



ANNUAL GOVERNANCE STATEMENT 2023/24

1 PURPOSE OF REPORT

- 1.1 To present the Annual Governance Statement for 2023/24 to the Committee.

2 LINKS TO COUNCIL'S PRIORITIES AND OBJECTIVES

- 2.1 The Annual Governance Statement reports on the Council's approach to governance, risk management and control which could be across any areas of the Council's business and therefore links to all of the Council's priorities and objectives.

3 RECOMMENDATION

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

To approve the Annual Governance Statement 2023/24 and, subject to any further amendments from external audit, approve its inclusion in the financial statements for 2023/24.

4 INTRODUCTION

- 4.1 The responsibility for ensuring that there is a sound approach to governance, risk management and control rests with the Council. It is required to report on this annually via its Governance Statement which is published with the financial statements.
- 4.2 In order to do this, the Council should seek regular assurance that its systems are functioning effectively. It should also ensure that the controls in place are effective in managing significant risks in the way that it would expect.
- 4.3 The Council has delegated responsibility for monitoring and reporting on the adequacy and effectiveness of its governance, risk management and controls to the Audit and Governance Committee.
- 4.4 Therefore, the Committee is required to satisfy itself that the Annual Governance Statement is consistent with its view on the Council's systems based upon the assurance presented to it throughout the year. It should be noted that, ordinarily, there are two governance monitoring reports presented

to the Audit and Governance Committee over the year; in the autumn and in the spring. In the 2023/24 financial year there was one governance monitoring report to Leadership Team and to the Audit Committee in April 2024. Now that tier 3 organisational redesign has concluded with governance process leads in place across all areas of this framework, twice yearly monitoring of governance arrangements will resume with reports in autumn 2024 and in spring 2025.

5 REPORT

- 5.1 The Annual Governance Statement is attached as Appendix 1.
- 5.2 This year's Annual Governance Statement has been produced against the backdrop of the Council's transformation programme, which commenced in 2023/24, and included a restructure at tiers 2 and 3 of the organisation. This restructure has put in place a resource for both helping to identify any issues and deficiencies in key business processes, as well as providing the means to plan how to address these. Whilst this has resulted in some business processes not showing improvement from 2022/23 to 2023/24 – and in some cases there has been a downgrading of assessments – there is, overall, a greater level of assurance around the assessments made.
- 5.3 Not everything has yet been surfaced, but the approach is more thorough and better informed as the Council “raises the bar” on its governance framework, in response to the serious governance deficiencies identified in the audit of Senior Manager Pay and Conditions (referenced in the Annual Governance Statement in paragraph 4.11).
- 5.4 Nevertheless, and as documented across the rest of the Annual Governance Statement, good progress has already been made across a number of areas, albeit with further work to do over 2024/25 to improve the overall assessments, to be included in next year's Annual Governance Statement. The Appendix to this report should, therefore, be read in this context.
- 5.5 This 2023/24 Annual Governance Statement includes reference to the Addendum to the 2020/21 Annual Governance Statement, the original version of which accompanied the draft accounts presented to the Audit Committee (as was the name of the committee then) in April 2022. This Addendum reflects the findings from an internal audit into Senior Manager Pay and Conditions and subsequent action taken by the Council. The Addendum came to the Audit and Governance Committee on 3 July 2024, together with the 2020/21 accounts and a report from EY, the Council's external auditors. However, as the actions in the action plan that was included in the Addendum took place over the 2023/24 financial year, this same action plan is also included in the 2023/24 Annual Governance Statement for transparency and clarity.

6 OPTIONS

- 6.1 Option 1: Do nothing. This is not recommended as the Annual Governance Statement is a key element of the Council's governance framework and forms part of the financial statements for 2023/24.
- 6.2 Option 2: Request amendments to the Annual Governance Statement 2023/24 if the Committee believes that this statement does not present an accurate report on the adequacy of the Council's governance arrangements.
- 6.3 Preferred Option 3: Approve the Annual Governance Statement 2023/24 and, subject to any further amendments from external audit, approve its inclusion in the financial statements for 2023/24.

7 RISK IMPLICATIONS

- 7.1 Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities will not be delivered.

8 FINANCIAL IMPLICATIONS

- 8.1 *Financial Planning, Reporting and Budgetary Control including Value for Money* is one of the key assurance processes reported in the Annual Governance Statement.

9 LEGAL IMPLICATIONS

- 9.1 The [Accounts and Audit Regulations 2015](#) section 6 states that:
 - (1) A relevant authority must, each financial year—
 - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
 - (b) prepare an annual governance statement;
 - (2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must—
 - (a) consider the findings of the review required by paragraph (1)(a)
 - (i) by a committee; or
 - (ii) by members of the authority meeting as a whole; and
 - (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of—
 - (i) a committee; or
 - (ii) members of the authority meeting as a whole.

- (3) [Makes reference to Category 2 authorities – not relevant to Castle Point Borough Council which is Category 1]
- (4) The annual governance statement, referred to in paragraph (1)(b) must be—
- (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
- (b) prepared in accordance with proper practices in relation to accounts

10 HUMAN RESOURCES IMPLICATIONS

- 10.1 *Workforce management* is one of the key assurance processes reported in the Annual Governance Statement.

11 EQUALITY AND DIVERSITY IMPLICATIONS

- 11.1 There are no direct equality implications, although the assurance process of *Consultation and engagement* covers the need to consult, especially when considering changes to or cessation of council services. An Equality Impact Assessment has not been completed as no decision is being made.



Ben Brook

Assistant Director – Policy Performance & Customer

Background Papers:-

- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework
- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities
- The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners
- The Accounts and Audit Regulations 2015

- Delivering Good Governance in Local Government Framework 2016
- Castle Point Borough Council Local Code of Governance (January 2023)

For further information please contact Ben Brook on:-

Phone: 01268 882358

Email: bbrook@castlepoint.gov.uk

Castle Point Borough Council

Annual Governance Statement 2023/24

1 Scope of Responsibility

- 1.1 The Council 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.
- 1.2 In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has approved and adopted a Local Code of Governance, which is consistent with the principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework*, around which the details presented in section 4 are structured. A copy of this Local Code is available to download from the Council's website at <https://www.castlepoint.gov.uk/local-code-of-corporate-governance>
- 1.4 This annual governance statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare and publish an annual governance statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the vision, culture and values, systems and processes and structure by which the Council is organised, directed and controlled as well as its activities through which it is accountable 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 framework needs to be flexible to ensure it meets the needs of the changing landscape in which local government operates.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure for the Council delivering its priorities and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to:
 - identify and prioritise the risks to the delivery of the Council's priorities and objectives;
 - evaluate the likelihood and potential impact of those risks being realised; and
 - manage them efficiently, effectively and economically.
- 2.4 The governance framework has been in place at the Council for the year ending 31 March 2024 and up to the date of approval of the Statement of Accounts.

