



## CORPORATE GOVERNANCE COMMITTEE

YOU ARE REQUESTED TO ATTEND A MEETING OF THE CORPORATE GOVERNANCE COMMITTEE TO BE HELD IN THE PRINCIPAL COMMITTEE ROOM, THE DEANE HOUSE, BELVEDERE ROAD, TAUNTON ON MONDAY 18TH DECEMBER 2006 AT 18:30.

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### **AGENDA**

1. Apologies
2. Minutes of the meeting of the Corporate Governance Committee held on 25 September 2006 (attached)
3. Public Question Time
4. Declaration of Interests - to receive declarations of personal or prejudicial interests in accordance with the Code of Conduct
5. Risk Management Strategy - to receive feedback relating to the Risk Management Strategy previously circulated Pete Weaver
6. Review of Project Management Arrangements - verbal update Brendan Cleere
7. Section 106 Agreements (attached) Paul Carter
8. Annual Efficiency Statement - Update (attached) Paul Carter

The following items are likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

9. Internal Audit - Progress Report (attached) Chris Gunn
10. Corporate Governance Pilot - External Audit Arrangements (attached) Shirlene Adam

G P DYKE  
Member Services Manager  
19 December 2006

Corporate Governance Committee Members:-

Councillor Williams (Chairman)  
Councillor Mrs Lewin-Harris (Vice-Chairman)  
Councillor Beaven  
Councillor Denington  
Councillor Hall  
Councillor Lisgo  
Councillor Meikle  
Councillor Prior-Sankey  
Councillor Mrs Smith  
Councillor Wedderkopp  
Councillor Mrs Whitmarsh



Members of the public are welcome to attend the meeting and listen to the discussion. Lift access to the main committee room on the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is a time set aside at the beginning of the meeting to allow the public to ask questions



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact Greg Dyke on:



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Website: [www.tauntondeane.gov.uk](http://www.tauntondeane.gov.uk) (Council, Executive, Review Board & Review Panel Agenda, Reports and Minutes are available on the Website)

## **Corporate Governance Committee – 25 September 2006**

Present: Councillor Williams (Chairman)  
Councillor Mrs Lewin-Harris (Vice-Chairman)  
Councillors Beaven, Croad, Hall, Meikle, Prior-Sankey, Slattery,  
Mrs Smith and Wedderkopp.

Officers: Ms S Adam (Strategic Director)  
Mrs G Croucher (Review Support Officer)  
Mr C Gunn (Internal Audit Manager)  
Mr P Weaver (Head of Environment and Leisure)

Also Present: Mr T Bowditch and Mr P Lawrence (Audit Commission) and Mr D Gollin  
(Independent Member of the Standard Committee)

(The meeting commenced at 6.15 pm)

### **11. Apologies/Substitution**

Apologies: Councillors Denington, Lisgo and Mrs Whitmarsh.

Substitution: Councillor Croad for Councillor Lisgo.

### **12. Minutes**

The minutes of the meeting held on 28 June 2006 were taken as read and were signed.

### **13. Risk Management Strategy**

The Head of Environment and Leisure, Pete Weaver carried out an exercise with Members of the Committee which identified risks and the management procedures in place to control them.

Risk Management provided a framework that enabled Taunton Deane to identify, assess, manage, monitor and report risks in a way that would enable the Council to minimise losses and maximise opportunities.

A Risk Management Strategy had been produced which set out the Council's approach to Risk Management, together with a sharepoint intranet site to form a comprehensive database of risk management activity and information.

A Corporate Risk Register monitored by the Corporate Management Team (CMT) had been produced. This had been updated and the existing Directorate register had been regrouped in "Heads" groupings. This allowed Heads to take responsibility for managing the risks within their area. The Risk registers could now be incorporated into the Heads Service Plans and formed part of the performance monitoring system. The process could then be

cascaded down to service level with appropriate support from the Risk Management Team (RMT) as necessary.

All major projects would now be subject to the Risk Management process with the appropriate project leader taking responsibility for the project risk register. Smaller projects would be assessed if requested by the project leader or CMT.

RESOLVED that the Risk Management Strategy be reported to the next meeting of the Committee.

