

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, TA1 1HE ON MONDAY 17TH MARCH 2008 AT 18:15.

AGENDA

1. Apologies
2. Minutes of the meeting of the Committee held on 17 December 2007 (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. Standard Committee Annual Report 2007. Report of the Chairman of the Standards Committee (attached) David Baker
6. Annual Audit and Inspection Letter (attached) Terry Bowditch
7. The Constitution. Report of the Corporate Governance Director (attached) Jeremy Thornberry
8. Annual Governance Statement. Update of work in progress by the Corporate Governance Director (attached) Jeremy Thornberry
9. Risk Management - Report of the Corporate Governance Director (attached) Jeremy Thornberry
10. Internal Audit Plan 2008/2009. Report of the Internal Audit Manager (attached) Chris Gunn
11. Internal Audit Plan 2007/2008 - Progress Review. Report of the Internal Audit Manager (attached) Chris Gunn
12. Update on Corporate Improvement Plan. Report of the Scrutiny and Performance Manager (attached) Michelle Hale
13. Forward List of Agenda Items (attached)

Corporate Governance Committee Members:-

Councillor Williams (Chairman)

Councillor A Wedderkopp (Vice-Chairman)

Councillor Beaven

Councillor Critchard

Councillor Denington

Councillor Govier

Councillor Hall

Councillor Henley

Councillor Paul

Councillor Mrs Smith

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:



Tel: 01823 356410
Fax: 01823 356329
E-Mail: g.dyke@tauntondeane.gov.uk

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

Corporate Governance Committee – 17 December 2007

Present: Councillor Williams (Chairman)
Councillor A Wedderkopp (Vice-Chairman)
Councillors Denington, Hall, Paul, Mrs Smith and
Mrs Whitmarsh

Officers: Ms S Adam (Strategic Director)
Mr P Carter (Financial Services Manager)
Mrs G Croucher (Democratic Services Officer)
Mr C Gunn (Group Auditor, South West Audit Partnership)
Mr J Thornberry (Strategic Director)

Also Present: Mr T Bowditch (Audit Commission)

26. Apology

Councillor Govier

27. Minutes

The minutes of the meeting held on 24 September 2007 were taken as read and were signed.

28. Annual Governance Statement

Mr Terry Bowditch, Audit Manager, the Audit Commission (AC) gave Members an update on the revised framework for Delivering Good Governance in Local Government. The framework was based on Good Governance Standards for Public Services and would provide support for the new requirement for councils to prepare an Annual Governance Statement.

The Governance Statement subsumed the requirement to provide an annual Statement of Internal Control and would cover all significant corporate systems, processes and controls.

The preparation of the Statement required a corporate focus and would need to be open, honest and credible and linked to an embedded assurance framework. It would be the end product of the annual review process.

To meet the new requirements, the Audit Commission had recommended that councils publish the Governance Statement in the Annual Report or as a stand-alone document and to include a summary in the financial statements.

29. Annual Efficiency Statement

Considered report previously circulated, that detailed the progress made by the Council to make efficiency savings each year.

Local Authorities were required to demonstrate 2.5% per annum efficiency gains between 2005/2006 and 2007/2008 when compared to the 2004/2005 budget position. These gains were measured against set financial targets and included both capital and revenue spending.

Progress would be reported through the annual Efficiency Statement (AES) and would be updated three times a year. The most recent AES submissions showed total expected efficiencies to be well above the targets set and details of the progress made in reaching these targets was submitted.

Prior to submission to the Department of Communities and Local Government, the AES would need to be signed by the Leader of the Council, the Chief Executive and the Section 151 Officer.

Reported that a number of changes to the AES had been proposed by the Government and included new reporting arrangements. From July 2008 the AES would be replaced by a single performance indicator and targets would also be increased from 2.5% to 3%.

Resolved that the report be noted.

30. Internal Audit Plan 2007/2008 – Progress Review

Considered report previously circulated, which provided an update on the significant finding and recommendations since September 2007.

Details were also reported of the audits completed for the period between September 2007 and December 2007 which included any significant findings or recommendations.

Resolved that the report be noted.

(The meeting ended at 7.08 p.m.)

TAUNTON DEANE BOROUGH COUNCIL

STANDARDS COMMITTEE – ANNUAL REPORT 2007

Introduction

The Council's Standards Committee has been in operation since 2000. Although our meetings are open to the public, the minutes available on the web site and we publish regular updates in the Weekly Bulletin, we feel it good practice to produce an annual report so that members of the Council and the public are aware of our activities.

2008 will be an eventful year for us. New legislation will place responsibility for the standards agenda right at the heart of local government. It introduces a locally managed framework of compliance with the Code of Conduct and a new strategic role for the Standards Board for England.

Local Standards Committees will, in future, be responsible for making initial assessments of allegations of misconduct and will handle most cases locally. The Standards Board for England will provide, support, supervision and guidance and aim to ensure a degree of consistency.

Membership

The Committee has always ensured that it has a majority of independent members who are not connected with the Council. We have also always ensured that Chair is chosen from those independent members. This will now become a requirement of all Standards Committees but is something we have been practising since the Committee's inception.

We also have two Parish Council representatives and one councillor from each of the political groups.

The last year has seen a number of changes in our membership. John Dewdney and David Gollin both left as independent members. They were replaced, following public advertisement and circulation of the vacancies amongst charitable and voluntary bodies and we are pleased to welcome Jenny Hoyle and Dick Macey to the Committee. Councillors Colin Croad and Mary Whitmarsh also stepped down and we are equally please to welcome Councillor David House. Both parish representatives came to the end of their term of office and the parishes are now represented by Mike Marshall and David Wilson.

The full membership of the Committee is as follows:-

David Baker OBE (Chair)
Anne Elder (Vice Chair)

Dick Macey JP
Jenny Hoyle JP
W Lynn Rogers
Harold Inder
Maurice Stanbury

Parish representatives:
Mike Marshall
David Wilson

Council representatives:
Councillor Mrs Allgrove
Councillor Slattery
Councillor House

We are supported at our meetings by the following officers:- Jeremy Thornberry (Monitoring Officer), David Greig (Parish Liaison Officer), Greg Dyke (Democratic Services Manager) and Donna Durham (Review Support Officer)

Terms of Reference

Our terms of reference remain unchanged but this is something we will be giving some detailed attention following the introduction of local regulation. Our current terms of reference are:

- (a) To advise on the adoption and monitoring of the new local Code of Conduct for members
- (b) To be responsible for training of councillors on ethical conduct
- (c) To promote and maintain high standards of conduct in the Authority and assist the Authority's members to observe the Code of Conduct

Functions of the Committee

In accordance with Section 54 of the Local Government Act 2000, the Committee is responsible for:-

- (a) promoting and maintaining high standards of conduct by the members and co-opted members of the Authority; and
- (b) assisting members to observe the Code of Conduct;
- (c) advising on the adoption of the Code of Conduct;
- (d) monitoring its operation; and
- (e) advising, training or arranging to train members on matter relating to the Code.

Review of the Year

We have developed and strengthened our links with Parish Councils during the year. This is something we have aspired to for a while and we consider we have made great progress in this area. A separate section of this report gives more detail of this topic.

We are conscious of the need for members of the Committee to be as well trained and up to date with developments as possible. With this end in mind we have been represented at the Annual Assembly of Standards Committees, attended Standards Board for England Roadshows and maintained a presence at meetings of the South West Independent members Group. Indeed, Taunton Deane hosted one such meeting in September. Joint training with Sedgemoor District Council has been provided on the operation of a new filtering regime to be introduced in April 2008 and in January the entire Committee will be taking part in a training event where the new local arrangements will be the theme. All these things have allowed us to hear from officers of the Standards Board for England, the appropriate Government Minister and to share good practice with our colleagues.

Members of the Committee have also attended meetings of TDBC on occasions. The purpose of this was to familiarise ourselves with the operation of the Council and to provide us with a broader, more balanced view of a councillors work.

The Chair of the Committee was pleased to meet the new Leader of the Council and to be given the opportunity to emphasise the value of the Committee and its work. It is hoped that these meetings will continue and that in addition there will be an opportunity to meet all Group Leaders together with the Chief Executive

We have been able to monitor the operation of ethics and probity through regular reports to us from the Monitoring Officer. By doing this we are kept up to date with all those matters that come to his attention. We have been particularly pleased to see how quickly the new councillors have realised the benefits of high ethical standards and are reassured by the level of advice generally sought by all councillors on all matters of ethics and probity.

During the year a new Model Code of Local Government Conduct was produced by the Government. We are pleased that the Council reacted so quickly to our recommendation to adopt the new Code in its entirety. By adopting the Code in April (much earlier than many local authorities) it was possible to deliver training to new councillors which included the new Code rather than having to do it twice - with the old Code and then again when the new one was adopted. It also meant that the Parish Councils could adopt the new Code immediately after the local government elections.

With the elections taking place during the year we were keen to include the work of the Standards Committee in the election process so that candidates

were aware of the standards required of councillors. The guide for prospective candidates, both Borough and Parish, included details of ethics and probity, a letter was sent to all new members from the Chair and he also attended the new members' Welcome Day to talk more about the role of the Committee. In addition, the Chief Executive and Monitoring Officer were able to explain the basics of the Code of Conduct when new members signed their declarations of acceptance of office.

We have worked hard to maintain a high profile with Borough and Parish Councils so that all are aware of the support, advice and guidance we are able to give.

Work with Parish Councils

As mentioned earlier in the report, this was an area where we were keen to raise our profile and offer advice and support. We wanted to dispel any lingering myth that standards and the ethics and probity regime was a bad thing and to emphasise that it was there for the protection of parish councils and their councillors. We also wanted to make all parish councils aware of the advice and support we were able to give.

We decided that rather than invite representatives of parishes into The Deane House for training sessions we would go to them instead. Taunton Deane has 41 Parish Councils, 39 Parish Clerks and 343 Parish Councillors. We felt that it was essential that Parish Councils received training on the new Code of Conduct. The training has been delivered by David Greig, Parish Liaison Officer and members of the Standards Committee have been present at a number of the training sessions. By delivering the training in this manner, over 30 Parish Councils have so far been visited with a total of approximately 250 parish councillors and clerks being trained in the process. This has proved a worthwhile exercise and has been an excellent way of ensuring as many parish councillors and clerks as possible receive first hand training in the standards and the Code of Conduct. All 41 Parish Councils have adopted the revised Code of Conduct.

On a specific issue, we have dealt with a situation where a large number of allegations had been made to the Standards Board for England in respect of one particular Parish Council. None of the allegations had been found to be worthy of investigation and it was apparent from the issues involved that an inappropriate use of the Code was being made. The Chair of this Committee together with the Parish Liaison Officer therefore visited the Parish Council to re-emphasise the requirements of the Code.

We have generally been well received by the parishes and we intend to continue to develop and strengthen this particular link.

Training

With the introduction of the new Code training was equally important in relation to our Borough Councillors. An ethics and probity training session therefore took place on 11 July 2007 and we were pleased to see 30 Borough Councillors attend that session.

This training complemented the other ethics and probity training delivered at the new members' Welcome Day and when the newly elected members met with the Chief Executive and Monitoring Officer.

The success of the training has been illustrated by the number of enquiries that have been forthcoming from Members. There has also been an upsurge in declarations of interest made at meetings.

The Committee feel that the training should be repeated annually, in order to keep Members well informed. We have also asked that a list of attendees be submitted to us so that we can attempt to achieve 100% training for all members.

The Future

As mentioned at the beginning of this report, the Local Government and Public Involvement in Health Bill is expected to come into force by April 2008. The Bill includes a number of important changes in the way the current Standards regime operates. It will involve us in the biggest change we have had to deal with since Standards Committees were set up..

Complaints about Borough and Parish Councillors have hitherto been made directly to the Standards Board for England. The Board then carry out an initial filter and decide what action should be taken. The intention of the Bill is for this procedure to change and for all complaints to be made directly to the local Standards Committee.

Once the complaint has been made we will have three distinct roles:

- exercising the local filter
- reviewing the local filter if necessary (appeal)
- holding a hearing following an independent investigation

Despite the absence so far of any central guidance we are working towards being ready for the challenge when the new regime comes into effect. We have given some consideration to how these roles will operate in practice and have drawn up a policy and procedure for dealing with allegations.

We have had some brief, informal training already by dealing with a number of case studies. There will also be an opportunity for us to receive further, more detailed training when we attend the training event at County Hall in January.

In addition to this change in procedure there are other areas of our remit that we intend to develop over the coming year.