3 The Council's Governance Framework

- 3.1 The governance framework ensures that the Council's priorities and objectives are effectively promoted and progressed through its corporate governance arrangements and business processes. The key business processes in the governance framework are as follows:

-
- Consultation and Engagement
 - Business Planning and Strategy, including Partnerships
 - Financial Planning, Reporting and Budgetary Control, including Value for Money
 - Asset Management
 - Risk Management
 - Health and Safety
 - Business Continuity
 - Performance Management
 - Workforce Management
 - Data Quality
 - Information Governance
 - Procurement
 - Project Management
 - Complaints
 - Ethical Governance, including Anti-Fraud and Corruption, and Whistleblowing
- 3.2 These areas form the main sources of assurance to be considered in any review of the internal control environment. In support of the review process, the Local Code of Governance sets out further details to be reviewed in each area before an opinion on the effectiveness of the system of internal control can be expressed.
- 3.3 The Assistant Director – Policy Performance and Customer has been given the responsibility for overseeing the implementation and monitoring of the Code, through a process which includes:
- two reports¹ over the financial year to Senior Leadership Team and to the Audit Committee which set out:
 - weaknesses identified in the governance arrangements;
 - any corrective action necessary to resolve concerns identified; and
 - progress against the actions to address key governance issues identified in the previous year's Annual Governance Statement
 - an annual review of the governance framework supported by Manager Assurance Statements, completed by service managers and reviewed and certified by Assistant Directors
 - a year-end review of key governance business processes with nominated officers (who lead on each of the governance processes in this framework) informing the assessments presented below in 3.8
 - an annual report – this Annual Governance Statement – to Senior Leadership Team and the Audit and Governance Committee on the adequacy of governance arrangements.
- 3.4 The Council has in place a Good Governance Group, comprising senior managers - Assistant Directors alongside the Head of Internal Audit - responsible for the implementation and monitoring of key governance business processes. The group provides a challenge to the operation of the processes and a sense check of individual assessments in the Manager Assurance Statements of core governance processes for which they are responsible. Some of their findings and further work have been incorporated into the views expressed in this governance statement. Each business process is subject to an overall assessment by the Good Governance Group according to one of four assessments:
- High (majority or all requirements being met),
 - Satisfactory (significant proportion greater than 50% of requirements are met),

¹ In the 2023/24 financial year, there was one governance monitoring report to Leadership Team and to the Audit and Governance Committee in April 2024. Now that tier 3 organisational redesign has concluded (with the exception of one Assistant Director post) with governance process leads in place across all areas of this framework, twice yearly monitoring of governance arrangements will resume with reports in the Autumn 2024 and in the Spring 2025.

- Partial (Some requirements are met but less than 50%);
- Minimal (very few requirements are met).

Summary of Key Findings

- 3.5 This year’s Annual Governance Statement has been produced against the backdrop of the Council’s transformation programme, which commenced in 2023/24, and included a restructure at tiers 2 and 3 of the organisation. This restructure has put in place a resource for both helping to identify any issues and deficiencies in key business processes, as well as providing the means to plan how to address these. Whilst this has resulted in some business processes not showing improvement from 2022/23 to 2023/24 – and in some cases there has been a downgrading of assessments – there is, overall, a greater level of assurance around the assessments made.
- 3.6 Not everything has yet been surfaced, but the approach is more thorough and better informed as the Council “raises the bar” on its governance framework, in response to the serious governance deficiencies identified in the audit of Senior Manager Pay and Conditions (referenced below in paragraph 4.11).
- 3.7 Nevertheless, and as documented across the rest of this Annual Governance Statement, good progress has already been made across a number of areas, albeit with further work to do over 2024/25 to improve the overall assessments, to be included in next year’s Annual Governance Statement. The rest of the document should, therefore, be read in this context.
- 3.8 A summary of the key findings for each business process is set out in the table below and further detail relating to the findings is incorporated into the review of effectiveness set out in section 4:

Key Governance Business Process	Assessment 2022/23	Assessment 2023/24
Consultation and Engagement	Satisfactory	Partial
Business Planning and Strategy, including Partnerships	Partial	Partial
Financial Planning, Reporting and Budgetary Control including Value for Money	High	Satisfactory
Asset management	Partial	Partial
Risk Management	Partial	Partial
Health and Safety	Partial	Satisfactory
Business Continuity	Partial	Minimal
Performance Management	Partial	Partial
Workforce Management	Partial	Satisfactory
Data Quality	Satisfactory	Satisfactory
Information Governance	Satisfactory	Partial
Procurement	Satisfactory	Partial
Project Management	Partial	Partial

Key Governance Business Process	Assessment 2022/23	Assessment 2023/24
Complaints	Satisfactory	Satisfactory
Ethical Governance, inc. Anti-Fraud & Corruption and Whistleblowing	Partial	Satisfactory

3.9 The Council's key governance and business processes are also subject to audit on a risk basis. This work forms part of the evidence base in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework.

4 Review of Effectiveness

4.1 Castle Point Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Assistant Directors within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies.

4.2 The Internal Audit service also produce reports throughout the year on a range of subject areas that support provision of an opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. These reports are considered when reviewing the effectiveness of the framework, with audit findings taken into account and reflected in the assessments presented in the table above.

4.3 During the review of the operation of the framework for 2023/24, the Good Governance Group found that in several areas whilst the core business processes were in place, the application of those processes was not always consistent across the different areas of the Council's business, resulting in an assessment of Partial. This is set out in more detail for specific processes in the following sections.

4.4 This part of the report is structured around the core principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition)* with any reference to the key governance business processes – as summarised above in section 3 – in bold text to allow for easy referencing.

CIPFA Core Principle A: Behave with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

4.5 An assessment of **ethical governance** has been undertaken and the arrangements have been assessed as Satisfactory.

4.6 A Councillor's Code of Conduct exists along with appropriate mechanisms, including a Standards Committee. New Members of the Council have received induction training on the code of conduct and have completed the necessary register of interests. The Code of Conduct was updated and approved by Council in November 2022. This now includes the Local Government Association (LGA) Model Code of Conduct, aligning the Council with Essex County Council and Canvey Island Town Council, both having already adopted the LGA Code.

4.7 As a condition of office, all Members are required to sign an undertaking that they will observe the Code of Conduct. There is a requirement to re-sign this undertaking when there are any major revisions to the Code as well as on election or re-election. In 2022, new Councillors received training in the importance of ethical governance and the existence of the Code as part of their induction. This was repeated for new Members elected in the May 2023 elections. The new LGA

Code of Conduct was formally adopted at full Council in November 2022 and full training on the new code was rolled out to all members in June 2023.

- 4.8 The Constitution has been further reviewed and updated. The draft versions of the Constitution were presented to Council in July and October 2023 and in January 2024. The final version of the Constitution was adopted by the new Council at its Annual Meeting in May 2024.
- 4.9 The Constitution also includes the requirement for the Council to appoint a Standards Committee which has a role that includes promoting and maintaining high standards of conduct and behaviour as well as hearing any complaints referred to it by the Monitoring Officer for breaches of the Code. The Council has appointed two Independent Persons who must be consulted before the Council makes a finding as to whether a Member has failed to comply with the Code of Conduct.
- 4.10 Key corporate documents relating to staff conduct are in place. In December 2023, the Council launched a new set of values and behaviours, developed by Key Change Champions and in consultation with staff. Well-attended workshops followed in the weeks following the launch to ensure that all staff had an opportunity to understand the new values and behaviour framework and to collect a booklet setting these out for easy reference. A culture and engagement survey carried out in March 2024 asked a specific question about how comfortable staff feel challenging inappropriate behaviour, with 72% responding that they were. The Code of Conduct for Staff sets out policies and expectations for staff conduct. It is published on the Intranet and a copy is issued to every new starter in their induction pack. The Council's annual appraisal template includes a record of whether any declarations of interest have been made by staff during the year and an email is sent to all staff in December reminding them of rules around gifts and hospitality. HR maintain declarations of interest on file where these are made known, including via any appraisal documentation received. Where there is a suspected case of staff misconduct, arrangements are in place to investigate such potential issues. The number of investigations into alleged staff misconduct has remained low with 3 investigations in 2023/24, the same number as in 2022/23.
- 4.11 An Internal Audit report into Senior Manager Pay and Conditions identified a number of deficiencies and anomalies: market supplement payments; retention payments; performance related pay; senior manager scheme for flexible retirement; and senior manager leave buy back scheme. Details of action taken are set out in an additional action plan included in this Annual Governance Statement at paragraph 4.66.
- 4.12 The Council ensures access to its [complaints policy](#) and [whistle blowing procedures](#) by publishing these on the Council's website. Easy access to these is important as the raising of a complaint or concern is a key part of the process, and without which an investigation cannot take place. Over 2023/24, there has been evidence of the effectiveness of whistleblowing procedures, with subsequent referrals to the fraud team for investigation.
- 4.13 Counter Fraud and Investigation services continue to be provided by Thurrock Council with a member of the team attending Operational Management Team (OMT), raising awareness of their work across a wider range of managers. This formal link to operational managers requires re-establishing following organisational restructure and disbanding of OMT although staff from the fraud team are regularly sitting in the Council offices alongside the teams they are supporting. A programme of work was in place during the year and progress in delivering the programme was presented quarterly to Audit Committee in September 2023, January 2024 and April 2024, with a final annual report on the 2023/24 financial year due to be presented in September 2024. The value of reported suspected fraud against the Council during 2023/24 and the value of detected fraud in the Castle Point Borough during 2023/24 will be included as part of that report.