#### **14. Annual Governance Report – Audit 2005/2006**

Mr Terry Bowditch, Audit Manager, the Audit Commission (AC) introduced Taunton Deane Borough Council's Annual Governance Report 2005/2006.

The report included:-

- Report on financial statements 2005/2006;
- Value for money conclusion 2005/2006;
- Matters arising from the audit:
  - Details of unadjusted and adjusted misstatements in the accounts
  - Various other governance matters;
- The proposed draft audit opinion and value for money conclusion;
- Letter of representation for the approval of Members.

Mr Bowditch reported that the financial statements were of a generally good quality and that officers had cooperated well during the course of the Audit. The main weaknesses to be found had been in asset registers.

Following robust debate with Members on the draft accounts, the AC planned to give an unqualified opinion on the financial statements.

The Value for Money Conclusion for the year 2005/2006 would be issued at the same time as the audit opinion. This would be based on 12 criteria made up of:-

- 8 derived from Use of Resources work which had previously been reported;
- 3 were new and related to:
  - Setting and reviewing strategy and objectives;
  - Communication with service users, partners etc.; and
  - Monitoring and scrutiny of performance

- 1 derived from the annual Data Quality Audit – an assessment of the overall arrangements for managing data and performance information.

Reported that the Annual Audit Letter would be provided by March 2007 which would be a high level summary that included the Use of Resources Assessment 2007 and a Direction of Travel report.

RESOLVED that approval be given to the Strategic Director and Section 151 Officer, Shirlene Adam, to sign the Letter of Representation.

## **15. Internal Audit Progress Report**

Considered report previously circulated, which provided an update on the progress made against agreed audit recommendations from 2005/2006. The report also detailed the activities of the Internal Audit team for the period between June and September 2006.

Reported that the 21 audit reviews completed during 2005/2006 had resulted in 165 recommendations being made. Although follow up visits had yet to be completed for most of these audit areas, summary details of progress against the recommendations were submitted. Summary details were also provided of the audits completed between June and September 2006.

The Internal Audit team would now issue audit reports that included individual risk ratings for high and medium recommendations. Low risk items would be communicated via memo only and not followed up. Future reports would include a breakdown for each audit undertaken and performance would be monitored to ensure that recommendations were implemented.

RESOLVED that the report be noted.

(The meeting ended at 7.50 p.m.)

# TAUNTON DEANE BOROUGH COUNCIL

## CORPORATE GOVERNANCE COMMITTEE 18 DECEMBER 2006

### REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Executive Councillor Williams  
(Leader of the Council)

#### SECTION 106 AGREEMENTS

##### **1 Executive Summary**

- 1.1 Attached at appendix A is a summary of the S106 agreements held by the Authority. The Committee is asked to note the position.

##### **2 Introduction**

- 2.1 At the last meeting of the Corporate Governance Committee in September, Members requested an update on the Section 106 Agreements held by the Authority. This report details the level of S106 monies currently held and updates Members on developments in this area.