We feel that it is important that some meaningful and measurable performance targets and indicators are in place in order that the work of the Committee can be measured. The Committee has built up a number of years' successful experience in its various roles in advancing ethical standards across Taunton Deane. We have decided that the time has now been reached when its own performance should be judged. We hope to introduce these indicators/measurements in the forthcoming year,

We also want to improve communications even further. We feel there is scope to develop our presence on the Taunton Deane web site. We want to see a regular supply of information to councillors, press and the public through the availability of our minutes and reports in the Weekly Bulletin. We will also be looking at the possible development of a share point site.

Conclusion

Taunton Deane has a Standards Committee that is committed to promoting good standards amongst councillors. We have come a long way from our early days and we will continue to look at ways in which we, as a Committee, can improve and serve the Council and the community.

David Baker OBE
Chair, Taunton Deane Standards Committee

Annual Audit and Inspection Letter

March 2008



Annual Audit and Inspection Letter

Taunton Deane Borough Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Key messages	4
Action needed by the Council	5
Purpose, responsibilities and scope	6
How is Taunton Deane Borough Council performing?	7
The improvement since last year - our Direction of Travel report	7
What evidence is there of the council improving outcomes?	8
How much progress is being made to implement improvement plans to sustain future improvement?	12
The audit of the accounts and value for money	14
Additional services	19
Looking ahead	20
Closing remarks	21
Availability of this letter	21

Key messages

- 1 The main audit messages for the Council from this letter are as follows.
 - Taunton Deane Borough Council is making steady but noticeable progress since last year in delivering its aims and overcoming a number of challenges. The Council is in the process of re-shaping itself and has faced a number of challenges this year including opposing the county council's plans to form a unitary council in Somerset. Other issues include the forming of new partnerships, new political leadership since May 2007 and managing a number of regeneration projects. Meeting these challenges has had a significant impact on the Council's capacity. Subsequently, the Council's rate of improvement in its services is not matching that of its peers. Performance in a number of key areas deteriorated in 2006/07.
 - However, some services show early signs of recovery, for example benefits and increased investment in some survey information to improve strategic housing. The Council is also developing better arrangements to deal with diversity and equalities issues. Business planning continues to be strong and there is a clear sense of place based on a well grounded understanding of local needs. The Council is re-structuring to ensure that its services and partnerships will make a positive impact on all its communities.
 - There are a number of risks to sustaining improvement. Working more closely with other councils in Somerset is a clear opportunity but also a significant challenge. The capacity of councillors is stretched and they are not communicating their expectations and priorities clearly enough to staff and partners. Workforce development plans are not well developed. Governance and organisational arrangements are being redeveloped to reflect the impact of new partnership arrangements.
 - The Council was given an unqualified opinion on its accounts for 2006/07 and we assessed your value for money arrangements for that year as adequate.
 - The updated assessment for arrangements for use of resources for 2006/07 shows that they continue to meet or exceed the minimum requirements in all respects, although the rate of improvement has slowed and in some areas stalled.
 - The concessionary travel scheme continues to place extreme pressures on the Council's budget and working balances, with an actual net overspend against budget forecast for the current year.
 - There were significant control weaknesses in the new financial systems introduced during 2006/07, but we have received assurances from officers that these have now been addressed.
 - Our triennial review of internal audit, provided to the Council by the South West Audit partnership, confirmed that it meets all the key requirements of the Code of Practice for internal audit.

Action needed by the Council

- 2 The key actions that the Council needs to take in response to the issues raised in this letter and in order of priority are as follows.
 - Improve the information available about the housing market to inform its strategic approach and strengthen mechanisms to support the development of new affordable housing.
 - Review the current approach to the management and improvement of its own housing stock to support the delivery of the decent homes standard.
 - Ensure that effective governance and performance management arrangements are in place and appropriately monitored for each key partnership.
 - Support councillors to ensure they are more visible and clearly articulate their expectations and priorities to the community, staff and partners, and have sufficient capacity to effectively drive forward and lead the Council's ambitious agenda for the area.
 - Work collaboratively and effectively with councils in Somerset to improve the clarity of plans, priorities, level of leadership and governance arrangements needed to deliver significant improvements through joint working and increased efficiency savings.
 - Demonstrate that council services are delivering consistent and equitable levels of high performance to all communities in accordance with the Council's vision and aims.
 - Address the key areas for improvement identified at last year's use of resources audit.
 - Review the profile of balances and reserves for both the General Fund and the Housing Revenue Account over the period of the medium-term financial plan to ensure they are forecast to remain at adequate levels throughout that period.
 - Ensure that appropriate action continues to be taken to address the control weaknesses we identified last year in the new financial systems.

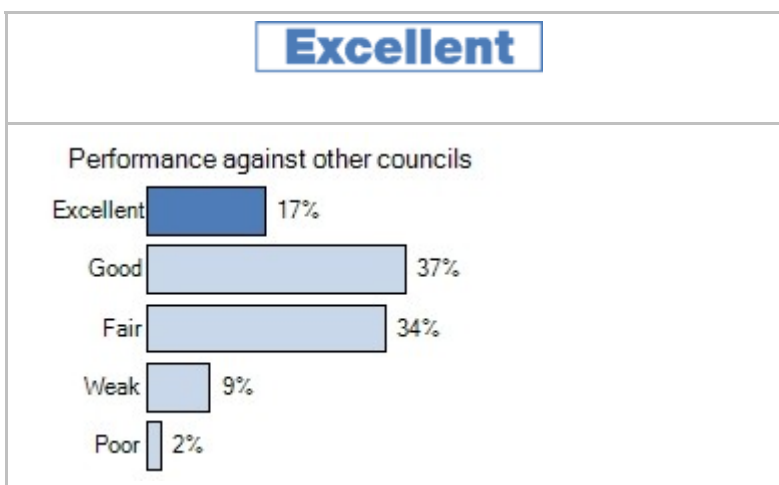
Purpose, responsibilities and scope

- 3 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken under section 10 of the Local Government Act 1999. The letter includes a review of how well the Council has progressed in the last year (the Direction of Travel report) and the auditor's assessment of how well the Council has managed its finances (the Use of Resources scores).
- 4 This letter is addressed to councillors as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. Recommendations have been made to assist the Council in meeting its responsibilities.
- 5 This letter also communicates the significant issues to key external stakeholders, including members of the public. This letter will be published on the Audit Commission website at www.audit-commission.gov.uk. [In addition the Council is planning to publish it on its website].
- 6 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 7 A list of the reports issued to the Council relating to 2006/07 audit and inspection work is given at the end of this letter.

How is Taunton Deane Borough Council performing?

- 8 Taunton Deane Borough District Council was assessed as Excellent in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and these are now being updated through corporate assessments in councils where there is evidence of change. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 9 Since last year's Direction of Travel assessment we have been working with the council as it seeks to improve further. The Council's revised Corporate Strategy for 2007/10 includes six corporate aims. They are:
- Economy;
 - Transport;
 - Crime;
 - Healthy Living;
 - Environment; and
 - Delivery.

What evidence is there of the council improving outcomes?

- 10 Performance indicators show that the Council's rate of improvement is slowing. Public satisfaction is falling – 57 per cent in 2006/07 compared to 70 per cent in 2002/03. In 2006/07, 39 per cent of best value performance indicators (BVPIs) match the best 25 per cent of councils nationally. Since 2003/04, only 42 per cent of BVPIs have improved, although performance in 2003/04 was strong. The Council is ranked 346th out of 388 councils for improvement since 2005/06 with 46 per cent of BVPIs improving. This is worse than last year when 56 per cent of BVPIs improved. Most revenues and benefits BVPIs, sickness absence, and the speed of processing minor and other planning applications match the worst 25 per cent of councils. Unaudited data for 2007/08 indicates that there are some signs of improvement in benefits and housing. But many corporate health and planning indicators remain largely unchanged.

Economy

- 11 The Council is continuing to make steady noticeable progress in delivering economic regeneration schemes in the district. The Council secured £5.4 million of regional funding for the purchase of land and property for the Firepool development in Taunton. The Council continues to support creative industries, cultural activities, rural business schemes, and youth projects through grants and by supporting partnering initiatives. The Council held two food festivals in Wellington attracting over 15,000 people and over 70 local producers generating £500,000 of trade. Over 97 per cent of visitors rated the event good or excellent.
- 12 However, the result of the Council's economic work lacks clarity. Average earnings, new business registration, and gross weekly pay is steadily increasing but the impact on areas of deprivation and disadvantaged groups, such as people with disabilities is not clear.

Transport

- 13 The Council is continuing to use its powers effectively to deliver improved transport in the borough. Transport is a high community priority due to the increased congestion within the Taunton area. The Council is effectively supporting two new park and ride schemes, delivering its green travel plan, introducing a more integrated car parking strategy, and supporting regional transport priorities. The concessionary travel scheme continues to be very popular. The Council also supports various cycling, rural transport and car share schemes.

Crime

- 14 Crime levels are generally low but despite being an active member of the crime and disorder reduction partnership (CDRP) crime is increasing. CDRP data from 2006/07 shows an increase in violent crime, sexual crime, theft of and from a motor vehicle and robbery. Fear of crime is increasing, in particular by older people. Robbery and burglary is decreasing slightly. The CDRP was ranked seventh in its family group of 15 in 2005/06 and is now tenth in 2006/07. The Council runs various safety campaigns that are increasingly well attended, delivers youth diversionary schemes and provides additional funding towards 40 Police Community Support Officers. The 'Drink Safe, Be Safe' campaign reduced alcohol related crime by 40 per cent in Taunton town centre over the last two years. However these initiatives have not made a sufficient impact on reducing the increase in crime.

Healthy Living

- 15 The Council is maintaining an effective role in providing opportunities for local people to participate in community activities and so improve their health and quality of life. Opportunities for cycling, walking, and sports participation are increasing with new sports facilities and a wide range of leisure and outreach activities. The Council's leisure partner continues to provide a comprehensive suite of leisure sessions, activities and courses at its leisure centres, fulfilling its mission of '*more people, more active, more often*' by increasing use of its facilities by 6 per cent up to 971,235 visits in 2006/07.
- 16 The Council's housing services have historically performed well, however in the last year performance has declined. Most housing BVPIs from 2006/07 show above average but declining performance. The Council does not have up-to-date information about the condition of its own stock, private sector housing or an up-to-date housing needs survey to inform its strategies. This is a significant weakness.
- 17 The Council has not delivered enough affordable housing to meet local needs. Only 53 new units of affordable housing were delivered in 2006/07 although the Council expects this to increase to 147 this year. The Council recognises the weaknesses in its current approach and is working to develop new policies and improve partnership working with other local councils to improve performance. However, there is a significant risk that the Council will not meet its target of 985 new affordable homes by March 2011.

- 18 The Council is making inadequate progress in ensuring all its homes meet minimum standards and IT systems are not effectively supporting service delivery. In 2006/07 only 169 homes were improved to meet the decent homes standard out of an estimated 1,076 homes that currently fail to meet minimum standard. Positively, the Council has adopted an effective approach to meeting the decent homes standard by targeting properties on an area by area basis. However, the Council's IT systems are not currently supporting the effective performance management of the housing service or the efficient management of its stock. The Council cannot easily identify improvements to homes or their condition and it does not have accurate information about performance on reletting empty homes quickly or importantly progress with annual gas safety checks.
- 19 Satisfaction with the way the Council manages its own stock is high and performance in some areas is good. The Council has high levels of satisfaction with its housing services, particularly with repairs and maintenance. Relet times in 2006/07 were good and a review of the approach may help to improve performance further. The Council is working well to improve its future plans following the unsuccessful stock transfer ballot in 2006. This includes developing new partnerships with other councils to deliver better value for money from housing maintenance and estate management.
- 20 Taunton Deane is successfully tackling homelessness. The Council performs well in preventing homelessness. It has developed an effective scheme for bringing empty private sector homes back into use as high quality temporary accommodation. It has also accessed funding to extend provision for rough sleepers in partnership with local providers. These initiatives are already having a positive effect and there are robust plans to further reduce the use of bed and breakfast accommodation. The Council is on course to meet its target of reducing the number of homeless households in temporary accommodation by 50 per cent by 2010.

Environment

- 21 Taunton Deane is improving its performance in meeting local and national objectives to improve the environment. The Council's recycling and composting rate has continued to improve and more people are able to recycle. The Council's investment in better equipment and more frequent cleaning regimes is resulting in better street cleanliness and public satisfaction with cleanliness remains high. However, public satisfaction with waste collection is deteriorating, largely due to problems encountered with introducing new waste collection arrangements.

- 22 The Council has a good understanding of the issues that affect climate change. New policies and arrangements are being made to ensure that staff and partners reduce any negative effects of their actions on the environment. The Council's green travel plan is reducing car use by staff by 6 per cent and cycling and walking to work is increasing. The energy efficiency of Taunton Deane's housing has improved 20 per cent in the last ten years. A 3.5 per cent improvement was made in 2006/07 equating to a reduction of 8,362 tonnes of carbon dioxide emissions. Tougher housing targets and development policies are in place and good progress is making made in developing a climate change strategy.

