

# Annual Governance Statement

For the year ended 31 March 2024

## 1. Corporate Governance

Corporate Governance is about how East Devon District Council (the Council) ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance ensures that the Council provides for effective leadership and management in the use of public money; ensures the delivery of high quality services to all taxpayers and citizens; and achieves the desired outcomes for service users and communities.

The Council acknowledges its responsibility for ensuring that there is a sound system of governance and has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the Council's website at <https://eastdevon.gov.uk/council-and-democracy/strategies-policies-and-performance/our-key-policies/code-of-corporate-governance/> or can be obtained by writing to the Council. The principles upon which it is based are summarised in this Statement.

## 2. The Annual Governance Statement

The Accounts & Audit (England) Regulations 2015 require the Council to prepare and publish an annual governance statement. This is a public document that reports on the extent to which the Council complies with its own code of corporate governance. The Annual Governance Statement explains how the Council makes decisions; manages its resources in line with the Council's priorities; and achieves the required outcomes for service users and communities.

In the Annual Governance Statement the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment
- Describes the monitoring and evaluation of the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them

### **3. The Governance Framework**

#### **Scope of Responsibility:**

The Council is responsible for ensuring that:

- Business is conducted in accordance with the law and proper standards
- 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, which includes arrangements for the management of risk.

#### **Purpose of the Governance Framework:**

The Council's governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled and activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework aims to ensure that in conducting its business the Council:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the way that it operates

#### **The Governance Framework:**

The governance framework sets out how the Council is operating in order to demonstrate compliance, ongoing improvement, its commitment to maintaining the highest ethical standards and levels of governance. The governance framework has been in place during the year and up to the date of approval of the statement of accounts.

The Council has based its governance framework on the CIPFA/SOLACE guidance 2016 'Delivering Good Governance in Local Government'. The framework sets out seven core principles for good governance.

Appendix 1 provides a summary of key elements of the Council's governance framework and how they relate to the seven principles.

#### 4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The Council's opinion is that the level of assurance provided by its governance arrangements is reasonable and these arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The Council has concluded that its governance framework is reasonable. The Council commits to monitoring implementation as part of the next annual review.

The review of effectiveness is informed by;

- The review of the effectiveness of internal control and compliance to the governance framework 2023/24 was undertaken by the Strategic Management Team in April/May 2024, through the completion of assurance statements.
- Internal Audit (SWAP) Annual Report and Opinion 2023/24 – Reported to the Audit & Governance Committee in July 2024 and provided reasonable assurance.
- External audit (Grant Thornton) – Grant Thornton presented their Interim Auditor's Annual Report 2022/23 to the Audit & Governance Committee in March 2024. This gave an update on progress against the recommendations and made further improvement recommendations. 2023/24 Value for Money opinion is expected to be reported to September 2024 Audit & Governance Committee.

The mechanisms for maintaining and reviewing the effectiveness of the system of internal control throughout the year include;

- Cabinet is responsible for considering overall financial and performance management and receives comprehensive budget monitoring reports on a frequent basis and Council service performance reports. Performance reporting is currently under review with improvements to be introduced in 2024/25.
- Overview & Scrutiny Committees challenge the Cabinet Committee where necessary including the invite of appropriate Cabinet members and Lead Officers to attend to answer questions. Housing Review Board are responsible for the scrutiny function of our housing landlord function.
- The Standards Committee meets quarterly when required and at every meeting considers an update report on complaints against councillors which includes learning points and recommended actions. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
- The Audit & Governance Committee meet five times a year to provide independent assurance to the Council in relation to the effectiveness of the risk management and internal control environment.
- The South West Audit Partnership (SWAP) provides an independent and objective assurance service (Internal Audit function) to the Council and completes a programme of reviews each year to inform an opinion on the internal control, risk management and governance arrangements. The service undertakes any fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where suspected fraud or irregularity has occurred.
- The Annual Governance Statement is considered by the Monitoring Officer, Chief Executive, Assistant Director SWAP and the Chair of the Audit & Governance Committee to ensure it reflects the understanding of these key individuals in terms of the Governance of the Council and to ensure any areas of concern or future improvements are identified.