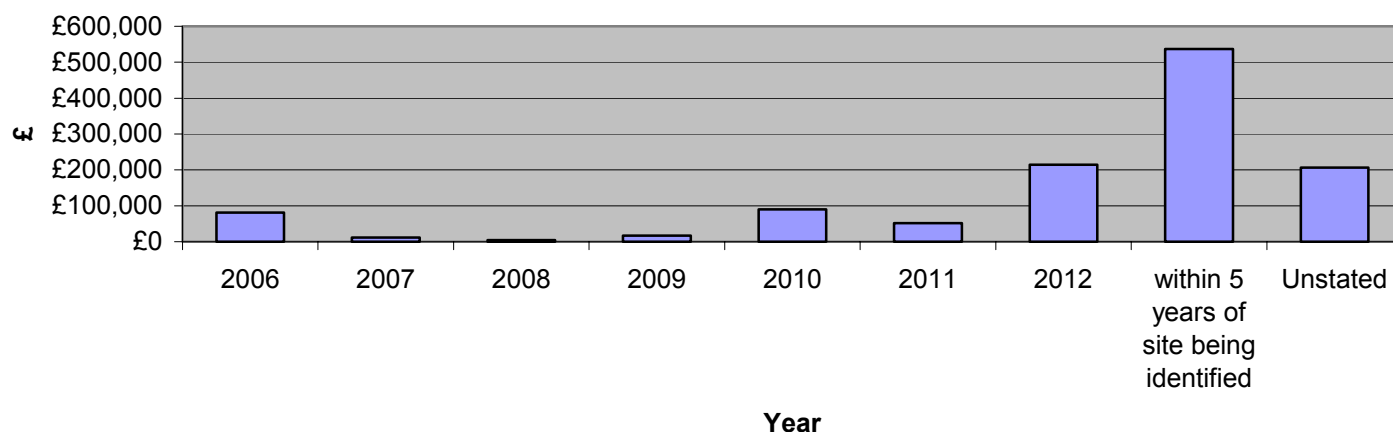
##### **3 Current S106 Monies**

- 3.1 Attached at Appendix A is a schedule of the existing S106 agreements in place at present. S106 monies are received by the Council as part of a planning obligation and provide the Authority with funding to build the infrastructure necessary to support planning developments. The agreement specifies the amount of money to be paid by the developer and its ultimate use. A condition of many S106 agreements is that they, on occasion, have to be repaid to the developer if the Authority has been unable to use the money within an allotted time period.
- 3.2 Appendix A shows that the Authority currently holds £1,213k in S106 monies at present. These have to be used by the Authority for the following functions:

Use	Amount £'000s
Recreational Facilities	106
Mix of Play and Sport Facilities	180
Sports Facilities	292
Play Facilities	77
Ecological areas	11
Memorial Stone	10
Housing enabling	537
<b>TOTAL</b>	<b>1,213</b>

- 3.3 The graph below shows the dates by which these monies have to be used by:

### To be spent by:-



#### 4 Current Developments

4.1 S106 developments are becoming increasingly important to the Authority. They provide the Council with capital resources to meet a number of key objectives; not least they will provide resources to meet the Council's top priority, the delivery of affordable housing. As a result the Authority is developing a S106 Strategy to ensure that it is maximising the opportunities available from this system. This is being progressed by the Head of Development.

4.2 In addition to the list of agreements shown in the Appendix the Authority is also ensuring that S106 agreements are in place for planned future developments, for example the development of the former cider factory at Norton Fitzwarren and the major mixed-use allocation at Monkton Heathfield. Section 106 Agreements can only be sought where there is a direct functional or geographic link to the proposed development.

#### 5 RECOMMENDATIONS

5.1 The Committee are requested to note the contents of this report.

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Financial Services Manager  
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## S106 Agreements