Delivery

- 23 Customer access to services is improving. Electronic access increased by 10 per cent last year and the website is slowly improving. Car park charges can be paid by telephone, and more services and information is available on the website. New customer service standards for telephone access are being met. The Council's access strategy is being delivered and more services are being provided through parish councils and tourist information centres.
- 24 The Council is continuing to develop its links with minority groups in its communities. The Council has created a new disability forum, is establishing stronger links with Gypsy and traveller communities, faith communities, and with black and minority ethnic groups. A local college researched a report on the needs of migrant workers and the Polish Association is creating a welcome pack. As a result, community capacity is increasing and a better understanding of Taunton as a place and resulting in more appropriate long term plans such as the local development framework and sustainable community strategy for 2007-2017.
- 25 Better arrangements to help address diversity issues are in place. Good progress is being made this year but from a low starting position. Community consultation is good. The Council has successfully encouraged a broader range of councillors to lead its work and these better reflect the district's social and demographic profile. Councillors are also taking diversity more seriously and are championing issues relating to young people, rural access, disability and co-ordination of services to elderly people. However some PIs that measure progress in addressing the diversity of staff are poor, for example the number of BME employees.
- 26 The process of changing and designing services to meet the needs of the wider community has begun but progress is slow. Taunton Deane has only achieved level 2 of the Equality Standard. The results of equality impact assessments have been reviewed and this assessment highlights the scale of the task needed to deliver changes to services. Environmental health, leisure, and benefits services are delivered from different locations but not all services are able to demonstrate how they can improve access and take up of their services by communities that are harder to reach. The impact of the Council's work on the quality of life in the most deprived wards in the borough is unclear and not reported.

How much progress is being made to implement improvement plans to sustain future improvement?

- 27 Taunton Deane Borough Council continues to be innovative and forward thinking. This is reflected in the partnerships that it is developing. In October 2007 the Council joined a joint venture company called Southwest One which is a partnership with a large private sector company and Somerset County Council. This ten year partnership aims to modernise and reduce costs, and improve access to services. Five transformation projects have also been commissioned in addition to the main service delivery contract. These include improvements to procurement, the further development of locality based working in Wellington and better staff development. This will place the Council in a good position to improve value for money in the future.
- 28 Steady progress is being made in exploring the potential for more effective joint working between councils. This follows the government's decision to retain the county and district structure in Somerset. A clearer commitment to joint working and the beginnings of a formal process with council leaders and chief executives has commenced. Capacity funding has been secured to support this process. However, there is currently a lack of clarity with the plans, priorities, level of leadership and governance arrangements needed to deliver significant improvements through joint working and the efficiency savings identified by the district councils in their 'Team Somerset' proposals.
- 29 There is a strong sense of place and a well grounded understanding of local needs underpinning many of the Council's and its partners' plans and strategies. Operationally, relationships with the county council are good. The Council's contribution to the shared priorities of the Local Area Agreement is clearer and clear targets for improvement are in place that are outcome-focused, challenging and realistic. A re-structuring of the Local Strategic Partnership followed an external review of its impact. A new Sustainable Community Strategy is in place and council commitment to a new LAA in March 2008 is strong.
- 30 Arrangements to deliver and improve value for money are still improving despite a drop in performance by some of the Council's services. Financial management remains good. Strong business planning, budget prioritisation and identification of lesser priorities have enabled the Council to close its budget gap for 2008/09. Savings are being made from staff re-structuring, better treasury and asset management, and the freezing of recruitment and capital spending. The Council is working more effectively with the other Somerset councils to deliver a county-wide contract for waste collection and recycling which aims to improve value for money. The Council's investment in partnerships is placing it in a good position to maintain its relatively low costs and find further ways of delivering efficiencies.

- 31** Performance management arrangements are improving, with clearer and more frequent performance reports but reporting can be too reactive and is not predicting problems and reacting quickly enough; for example in highlighting increases in violent crime, predicting homelessness, understanding trends, predicting the performance of partnerships, and progress in meeting the decent homes standard. There is a risk that the Council will not be able to understand how well it is meeting its vision *'to be a high performing Council, working in partnership to create a good quality of life for all Taunton Deane residents'*.
- 32** The pace of change has been affected by outside pressures and the considerable amount of time needed to develop new and innovative partnerships. The Council's rate of improvement has been affected by developing new partnership arrangements such as South West One and in opposing the county council's plans to form a unitary council in Somerset. As a result, the Council has been very internally focused this year and this has affected its ability to manage service performance. The Council is on target to meet only half of its targets and meet at least 9 of its 19 strategic objectives in the corporate strategy. The Council recognises the priority of improving its housing service and its strategic housing function and has for example commissioned a housing needs analysis. It has been slow however to commission stock condition surveys on its own housing.
- 33** The Council is facing a number of significant risk and uncertainties. A number of the Council's plans for the development and improvement of its services are out of date or are being amended, for example its procurement strategy, partnership risk arrangements and information strategy. Workforce plans are not well developed. Matching the Council's capacity with its ambitions remains a constant challenge. The high number of projects and partnerships is continually stretching management capacity. In response the Council is re-structuring its strategic management team to focus on the themes of partnerships, place, performance, and people. The development and clarity of staff structures outside the South West One partnership is causing some confusion to staff, although early proposals to move away from functional roles will help deliver better capacity in the future.
- 34** Progress with new governance arrangements is mixed. The Council recognises that risk management arrangements, asset management plans and its data quality work needs to improve. Work is underway on better financial and governance arrangements with key partners. Scrutiny arrangements are improving well and councillors understand their roles better. However, councillor capacity is stretched and they are not communicating their current and future expectations and priorities clearly enough to the community, staff and partners. A local Code of Corporate Governance has not yet been adopted.

The audit of the accounts and value for money

- 35 Your appointed auditor has reported separately to the Corporate Governance Committee on 24 September 2007 on the issues arising from our 2006/07 audit and has issued:
- an unqualified opinion on your accounts;
 - a conclusion on your vfm arrangements to say that these arrangements are adequate; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 36 The findings of the auditor are an important component of the CPA framework. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 37 We have updated our assessment of the Council's arrangements in 2006/07 for use of resources in these five areas as follows.

Table 1

Element	Assessment for 2006/07	Previous assessment
Financial reporting	3 out of 4	3 out of 4
Financial management	3 out of 4	3 out of 4
Financial standing	3 out of 4	3 out of 4
Internal control	2 out of 4	2 out of 4
Value for money	3 out of 4	3 out of 4
Overall assessment of the Audit Commission	3 out of 4	3 out of 4

(Note: 1 = lowest, 4 = highest)

- 38 The scores for all five themes have remained unchanged, and the Council has retained its overall score of 3 (performing well). However, due largely to pressures on staff time from its major change agenda, in particular the South West One project, it was evident from our audit that the rate of improvement across all the use of resources areas has slowed significantly, and in some cases has stalled. As the assessments are made more challenging each year, this places the Council at an increased risk of receiving lower scores for 2007/08 unless it can show that it has addressed the key areas for improvement that we identified at last year's audit.
- 39 The other key issues from our use of resources audit are as follows.
- The Council has produced a user-friendly and informative summary of the 2006/07 accounts, which we commended to the Audit Commission as good practice.
 - Budget monitoring arrangements remain sound and in-year budget pressures are identified on a timely basis.
 - Progress in developing local performance indicators for asset management has been slow.
 - Overspendings on the Concessionary Fares budget are placing pressures on the Council's general fund balances.
 - The cost-effectiveness of the Council's debt recovery procedures should be subject to regular review.
 - The Council maintains separate risk registers for each of its major projects, but needs to ensure that the corporate risk register is regularly updated and has clear links to strategic business objectives.
 - The Council need to adopt a local Code of Corporate Governance to provide the framework for the preparation of its Annual Governance Statement.
 - The Council delivers a range of quality services and relatively low costs overall, and user satisfaction for many services remains high.
 - The rate of improvement on performance indicators generally has slowed, although the Council is focussing more robustly on its priority areas.
 - Opportunities for joint procurement with key partners are being actively pursued.
 - The Council needs to develop appropriate local indicators for cost-effectiveness and value for money for each service and major project.

Data quality

- 40 Overall, the Council continues to meet the minimum data quality requirements. Appropriate controls are in place for both manual and computerised systems. There are good security arrangements for the critical performance information systems. In response to issues we raised last year, the Council has improved its quality monitoring arrangements for the systems for preparing individual performance indicators, and we were able to confirm the reliability of all the performance indicators selected for detailed testing this year.
- 41 There are still a number of areas for further improvement.
- Checks on the quality of data from partnerships, particularly financial data, need to be more comprehensive.
 - Progress with the information strategy has stalled.
 - Staff and councillors need to be more fully involved in the development of data quality policies.

Financial standing

- 42 The Council has a sound record of delivering expenditure within budget. However, for 2006/07, there was an overspending against budget of £242,000, which represents 1.9 per cent of the approved budget of £13.060 million. As a result, general fund balances reduced from £1.38 million at 31 March 2006 to £1.24 million at 31 March 2007.
- 43 The major area of overspending in 2006/07 was of £505,000 on the concessionary travel budget. Like many other councils, the Council underestimated the impact of the statutory changes to the concessionary fares scheme from April 2006. The Council included an additional £373,000 for concessionary travel in the 2007/08 budget.
- 44 Despite this, the Council's latest budget forecast for this year shows a further overspend on this budget head of £538,000. Action has been taken to achieve compensating savings elsewhere, in particular through a freeze on recruitment from October 2007. However, there is still a forecast net overspend of £219,000. Combined with supplementary estimates granted during 2007/08, this would reduce working balances at 31 March 2008 to around £650,000, below the minimum target level of £750,000 as set out in its financial strategy.
- 45 At November 2007, the Council reported a budget gap for 2008/09 of £1.1 million. It has now agreed a programme of savings of over £1.2 million which would allow it to produce a balanced budget for 2008/09 and would bring working balances up to around £1 million at 31 March 2009. The balances are then forecast to continue rising in each of the three following years towards £1.5 million. However, it does face a number of financial risks, in particular from:
- the Concessionary Travel scheme, where take-up and costs have persistently out-stripped central government funding; and
 - the South West One project.

- 46 We are currently undertaking a review of the South West One project, covering both the local authority partners, and will report the results of this shortly. The project offers both significant financial opportunities and risks for the Council. In the short-term, it will place extra pressure on the Council's borrowing requirements and balances, as costs from the "transformation projects" are likely to come through more quickly than the anticipated procurement savings from which they will be financed.
- 47 As regards the Housing Revenue Account (HRA), following the ballot rejection of the stock transfer, the Council is setting aside £1.5 million in each of the four years to 2010/11 to help fund the Decent Homes capital programme. As a result, HRA balances are forecast to fall from the current level of just over £3 million to around £900,000 by 31 March 2012. Whilst this would still leave them at a reasonably prudent level, the predicted fall would significantly reduce the Council's capacity to respond to any additional demands on resources, particularly bearing in mind that budgets beyond 2011/12 will not be able to rely on support from balances.
- 48 The Council does, then, face significant financial challenges over the short and medium term. As well as maintaining tight budgetary control generally, it needs to:
- monitor closely the actual delivery of the agreed savings from the 2008-9 budget;
 - monitor the impact of the South West One project; and
 - review the profile of balances and reserves for both the General Fund and HRA over the period of the medium-term financial plan to ensure they are forecast to remain at adequate levels throughout that period.

Audit of the financial statements

- 49 The Council's draft accounts were supported by a comprehensive set of working papers and were subject to robust scrutiny by members prior to their adoption by the Corporate Governance Committee on 27 June 2007. We gave an unqualified opinion on these accounts following the presentation of our Annual Governance Report to the Corporate Governance Committee on 24 September 2007.
- 50 There were a number of changes to the CIPFA Statement of Recommended Practice (the 'SORP') for 2006/07. The Council's officers handled these well. There are further changes for 2007/08, and we are running a local workshop for accountancy staff from all the Somerset district councils to help prepare for these, to supplement a seminar being organised by the Audit Commission in February 2008.

- 51 As part of our opinion audit, we consider the systems of accounting and financial control and report to you any material weaknesses identified. Our review completed during 2006/07 identified control weaknesses in the new systems introduced in that year:
- non-domestic rates;
 - council tax;
 - benefits; and
 - payroll.
- 52 As a result of these weaknesses, our testing provided only limited assurance for our opinion on the 2006/07 accounts, and we therefore carried out additional substantive testing before we gave our opinion on the accounts. We received assurances from officers that they would address the system control weaknesses in the current year.