CIPFA Core Principle B: Ensure Openness and Comprehensive Stakeholder Engagement

- 4.14 The Council has the core requirements for **Customer Engagement and Consultation** in place and has been assessed as Partial.

- 4.15 Corporate guidance requires the results of any customer engagement or consultation activities to be considered as part of the service planning process. Individual services undertake consultation on a range of areas. For example, the Housing Department undertakes routine satisfaction surveys following repairs and maintenance on Council-owned properties, as well as undertaking direct engagement through officers liaison with tenants. Leisure Services receive regular feedback from customers and use software to calculate a “Net Promoter Score” which gives an indication of how likely existing customers are to recommend the leisure centres to other people. The service also runs an annual customer survey and uses a customer retention system to ensure that any feedback is acted on.
- 4.16 A range of engagement activities were carried out for the Castle Point Plan over 2023/24. As well as general consultation about what people value about where they live and what they think needs improving, a specific engagement project “engagement in art” was commissioned to address gaps in consultation responses – young people, those with a disability and members of the Haredi Jewish community have been underrepresented in engagement activity to date. Business engagement recommenced in 2023/24 with a bi-weekly business newsletter which has around 500 subscribers.
- 4.17 Development Services consult with residents and consider responses to planning applications. Specific consultation with agents and developers took place in 2023/24 to shape the re-instatement of a pre-application service.
- 4.18 The Council also has in place a consultation toolkit available for services to use and this is set out in the ‘How it Works’ guidance, although requires some updating.
- 4.19 The Council ensures its services provide clear expectations for service users and members of the public through a set of service standards known as the “Customer Promise” which is published on the Council’s website <https://www.castlepoint.gov.uk/customer-promise>. In December 2023, a short magazine entitled “Your Council is Changing” was commissioned to help ensure that residents were aware of how the Council’s transformation programme would benefit them. The magazine was available to download from the website and was sent to households across the Borough. However, there is a need to investigate a more formal approach to gathering the views of the public; the Council currently uses data which is collected and reported on by Essex County Council – the [Essex Residents Survey](#) – which provides some useful (and statistically valid) insight but is not tailored to questions that Castle Point might like to ask residents.
- 4.20 Compliance with processes around the handling of **Complaints** has been assessed as Satisfactory. There is a complaints policy in place and complaints are managed in accordance with this policy. In April 2023, a new tool to record complaints under stage 1 and stage 2 of the complaints process was introduced. Recording of complaints in a consistent manner and sharing of learning from complaints is something which continues to require some development, although there are some good examples, including in Leisure where negative feedback received through the Net Promoter Score survey is reviewed, discussed and acted upon. The Housing service has processes in place to ensure compliance with the Housing Ombudsman Complaints Handling Code, including an annual self-assessment of complaints handling and using complaints as an opportunity to learn and improve processes. Over 2023/24, the Housing Ombudsman investigated two complaints, finding in the Council’s favour in one case and against the Council in one case. The Local Government & Social Care Ombudsman received three complaints about the Council in the period 1 April 2023 to 31 March 2024, all of which were closed after initial enquiries.
- 4.21 Council, Cabinet and Development Management Committees are [broadcast live](#) and recorded so that members of the public can view Council business without leaving their homes. Other meetings are broadcast live if there is business on the agenda which is of high public interest. Agendas and minutes for all meetings held from 1 April 2023 to 31 January 2024, as well as for earlier years back to 2013, are available in an archive held on the Council’s [website](#). From 1 February 2024, all agendas, reports, decision lists and minutes are published through the [Committee Management Information System \(CMIS\)](#), allowing for easier access to specific items as the system is searchable.

CIPFA Core Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits

- 4.22 The Council's Corporate Plan 2021-24 was developed jointly with Cabinet and Senior Leadership Team as well as through engagement with the Council's Scrutiny Committees and a public consultation on priorities and objectives. The Corporate Plan was formally adopted by Council in September 2021 and sets out a high-level vision for the area with four corporate priorities: Economy & Growth; People; Place; and Environment. The plan complies with a number of good-practice requirements, including defined and measurable outcomes which have been reported to Cabinet over the year in the quarterly Corporate Performance Scorecard. The current Corporate Plan expired at the end of March 2024. A new plan is being developed over the first two quarters of 2024/25 to reflect the priorities of the new political administration.
- 4.23 The Council works closely with partners on joint objectives and outcomes. For example, with the Castle Point & Rochford Health and Wellbeing Board and the Community Safety Partnership, both of which have membership from a range of stakeholders. The Community Safety Partnership was subject to further development over 2023/24, supported by some resource provided by a neighbouring council. Good progress has been made over the year with the Castle Point Regeneration Partnership which has been re-shaped – working closely with Essex County Council and other key partners – to become the Castle Point Place Partnership. Work continued in 2023/24 with the South East Essex Alliance, a health and wellbeing partnership across the NHS, local government and the community and voluntary sector.
- 4.24 The Council remains an active member of South Essex Councils (SEC - the new name for the Association of South Essex Local Authorities ASELA), a partnership of seven neighbouring councils that have come together to promote growth and prosperity in the region. Officers represent the Council across the SEC workstreams (Economy and Skills; Digital Connectivity; Transport and Infrastructure; Housing; and The Environment), with the Council's Chief Executive leading on the Environment workstream. A Memorandum of Understanding is in place for SEC, and the Council is a member of the SEC Joint Committee in accordance with S101 of the Local Government Act.

CIPFA Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 4.25 The Castle Point Plan is a key piece of work commenced in 2022/23 and continued over 2023/24. Already referenced above, much of the work on the Castle Point Plan to date has been about informal engagement to support the "Options Development" part of the plan-making process, alongside commissioning of a range of reports as evidence to support the plan as it is developed. Progress is periodically reported to Cabinet and to maintain transparency a live progress page is provided on the Council's website that residents and stakeholders can access to see what work has been undertaken and what is planned.
- 4.26 The Council continues to face significant financial challenges and needs to pursue actions to reduce net operational spend over the coming years and increase income substantially. Whilst the budget set in February 2024 for 2024/25 was balanced, significant financial pressures remain. The ongoing cost of living financial pressures continue to place Council budgets under significant pressure both in terms of inflation and also demand for Council services. However, the Council is expecting an underspend on the 2023/24 budget overall, caused in part by higher interest rates generating a better-than-forecast return on the Council's investments. New financial regulations, developed from May 2024, have given budget holders the ability to work more autonomously from Finance (whilst maintaining appropriate financial controls) and quarterly reporting to Cabinet now includes details of all variances of over £10k and the overall forecast for both General Fund and Housing Revenue Account budgets. Identified areas for improvement include addressing some deficiencies in the budget reports – non-inclusion of detailed transactions making up the overall balance (put in place for 2024/25) – and also vacancies in the Council's Finance team which