Appendix A

Planning Reference Number	Status	Received	Parish	Site	Remainder in FMS @ 16.11.06	To be spent by:-
<b>Recreational facilities</b>						
14/11/2002	RECEIVED	23/05/2003	Cotford St Luke	Tone Vale (Putzman)	106,474.40	Nov 20012
<b>Mix of play and sport</b>						
49/2002/24	RECEIVED	04/08/2004	Wiveliscombe	RGB Prem. Taunton Rd	12,000.00	Aug 07
38/2001/277	RECEIVED	21/07/2003	Taunton	Florence Rd, Taunton	1,800.00	not stated
38/2002/190	RECEIVED	13/09/2004	Taunton	Richmond Rd	21,805.00	sept 10
38/2003/651	SIGNED	31.1.06 & 19.1	Taunton	Queen Street	12,330.00	not stated
38/2003/460	SIGNED	2.5.06	Taunton	Full Moon, South Street	14,350.00	May 11
38/2003/420	SIGNED	03/08/2006	Taunton	Whites Repair Garage, South Street	17,056.00	Aug 09
52/2003/014	SIGNED	11.4.06	Comeytrove	New Barn, 41 Comeytrove Lane	37,008.00	April 11
25/2003/017	RECEIVED	10/11/2003	Norton Fitzwarren	Harnham Barn, N F	7,850.00	not stated
37/2004/015	SIGNED	24.2.06	Stoke St Mary	Former Presidents Health Club	23,058.00	not stated
43/2004/041	GRANTED	27.6.06	Wellington	Land between 63 & 65 Howard Rd	10,280.00	not stated
25/2005/011	GRANTED	16.11.06	Norton Fitzwarren	North east of Dabinett Close	22,605.00	Nov 2009
<b>Sport only</b>						
06/2001/076	RECEIVED	14/11/2002	Bishops Lydeard	Cotford St Luke Cricket Square	28,000.00	Nov 2012
38/1998/114	RECEIVED	15/07/2002	Taunton	Lisieux Way (Beazers)	47,482.34	July 2004
38/2004/492	RECEIVED	24.5.06	Taunton	Wood Street	17,871.00	by 9/5/10
42/2003/49	RECEIVED	4.11.05	Trull	Gatchell House	80,000.00	Nov 20012
38/2001/171	GRANTED	31.1.06	Taunton	SWEB - Dowlas	111,228.00	not stated
43/2004/042	GRANTED	27.6.06	Wellington	Land between 43 & 45 Howard Rd	3,224.00	not stated
38/2005/181	SIGNED	8.8.06, 3.7.03,	Taunton	20 East Reach	4,662.00	June 2008
<b>Play only</b>						
38/2000/057	RECEIVED	30/08/2002	Taunton	Sherford	7,000.00	not known
38/2000/090	RECEIVED	17/07/2001	Taunton	Bishops Gate/Victoria Yard	20,000.00	not known
38/2001/155LB	RECEIVED	26/02/2004	Taunton	Kings College-Convent site	50,000.00	Feb 2010
<b>Ecological Area</b>						
38/1992/037	RECEIVED	11/09/98	Taunton	Weirfield Green	10,940.60	Sept 99
<b>Memorial Stone</b>						
14/11/2002	RECEIVED	23.05.03	Cotford St Luke	Memorial Stone	10,000.00	not known
<b>Housing Enabling</b>						
Various	RECEIVED	Various	Various	Various	536,545.01	within 5 year's of a site being identified
<b>Total</b>					<u><u>1,213,569.73</u></u>	

## TAUNTON DEANE BOROUGH COUNCIL

### CORPORATE GOVERNANCE COMMITTEE 18 DECEMBER 2006

#### REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Executive Councillor Williams  
(Leader of the Council)

#### ANNUAL EFFICIENCY STATEMENT – UPDATE

##### **1 Executive Summary**

- 1.1 This report details the Government requirements under the Efficiency agenda for the Council to make 2.5% efficiency savings each year, our progress against those targets and how this is monitored.

##### **2 Introduction**

- 2.1 The Government's 2004 Spending Review set out targets for local government to make efficiency gains in the services that they provide. Each authority is required to demonstrate 2.5% per annum efficiency gains between 2005/06 and 2007/08 when compared to the 2004/05 budget position. Efficiency gains are measured against set financial targets and include both capital and revenue spending.
- 2.2 This report details the progress made by the Council in meeting those targets and how the Authority monitors the Efficiency agenda.