HB and council tax subsidy claim

- 53 Each year, the Council submits a claim to the Department for Works and Pensions (DWP) which summarises the benefit entitlements awarded by the Council during the year and reconciles these to the amount reclaimed by the Council from the DWP. Part-way through 2006/07, the Council changed from an in-house benefits system to a bespoke system (IBS). This change placed considerable extra pressure on benefits staff and created a number of additional problems in the preparation and audit of the subsidy claim. During the course of the audit, a number of amendments to individual entries on the claim were agreed, although the net effect on the final audited claim was actually an increase of £15,000.
- 54 A number of the problems identified were a direct result of the change process and are therefore specific to 2006/07. However, in our report to officers we have made recommendations for strengthening the Council's ongoing procedures and thereby reduce the risk of problems with the preparation and audit of future claims.

Triennial review of internal audit

- 55 During the year, we completed our triennial review of internal audit, which is provided to the Council by the South West Audit Partnership (SWAP). We concluded that SWAP achieves a high level of compliance with the CIPFA Code for Internal Audit. The areas of non-compliance are relatively minor in nature and do not require significant work to secure full compliance in the short-term.
- 56 We are pleased to report that SWAP responded extremely positively to our report and have agreed an action plan to address all the areas of non-compliance with the Code. The Council should use our findings to inform its own annual review of the effectiveness of internal audit, a requirement under the revised Account and Audit Regulations 2006.

Additional services

- 57** During the year, we facilitated a workshop for members of the audit committees (the Corporate Governance Committee for this Council) from all the district councils in Somerset. The workshop provided members with the opportunity to exchange views on the key roles for an audit committee.
- 58** The outputs from the interactive sessions highlighted the key areas where members felt that the audit committee should add value to the Council, particularly through:
- probing the information they receive from internal and external audit;
 - ensuring transparency and accountability in the conduct of the Council's affairs;
 - seeking assurances on the effectiveness of the Council's internal controls; and
 - providing an independent scrutiny of the Council's financial statements prior to their approval.
- 59** The workshop also highlighted the following key areas where members felt they needed additional training to enable them to perform their role as audit committee members effectively:
- the financial statements;
 - risk management; and
 - the new Annual Governance Statement.

Looking ahead

- 60 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 61 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 62 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 63 This letter has been discussed and agreed with the Council's senior officers. A copy of the letter will be presented to a group of leading members on 6 March 2008. Copies need to be provided to all Council members.
- 64 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	May 2006
Triennial Review of Internal Audit	July 2007
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Final accounts memorandum	November 2007
Data Quality Review	November 2007
Use of Resources Auditor Judgements	December 2007
Statutory report on the Council's BVPP	December 2007
HB and Council Tax Subsidy Claim	December 2007
Annual audit and inspection letter	March 2008

- 65 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 66 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Rob Hathaway
Relationship Manager

March 2008

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 17 MARCH 2008

REPORT OF CORPORATE GOVERNANCE DIRECTOR

REVIEW OF THE COUNCIL'S CONSTITUTION

1 - Report Purpose

- to note the progress made in updating the Constitution and the arrangements made for its approval
- to make interim arrangements for the exercise of formal powers and duties of officers identified in the Constitution
- to note the revisions to Financial Regulations and to recommend their approval by Council

2 BACKGROUND

- 2.1 The Council's Constitution was adopted in October 2002. Since that time, a number of changes have needed to be made to reflect the changes in such things as our member and officer structures and in other external changes that have had an impact on its contents over the last six years. There is therefore a need to bring together these changes and to re-launch it.
- 2.2 The Review Board at its meeting on 6 September 2007, therefore set up a Members' Steering Group to enable a full review of the Constitution to take place. The Panel was constituted with a representative of each of the political groups (Councillors Denington [Chair] House and Wood). We have now largely completed our review of the various updates needed.
- 2.3 In parallel, Shirlene Adam, as Section 151 Officer, has completed a Review of Financial Regulations. Such reviews currently require the approval of Full Council and the Committee is recommended to take the revised Regulations (attached at Appendix A) to the next Council meeting.
- 2.4 As to the remaining elements of the Constitution, there are two significant areas which will remain incomplete and still need re-visiting. First are those parts which relate to the continuing Scrutiny Pilot. When the Council has decided on the way ahead on this structure then further changes may well be needed. Second, the Constitution will need to reflect the changes in the law currently being brought into effect by the Local Government etc Act 2007.

- 2.5 Arising from the latter, the areas which this Committee will need to address over the next few months are:-
- The changes to the Leader and Executive structure
 - The enhanced powers of the Scrutiny function
 - The changes to the powers of local Standards Committees and the Monitoring Officer

3 Review Mechanism

- 3.1 We have also looked at the future mechanism for seeking Member approval to these – and future - essential changes. Formerly, the route has been via the Community Leadership Review Panel and then on to Full Council where necessary. We believe that this route should now be more appropriately via the Corporate Governance Committee.
- 3.2 A table showing the current contents, the type of changes made and the suggested future mechanism for review is attached at Appendix 2. The aim in these suggestions is to ensure that the need to make changes - which inevitably and regularly arise - can be dealt with quickly and without unnecessarily having to take straightforward day to day issues to Full Council. In many cases the Constitution reflects documents which have been created elsewhere (the Code of Conduct, Financial Regulations and the annual Member Allowances Scheme are examples) and which are merely slotted in. In cases such as these and others - such as changes in job titles, member structures or in legislation – a simpler updating mechanism is needed. This will allow for the intranet version to be kept current and with hard copy updates being issued at (perhaps) yearly intervals to councillors and to managers.

4 Monitoring Officer functions:-

One aspect which needs to be dealt with immediately arises from the recent restructure affecting the Monitoring Officer (Corporate Governance Director, Chief Solicitor and Member Services Manager. Each of these Officers is identified individually as having formal powers delegated to them within the Constitution.

With the appointment of Mrs Tonya Meers as the Legal and Democratic Services Manager from 31st March, these delegations need to be revised. As Mrs Meers will have formal responsibility for each of these roles, it is recommended that – with effect from 31st March – these powers allocated to these three named officers be delegated to her as “Monitoring Officer”.

5 SUMMARY

It is therefore recommended:-

- i. That – in place of the current role of the Community Leadership Panel - the Council be recommended to delegate to the Corporate Governance Committee the role of overview and revision to the Constitution
- ii. That the powers to approve revisions to the Constitution be delegated by the Council to the Corporate Governance Committee and to the Monitoring Officer on the basis of the table in Appendix 2
- iii. That a standing sub-committee of Corporate Governance Committee (consisting of one representative from each of the political groups on the Council) be established to work with the Monitoring Officer in carrying out regular reviews of the Constitution
- iv. That the powers delegated to the Monitoring Officer, Chief Solicitor and Member Services Manager referred to in the Constitution be re-delegated to the Monitoring Officer
- v. That the Committee notes the changes made to the Council's Financial Regulations and recommends their adoption to Council

JEREMY THORNBERRY
MONITORING OFFICER/CORPORATE GOVERNANCE DIRECTOR

10 March 2008 (jjt/apf)

Contact: Jeremy Thornberry, Monitoring Officer/Corporate Governance Director
Telephone: 01823-356406. (Internal extension 2302)
Email: j.thornberry@tauntondeane.gov.uk

INTRODUCTION

Financial Regulations provide the framework for managing the authority's financial affairs. They apply to every member and officer of the authority and anyone acting on its behalf.

The Regulations identify the financial responsibilities of the full Council, Executive and Scrutiny members, the Head of Paid Service, the Monitoring Officer, the Section 151 Officer, Directors and Managers.

All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money, and achieves best value.

The Section 151 Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of financial regulations to the Executive, and to the full Council.

The authority's detailed Financial Procedures, setting out how the regulations will be implemented, are contained in the appendices to the financial regulations. These procedures will be kept up to date, with amendments requiring the approval of the Corporate Management Team only.

Directors and Managers are responsible for ensuring that all staff are aware of the existence and content of the authority's Financial Regulations and other internal regulatory documents and that they comply with them. They must also ensure that an adequate number of copies are available for reference. Each Director and Manager will be issued a copy of the complete Financial Regulations and Financial Procedures, and will be required to sign for their receipt.

The Section 151 Officer is responsible for issuing advice and guidance to underpin the financial regulations to members, officers and others acting on behalf of the authority are required to follow.

FINANCIAL REGULATION A :

FINANCIAL MANAGEMENT

Introduction

A.1 Financial Management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

The Full Council

A.2 The full Council is responsible for:-

- Adopting the authority's constitution and members' code of conduct
- Approving the policy framework and budget within which the Executive operates
- Approving and monitoring compliance with the authority's overall framework of accountability and control. The framework is set out in its constitution.
- Monitoring compliance with the agreed policy and related Executive decisions.
- Approving procedures for recording and reporting decisions taken. This includes those *key decisions* delegated by and decisions taken by the Council and its Committees. These delegations and details of who has responsibility for which decisions are set out in the constitution.
- Approving the setting and revision of the prudential indicators as defined under the Prudential Code.

The Executive

A.3 The Executive is responsible for:-

- Proposing the policy framework and budget to the full Council.
- Discharging Executive functions in accordance with the policy framework and budget.
- Establishing protocols to ensure that individual Executive Councillors consult with relevant Officers before taking a decision within his or her delegated authority. In doing so, the individual Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

A.4 Executive decisions can be delegated to a Committee of the Executive, an individual Executive Councillor, an Officer, or a Joint Committee.

- A.5 A forward plan containing details of all matters likely to be the subject of key decision in the authority is published by the Executive.

Overview & Scrutiny

- A.6 The Overview & Scrutiny Board, and Strategy & Performance Panel are responsible for scrutinising Executive decisions before or after they have been implemented and for holding the Executive to account. They are also responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the authority.

Standards Committee

- A.7 The Standards Committee is established by the full Council and is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Members Code of Conduct, Members Allowances, and for the monitoring and investigating any suspected breaches of the code.

Planning & Licensing

- A.8 Planning, conservation and licensing are not Executive functions but are exercised through the Planning Committee and Licensing Board under powers delegated by the full Council.

Corporate Governance

- A.9 The Corporate Governance Committee, under powers delegated by full Council is responsible for:-
- Agreeing the internal and external audit plans
 - Considering the annual audit report and management letter for the Council
 - Monitoring the implementation of significant audit recommendations
 - Raising the profile of internal control within the authority,
 - Approving the annual Statement of Accounts
 - Approving the annual Governance Statement
 - Having an overview role in relation to the Councils risk management framework

Joint Committees

- A.10 The Council may establish joint arrangements with one or more local authorities and/or executives to exercise functions. Such arrangements may involve the appointment of a joint committee with these other local authorities.

The current constituted joint committees are as follows:-

- The South West Audit Partnership
- The Somerset Waste Partnership

The Statutory Officers

Head of Paid Service (Chief Executive)

- A.11 The Head of Paid Service is responsible for the corporate and overall strategic management of the authority as a whole. He or she shall report to and provide information for full Council, the Executive, the Overview & Scrutiny function and other Committees and Panels. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The head of paid service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the full Council's decisions.

Monitoring Officer

- A.12 The Monitoring officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Standards Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the full Council and/or to the Executive, and for ensuring that the procedures for recording and reporting *key decisions* are operating effectively.
- A.13 The Monitoring Officer shall ensure that Executive decisions and the reasons for them are made public. He or she shall also ensure that Council Members are aware of decisions made by the Executive and of those made by Officers who have delegated Executive responsibility.
- A.14 The Monitoring Officer is responsible for advising all councillors and officers about who has authority to take a particular decision.
- A.15 The Monitoring Officer is responsible for advising the Executive or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- A.16 The Monitoring Officer (together with the Section 151 Officer) is responsible for advising the Executive or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be contrary to the budget include:-

- initiating a new policy
- committing expenditure in future years to above the budget level
- incurring virement transfers above the limits set by Council
- causing the total expenditure financed from Council Tax, Grants, and corporately held reserves to increase, or to increase by more than a specified amount.

A.17 The Monitoring Officer is responsible for maintaining an up-to-date constitution.

A.18 The Monitoring Officer is responsible for maintaining a register of Member and Officers interests.

Section 151 Officer

A.19 The Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority. The statutory responsibility cannot be overridden. The statutory duties arise from:-

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit Regulations 1996.
- The Accounts and Audit Regulations 2003
- The Local Government Act 2003.

A.20 The Section 151 Officer is responsible for:-

- the proper administration of the authority's financial affairs
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management.

A.21 Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the full Council, Executive and external auditor if the authority or one of its Officers:-

- Has made, or is about to make, a decision which involves incurring unlawful expenditure
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- Is about to make an unlawful entry in the authority's accounts.

The Council shall consider the report within 21 days of issue and is prohibited from taking the course of action which is the subject of the report. The external auditor shall be informed of the date of the meeting and of any decisions made at the meeting.