limited their ability to challenge budget holders as robustly as desired. Newly appointed Assistant Directors will be undertaking Service Reviews in 2024/25 – see more detail in paragraph 4.29 below – one of the design principles of which is “savings opportunities maximised through efficient and effective organisation design.” The Assistant Directors are expected to demonstrate in their service reviews how they could make ongoing savings of 10% by the end of year three, be it through cost reductions or increased income. Budget is available to invest in service improvements which contribute towards the savings, just as it was for the Council’s transformation programme. . Finally, the Local Government external audit landscape remains challenging, with a significant number of audits outstanding across multiple years. The Council is affected by this and has still been working to have its 2020/21 accounts signed off through this year, with resolution achieved through the external auditor’s report to the Audit and Governance Committee on 3 July 2024. As a result of the issues arising during the audit of 2020/21 external audit will be issuing a disclaimer opinion for that year’s financial statements and for the 2021/22 and 2022/23 financial statements, after which the audit of 2023/24 will be able to commence. Having outstanding audits has created additional challenges for the Financial Services team and also delayed the production of the 2022/23 and 2023/24 accounts. Government, alongside CIPFA, the National Audit Office and the Financial Reporting Council are considering what measures can be taken to help the sector clear the backlog of audits. Therefore, **Financial Reporting, including Budgetary Management** is assessed as a Satisfactory level of compliance, so the Council has good control over its finances.

- 4.27 The assessment of the Council’s **Project Management** arrangements remains Partial. Despite recognition of solid foundations in place, an audit report issued in February 2023 (i.e. at the end of 2022/23 financial year) summarised that of the projects looked at as part of the audit, most were good at initiation and set-up stages but then there was drop off in the use of the workbook for ongoing monitoring as projects were implemented. At around the same time, a range of templates, processes and governance structures were introduced to support the Council’s Transformation programme, Transforming Together (TT). These were used to good effect over the course of the programme, with the last Programme Review Board held in February 2024. A separate audit of the TT programme included positive comments about the way that the programme was managed. As the transformation work folds into business-as-usual structures, the templates, processes and governance structures will be assimilated with those existing in the Council. Improvements in 2024/25 to include a better understanding of the full range of projects in progress across the Council, the management of these projects through to delivery, including better tracking of benefits realisation. The introduction of a new Project Support Officer role (subject to sign off on the Policy Performance and Customer service review) will ensure that the Council has sufficient resources in place to support effective project and programme management.
- 4.28 The approach to **Business Continuity** (BC) has been assessed as Minimal. An audit report in February 2024 raised several actions to be taken including: alignment of the Business Continuity Strategy to the needs of the Council; regular testing, exercising and business continuity awareness training; using lessons learned to develop the Council’s approach to business continuity; and increased governance and oversight about business continuity across the organisation. Whilst service areas do have BC plans in place, these are not routinely tested, and many have not been recently updated. Essex County Council have undertaken the business continuity function on behalf of Castle Point. However, there have been issues relating to the continuity of this support, including several changes in personnel over the last few years, resulting in the decision taken early in 2024 to bring this service back in house – this resource, in post from June 2024, will take forward outstanding recommendations in the follow-up audit report. Work has already commenced to address some of the outstanding recommendations with the new Leadership Team being assigned clear roles (Gold and Silver Command) and taking part in an Emergency Planning Exercise in February 2024. An additional area of focus for 2024/25 is on supply chain risk and the impact that this has on business continuity (i.e. which services are at risk should a supplier withdraw from the market and what is the plan should a key supplier cease trading?).
- 4.29 The Council’s **Business Planning and Strategy, inc Partnerships** process has been assessed as Partial. In response to delays to the completion of service plans for the 2022/23 financial year, the template for 2023/24 was revised and compliance with this business process has improved

and, although there remains some inconsistency in quality, service plans for 2023/24 were in place for most service areas. For 2024/25, newly appointed Assistant Directors will be undertaking service reviews of their respective service areas – these service reviews will replace service plans for this year, falling back into an annual cycle from 2025/26 onwards, with stronger links to the new Corporate Plan. The Council's policy framework operates satisfactorily; policies and strategies continue to be refreshed by services, although updates are overdue. The framework is set out in the Policy Framework and Budget Setting report which went to Cabinet in November 2023 with a more detailed report to Cabinet and Council in February 2024. The list of policies and strategies on the Council's website has been tidied up and re-ordered, making it easier for people to locate and download key policies and strategies that the Council has in place. The Council's intranet has also been refreshed to make it easier to locate internal policies and procedures. This area of work will be subject to further development in 2024/25 using software in place in Housing to hold a definitive list of policies and strategies, with automatic reminders to owners to update as and when required. The Partnerships element of this business process is presented in more detail in paragraph 4.33 below.

CIPFA Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 4.30 The Council uses partnerships to good effect to increase its capacity. The Council is a lead member of the Joint Castle Point and Rochford Health and Wellbeing Board and Community Safety Partnership. The Leader and representatives from Senior Leadership Team (as well as other Council officers) continued as active members of South Essex Councils (SEC), a partnership of seven neighbouring councils that have come together to promote growth and prosperity in the region. Work with the South East Essex Alliance has allowed the Council to better understand the range of work being undertaken by partners to improve the health and wellbeing of Castle Point residents, providing the opportunity for more joint working.
- 4.31 Working closely with Essex County Council who have committed resources, including funding and officers to the area to support the Council's ambitions across people, place and the economy, with a particular focus on Canvey Island. Working together with Essex County Council and other partners in the public and voluntary sectors, the Council has re-shaped its Regeneration Partnership into a Castle Point Place Partnership to ensure that these resources are being effectively deployed on shared projects across these priority areas, and also shared projects which deliver environmental outcomes. Over 2023/24, the Council continued to invest money awarded under the UK Shared Prosperity scheme, including: playground improvements at Thorney Bay Park; grants to community and voluntary organisations; engagement activity; social media campaign to promote local high streets; feasibility study into market provision on Canvey Island; and an advice and training service for businesses and start-ups.
- 4.32 The Council has been successful in obtaining grant funding to pursue projects that will result in better outcomes for local people. Recent and current examples include:
- The Government identified Canvey Island for Towns Fund funding. This will see a £20m investment into Canvey over a 10-year period and provides the foundation for attracting other sources of inward investment. The funding can be directed to regeneration and cultural projects, community safety projects and projects related to local transport improvements.
 - Sport England has identified Canvey Island for investment as part of its place-based expansion which provides the opportunity to access around £2m in funding over a 3-year period for projects that improve physical activity levels and associated health and wellbeing outcomes.
 - £227k from Essex County Council's Public Health Accelerator Bid (PHAB) fund towards a two-year project to transform the Borough's recreational facilities into 'Active Wellbeing Hubs', supported by two new Wellbeing Ambassadors to actively engage with residents, building relationships, and guide individuals towards personalised health and wellbeing resources and activities. The project has a target of engaging 2,500 residents over the two years.