## 5. Significant Governance Issues – Update on issues raised in prior year Annual Governance Statement

Issues raised in the prior year's Annual Governance Statement are copied below with updates on progress.

Key Issue to be addressed	Responsible Officer	Update
<p>The Interim 2022/23 Auditors Annual Report followed up on 3 key recommendations identified in the interim 2021/22 Auditors Annual Report stating good progress continues to be made to address these issues in the time since we reported our findings, as observed by the Local Government Association in the report of their Corporate Peer Challenge and by the Centre for Governance and Scrutiny.</p> <p>Aside from the issues previously reported no other significant weakness were noted in the 2023/24 financial year.</p> <p>The report with recommendation progress, new recommendations and the Council's response can be found here: <a href="https://www.eastdevon.gov.uk/audit/annual-auditors-report-2022-23">Annual Auditor's Report 2022/23 (eastdevon.gov.uk)</a></p>	Executive Leadership Team	<p>Details are included in the reports: <a href="https://www.eastdevon.gov.uk/audit/annual-auditors-report-2022-23">Auditors Annual Report template - Local Government - 21-22 (eastdevon.gov.uk)</a></p> <p><a href="https://www.eastdevon.gov.uk/audit/annual-auditors-report-2022-23">Annual Auditor's Report 2022/23 (eastdevon.gov.uk)</a></p> <p>Good progress has been made against all recommendations. This should be evidenced in the 2023/24 Auditors Report due to be reported to the Audit &amp; Governance Committee in September 2024.</p>
Internal Audit (SWAP) Limited Assurance – Disability Facility Grants and Better Care	Assistant Director – Environmental Health	<p>SWAP follow up report to A&amp;G committee 2023/24.</p> <p>All 5 priority 2 recommendations complete</p>
Internal Audit (SWAP) Limited Assurance Housing Compliance - Asbestos	Assistant Director - Housing	<p>SWAP follow up report to A&amp;G committee 2023/24.</p> <p>1 of 3 priority 2 recommendations complete, 2 are in progress.</p>
Assurance Statement - Safeguarding concerns.	Director for Health, Housing & Environment	<p>Implemented in 2023/24. Refresher training for staff, member training, lessons learnt exercise, establishing a Safeguarding Forum, and embedding of learning and good practice</p>
Assurance Statement – Business Continuity.	Director for Health, Housing & Environment	<p>Implementation 2023/24. Ongoing learning from Response &amp; Recovery Planning as a result of the Covid-19 pandemic. Emergency Planning Officer appointed and reviewing emergency preparedness.</p>
Assurance Statement - Focus on damp & mould in social housing	Director for Health, Housing & Environment	<p>Implementation 2023/24. Learning from complaints, undertaking the Housing Ombudsman complaints self-assessment tool, attempt to resolve issues at the first point of contact, reporting to the Housing Review Board.</p>

Assurance Statement - Increase in Housing complaints and tenants taking dissatisfaction to the Housing Ombudsman	Director for Health, Housing & Environment	Implementation 2023/24. Learning from complaints, undertaking the Housing Ombudsman complaints self-assessment tool, attempt to resolve issues at the first point of contact, reporting to the Housing Review Board.
Assurance Statement - Financial & Procurement refresher training is required through services. A few examples of managers' not aware and high volume of contract standing orders exemptions being used where better planning would negate some of them.	Director for Finance	Training provided.
Assurance Statement - Risk management Policy needs updating and approving.	Director for Finance	Completed
Assurance Statement - Within the Section 106 planning obligations monitoring work we have identified that there are a high number of unpaid invoices and un-invoiced financial obligations where the trigger point has been hit. There is a need to chase up these invoices and invoice the remaining amounts.	Assistant Director Planning Strategy & Development Management	Council agreed additional resources to address these points, staff appointed and currently good progress being made.

## 6. Significant Governance Issues – Issues raised in this year’s Annual Governance Statement.

Key issues identified in the annual review in relation to improvements required in governance arrangements or internal control procedures are given in the table below.