Section 114 of the 1988 Act also requires:

- the Section 151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally
- the authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources - including legal advice where this is necessary - to carry out the duties under section 114.

Directors

A.22 Corporate Management Team comprises the Statutory Officers (as outlined above) and Directors. It act as the senior officers' body in instigating policy proposals.

For the purposes of these Regulations, the Chief Executive has the same powers and responsibilities as Directors. Directors are responsible for:

- ensuring that Executive Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Section 151 Officer.
- signing contracts on behalf of the authority (in accordance with the constitution).

A.23 It is the responsibility of the Directors to consult with the Section 151 Officer and seek approval on any matter liable to affect the authority's finances materially, before any commitments are incurred.

Other Financial Accountabilities

Virement

A.24 The full Council is responsible for agreeing procedures for virements of expenditure between budget headings.

A.25 Directors and Managers are responsible for agreeing virements within delegated limits, in consultation with the Section 151 Officer. They must notify the Section 151 Officer of all virements, using the appropriate pro-forma.

Treatment of Year End Balances

A.26 The Executive is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

Accounting Policies

- A.27 The Section 151 Officer is responsible for selecting accounting policies and standards, and ensuring that they are applied consistently.

Accounting Records and Returns

- A.28 The Section 151 Officer is responsible for determining the accounting procedures and records for the authority.

The Annual Statement of Accounts

- A.29 The Section 151 Officer is responsible for ensuring that the annual statement of account is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom : A Statement of Recommended Practice (CIPFA /LASAAC)*. The full Council has delegated responsibility for approving the annual statement of accounts, to the Corporate Governance Committee.

FINANCIAL REGULATION B :

FINANCIAL PLANNING

Introduction

- B.1 The full Council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:
- The Corporate Plan
 - The Budget
 - The Capital Programme

Policy Framework

- B.2 The full Council is responsible for approving the policy framework and budget. The policy framework includes the following statutory plans and strategies:
- Annual Report
 - Asset Management Plan
 - Sustainable Community Plan
 - Capital Strategy & Programme
 - Climate Change Strategy
 - Corporate Strategy
 - Crime and Disorder Reduction Strategy
 - Housing Strategy
 - Local Development Framework
 - Treasury Management Policy Statement
- B.3 The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions shall be referred to the full Council by the monitoring officer.
- B.4 The full Council is responsible for setting the level at which the Executive may reallocate budget funds from one service to another (virement). The Executive is responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council.

Preparation of Policy Framework and Corporate Plan

- B.5 The Chief Executive as Head of Paid Service is responsible for proposing the policy framework and corporate plan of the authority to the Executive for consideration before submission to the Full Council for approval.

Budgeting

Budget Format

- B.6 The general format of the budget will be approved by the full Council and proposed by the Executive on the advice of the Section 151 Officer. The draft budget shall include allocation to different services and projects, proposed taxation levels, and information on any contingency funds and reserves.

Budget Preparation

- B.7 The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis and a medium term financial plan is prepared for consideration by the Executive, before submission to the full Council. The full Council may amend the budget or ask the Executive to reconsider it before approving it.
- B.8 The Executive is responsible for issuing guidance on the general content of the budget in consultation with the Section 151 Officer as soon as possible following approval of the full Council.
- B.9 It is the responsibility of Managers to ensure that budget estimates reflecting agreed operational service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the Executive.

Budget Monitoring and Control

- B.10 The Section 151 Officer is responsible for providing appropriate financial information to enable budget to be monitored effectively. The s151 Officer, supported by Directors and Managers, shall monitor and control expenditure against budget allocations and report to the Executive on the overall position on a regular basis.
- B.11 It is the responsibility of Managers to control income and expenditure within their area and to monitor performance, taking account of

financial information provided by the Section 151 Officer. They shall report on variances within their own areas. They shall also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer to any problems. Any changes to the overall budget must be considered by the Executive for onward submission to full Council for approval.

Resource Allocation

- B.12 In determining the resource allocation of the Council the Directors and Section 151 Officer shall ensure compliance with agreed policies and strategies.

Preparation of the Capital Programme

- B.13 The Section 151 Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the full Council.

Guidelines

- B.14 Guidelines on budget preparation are issued to Directors and Managers by the Executive following agreement with the Section 151 Officer. These are to ensure the robustness of the budget and the adequacy of the Councils reserves position. The guidelines will take account of:-
- legal requirements
 - medium term planning prospects
 - corporate plans of the authority
 - available resources
 - spending pressures
 - other relevant government guidelines
 - other internal policy documents
 - cross-cutting issues where relevant.
 - risk

Maintenance of Reserves

- B.15 It is the responsibility of the Section 151 Officer to advise the Executive and the full Council on prudent levels of reserves for the authority.

FINANCIAL REGULATION C :

RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

- C.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the pro-active participation of all those associated with planning and delivering services.

Risk Management

- C.2 The Council has delegated responsibility for approving the authority's Risk Management policy statement and strategy to the Corporate Governance Committee.
- C.3 The Section 151 Officer is responsible for preparing the authority's Risk Management policy statement, for promoting it throughout the authority, and for reviewing the effectiveness of risk management arrangements.
- C.4 Directors and Managers are responsible for complying with the risk management policy statement and must carry out and regularly review risk assessments of their service areas, corporate projects, and partnerships.
- C.5 The Section 151 Officer is responsible for providing advice on and effecting the appropriate insurance arrangements.

Internal Control

- C.6 Internal control refers to the systems of control devised by management to help ensure the authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- C.7 The Section 151 Officer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

- C.8 It is the responsibility of Managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit Requirements

- C.9 The Accounts and Audit Regulations 1996 require every local authority to maintain an adequate and effective internal audit.
- C.10 The Section 151 Officer is responsible for internal audit, and therefore may inspect and audit all books of account, financial documents and all other records of the authority, visit any of the authority's premises and obtain such explanations and take away such records for examination as considered necessary.
- C.11 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- C.12 The authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, who have statutory rights of access.

Preventing Fraud And Corruption

- C.13 The Section 151 Officer is responsible for the development, maintenance and promotion of an anti-fraud and anti-corruption policy.

Assets

- C.14 Managers shall ensure that all financial records, physical assets and supporting documentation are properly maintained and securely held, and suitably recorded in the Councils registers.
- C.15 Managers shall also ensure that sound contingency plans for the security of assets and for the continuity of service provision in the event of disaster or other major system failure are in place, and that those arrangements are regularly tested.
- C.16 Any proposals to enter into leasing agreements must be agreed in advance with the Section 151 Officer.

Property

- C.17 The agreement of any terms of leasing of any property, or the taking or granting of any interest in property must be undertaken after consultation with the Section 151 Officer.

Treasury Management

- C.18 The authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.19 The full Council is responsible for approving the treasury management policy statement. The policy statement is proposed to the full Council by the Executive. The Section 151 Officer has delegated responsibility for implementing and monitoring the statement.
- C.20 All money in the hands of the authority is monitored and controlled by the Section 151 Officer.
- C.21 The Section 151 Officer is responsible for reporting to the Executive a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C.22 All Executive decisions on borrowing, investment, or financing shall be delegated to the Section 151 Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.
- C.23 The Section 151 Officer is responsible for reporting to the Executive not less than twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

Staffing

- C.24 The Head of Paid Service is responsible for exercising the overall management to staff.
- C.25 The retained HR Manager is responsible for determining and monitoring adherence to staffing policies and procedures, and for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration for the job.
- C.26 Managers are responsible for controlling total staff numbers by:
- Advising the Executive on the budget necessary in any given

year to cover estimated staffing levels.

- Employing staff in accordance with the approved policy framework and annual revenue budget.
- Adjusting the staffing to a level that can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.
- The proper use of appointment procedures.
- Staff must only be employed on a permanent basis if ongoing and sustainable funding is available.

FINANCIAL REGULATION D :

SYSTEMS AND PROCEDURES

Introduction

D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

General

D.2 The Section 151 Officer is responsible for the operation of the authority's accounting systems, the form of accounts and the supporting financial records. Any changes made to existing financial systems or the establishment of new systems must be approved by the Section 151 Officer. However, Managers are responsible for the proper operation of financial processes in their own departments.

D.3 Any changes to agreed procedures by Managers to meet their own specific service needs should be agreed with the Section 151 Officer.

D.4 Managers should ensure that their staff receive relevant training, and operate to the professional standards set by the Section 151 Officer as set out in the Financial Procedures.

D.5 Managers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation. Managers must ensure that staff are aware of their responsibilities under Freedom of Information legislation, and all other relevant legislation.

Income And Expenditure

D.6 It is the responsibility of Directors and Managers to ensure that a proper scheme of delegation is been established within their area and is operating effectively. The Scheme of Delegation shall identify staff authorised to act on the Director or Managers behalf, or on behalf of the Executive, in respect of payments, income collection and placing orders, together with the limits of their authority.

D.7 Once a charge has been raised no debtor shall be excused a payment due to the Council other than with the approval of the Section 151 Officer, or Head of Paid Service, or Executive. The Section 151 Officer shall maintain a record of all such write-offs.

Payments To Employees And Members

- D.8 The Section 151 Officer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to members.

Taxation

- D.9 The Section 151 Officer is responsible for advising Directors and Managers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the authority.
- D.10 The Section 151 Officer is responsible for maintaining the authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Trading Accounts / Business Units

- D.11 It is the responsibility of the Section 151 Officer to advise on the establishment and operation of trading accounts and business units, and to determine the arrangements under which these are operated.

FINANCIAL REGULATION E :

EXTERNAL ARRANGEMENTS

Introduction

- E.1 The Council provides a distinctive leadership role for our community and brings together the contributions of the various stakeholders. It also has a duty to act to achieve the promotion or improvement of the economic, social or environmental well-being of its area.

Partnerships

- E.2 The Executive is responsible for approving the operational frameworks for the Councils participation in partnerships or joint working arrangements with other local public, private, voluntary and community sector organisations. This includes the arrangements for delegation to officers and the detailed arrangements for the provision of both financial and physical resources by the Council.
- E.3 The Executive can delegate functions - including those relating to partnerships - to Officers. These are set out in the scheme of delegation that forms part of the authority's constitution. Where functions are delegated, the Executive remains accountable for them to the full Council.
- E.4 The Head of Paid Service represents the authority on partnership and external bodies, in accordance with the scheme of delegation.
- E.5 The Section 151 Officer and Monitoring Officer are responsible for promoting and maintaining the same high standards of conduct with regard to legal and financial administration and accounting arrangements in partnerships that apply throughout the authority. They shall also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They shall ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E.6 Directors and Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.
- E.7 Before entering into any external arrangements, advice and guidance shall be sought from the Monitoring Officer and Section 151 Officer.

External Funding

- E.8 The Section 151 Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

Work For Third Parties

- E.9 The Head of Paid Service is responsible for providing specific guidance to Directors and Managers in respect of the provision of contractual arrangements for the provision of services, third parties or external bodies.

DELEGATION SUMMARY

Virements & Supplementary Estimates

Virements can take place provided that they do not involve new policy or policy change and do not involve an increasing commitment in future years that cannot be contained within existing budgets. They must be done in consultation with the s151 Officer.