- £1m funding from the Police, Fire and Crime Commissioner for Essex to upgrade CCTV technology across Castle Point, with monitoring by Southend-on-Sea City Council's CCTV control centre
- 4.33 Partnership assurance processes have been subject to further development work. A partnership strategy and framework has been developed and provided to those considering setting up new partnerships as well as advice on how to ensure that existing partnerships continue to be effective. Work has also been undertaken to map the partnerships involving the Council to support establishing clarity on ownership – this in turn will support the development of plans about how best to report on the impact of these partnerships to elected members.
- 4.34 The Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness. Any significant changes to the Constitution are approved by Full Council; a revised version of the Constitution developed towards the end of 2023/24 was adopted by Council in May 2024.
- 4.35 The information needs of elected members to effectively develop policy and make decisions is widely considered, and reports to Cabinet and Council include considerable detail where required to give a full understanding of the implications of recommendations made and decisions to be taken.
- 4.36 Decisions made by the Cabinet, a Member of the Cabinet, or an officer decision delegated from the Cabinet may be called-in (in accordance with the procedure for a Call-in, which is shown in the Overview and Scrutiny Procedure Rules) by the Scrutiny Committee. Decisions are usually published within 3 working days of it being made and can be called-in for consideration by the Overview and Scrutiny Committee within 5 working days of the publication by either the Chairman of the committee or by five non cabinet members.
- 4.37 The Constitution sets out the responsibilities for the Scrutiny Committee, and the Audit and Governance Committee. The Audit and Governance Committee's role includes an overview of the governance arrangements, and it receives monitoring reports on its effectiveness. The Audit and Governance Committee Chairman received an induction from the Head of Internal Audit. Additional training is provided to meet identified needs and every agenda to the committee includes any relevant publications to help with good practice in governance awareness.
- 4.38 **Workforce management** has been assessed as having a Satisfactory level of compliance. The HR policy framework requires a full refresh with work underway in 2024/25. The Council also makes use of online training platforms particularly for induction and training in health and safety arrangements. The Council continues to be signed up to *Working Well*, a programme of workplace-based wellbeing training courses offered through a service commissioned by Essex County Council. A further area for improvement is to address the lack of investment in Learning and Development (especially relating to managing people). There has also been a lack of strategy behind career development and succession planning, something which is being addressed through service reviews which are considering existing staff structures and building in a clear succession pathway into the new design. Sickness absence is comparatively low, and work is underway to proactively manage cases. It should be noted that the Council has low levels of workforce-management casework and in 2023/24 no cases progressed to an employment tribunal.

CIPFA Core Principle F: Managing risks and performance through robust internal control and strong public financial management

- 4.39 **Core Performance Management** arrangements are in place but overall assessed as Partial. The Council uses a database to produce performance information for all service areas, with a performance scorecard of measures linked to the priorities and objectives in the corporate plan, produced every quarter and presented to Cabinet. The service plans include performance indicators for both council-run services as well as for services provided on the Council's behalf by contractors or partners. These indicators are updated at least quarterly and are reviewed annually as part of the service planning process. However, there is some variance in the

comprehensiveness of performance information and in the robustness of target setting as although this is reviewed and challenged when compiling performance indicators from service plans for the new financial year, decisions on selection of indicators and target setting ultimately rest with the service managers. There are some strong examples of high compliance with performance management processes in the leisure service and in street scene service. The service plans include performance indicators for both Council-run services as well as for services provided on the Council's behalf by contractors or partners. A Leadership Team Business Review Board was introduced in 2022/23 by the Chief Executive and covers a range of performance information including the corporate performance scorecard, health & safety and the corporate risk register. The Business Review Boards have continued in 2023/24 and for 2024/25 the Board will consist of Assistant Directors, with escalation to Senior Leadership Team. From the workforce side of performance management, the practice of regular performance reviews alongside records of annual appraisals remains patchy and inconsistent across the organisation and will be subject to further work in 2024/25. At the beginning of 2024/25, an audit of Performance Management was undertaken. Once concluded, any recommendations about data quality will be reflected in the governance monitoring report in the Autumn.

- 4.40 The organisation's approach to **Risk Management** has been assessed as Partial and requires further development work. Work was undertaken with Leadership Team over two workshops in the summer and autumn of 2023 to completely refresh the corporate risk register, with clear accountability assigned to each risk. This corporate register is reviewed and updated at the quarterly Business Review Board. Consistency of how risk is managed by services areas is an area for improvement. The Council is exploring the use of software (already in use in Housing) to support managing risks, with the corporate risk register moving over to this software in the new financial year, followed by service risk registers.
- 4.41 Compliance with Health and Safety processes has been assessed as Satisfactory. As an employer the Council continues in its aim to meet its statutory Health and Safety duties and to achieve this employs a 'competent person'. The 'competent person', who as the corporate health and safety lead maintains an overview of Council arrangements and provides analysis on current management performance. The vast majority of health and safety incidents relate to minor incidents to members of the public when using Council facilities such as leisure centres. Work to review, update and introduce health and safety policies and guidance notes is ongoing and a piece of work is planned for early 2024/25 for an external audit review of arrangements to support the Council in this area and any gaps in arrangements are filled. The Annual Governance Statement for 2022/23 identified health and safety e-learning completion rates as an area for improvement. These completion rates are reviewed at the quarterly Business Review Board and significant progress has been made during 2023/24, bringing performance to over 90%.
- 4.42 Overall, compliance with **Asset Management** processes is assessed as Partial. A Planned Preventative Maintenance (PPM) programme was commissioned for 2023/24 across 10 corporate assets, with works anticipated to begin in late Spring 2023. Funding provision was earmarked, and work has progressed across all ten sites with 98% of the allocated budget expended. The programme for the remaining sites is subject to review, led by the recently recruited Assistant Director for Estates and to be informed by new stock condition surveys. Statutory compliance testing is completed as required. However, due to the lack of delivery of the PPM programme across previous years, a number of the Council's assets have fallen into a state of disrepair requiring both reactive maintenance and significant investment to bring up to a minimum required standard. The Council's housing assets are generally well managed and the Council will be bringing together the way that it manages housing assets with the way that it manages corporate assets. An Asset Review Board, consisting of both officers and members, was introduced towards the end of 2023/24 to develop the approach to the strategic management of assets. Relating to this, in February 2024, a report was taken to Cabinet to approve the new Acquisition and Disposal of Council Owned Land Policy. The Council also made good progress in 2023/24 in developing plans for the use of the Council offices at Kiln Road by other organisations, work which will continue in 2024/25. To support all of the above work, additional resource has been put in place in the Asset Management team.

- 4.43 All IT-related assets – including infrastructure such as servers, network equipment etc. – are managed as part of the Council’s contract with an external provider. IT end-user devices (laptops and desktops) are approaching end-of-life and will be subject to renewal in 2024/25, with all users to be provided with a laptop device to facilitate new ways of working for all employees.
- 4.44 The Council owns a small fleet of vehicles and runs a vehicle maintenance workshop to carry out ongoing checks, servicing and repairs. Fleet has been subject to increasing need for maintenance in response to breakdowns as they come to the end of their expected useful life. The Council looks to replace these vehicles with new vehicles every seven to eight years in accordance with their expected useful life but decisions have been delayed pending a decision on the future of waste collection methods in the Borough.

Role of the Chief Financial Officer

- 4.45 The Section 151 Chief Financial Officer (CFO) occupies a key statutory position in the Council, managing the Councils’ finances and ensuring that resources are used wisely to secure positive results.
- 4.46 In order to support the post holder in the fulfilment of their duties and ensure that the Council has access to effective financial advice, in 2010 the Chartered Institute of Public Finance and Accounting (CIPFA) issued a Statement on the Role of the Chief Financial Officer (CFO) in Local Government, most recently updated in 2016. The statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role and includes five key principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. These statements are set out below
- 1) The CFO in a local authority is a key member of the Senior Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest.
 - 2) The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s overall financial strategy.
 - 3) The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
 - 4) The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
 - 5) The CFO in a local authority must be professionally qualified and suitably experienced.
- 4.47 The Council has the necessary arrangements and procedures in place which ensure that these principles are either directly complied with or, where not directly complied with, there are alternative procedures in place so that the necessary outcomes and objectives are still achieved, and suitable controls are in place.