Key Issue to be addressed	Responsible Officer	Progress
Internal Audit (SWAP) Limited Assurance  Agency and Consultants - Implications of IR35	Corporate Lead - HR	SWAP follow up report to A&G committee 2024/25.
Internal Audit (SWAP) Limited Assurance  Emergency Planning	Assistant Director – Environmental Health	SWAP follow up report to A&G committee 2024/25.
Internal Audit (SWAP) Limited Assurance  Information Governance Policies	Director for Finance & Director for Governance	SWAP follow up report to A&G committee 2024/25.  Policies approved by Cabinet July 2024
Internal Audit (SWAP) Limited Assurance  Performance Management	Executive Leadership Team	SWAP follow up report to A&G committee 2024/25.
Internal Audit (SWAP) Limited Assurance  Strategic Partnerships	Executive Leadership Team	SWAP follow up report to A&G committee 2024/25.  Revised Strategy to A&G Sept 2024
Internal Audit (SWAP) Limited Assurance  Countryside – use of Volunteers	Assistant Director – Countryside & Leisure	SWAP follow up report to A&G committee 2024/25.
Establishment Control	Corporate Lead – HR & Director for Finance	SWAP follow up report to A&G committee 2024/25.  Supplementary audit requested in 2024/25 on establishment controls in HR/Payroll System
Assurance Statement  Requirement to be overseen by the Information Governance Board about ensuring all of our systems are data protection compliant, particularly as far as retention periods are concerned. This work will take some time and is a corporate issue.	Executive Leadership Team – Led by Director for Governance	Progress to monitored through ELT
Other  Extremely high levels of expenditure on HRA dwellings in 2023/24, particularly in the final 6 months of the year increasing each month. A revised budget has been approved for 2024/25 but actual expenditure and commitments need careful monitoring. Further report to be presented in year to	Director for Housing & Director for Finance	Monitoring reports on performance, works carried out and the financial position needs to tracked by ELT and members in 2024/25.  Details need to be considered on further report.

Cabinet on stock condition, investment requirements and options for the Council in terms of affordability.		
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Paul Arnott  
Leader of the Council

Tracy Hendren  
Chief Executive

## Appendix 1 – Assessment of key controls 2023-24

<b>CORE PRINCIPLE A</b> <b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the Council's governance processes during 2023-24</b>
<p><b>Behaving with Integrity</b></p> <p><b>Demonstrating strong commitment to ethical values</b></p> <p><b>Respecting the rule of law</b></p>	<p>The Council has a robust Constitution in place that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, proportionate, transparent and accountable. The Constitution was reviewed during 2023/24 and ongoing development in 2024/25.</p> <p>The Constitution contains the Code of Conduct for staff and members. Officers have a clear understanding of their roles and responsibilities through an approved scheme of delegation and through job descriptions and person specifications. All staff have been asked to confirm that they had read and understood the Code of Conduct and is included in the induction for new members and staff. Following external recommendations this will be reviewed to ensure compliance with best practice and further training to be given.</p> <p>Registers of gifts &amp; hospitality and member &amp; officer interests are maintained. Individual members' interests are published on the Council's website.</p> <p>The Council has effective arrangements in place for dealing with complaints against members of East Devon District Council. Allegations that a member has failed to comply with the Code of Conduct were assessed initially by the Monitoring Officer, in consultation with an Independent Person, to decide whether the allegations merit investigation or another course of action. The complaints process has the Monitoring Officer carry out an initial assessment against basic criteria before a three-member Sub-Committee of the Standards Committee determines how a complaint progresses. Details of complaints and the findings of any investigations are reported to the Standards Committee.</p> <p>The Standards Committee comprises seven Members of East Devon District Council plus six non-voting independent Persons and regulates and oversees the Code of Conduct. The Committee took an active approach to ensuring high levels of good governance, ethical behaviour and transparency throughout the Council's decision making processes.</p> <p>The Scrutiny Committee monitored and scrutinised the performance and decision making of the authority.</p> <p>All Legal and Financial advice supporting recommendations made to Council committees are documented. A revised committee report template is in draft to strengthen corporate input on key areas including risk and equality.</p> <p>The Council has an appointed Corporate Counter Fraud &amp; Compliance Manager and a Strategy has been adopted by Council.</p>