THRESHOLD	APPROVALS REQUIRED	
	Transfers Within Portfolio	Transfers Between Portfolios
Up to £20,000	Manager	Manager (in consultation with Director)
Between £20,000 and £50,000	Portfolio (Exec Cllr) Decision (in consultation with Director)	Portfolio (Exec Cllr) Decision (in consultation with Director)
Over £50,000	Executive Decision	Executive Decision
Supplementary Estimates - ALL	Executive Recommendation to Full Council	Executive Recommendation to Full Council

Write-Offs

THRESHOLD	APPROVALS REQUIRED	
	SUNDRY DEBTORS	REVENUES (Ctax, NNDR etc)
SUNDRY DEBTORS Up to £5,000	Section 151 Officer	Section 151 Officer
Between £5,000 and £10,000	Head of Paid Service	Section 151 Officer
Over £10,000	Executive Decision	Section 151 Officer

Constitution Framework		Type of Changes made	Future Revision Mechanism
Part 1	Summary and Explanation		
Part 2	Articles of the Constitution	Some textual changes; no issues of principle	Will need Full Council approval
Article 1	The Constitution		
Article 2	Members of The Council		
Article 3	Citizens and the Council		
Article 4	The Full Council		
Article 5	Chairing the Council		
Article 6	Overview/Scrutiny Comms		
Article 7	The Executive		
Article 8	Regulatory & other Comms		
Article 9	The Standards Committee		
Article 10	Area Committees & Forums		
Article 11	Joint Arrangements		
Article 12	Officers		
Article 13	Decision Making		
Article 14	Finance, Contract, Legal Matters		
Article 15	Review /Revision of the Constitution		
Article 16	Suspension, Interpretation and Publication of the Constitution		
Article 17	Schedule 1 - Description of Executive Arrangements		
Part 3	Responsibility for Functions - Scheme of Delegations		
Section 1	The Powers of Full Council	Minor textual changes	Substantial changes – Full Council. Changes in legislation or where formal delegation or re-delegation needed –

			Monitoring Officer
Section 2	Regulatory Powers/Council	Some additions/adjustments needed to officer powers resulting from legislative changes	Changes in legislation or where formal delegation or re-delegation needed – Monitoring Officer. Otherwise – Corporate Governance Committee
Section 3	Executive Powers	This is a record of the portfolios allocated by the Leader. The Constitution is not the primary document but instead acts as a record of what has been effected elsewhere	Monitoring Officer to receive changes notified by Leader in portfolios and Executive Councillors and to update Constitution
Section 4	Delegations to Executive Councillors and Officers	Officer delegations have been updated to take account of legislative changes or to internal structures and titles – or where Constitution merely reflects changes made elsewhere – such as with the Planning Committee Delegation Scheme	
Part 4	Rules of Procedure		
	Standing Orders (Debate)	No changes made so far. Proposal that notice needed for certain types of amendment at full Council. Will come to future CG Committee	Other than minor text changes these will need approval of CG and Council
	Access to Information Procedure Rules	The law has changed as to “exempt information”. Needs to be reflected in Constitution as a “slot-in”	Other than legislative or text changes (Monitoring Officer) this will need CG Committee

Budget and Policy Framework Procedure Rules	No changes – other than with titles	CG Committee and probably Council needed
Executive Procedure Rules	No changes made	This part will need significant changes following the 2007 Act and the enhanced powers of the Leader. Apart from other minor changes that may occur (Monitoring Officer), this will require CG Committee and Full Council
Procedure Rules for Review Board and Panels	Some minor changes to the “call-in” mechanism reflecting member decisions. This part awaits the outcome of the Scrutiny Pilot. It will need a substantial re-write if a new structure is adopted by the Council.	General power for the Monitoring Officer to correct textuals and to reflect changes agreed elsewhere.
The Financial Regulations	Shirlene Adam as S151 Officer has updated these (see App 1)	The power to vary should be delegated to the S 151 Officer
The Financial Procedures	These are internal procedures which are updated by S151 Officer as and when needed. Their current wording is reflected in the Constitution	The power to vary should be confirmed as being one for the S 151 Officer
Contract Standing Orders	A range of internal structural and post title changes need to be made to reflect the current officer roles	Issues of principle or financial limits should be matters for the CG Committee; internal delegation arrangements should be dealt with by the Monitoring Officer
Officer Employment Procedure Rules	These are heavily based on	

	statute and reflect the legal duties which the Council has towards the three “Statutory Officers” (The CE, S151	
Part 5	Codes and Protocols	
	Member’s Code of Conduct	
	Employee Code Of Conduct	
	Protocol For Member/Officer Relations	
Part 6	Members' Allowances Scheme	
Part 7	Management Structure	
Part 8	Our Councillors and their Wards	

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 17 MARCH 2008

REPORT OF CORPORATE GOVERNANCE DIRECTOR

Governance Code of Taunton Deane Borough Council

1. What is Corporate Governance?

Governance is about how the Council ensures that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes - together with the cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.

Organisations with good corporate governance have the capacity to maintain high quality services and to deliver improvement. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

This Code is drawn from the CIPFA/SOLACE Guidance “*Good Governance in Local Government - A Framework*” which replaces and is more comprehensive than the previous guidance issues in 2001

2. Principles of Good Corporate Governance

Within the CIPFA/SOLACE Guidance, Six Principles of Corporate Governance are defined against which we need to judge the Council’s arrangements. These are:-

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area - **Community Focus**
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles – **Service Delivery Arrangements**
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour - **Standards of Conduct**
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk – **Effective decision making**

5. Developing the capacity and capability of members and officers to be effective **Capacity and capability**;
6. Engaging with local people and other stakeholders to ensure robust public accountability - **Accountability**

This Good Governance Code sets out the six core principles and against each outlines the approach that the Council is committed to achieve those principles and the actions that we need to take.

The Code goes on to highlight those areas where the Council plans to focus its attention so as maintain (or attain) these standards in the future. When fully developed these items will be picked up in an action plan attached to the Code which will then be updated on a regular basis.

3. Why do we need a Code?

The Code is designed to:-

- Show how Taunton Deane meets these principles of good governance
- Form the basis of our *Annual Governance Statement* (“AGS”)
- Act as the baseline for our action plan aimed at improving our arrangements for good corporate governance.
- Raise awareness both within and the Council and our community of the importance that we attach to corporate governance
- Act as a marker against which we can monitor our progress

A draft Code of Corporate Governance is attached at Appendix A.

By the Council approving this Good Governance Code, this will operate as a commitment that it will be upheld by its members, staff, partners and stakeholders. The Code will also be published on the Council's website.

4. What is the Annual Governance Statement (AGS)?

The Annual Governance Statement (AGS) is published annually by the Council. It is a comprehensive statement signed by the Leader and Chief Executive and sets out to account for the current quality of our governance arrangements. It also openly highlights those aspects to which we still need to pay especial attention over the coming year.

5. Annual Review of Corporate Governance Arrangements

In addition to having such a local Code of Governance, the Accounts and Audit Regulations now require every council to produce an Annual Governance Statement (“AGS”) (which replaces the Statement of Internal Control). This is a comprehensive statement signed by the Leader and Chief Executive and aims to account for the current quality of our governance arrangements. It also openly highlights those aspects to which we still need to pay especial attention over the coming year

In order to produce the AGS, there will need to be a formal annual review of our governance arrangements so as to provide assurance that they are adequate and operating effectively or to identify actions needed to be taken so as to ensure effective governance in the future.

6. What happens now?

Assuming that the Council agrees to adopt the Code, work will then start through a corporate review team of officers and members in testing our systems against this framework over the next few months. This will result in a report to CMT and to the Corporate Governance Committee in June together with a draft of the AGS. In future years, this Committee will have the lead role as part of what will be an ongoing review and it will receive reports on progress made in the improvement of our governance arrangements and on any weaknesses found

7. Recommendation

The Committee is therefore asked to recommend Council to:-

- adopt the attached Code of Governance,
- authorise this Committee to
 - agree the Council's future Annual Governance Statements
 - regularly monitor our effectiveness against the Code

JEREMY THORNBERRY
MONITORING OFFICER/CORPORATE GOVERNANCE DIRECTOR

10 March 2008 (jjt/apf)

Contact: Jeremy Thornberry, Monitoring Officer/Corporate Governance Director
Telephone: 01823-356406. (Internal extension 2302)
Email: j.thornberry@tauntondeane.gov.uk

TAUNTON DEANE BOROUGH COUNCIL – GOVERNANCE CODE

Principle 1
Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area

	Our commitment:-	How will we do that?
1.1	Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users.	<p>Develop and promote the Council's purpose and vision.</p> <p>Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements.</p> <p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners. Publish an Annual Report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.</p>
1.2	Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning	<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery</p>
1.3	Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.	<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively</p> <p>Measure the environmental impact of policies, plans and decisions</p>

Principle 2
Members and officers working together to achieve a common purpose with clearly defined functions and roles.

	Our commitment:-	How will we do that?
2.1	Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	<p>Set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's members individually and the Council's approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of other Council Members, Members generally and of senior officers.</p>
2.2	Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard	<p>Determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.</p> <p>Make a Chief Executive or equivalent responsible and accountable to the Council for all aspects of operational management.</p> <p>Develop protocols to ensure that the Leader and Chief Executive (or equivalents) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>Make a senior Officer (usually the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with</p>
2.3	Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.	<p>Develop protocols to ensure effective communication between Members and Officers in their respective roles</p> <p>Set out the terms and conditions for remuneration of Members and Officers and an effective structure for managing the process, including an effective Remuneration Panel (if applicable).</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>

Principle 3
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

	Our commitment:-	How will we do that?
3.1	Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.
		Ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the aCouncil, its partners and the community are defined and communicated through Codes of Conduct and Protocols.
		Put in place arrangements to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.
3.2	Ensuring that organizational values are put into practice and are effective.	Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.
		Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.
		Develop and maintain an effective Standards Committee.
		Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council.
		In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

Principle 4
Taking informed and transparent decisions which are subject to effective scrutiny and management risk

	Our commitment:-	How will we do that?
4.1	Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible.
		Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
		Put in place arrangements to safeguard Members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.
		Develop and maintain an effective Corporate Governance Panel which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a Committee
		Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints
4.2	Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Ensure that those making decisions whether for the Council or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications
		Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately
4.3	Ensuring that an effective risk management system is in place.	Ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their jobs

		Ensure that effective arrangements for whistle-blowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access.
4.4	Using their legal powers to the full benefit of the citizens and communities in their area.	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities
		Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law.
		Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision making processes

Principle 5
Developing the capacity and capability of members and officers to be effective

	Our commitment:-	How will we do that?
5.1	Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.	Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis.
		Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council
5.2	Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	Assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively
		Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
		Ensure that effective arrangements are in place for reviewing the performance of the

		Executive as a whole and of individual Members and agreeing an action plan which might, for example, aim to address any training or development needs.
5.3	Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	<p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.</p> <p>Ensure that career structures are in place for Members and Officers to encourage participation and development.</p>

Principle 6
Engaging with local people and other stakeholders to ensure robust public accountability

	Our commitment:-	How will we do that?
6.1	Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.	<p>Make clear to themselves, all staff and the community to whom they are accountable and for what.</p> <p>Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required</p> <p>Produce an annual report on the activity of the scrutiny function.</p>
6.2	Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning.	<p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively</p> <p>Hold meetings in public unless there are good reasons for confidentiality. Ensure that arrangements are in place to enable the Council to engage with all sections of the community</p>

		effectively.
		These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands
		Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.
		On an annual basis, publish a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.
		Ensure that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
6.3	Making best use of human resources by taking an active and planned approach to meet responsibility to staff.	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 17 MARCH 2008

REPORT OF CORPORATE GOVERNANCE DIRECTOR

REVIEW OF THE COUNCIL'S RISK MANAGEMENT

1. REPORT PURPOSE

To provide an update on progress on Risk Management.

2. BACKGROUND

At the last meeting I promised to let the Committee have a brief update on where we are with the Corporate Risk Register.

3. WHERE ARE WE NOW?

In January 2007, on the recommendation of this committee, the Executive adopted the current policy document - "Risk Management Strategy, Policy and Procedures". At the time the Strategy was accepted by the Audit Commission to be an example of best practice. It reinforced the importance which the Council has placed on the part played by risk management in its corporate governance. It acted as a brief for managers and members as to how it the works and also identified those individuals who carry responsibility within the Council for it. It was emphasised as being essential that the ethos should become embedded within both member and officer structures. The corporate register of high level risks is one which CMT is charged with maintaining.

Since the approval of the RM Strategy, there have been a number of significant changes affecting both service delivery and our structures. We The Council has also recently adopted our revised Corporate Strategy.

Now that these changes are in place, CMT has been able to carry out a full review of the register of these Corporate Risks. A new register is currently being compiled and will form the basis for the action plans which are necessary to moderate those risks. This work will be shared with the Committee at its next meeting.

4. RECOMMENDATION

The Committee is asked to note this report.

JEREMY THORBERRY
MONITORING OFFICER/CORPORATE GOVERNANCE DIRECTOR

Contact: Jeremy Thornberry, Monitoring Officer/Corporate Governance Director
Telephone: 01823-356406. (Internal extension 2302)
Email: j.thornberry@tauntondeane.gov.uk

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 17th MARCH 2008

INTERNAL AUDIT PLAN 2008/09

REPORT OF THE GROUP AUDITOR (this matter is the responsibility of Councillor Williams, the Leader of the Council)

EXECUTIVE SUMMARY

This report seeks the approval of the Committee for the 2008/09 Audit Plan in order that Internal Audit can continue to meet the emerging needs of the Council.

1. Purpose of Report

1.1 To agree the Annual Audit Plan for 2008/09.

2. Background

2.1 Internal Audit at Taunton Deane Borough Council operates in accordance with the Standards of the Institute of Internal Auditors and the CIPFA Code of Practice. Our proposed Audit Plan for 2008/09 is included in section 4 of this report. This shows the service area to be reviewed and the nature of the review. The Annual Audit Plan has been shared with Senior Management to seek their comments on the proposed coverage for the year. The detailed scope and objective of each assignment and the start date, will be agreed with the relevant Manager prior to the commencement of each audit.