CIPFA Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- 4.48 The processes for **Information Governance** are in place and compliance is Partial. The Assistant Director for Legal and Democratic Services, in their role as Data Protection Officer (DPO), ensures compliance with the General Data Protection Regulations (GDPR). The GDPR online annual training module was refreshed, including an update on key legal personnel and how to report or obtain assistance to improve staff understanding of GDPR. Staff are reminded to undertake this

training (and refresher training) by the Council's e-learning platform. Managers are also required to follow the data security breach management procedure in the event of a data breach. The number of incidents is small with just two during 2022/23 and two in 2023/24, although there is more work to be done reviewing and learning from data breaches that have occurred in other organisations. Further to staff changes as a result of tier 2 and tier 3 restructure, the Senior Information Risk Owner (SIRO) role is currently being undertaken by the Assistant Director for Policy Performance and Customer although this needs to be formalised. Information asset registers are in place for service areas but require updating. The audit of cyber security incident management was finalised in March 2024, with a number of recommendations for implementation over the first two quarters of 2024/25. Priority recommendations relate to the rollout of multi-factor authentication (MFA) across the Council and the need to clarify key accountabilities, responsibilities, and delegations between the Council and third parties in response to a cyber incident. The Council has in place processes for managing any Freedom of Information (FOI) requests received. Performance for responding to FOIs is reported at the Business Review Board and new processes were implemented in 2023/24 to automatically send out reminders to those with FOIs that are approaching the 20 working days statutory deadline. Performance on responding to FOIs on time is at 92% as at end of March 2024.

- 4.49 Compliance with **Procurement** processes is assessed as Partial. An audit of procurement arrangements has recently been completed that identified a number of areas for improvement to arrangements. Recommendations made will be implemented during 2024/25. The Council has a procurement toolkit in place, strategy and associated governance processes which have been subject to an annual review, although some of these require a more thorough refresh, particularly to reflect the Procurement Act 2023 coming into force later this year. The Council is a member of the Essex Procurement Partnership (EPP) with officers using the expertise provided to undertake procurement exercises from developing invitations to tender through to contract award, for a range of services and to quantify savings from procurements compared to budgeted costs. Access to this expertise has helped the Council to robustly defend challenges received about some contract awards. However, there are a number of areas for improvement that have been identified. The lack of planning on some procurements has resulted in the need for exemptions to be applied and some procurement could benefit from a more fundamental options appraisal (i.e. a full commissioning approach of which procurement may only be one option, rather than defaulting to automatically re-tendering for the same service). Furthermore, the Council's contract register is not fully up to date and a recently completed audit of Contract Management also identified some examples of good practice, but that arrangements were in need of review and consistent application across the range of contracts managed by the Council. To support these improvements, a Procurement Manger has been appointed and started in post July 2024.
- 4.50 Compliance with requirements around **Data Quality** is assessed as Satisfactory. Guidance on the importance of data quality requirements was set out in the 'How it Works' document and communicated to all managers. Systems are designed in some areas to ensure data quality requirements are considered, for example, the operation of a detailed performance management framework in housing, and systems in place across revenues and benefits. Although there is no evidence of poor data quality having an impact on a team's ability to manage performance or make decisions, there is a risk of variations in the implementation of the approach as there are different systems in place for different services, with some operating under a nationally set framework and others operating local frameworks. To provide further assurance in this area, a reminder about the importance of data quality, together with a short presentation on the topic, is sent out annually to managers. At the beginning of 2024/25, an audit of Performance Management was undertaken, part of which looked at what checks take place on performance data that is reported. Once concluded, any recommendations about data quality will be reflected in the governance monitoring report in the Autumn.

Internal Audit

- 4.51 The annual risk-based audit plan was prepared in consultation with Heads of Service, Leadership Team and the Audit Committee. The audit plan has been progressed, with reports issued to senior managers at the conclusion of each audit highlighting any internal control weaknesses identified and the actions required to address them. Recommendations were also reviewed to ensure they

were implemented properly, by the due date. A performance report was taken to the Audit Committee at each of its meetings. The Head of Internal Audit annual report and opinion was also considered by the Audit and Governance Committee and included an assessment of compliance with relevant professional standards. The Head of Internal Audit's annual opinion for 2023/24 states:

- 4.52 "The Council continued to operate risk management, control and governance arrangements, despite the challenges posed by the external environment that it operates within, particularly in respect of the wider economic situation, with the impact of inflation, including the cost of energy, creating additional financial pressures for the Council, residents, the supply chain, and other stakeholders.
- 4.53 Significant changes that have occurred to the operations of the Council are becoming embedded, including many staff working remotely and the changes implemented to enable that remote working. These changes enabled the Council to deliver what was required in response to the pandemic, and similar focus now needs to be applied to the transformation programme that the Council is delivering, so that the Council can address the medium-term budget gap that has arisen and bring the Council back into a financially sustainable position.
- 4.54 The Council has a Corporate Plan that provides the link between the aspirations of the community and individual services. Service plans are produced annually to ensure the future allocation of resources is based on the Council's key priorities. Service plans demonstrate how each service will be delivered and inform the Council's Medium-Term Financial Forecast. The current Corporate Plan expires during 2024, and work is underway to produce an updated Corporate Plan for 2025 to 2028.
- 4.55 The transformation programme is aimed at addressing the challenges that the Council is facing, to transform the Council into a modern, financially sustainable organisation focused on delivering the priorities of the Council and residents. A significant amount of transformation programme work has been completed during 2023/24, particularly the restructure of tiers 2 and 3 of management, that sets the foundations to move forward in 2024/25 and beyond. During 2024/25 Assistant Directors will be completing Service Reviews that will need to be a fundamental examination of current services delivered, how and whether those services will be delivered in the future and how much resource that will require.
- 4.56 The success of the transformation programme will be critical for the Council to transform the culture and the way that the Council operates, so that the Council shifts to a culture, a focus, a structure, and with ways of working that are most appropriate, effective and financially sustainable, to deliver the priority outcomes in the changed circumstances that the Council is now operating within.
- 4.57 Management needs to continue to monitor both the actual and potential impact of these pressures, the progress against delivery of the transformation programme to drive change, as well as delivery of the Corporate Plan. Management and Members need to be ready to adjust, if necessary, as the situation continues to evolve and the understanding of the impact on future needs and priorities becomes clearer.
- 4.58 The work of the Good Governance Group and results of the audits completed continue to confirm that:
- corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further
 - there is inconsistency in terms of application, across some services that still needs to be addressed.
- 4.59 With regards to the assurance provided by audit work undertaken, the results of the work indicate that for the design of the Council's risk management arrangements satisfactory assurance can be provided – although the Risk Management Policy Statement and Strategy is due to be reviewed

and refreshed – but partial assurance in respect of operation, as there is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks that sit below those on the corporate risk register. The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the application of the governance framework as operated for the year, indicating that this requires improvement before it can be considered to be satisfactory overall. Therefore, partial assurance is provided for the year. Work to improve elements of the governance framework is being undertaken, as reflected in the Annual Governance Statement and the accompanying action plan.

4.60 Therefore, the remainder of this report should be read within this context.

4.61 No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement.”

4.62 Internal Audit is subject to a formal, independent review of its compliance with professional standards every five years.

Audit and Governance Committee

4.63 The Audit and Governance Committee consists of a chairman and eight other members. The committee's role is to provide independent assurance to Council on the adequacy of the risk management framework and associated internal control environment and the integrity of the financial reporting and governance processes.

External Audit

4.64 External Audit is undertaken by EY (the business name of Ernst & Young Global Limited) and their work includes:

- providing an opinion on the financial statements, including whether they provide a true and fair view of the financial position at the end of the year and the expenditure and income for the year, and that they have been properly prepared in accordance with relevant legislation and applicable accounting standards;
- reviewing and providing a conclusion of the arrangements in place to secure value for money.

4.65 Where the auditor identifies weaknesses in the Council's arrangements or significant deficiencies in internal controls, these are highlighted in the final report to the Audit and Governance Committee.