	<p>The Council has a whistle-blowing, Anti-Fraud and Corruption Policy and Anti-Bribery Policy.</p> <p>The Council has a designated Monitoring Officer whom ensures compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer the Monitoring Officer will report to the full Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. The Council also conforms to the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.</p> <p>Every contract that the Council enters into adheres to the Public Contract Regulations 2015 and follows Contract Standing Orders and requires high standards of transparency and ethics.</p>
<b>CORE PRINCIPLE B</b> <b>Ensuring openness and comprehensive stakeholder engagement</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the Council's governance processes during 2023-24</b>
<b>Openness</b>  <b>Engaging comprehensively with other organisations that the council needs to work with to improve services and outcomes</b>  <b>Engaging with individual citizens and service users effectively</b>	<p>The Council Plan sets out our main priorities.</p> <p>The new Council Plan adopted in early 2024 was formulated through extensive internal and external engagement including key partners and public consultation.</p> <p>Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the Performance Framework which is recorded and monitored through the Council's performance management systems. Delivery of the Council Plan is monitored by the Overview and Scrutiny Committees and some aspects by the Personnel Committee.</p> <p>These Committees drive the scrutiny process on behalf of the public with a view to improving the delivery of public services.</p> <p>The Council has a communication Plan, which is currently under review, which amongst other items sets out we will;</p> <ul style="list-style-type: none"> <li>- continue to keep our website up to date using our adopted principles so that the information clear and easy to find</li> <li>- write policies and strategies for intranet and web</li> <li>- involve residents in deciding what good public services means to them</li> <li>- make the most of opportunities for communities and councils to improve their local areas</li> <li>- tailor our communications to specific audiences using different ways to suit different people (for example, some people prefer social media whereas others prefer a newsletter so we will take this into account and monitor how effective we are)</li> <li>- Rigorous use of Communication and Consultation Plans at the outset of larger projects.</li> </ul> <p>The Council complies with the Local Government Transparency Code 2015 and the Freedom of Information Act</p>

	publication scheme and has a stated position towards transparency – improvements have been documented in the main statement relating to the contracts register.
<b>CORE PRINCIPLE C</b> <b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the council's governance processes during 2023-24</b>
<b>Defining outcomes</b> <b>Sustainable economic, social and environmental benefits</b>	<p>The Council Plan includes priorities and outcomes with our vision to make a positive difference to resident's lives and our environment in East Devon.</p> <p>Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the Performance Framework which is recorded and monitored through the Council's performance management systems</p> <p>A strategic Planning Committee is in place to oversee development of the Strategic Plan and its delivery.</p> <p>Contract Standing Orders sets out how the Council will procure goods, works and services by the most economic, efficient, effective and sustainable means to ensure that the needs of the community are met, within a clear framework of accountability and responsibility.</p> <p>The Council has an adopted Local Plan and is currently developing a new Plan.</p>
<b>CORE PRINCIPLE D</b> <b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the council's governance processes during 2023-24</b>
<b>Determining interventions</b>  <b>Planning interventions</b>  <b>Optimising achievement of intended outcomes</b>	<p>The Council operates a Cabinet system including delegation to Lead Members who are members of the Cabinet as defined in the Council's Constitution with a range of thematic portfolios. This gives a clearly defined decision making process.</p> <p>The Council's Constitution contains details of the respective roles and responsibilities of elected members, named officer roles and all officers employed by the Council. The Council's Constitution lists statutory roles for officers which ensure legality, financial prudence and transparency in decisions and transactions.</p> <p>The Council operates an Overview and Scrutiny function. Members can "call in" decisions that have been made but not yet implemented, to enable them to consider whether the decision has been taken in accordance with the Council's decision making principles. The Budget and Public Policy framework is detailed in the Council's Constitution.</p> <p>The Scrutiny Committee monitors and scrutinises the performance and decision making of the authority. They may make recommendations to the Full Council.</p> <p>The Council has a robust organisational approach to business planning and performance management. A Performance</p>