##### **3 Efficiencies Reporting**

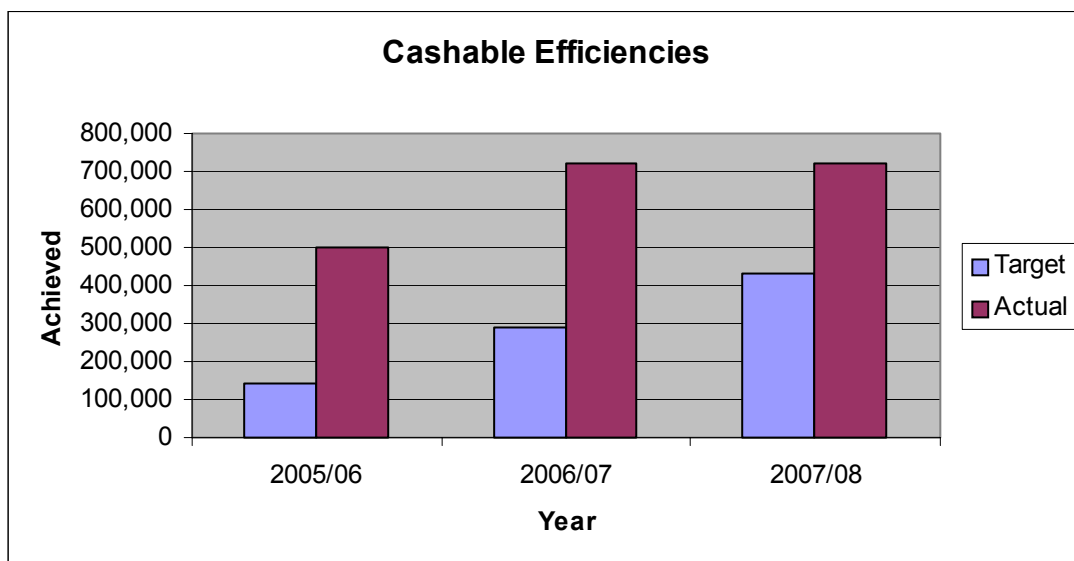
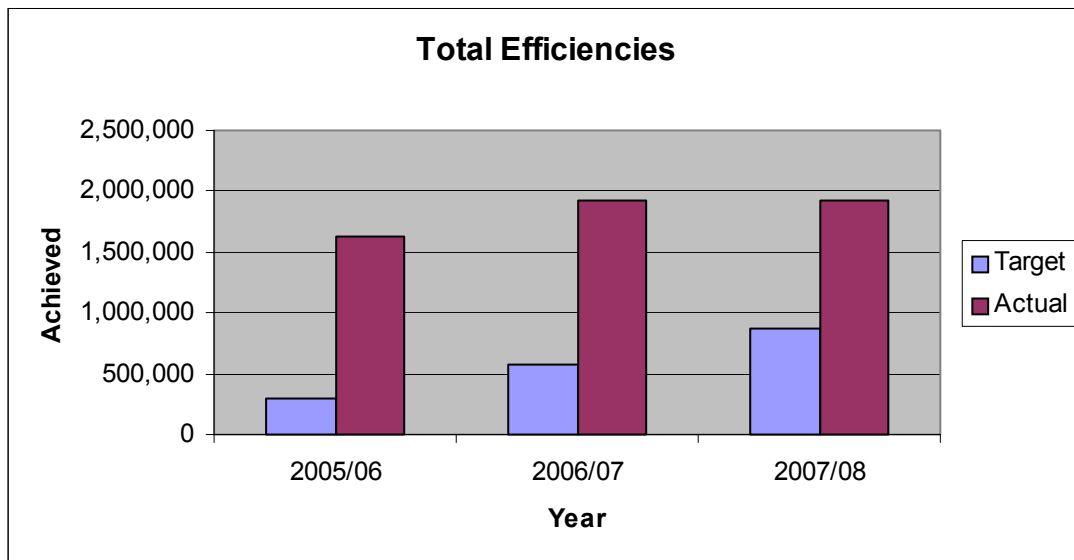
- 3.1 The DCLG have issued guidance on how progress is to be measured. The primary source for reporting will be through the Annual Efficiency Statement (AES). The AES has to be signed by the Leader of the Council, the Chief Executive and the S151 Officer. The AES is updated three times a year:
  - Firstly, a forward looking AES which outlines the authority's strategy for securing efficiency gains for the forthcoming financial year. This is returned to DCLG during April each year.
  - Secondly, a mid year update on the AES. This tracks progress made in securing the planned efficiencies over the first half of the year. This is returned to DCLG during November each year.
  - Finally, a backward looking AES reviews the actual progress made in securing efficiencies during a year against those planned. This is returned to DCLG during July each year. From 2006 onwards the backward looking AES has been assessed as part of the "Use of Resources" section within CPA and is therefore subject to external audit.