4.66 As noted above the significant number of external audits outstanding across the sector, and multiple years, is also impacting the Council which is still working towards completion of the audit for the 2020/21 Statement of Accounts, following the resolution of issues arising from internal audit work on Senior Management Pay and Conditions, as referenced in previous Annual Governance Statements. This has resulted in external audit providing a 'disclaimer' opinion for 2020/21, and they will provide a similar opinion for 2021/22 and 2022/23, after which the audit of 2023/24 will be able to commence. This Annual Governance Statement, that forms part of the Council's Statement of Accounts for 2023/24, will be finalised through the completion of the audit for 2023/24.

External Inspections

In December 2023, the Council invited the Local Government Association (LGA) to undertake a [Corporate Health Check](#) in preparation for a more comprehensive Corporate Peer Challenge in 2024/25. The Health Check involved a review of a position statement and other supporting documents in advance of a one-day site visit, during which interviews and workshops were

undertaken with a range of members and officers. In summary, the health check concluded that “It is clear to the peer team that significant progress has been made and that plans are in place to address future challenges. There are some risks ahead with the report into Senior Manager Pay and Conditions and planning performance, that could derail this positive progress and the LGA will continue to support and work alongside Castle Point Borough Council to support its improvement through the LGA’s Principal Adviser.” The health check made a number of recommendations, included in the table below. Good progress has been made against these recommendations and the LGA will be undertaking a Corporate Peer Challenge in September 2024.

<u>Recommendation number</u>	<u>Details</u>
1	To create internal reporting/meeting arrangements to give effect to a strong Executive Team of political leadership and senior officer leadership
2	To consider, as part of those internal reporting/meeting arrangements, how best to engage Assistant Directors and leading politicians in constructive dialogue and debate
3	To develop a new vision for the Borough with a clear delivery plan behind it – not to spend too much time developing documents but rather put energy in the codesign of a compelling and longer-term place-based narrative and a clear and concise “community plan” that brings together these strategies into a single document that can be owned by councillors and staff and communicated to residents.
4	To ensure that interims undertake an effective transition out of the organisation and provide the information and tools to enable the council to be self-sustaining.
5	To hold an “awayday” with new officer leadership and Cabinet in early 2024

Progress against Recommendations Identified in last year’s Annual Governance Statement

4.67 The table below sets out the actions identified and an assessment of progress. Progress on implementation of these actions has been reported to Audit and Governance Committee as part of the governance monitoring report.

	Issue	Action 2022/23	Date of implementation	Responsible officer	Update on progress
1.	Improve the organisation’s understanding of the effectiveness of partnership working.	Develop and introduce reporting of key partnerships to members and senior managers. Review of grants to external bodies.	Q3 2023/24 Q2 2023/24	Assistant Director for Policy, Performance & Customer <i>Note: Corporate responsibility for partnerships to sit with Assistant Director for Housing, Health & Communities once appointed and in post</i>	There has been limited progress in this area over 2023/24 due to organisational change. Nevertheless, a partnership strategy and framework has been developed and provided to those considering setting up new partnerships as well as advice on how to ensure that existing partnerships continue to be effective. Work has also been undertaken to map the partnerships involving the Council to support establishing clarity on ownership – this will support the development of plans about how best to report on the impact of these partnerships to elected members. The review of grants to external bodies links with the above. Better reporting to elected members on the work and impact that these grants facilitate will enable a more informed discussion about such grants – this action will roll forward to 2024/25.
2.	Employee element of performance management - appraisal process value and compliance. Link to wider work around workforce development.	Review the appraisal process to ensure it brings value to individual performance management and compliance is in place for all services.	Q3 2023/24	Assistant Director for People & Engagement	The Council’s policy and procedure relating to Performance Management requires a full review. It needs to be underpinned by the Council’s values and behaviours and applied consistently across the entire organisation. This work will be undertaken as a priority now the new AD is in

	Issue	Action 2022/23	Date of implementation	Responsible officer	Update on progress
		Develop the approach to workforce development.			post. Significant progress has been made in the workforce development stream with the Council's values and behaviours established and a continued programme of work is in place for workforce development.
3.	Improve the organisation's understanding and application of good risk management.	Re-engage across directorates to support development of directorate level risk registers, building on the service-level risk registers, which will support a refresh of the Corporate Risk Register.	Q2 2023/24	Head of Internal Audit	Work was undertaken with Leadership Team over two workshops in the summer and autumn of 2023 to completely refresh the corporate risk register . This new risk register is updated as and when risks change and reviewed at the Leadership Team's quarterly business review meeting. The Council is exploring the use of software (already in use in Housing) to support managing risks, with the corporate risk register moving over to this software for the new financial year.
4.	Address any issues raised as part of the audit of business continuity.	Re-engage across directorates to support development of directorate level risk registers, building on the service-level risk registers, which will support a refresh of the Corporate Risk Register.	As per audit report	Assistant Director for Finance & Procurement	A follow-up audit of BC arrangements issued in February 2024 concluded partial assurance. has been undertaken but is in the process of being finalised. The report raised a number of actions to be taken including: alignment of the Business Continuity Strategy to the needs of the Council; regular testing, exercising and business continuity awareness programmes; using lessons learned to develop the Council's approach to business continuity; and increased governance and oversight about business continuity across the organisation.

	Issue	Action 2022/23	Date of implementation	Responsible officer	Update on progress
5.	Improve the organisation's approach to reporting and escalation arrangements for projects to ensure sufficient scrutiny and oversight of delivery.	Implement the recommendations in the follow up audit of project management arrangements.	Q3 2023/24	Assistant Director for Policy, Performance & Customer	<p>The main outstanding area of work on project management relates to the conclusion of an audit report issued in February 2023 which summarised that of the projects looked at as part of the audit, most were good at initiation and setup stages but then there was drop off in the use of the workbook for ongoing monitoring as projects were implemented.</p> <p>As the transformation programme work is handed over the organisation to fold into business-as-usual structures, the templates, processes and governance structures used will be assimilated with those existing in the Council. In addition, the service reviews being undertaken across each of the new Assistant Director areas of the business will ensure that the Council has sufficient resource in place to support effective project and programme management.</p>
6.	Address any issues raised as part of the audit of cyber security.	Implement the audit recommendations.	Q4 2023/24	Assistant Director for Policy, Performance & Customer	<p>The audit of cyber security incident management was finalised in March 2024, with a number of recommendations for implementation over the first two quarters of 2024/25.</p> <p>Priority recommendations relate to the rollout of multi-factor authentication (MFA) across the Council and the need to clarify key accountabilities, responsibilities, and delegations between the Council and third parties in response to a cyber incident.</p>

	Issue	Action 2022/23	Date of implementation	Responsible officer	Update on progress
7.	Strategic approach to asset management.	Further develop a strategic approach to asset management (buildings and land) which takes a view across the assets managed by individual service areas to ensure that these are collectively put to best use to support the Council to deliver its aims and objectives.	From Q3 2023/24	Assistant Director for Estates	<p>This is a piece of work to be led by the Asset Review Board over 2024/25.</p> <p>Relating to this, in February 2024, a report was taken to Cabinet to approve the new Acquisition and Disposal of Council Owned Land Policy.</p>
8.	Compliance with Health & Safety e-learning requirements.	Continue to monitor e-learning completion rates at Business Review Board External review of arrangements to support the Council in this area	<p>Over 2023/24</p> <p>From Q4 2023/24</p>	Assistant Director for People & Engagement	<p>Further to a review of outstanding H&S training courses and presentation to Leadership Team at the quarterly business review in July 2023, completion rates has increased from 70% to 92% as reported at the same meeting in January 2024.</p> <p>Work is ongoing with an experienced external Health and Safety company, who currently work with the Council's Leisure service, to provide a comprehensive audit of the whole Council. This work would identify areas of good practice and any gaps which the Council can then work to resolve. It is planned that this work will commence in early 2024/25 now the new AD is in post.</p>

Action Plan included in the Addendum to the 2020/21 Annual Governance Statement accompanying the Statement of Accounts from the same financial year

4.66 The following action plan is taken from the Addendum to the 2020/21 Annual Governance Statement. This Addendum reflects the findings from an internal audit into Senior Manager Pay and Conditions and subsequent action taken by the Council (i.e. the table below). As many of the actions in the action plan that was included in the Addendum took place over the 2023/24 financial year, this action plan is also included in this 2023/24 Annual Governance Statement for transparency and clarity.