	<p>Framework exists with monthly and quarterly performance monitoring and publication including financial monitoring.</p> <p>The Council has an adopted Financial Plan (2024 – 2034). The Council annual budget approval involves significant Councillor involvement before adoption.</p>
<b>CORE PRINCIPLE E</b> <b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the Council's governance processes during 2023-24</b>
<b>Developing the entity's capacity</b>	A corporate Member's induction programme is in place and ongoing training for Members includes the member code of conduct, personal safety and procedures. Current training is focussing on safeguarding.
<b>Developing the entity's leadership</b>	The Council has investors in people Gold award recognising good policies and procedures are in place and working well which is externally validated.
<b>Developing the capability of individuals within the entity</b>	<p>This includes having in place a performance framework covering all officers including an appraisal system with targeted, relevant training.</p> <p>There are regular team meetings, and one to ones. The Authority implements the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Living Wage for its entire staff and has recently undertaken an independent review of grading structure to ensure it is a median pay employer.</p>
<b>CORE PRINCIPLE F</b> <b>Managing risks and performance through robust internal control and strong public management</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the Council's governance processes during 2023-24</b>
<b>Managing Risk</b>	The Council has an adopted Risk Management Policy with clear accountability and review processes in place. Audit & Governance receive half yearly updates on the risk register.
<b>Managing Performance</b>	
<b>Robust Internal Control</b>	The Council has an induction and development programme for Councillors. This is of vital importance, given the technical complexity of the Council's core operations, the decision making structure and the financial value of the transactions controlled by the Authority.
<b>Strong Public Financial Management</b>	<p>All statutory Officers receive the training and support to carry out their duties effectively and as appropriate, participate in continuous professional development.</p> <p>The Cabinet meets on a monthly basis at set times to consider key matters including those on performance. Matters are published in the Forward Plan to enable the public to be aware of future decisions. All reports include reference to the Council Plan.</p> <p>In addition to the quarterly performance reports there are regular financial reports submitted to Cabinet detailing estimated outturn against the approved budget.</p>

	<p>The annual budget is supported by the Director for Finance commenting upon its deliverability and is supported by an appropriate reserves policy. The final accounts, of which this statement is an integral part, outline the Outturn of the Authority and are prepared in accordance with professional standards and subject to external audit.</p> <p>In order to demonstrate robust internal control the Authority has:</p> <ul style="list-style-type: none"> <li>• A Risk Management Framework linked into the Authority Structure;</li> <li>• An appropriate suite of Anti-Fraud and Corruption Policies;</li> <li>• A balanced budget supported by appropriate reserves</li> <li>• Standards Committee supported by independent Members</li> </ul> <p>The Council carries out staff surveys to assess their views on the management of the organisation. The findings have been considered in the production of service plans and priorities.</p>
<b>CORE PRINCIPLE G</b> <b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	
<b>Supporting Principles</b>	<b>Assessment of the effectiveness of key elements of the Council's governance processes during 2023-24</b>
<b>Implementing good practice in transparency</b>	The Council makes as much information as possible available on its website. Support is also available to those residents who cannot access the internet.
<b>Implementing good practices in reporting</b>	The Council publishes its statement of accounts on the website.
<b>Assurance and effective accountability</b>	<p>The Council's external auditors Grant Thornton issue the Value for Money conclusion with recommendations for improvement that are adopted and acted upon.</p> <p>The Strategic Management Team is responsible for responding to recommendations made by Internal Audit and External Audit.</p> <p>Progress made against the issues identified in the prior year Annual Governance Statement action plan have been monitored by the Strategic Management Team and the Audit &amp; Governance Committee.</p> <p>The Council has a Whistle-blowing Policy which is advertised both inside the Council and on the Council's website.</p> <p>The Council has an Anti-Fraud, Theft and Corruption Policy approved by the Audit &amp; Governance Committee.</p> <p>The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. It complies with the Transparency Code and has a stated transparency agenda.</p>