#### 4 Targets and Progress Made to Date

4.1 As mentioned above, the requirement is for the Authority to demonstrate 2.5% annual ongoing efficiencies each year and as a consequence the Council has been issued target efficiency gains to be made between 2005/06 and 2007/08. At least 50% of efficiencies must be cashable. The targets are shown below:

Year	Overall Efficiency Target £000	Cashable Target £000 (50%)
2005/06	289	144
2006/07	578	289
2007/08	867	434

4.2 The graphs below shows the progress made by the Council in meeting the targets:



- 4.3 The most recent AES submissions show total expected efficiencies of £1.92m, this is clearly well above the targets set and a significant contributing factor are the efficiencies created via greater public interaction with the Council via the Web Site. This report does not contain a detailed schedule of the particular areas where we have generated efficiencies but the table below does give this information in summary form. Should any Member require the detailed efficiencies then please contact the officer named below.

<b>Sector</b>	<b>2004/05 £000</b>	<b>2005/06 £000</b>	<b>2006/07 £000</b>	<b>Total £000</b>
Local Transport	9		14	<b>23</b>
Cultural & Sport		5		<b>5</b>
Environmental		35	31	<b>66</b>
Social Housing	153	15	89	<b>257</b>
Corporate Services	15	118	69	<b>202</b>
Procurement	61	32	12	<b>105</b>
Productive Time			43	<b>43</b>
Transactional Services (ie Revenues)	46	94	24	<b>164</b>
Misc. (inc web site interaction)	102	937	14	<b>1,053</b>
<b>Total</b>	<b>386</b>	<b>1,236</b>	<b>296</b>	<b>1,918</b>

- 4.4 It is expected that many of the other ongoing corporate projects which the Council is currently involved in will also generate efficiencies in future years ie Waste Contract Integration, ISIS etc. However as yet these cannot be quantified.

## **5 Monitoring**

- 5.1 It is important that progress against the targets is monitored effectively. This is done in a number of ways:

1. The AES process is driven by the Finance function – this ensures that efficiencies generated by the annual budget process, throughout the Council, are picked up in the AES submissions,
2. The AES is reviewed periodically by Corporate Management Team
3. The AES submissions have to be “signed off” by the Leader, Chief Executive and S151 officer, prior to submission to DCLG,
4. Regular reports on progress are submitted to the Review Board, the last one being in August 2006.

- 5.2 It is expected that over time the targets issued will increase from the 2.5% required at present. This will mean greater careful monitoring of the overall process.

## **6 Conclusion**

- 6.1 The Corporate Governance Committee are requested to note the progress made in meeting the AES targets and how monitoring of the process is carried out by the Council.

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## **TAUNTON DEANE BOROUGH COUNCIL**

### **CORPORATE GOVERNANCE COMMITTEE 18TH DECEMBER 2006**

#### **REPORT OF THE STRATEGIC DIRECTOR (SA)**

This matter is the responsibility of Councillor Williams (Leader of the Council)

### **CORPORATE GOVERNANCE PILOT - EXTERNAL AUDIT ARRANGEMENTS**

#### **Executive Summary**

This report requests the Corporate Governance Committee to support this Councils involvement in pilot corporate governance review arrangements with the Audit Commission.

#### **1. Background**

- 1.1 Corporate Governance is the framework of accountability, to users, stakeholders, and the wider community, within which organisations take decisions and lead and control their functions to achieve their objectives. The effectiveness of corporate governance arrangements has a significant impact on how well an organisation meets its aims.

#### **2. Audit Commission Pilot**

- 2.1 The Audit Commission are developing new arrangements for corporate governance inspections in local authorities. The new arrangements are likely to be finalised early next year. Meantime, the audit commission are "piloting" their new arrangements in several Councils to help them refine their methodology and key lines of enquiry.

#### **3. Impact on Taunton Deane Borough Council**

- 3.1 The Audit Commission have approached this Council and requested that we assist in this pilot exercise.
- 3.2 All members and senior managers will be requested to complete a questionnaire on governance matters. The results will help identify areas where more attention is needed at Taunton Deane – whether that is by further training, issuing clearer guidance, or rewriting our protocols.
- 3.3 The resultant action plan (areas for improvement) will assist greatly in the preparation of a local code of corporate governance – a task that has been outstanding for some time. The results will be reported back to this Corporate Governance Committee early in 2007.

#### **4. Recommendation**

- 4.1 The corporate Governance Committee is requested to support the pilot corporate governance review arrangements with the audit commission.

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