	Issue	Action 2023/24	Date of implementation	Responsible officer
1.	A lack of an open, fair and transparent approach to recruitment to ensure the best suited individuals are recruited into senior roles, and the setting of salaries of these individuals	The Council's transformation programme has implemented a new establishment structure at Tiers 2 and 3 of the organisation. Appointments to roles have been made through advertisement and a robust interview process utilising external advisers, member panels and skills tests. Roles have been job evaluated by the East of England LGA. Across the rest of the workforce job evaluation is being undertaken with all roles (current and new) evaluated in line with the LGA's Single Status Agreement. All new roles are advertised and appointed following an objective interview process. Progress of the job evaluation project is reported to the Staff Appointments and Review Panel. Appointments to Chief Officer posts are made by Full Council.	September 2024	Assistant Director People & Engagement
2.	The payment of market supplements and retentions without clear rationale or supporting evidence to substantiate the payments initially or on an ongoing basis	The Council's Market Supplement Policy was rewritten and agreed by the Trade Unions (Unison and GMB) and formally reported to the Staff Appointments and Review Panel on 5 July 2023. Where market supplements are paid to staff the process set out in the policy is followed and reviewed annually by HR in line with that policy with all supporting evidence and sign offs provided.	December 2022	Assistant Director People & Engagement

	Issue	Action 2023/24	Date of implementation	Responsible officer
3.	Performance payments made to individuals without clear setting of objectives, or evidence of assessment to demonstrate performance has been satisfactory and thus payments are due	The scheme which had existed was brought to an end on 31 October 2023. The Council does not now have any such payments.	November 2023	Head of Paid Service
4.	Unequal and preferential treatment of senior managers via their pay and conditions compared to other staff within the organisation, including for the granting of flexible retirement and associated schemes	The scheme which had existed was brought to an end on 31 March 2023. The Council does not now have any such payments.	April 2023	Head of Paid Service
5.	Inappropriate authorisation of payments made by officers and deliberate attempts to conceal the actions being taken in some cases	<p>The Council's Constitution and Financial Regulations have been updated and adopted by Full Council on 22 May 2024 The process of review of the Constitution was overseen by the Council's Scrutiny Committee. This new constitution sets out the delegations for officers and for members. Training is being provided to officers and members.</p> <p>The refreshed Audit & Governance Committee and the Overview & Scrutiny Committee are receiving specialist external training for members and Independent Persons are being recruited to participate in meetings to assist members in their scrutiny function.</p>	September 2024	Assistant Director Finance & Procurement (s151 Officer) Assistant Director Legal & Democratic Services (Monitoring Officer)

	Issue	Action 2023/24	Date of implementation	Responsible officer
6.	Senior managers using their position within the organisation to change and develop policies that they will benefit from without following appropriate processes.	The restructuring of the senior management team has enabled new transparency in terms of clear, defined roles and responsibilities with “dotted line” accountabilities incorporated as well as hierarchical line management. The s151 Officer and the Monitoring Officer are part of management meetings at Tier 2 and Tier 3 to ensure corporate visibility and meet regularly with the Head of Paid Service as a “Golden Triangle” to review issues and risks.	September 2023	Head of Paid Service

Key Governance Issues

4.68 The following are the key governance issues that have been identified.


	Issue	Action 2024/25	Date of implementation	Responsible officer
1.	Need for a more formal approach to gathering the views of the Castle Point public. <i>Governance process: Consultation and Engagement</i>	Investigate options for undertaking an annual satisfaction and perceptions survey	Decision on approach by end Q2 2024/25	Assistant Director for People & Engagement
2.	Need for a refreshed and aligned strategic framework to support longer-term planning. <i>Governance process: Business Planning and Strategy, inc. Partnerships</i>	Develop and adopt a new Corporate and Community Plan Develop approach to service planning which aligns with the new Corporate and Community Plan	End Q3 2024/25 End Q3 2024/25	Strategic Leadership team Assistant Director for Policy, Performance & Customer
3.	Strategic approach to asset management. <i>Governance process: Asset Management</i>	Further develop a strategic approach to asset management (buildings and land) which takes a view across the assets managed by individual service areas to ensure that these are collectively put to best use to support the Council to deliver its aims and objectives.	High level plan in place by end Q3 2024/25	Assistant Director for Estates
4.	Improve and expand the application of good risk management across the organisation. <i>Governance process: Risk Management</i>	Migrate corporate risk register into IT system to support management of risk. Development of service risk registers and move into IT system.	Corporate risk register held in IT system by end Q2 2024/25 Service risk registers complete by end Q2 2024/25 (into IT system by	Assistant Director for Policy, Performance & Customer All ADs

	Issue	Action 2024/25	Date of implementation	Responsible officer
			end Q3 2024/25)	
5.	<p>More consistent and robust approach to managing performance.</p> <p><i>Governance process: Performance Management</i></p>	<p>Migrate corporate performance scorecard into IT system.</p> <p>Develop performance dashboards for service areas.</p>	<p>End Q2 2024/25</p> <p>Over year to end Q4 2024/25</p>	<p>Assistant Director for Policy, Performance & Customer</p>
6.	<p>Clarity on Information Governance key role and addressing cyber security risks.</p> <p><i>Governance process: Information Governance</i></p>	<p>Clarify where the SIRO sits in the new organisation structure.</p> <p>Implement cyber security incident management audit recommendations.</p>	<p>End Q2 2024/25</p>	<p>Assistant Director for Legal & Democratic Services</p> <p>Assistant Director for Policy, Performance & Customer</p>
7.	<p>Ensure transparency over contracts is in place and develop mechanisms to support planning of new procurement of good and services.</p> <p><i>Governance process: Procurement</i></p>	<p>Update contract register to ensure it is up-to-date and accurate.</p> <p>Update procurement guidance to reflect the requirements of the Procurement Act 2022 and include guidance on commissioning.</p>	<p>End Q2 2024/25</p> <p>End Q3 2024/25</p>	<p>All contract managers</p> <p>Assistant Director for Finance & Procurement</p>
8.	<p>Good practice of programme and project management seen through Transforming Together (TT) moved across to business as usual</p> <p><i>Governance process: Project Management</i></p>	<p>Assimilate TT documentation with Council project management framework and guidance.</p> <p>Put in place a Project Management Officer to support the business to plan and track implementation of projects.</p>	<p>End Q2 2024/25</p> <p>End Q3 2024/25</p>	<p>Assistant Director for Policy, Performance & Customer</p>


	Issue	Action 2024/25	Date of implementation	Responsible officer
9.	Need for a clear approach to workforce management, including the policy framework and appraisal process <i>Governance process: Workforce Management</i>	HR policy refresh and renewal. Develop and implement new approach to appraisals	Over the year to end Q4 2024/25	Assistant Director for People & Engagement

5 Conclusion

5.1 This statement has been considered by the governance group of officers as well as Senior Leadership Team and is considered an accurate reflection of the Council’s governance arrangements. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Councillor Dave Blackwell
 Leader of the Council
 July 2024



Ms. Angela Hutchings
 Chief Executive
 July 2024