3. Purpose of the Annual Audit Plan

3.1 The Annual Audit Plan has been drawn up to reflect the wide range of work undertaken by the Internal Audit Section, including:

- Audit of the Council's main financial systems on a annual basis;
- Audit of services at least once within the four year cycle;
- Provision of advice on corporate management activities such as Risk Management, Information Management and Corporate Governance issues;
- Undertaking a programme of specialist contract, computer audits and Value for Money Studies;
- Completing special investigations to meet management requirements;
- Provision of day to day advice to managers on financial and control issues;

4. The 2008/09 Annual Audit Plan

4.1 Managed Audits – The Audit Commission places reliance on Internal Audit coverage of a programme of audits of the Council's key financial systems, and requires assurance that adequate testing of the systems has been undertaken. Managed audits are completed to assist the External Auditor in their assessment of the Council's financial control environment. The reviews for Council Tax, Payroll and Treasury Management have been incorporated into the Operational Audits below. The following audits will be completed in 2008/09:-

Capital Accounting, Creditors, Debtors, Housing Benefits, Housing Rents, Main Accounting and NNDR.

Operational Audits - Operational Audits are a detailed evaluation of a services control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. The following reviews will be completed this year:-

Corporate Policy & Performance, Council Tax, Development Control, Economic Development, Homelessness, Housing Sales, Insurances, Information Systems, Partnership Arrangements, Payroll, Procurement, Stores, Transport Policy, Treasury Management.

Other areas of work – Internal Audit will also undertake work in the following areas:-

Special Reviews, Corporate Advice, Corporate Meetings, liaison with the Council's External Auditors, General Advice, Cash Spot Checks, Contract Audit

5. Recommendation

5.1 To agree the Annual Audit Plan for 2008/09.

Background Papers

There are no background papers.

Contact Officer:

Chris Gunn - Group Auditor – South West Audit Partnership
01823 356417 chris.gunn@southwestaudit.gov.uk

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 17th March 2008

INTERNAL AUDIT PLAN 07/08 – PROGRESS REVIEW

REPORT OF THE GROUP AUDITOR (South West Audit Partnership) This matter is the responsibility of Councillor Williams, the Leader of the Council.

EXECUTIVE SUMMARY

This report highlights significant findings and recommendations that have occurred since the Committee last considered the findings of Internal Audit reports in December 2007.

1. Purpose of Report

To provide members with update on the activities of the Internal Audit team for the period December 2007 to March 2008.

2. Work undertaken by Internal Audit December 2007 to March 2008

Operational Audits - Operational audits are a detailed evaluation of a service or functions control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated. For Operational Audits SWAP aim to provide management and Members with a level of assurance on the robustness of the internal control environment. The following categories of assurance have been agreed:

<p>▲ ★ ★ ★ Full Assurance</p>	<p>The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively at all times and risks against the achievement of objectives are well managed.</p>
<p>▲ ★ ★ ★ Reasonable Assurance</p>	<p>Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives</p>
<p>▲ ★ ★ ★ Partial Assurance</p>	<p>Most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>
<p>▲ ★ ★ ★ No Assurance</p>	<p>The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p>

Only 1 operational audit has been finalised since the Committee last met in December 2007 as below:-.

Housing Rents - ▲★★★ **Partial Assurance** - Although many of the areas tested were found to be well controlled there were some significant weaknesses including tenancy post inspection visits and the Council's poor performance in the collection of Housing Rent arrears. Although performance had stabilised during 2006/07 it has fallen during the first quarter of 2007/08. The collection of Housing Rents is fundamental in the provision of the service, it is hoped that once the implementation of the new Academy System has been concluded management will be able to refocus their efforts on the collection of arrears.

Managed Audits – The Managed Audit process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. Managed audits are completed to assist the External Auditors in their assessment of the Council's financial control environment.

1 Managed audit has been completed by SWAP - Treasury Management - All of the areas reviewed were found to be well controlled.

The remaining 6 managed audit reviews are at draft report stage and final reports are in the process of being agreed with management as follows:-

Audit area
Debtors - Draft
Payroll - Draft
NNDR - Draft
Capital Accounting - Draft
Council Tax - Draft
Creditors - Draft

Other work

During the last quarter SWAP undertook the following reviews:-

Concessionary Travel - Weaknesses were identified in the processes for checking the accuracy of the concessionary travel pass usage figures supplied by bus companies. The main issues requiring management attention were that there is insufficient independent checking of bus company usage data and a lack of understanding within Districts / Somerset County Council on how bus companies charge the Councils for concessionary fare usage.

Brewhouse – Weaknesses identified during the review included the poor state of financial and management governance in place within the Brewhouse. However it should be noted subsequent discussions with management and board of the Brewhouse has revealed that they are actively putting in place changes to strengthen the financial management and governance arrangements. The second issue was

the inability of the Council to act more vigorously when the true state of the Brewhouse's finances became apparent. Once again since the review it has been noticed that officers are successfully engaging with the Brewhouse to establish positive frameworks to define the nature and scope of activities to be undertaken in return for continued grant funding.

Details of these findings are contained within the main body of this report.

4. Quarter 4 Workload

The following reviews from the 2007/08 audit plan are in progress for quarter 4:-

Audit area	Type of review	Progress
Health & Safety at Work	Operational Review	Testing
Democratic Services	Operational Review	Testing
Housing Repairs	Operational Review	Testing
Cemetery & Crematorium	Operational Review	Testing
Housing Benefits Fraud	Operational Review	Draft Report
Renovation Grants	Operational Review	Testing

5. Recommendation

The Committee should note the content of this report.

Contact Officer:-

Chris Gunn - Group Auditor – South West Audit Partnership
01823 356417 chris.gunn@southwestaudit.gov.uk

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 17 MARCH 2008

REPORT OF THE CORPORATE PERFORMANCE OFFICER

This matter is the responsibility of Ross Henley (Leader of the Council)

UPDATE ON CORPORATE IMPROVEMENT PLAN

Executive Summary

This report details the 2007/08 Corporate Improvement Plan, highlighting progress against key improvement areas for the Council and 'Use of Resources' weaknesses. These have both been identified through Audit Commission inspections.

1. Background

1.1 The Audit Commission undertakes an annual assessment of the Council to review our Use of Resources. This evaluates how well we manage and use our financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services. Five themes are covered which are outlined below.

The inspection also covers our 'Direction of Travel' and examines our overall performance, progress against our Corporate Aims and our accounts and governance arrangements. The Audit Commission reports its findings in an Annual Audit and Inspection Letter (AAIL). The 2007 AAIL can be viewed through the following web-link:

<http://www.tauntondeane.gov.uk/tdbc sites/polperf/annualauditandinspectionletter.s.asp>.

1.2 In December 2007 the Audit Commission scored us 3 out of 4 overall for Use of Resources, for the period 2006/07 with the following breakdown.

Theme	Assessment
Financial Reporting	3 out of 4
Financial Management	3 out of 4
Financial Standing	3 out of 4
Internal Control	2 out of 4
Value for Money	3 out of 4
Overall	3 out of 4

This was the same breakdown and score as we received in 2006. To put this into context we are still ranked amongst the top four in the South West and are in the top quartile of all 238 District Councils.

1.3 As part of our Performance Management Framework, we used the AAIL and Use of Resources assessment to identify our weaknesses and formulate a Corporate Improvement Plan. We agreed this improvement plan with relevant managers and officers and then monitored progress on a six-monthly basis. This Improvement Plan was last taken to the Corporate Governance Committee in June 2007.

2. The Improvement Plan

2.1 Following the AAIL March 2007 letter and our updated Use of Resources feedback in December 2007, the Improvement Plan has been revised. This is attached as Appendix A.

2.2 The first page of the Improvement Plan (points 6.1 to 6.9) outlines nine key Council Improvement areas identified from the March 2007 Annual Audit inspection Letter. A number of these have now been addressed.

2.3 The following pages 3 to 12 of the Improvement Plan identify 54 areas for improvement under 'Use of Resources' with progress to date outlined. Weaknesses that are shaded on the right hand column are those that we need to demonstrate progress against in order to retain our scores for 2007/08. The main areas of weaknesses to address relate to the following areas:

- Partnerships – financial performance and value for money of partnerships
- Asset management – the effectiveness of this
- Financial standing and reserves
- Up to date action plans against corporate risks

Other weaknesses listed for each of the categories are not critical but those that are seen as achievable have been updated by the relevant officers.

3. 2007/08 Timetable

Given the stricter criteria for 2007/08 and the inspection taking place in April/May the aim is to ensure that we retain our current score of Use of Resources. This will be a challenge given the additional resource implications for Southwest One and Pioneer Somerset. The 2007/08 AAIL will be issued shortly by the Audit Commission and we will use this to identify priorities and refocus the Improvement Plan. We will report back to the Corporate Governance Committee on progress against this in September 2008.

4. Recommendation

4.1 The Corporate Governance Committee is requested to note progress against the Corporate Improvement Plan and to raise any concerns identified.

Contact Officer

Michelle Hale Corporate Performance Officer 01823 356397

m.hale@tauntondeane.gov.uk

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales	
ANNUAL AUDIT INSPECTION LETTER FEEDBACK							
PERFORMANCE MANAGEMENT							
6.1	Review systems for producing performance indicators, focussing initially on those it has identified as the key indicators	S Lewis/ MHale	AAIL	Robust data systems used for the calculation of performance indicators	We spent a lot of time in 2007/08 reviewing systems for collecting all BVPIs, training responsible staff and explaining data quality responsibilities. Plus managers reminded for Service Plans. Plus meetings with services to improve data quality and coaching of members panel to challenge data quality	Implement recommendations from the 2006/07 Data Quality Audit, including rolling out a data quality policy	2008/09
PARTNERSHIPS							
6.2	The effectiveness of less formal partnerships and use of grants is still not being fully evaluated	B Cleere/ J Chipp	AAIL	Reports produced and actioned which demonstrate effectiveness of partnerships and use of grants. SLAs in place and "Fit for purpose" LSP from Jan 07. Also 'Somerset Compact' operating effectively	Formal evaluation of grants to key voluntary sector bodies has been undertaken. We have a template in place to assess VCS organisations and their contribution to our Corporate Aims. All our key partnerships are evaluated and monitored. Partnerships will be reviewed in future to align to the LAA and 35 national targets. We now also evaluate grants provided, with different requirements depending on value	The LSP will be operating under new governance arrangements from June 2007. We need to review partnerships and SLAs to ensure their actions support key local priorities in the sustainable Community Strategy that feed into wider LAA targets. They will demonstrate clear alignment to the 35 national targets. Further work to strengthen performance management of grants to other bodies supported by TDBC is also planned (through the Ext Funding Group).	2008/09
BUDGET MONITORING							
6.3	Monitor general fund expenditure very closely for the remainder of this year and throughout 2007-08, so that the Council can agree timely and effective action in response to any further overspendings against budget that arise	P Carter	AAIL	Agreement of effective action in response to overspends and any budget problems	Managers monitor budgets monthly and we report the position quarterly to the Strategy and Performance panel. At Q1 we identified an overspend of £370k due to concessionary travel and homelessness. Action was taken which has reduced this to £120k for Qtr 2 and should bring the budget in line for year-end. We continue to monitor the position closely	Managers monitor budgets monthly and we report the position quarterly to the Strategy and Performance panel, and monthly to the Core Council managers group and the Councils Chief Finance Officer. Budget Monitoring reports will identify solutions.	2007/08

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
6.4 Carry out a thorough review of working balances on the HRA, taking account of the key financial risks the Council faces locally, to ensure these are maintained at adequate levels throughout the period of its medium term financial plan	P Carter	AAIL	Maintain appropriate levels of HRA working balance	We have set a HRA budget for the period up to and after the Decent Homes deadline. This will draw down on the HRA working balance but remains above our set minimum of £150 per dwelling. When balances are used to fund on-off spend then we continue to ensure that reserves are repaid. All key financial changes are reflected in the HRA MTFP.	This will be reviewed following the 2007/08 outturn. NB the 2007/08 budget monitoring exercise has highlighted an increase in the expected working balance due to underspends	Jun-08
COMMUNICATION						
6.5 Ensure clarity and communication of the high level efficiency aims and workforce implications of the large scale transformation projects	S Adam	AAIL	Clear understanding across the organisation and across stakeholders of the aims and impact of transformation projects	Regular newsletters and briefings (in-scope and out of scope) ensure staff understand the rationale and implications of SW1. In-scope staff have been briefed in depth on employment choices. All SWP staff have had regular briefings.	Regular updates are provided via Core Brief and dedicated ISIS newsletters. The transformation projects are progressing - and a selection of in and out of scope managers and staff are involved in that scoping exercise.	Ongoing

