strategic Director
ICT Migration	The server migration process is nearing completion for those applications that can move	August 2019	ICT Business Support & Relationship

	onto RDC's Cloud. An alternative solution is being sought for those applications which it is not possible to move onto RDC's Cloud.		Manager
General Data Protection Regulations	Work will be continued to roll out training to all staff and complete the provision of service areas privacy notices	30 th September 2019	Data Protection Officer

We have been advised on the outcome of the result of the review of the effectiveness of the Governance Framework and consider that the arrangements provide adequate assurance and continue to be regarded as fit for purpose in accordance with the Governance Framework.

We are satisfied that the above steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation.

Signed: Date:

**Cllr. T Cutmore
Leader of the Council**

Signed: Date:

**S Scrutton
Managing Director**