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
AFFORDABLE HOUSING						
6.6 Provide and enable the development of more affordable houses to meet identified need	L Webb / S Adam	AAIL	An increase in the development of affordable housing for residents	There are clear improvements in the numbers of affordable homes in the development pipeline (53 completed in 2006/07; 148 projected for 2007/08 and some excellent opportunities for 2008/09). Councillors are exploring new approaches in a Task and Finish review	We are consulting residents on plans to develop a site in Enmore Road and Wellsprings Road for affordable housing. Outline planning permission has been granted at Cades Farm, Wellington for a residential development that should deliver 100 affordable homes. Continue progress for new schemes to fund housing without grant.	2007/08
CUSTOMER SERVICE						
6.7 The vision for the level of customer service lacks clarity. For example, it is not clear what level of customer satisfaction the Council is aiming for, or how it will develop its enabling role.	C Bramley	AAIL	Clear Customer Service standards communicated to customers and staff	We have developed new customer service standards and are benchmarking existing customer satisfaction. We also introduced new contact standards in April 2007	Further communication and monitoring of customer service standards across the organisation. Further development of the standards will take place on an on-going basis, monitoring methods being reviewed.	2007/08
SCRUTINY						
6.8 Scrutiny to date has had limited success in external results	S Lewis	AAIL	Scrutiny embedded within the council and no longer seen as a 'weakness'. Scrutiny drives innovation and improvement.	We now have a Scrutiny pilot running with a focus on Task and Finish working. This will deliver robust recommendations that should lead to tangible outcomes for the community	Continue to develop Scrutiny and move towards more Task and Finish reviews with more tangible outcomes. The Corporate Project on Scrutiny started in June 2007 and will be completed with improved outcomes by Dec 08	Dec-08
LEADERSHIP						
6.9 The Council is considering a number of arrangements to work more closely with other councils in Somerset. A great deal of management and councillor capacity is being used in dealing with these proposals and the final outcome is unclear.	P James	AAIL	Clear direction, focus on outcomes and deployment of resources to achieve these outcomes. The outcome will be to deliver Pioneer Somerset a model of enhanced two-tier working	The Chief Executives of the Somerset Councils have agreed to take forward a proposal for shared service delivery. We have submitted a bid to LIFT SW for financial support for capacity to develop this joint working approach. We have begun to investigate service areas where collaborative working can be started. E.g. Environmental Health, Building Control, Depot (shared working with Sedgemoor), Strategic Housing	Develop Pioneer Somerset over 2008 starting to deliver services on a county-wide basis where appropriate to residents.	2008/09

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales	
FINANCIAL REPORTING - How good are the Council's financial accounting and reporting arrangements?							
1.1 The council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers							
1.2 The Council promotes external accountability							
1.1	Ensure the fixed asset register includes adequate information on equipment and housing infrastructure	P Carter	UoR Feedback	March 07 feedback: this has dropped from a 4 to a 3	Infrastructure and equipment asset list now produced	action to produce further breakdown of the assets within the asset register. SW1 considering purchasing specialist asset accounting software as a result of SORP changes for 2007/08	May-08
1.1.12	LEVEL 4: The accounts presented for audit contained only 'trifling' errors and misstatements which did not require reporting to those charged with governance or adjustment	P Carter		March 07 feedback: non trifling errors in 2005-06 re: fixed assets	2007/08 closedown timetable being prepared which incorporate actions to cover off areas which led to 2006/07 errors	Complete accounts for 2007/08	Jun-07
1.1.13	LEVEL 4: The quality of working papers provided was exemplary	P Carter		See above re: fixed asset wps	2007/08 closedown timetable being prepared which details the list of working papers required. We have also spoken to our external auditor to agree custom working papers where these do not exactly fit with the AC standard list of WPs	Complete WPs for 2007/08	Jun-07
1.2.4	LEVEL 3: A process of consultation has been carried out with a range of stakeholders to establish their requirements in respect of the publication of summary accounts or an annual report	P Carter		March 07 feedback: need to demonstrate that there has been consultation with a range of stakeholders	Letter sent annual to Parish Councils, key stakeholders and councillors requested their views on summary accounts	Continue as present	-
1.2.5	LEVEL 3: The council publishes summary accounts that are intelligible and accessible to members of the public	P Carter		March 07 feedback: need to publish the summary accounts on a timely basis	The annual report published summary information and signposts more detailed summary and full accounts available in public places and website. Summary accounts produced and were regarded as an example of best practice by the AC for 2007/08	Ongoing. The 2007 Annual Report has been strengthened and contains summary financial information	-
1.2.6	LEVEL 3: The most recent published accounts, in either full or summary format, are available on the council's website	P Carter		March 07 feedback: accounts should be on the website shortly after the opinion is given	Currently on the website	Continue as present, 06/07 accounts on the website. 07/08 timetable includes web publication of draft and audited accounts	-
1.2.8	LEVEL 4: The council publishes an annual report or similar document which includes summary accounts and an explanation of key financial information and technical terms designed to be understandable by members of the public.	P Carter	UoR Feedback	Summary accounts and key financial information produced in a report, easily accessible to the public.	The latest annual report (2007/08) included summary financial information on the General Fund, HRA, revenue and capital expenditure, our balance sheet and progress against efficiency targets	Continue with existing format and improve content	April 2008 for June publication

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales	
FINANCIAL MANAGEMENT							
2.1 The council's medium-term financial strategy/plan, budgets and capital programme are soundly based and designed to deliver its strategic priorities							
2.2 The organisation manages performance against budgets							
2.3 The council manages its asset base							
2.1.15	LEVEL 3: The corporate business plan projects forward at least three years and takes account each of the following: - risk assessments and financial contingency planning - sensitivity analysis	P Carter	UoR Feedback	March 07 feedback: need evidence of financial contingency plans in response to budget risks identified, and use of sensitivity analysis in relation to variations in demand for services	Sensitivity analysis is built into the MTFP (which covers 5 years)	New Medium Term Financial Plan to include risk update	Apr-08
2.1.21	LEVEL 4: The medium term financial strategy describes in financial terms joint plans agreed with partners and other stakeholders	P Carter		Medium Term Financial Plans will describe joint plans		Will highlight changes to partnership funding arrangements in MTFP	Apr-08
2.1.25	LEVEL 4: The council monitors and can demonstrate how its financial plans and strategies have contributed to the achievement of its corporate objectives	P Carter		March 07 feedback: no structured process for evaluating impact of past financial plans on achievement of objectives	Outturn performance report highlighted how investment in services had contributed towards achieving corporate goals	Continue with existing format	2007/08 update to be done after closedown
2.2.12	LEVEL 2: The financial performance of partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon.	B Cleere/ J Chipp		March 07 feedback: Some good individual examples of this, but overall, more needs to be done to identify priorities and outcome-focussed PIs for partnerships	Many key partnerships to provide financial information (e.g. CDRP, Tone Leisure, SWAP etc)	Review partnerships to ensure their actions support key local priorities in the sustainable Community Strategy that feed into wider LAA targets.	2007/08
2.2.13	LEVEL 3: The council's financial information systems have flexible reporting tools to enable specialist reports to be designed	P Carter		March 07 feedback: still non bold, ageing FMS	More flexible reporting tools introduced following ISIS allowing specialist reports to be designed	Awaiting SAP implementation however fixed asset accounting software to be purchased to assist with 07/08 SORP changes to fixed assets	2007/08
2.2.15	LEVEL 3: There is a regular training programme providing training on financial issues for members and non-finance staff	P Carter		March 07 feedback: there needs to be an organised programme of training	Regular training has been arranged for both members and officers on LG finance	Continue with bite sized workshops in 08/09	ongoing
2.2.21	LEVEL 4: The council ensures through regular testing of its financial systems that the report outputs are timely, accurate, reliable, clear, in a convenient format (hard copy and online, in summary and in detail, as appropriate) and readily understood by their recipients	P Carter		Ageing FMS	-	Awaiting SAP implementation however fixed asset accounting software to be purchased to assist with 07/08 SORP changes to fixed assets	2008/09
2.2.22	LEVEL 4: The Executive has reviewed its effectiveness and the leadership it provides with regard to financial management, and is taking appropriate action to address areas of weakness	S Adam		Need evidence of such a review	-	-	-
2.2.24	LEVEL 4: The council consults with, advises and train users so that it develops and provides the financial information systems to meet their needs.	P Carter		March 07 feedback: Y but need evidence of improvements in response to consultation	We undertake various training and advice	Awaiting SAP implementation - the SAP project team will involve users in system design and use	Ongoing
2.2.25	LEVEL 4: Savings and efficiency gains are profiled over the year and there is monitoring throughout the period by members to ensure their achievement	P Carter		March 07 feedback: are they profiled?	Feedback provided to members on Annual Efficient Statement on progress	AES reporting process to be discontinued in 08/09 - therefore not relevant past 07/08 outturn	Ongoing

CPA Improvement Plan for Use of Resources 2007

	Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
2.3.3	LEVEL 2: The council maintains an up to date asset register	G Stark / P Carter		March 07 feedback: Y but weaknesses in asset register identified last year - are these being addressed?	We continue to maintain an up to date asset register. We are looking to develop the infrastructure and equipment data through Southwest One. Southwest One are currently looking at how we keep our records and identifying how they intend to move forward.	Fixed asset accounting software to be purchased to assist with 07/08 SORP changes to fixed assets	May-08

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
2.3.11 LEVEL 3: The council has developed a set of local performance measures in relation to assets that link asset use to corporate objectives	G Stark / S Lewis		March 07 feedback: Need to demonstrate that now using a set of local Pis to evaluate performance	A new set of local performance measures have been discussed for introduction in 2008. These will be determined when the property output spec of Southwest One is confirmed to ensure joined up reporting.	Determine new local performance measures ready for collection in 08-09 when property output spec of Southwest One is complete.	Apr-08
2.3.12 LEVEL 3: The council makes investment and disposal decisions based on thorough option appraisal and whole life costing	G Stark / P Carter	UOR Assessment	March 07 feedback: Need to show that WLC is being used routinely	We have some good examples e.g. Greenslade Taylor Hunt options appraisal of Nursery site. We carry out thorough options appraisals as a matter of course for all investment and disposal decisions.	To continue.	-
2.3.13 LEVEL 4: Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities	G Stark / S Lewis		A clear understanding of how assets support the corporate aims	We have identified some Best Practice and are agreeing benchmarking through the Somerset Procurement Group.	To identify Best Practice and incorporate into Asset Management Practise and the AMP	May-07
2.3.14 LEVEL 4: The results of performance measurement and benchmarking are communicated to stakeholders where relevant	G Stark		Benchmarking information is communicated, reported and acted upon	We have agreed benchmarking arrangements across the Somerset Procurement Group. Portfolio Holders, Directors and staff have an improved understanding of how assets support the corporate aims.	Await Southwest One	-
2.3.15 LEVEL 4: The council has developed an approach for the co-ordination of asset management information and its integration with relevant organisation financial information	G Stark		A robust framework in place for asset decisions	-	Await Southwest One	-
FINANCIAL STANDING						
3.1 The Council manages its spending within the available resources						
3.1.2 LEVEL 2: The council maintains its overall spending within budget	P Carter		March 07 feedback: forecast overspend in 2006-07	We have identified an overspend for 2007/08 - due to concessionary fares and homelessness overspends	Recruitment freeze in place for 07/08 and 08/09 - expected overspend now £228K. Supplementary estimates requested from full council for £150k of this	to be reviewed at 07/08 outturn
3.1.3 LEVEL 2: The council has a policy on the level and nature of reserves and balances it needs that has been approved by members and reflected in the budget and medium-term financial strategy	S Adam		March 07 feedback: need to demonstrate that the policy is reviewed annually	Financial strategy in place, we have recently reviewed the reserves	The council's financial strategy will be reviewed in early 2008. The current policy on "reserves" which was agreed in April 2004 will be revisited at this point.	January/ February 2008

CPA Improvement Plan for Use of Resources 2007

	Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
3.1.8	LEVEL 2: The council sets and monitors targets for income collection and recovery of arrears, based on age profile of debt	H Tiso		March 07 feedback: Reporting arrangements slipped in 2006	We continue to monitor this through the collection of performance indicators. We have also introduced a robust reporting system to allow members to scrutinise performance. Monthly reports detailing benefits and revenues performance indicators, a performance dashboard, work flows and overpayment debt analysis are sent to the Corporate Resources portfolio holder, shadow portfolio holder and 151 officer. In addition quarterly information reports are sent to all members updating progress at the end of each quarter, highlighting trends and progress against targets.	Continue to report and monitor performance on a monthly and quarterly basis.	-
3.1.9	LEVEL 3: The council consistently maintains its spending within its overall budget and without significant unexpected overspends or under-spends	P Carter		March 07 feedback: Y? Overspend in 2006/07	As 3.1.2 we anticipate an overspend	Actions as 3.1.2	Ongoing
3.1.10	LEVEL 3: The council's policy for reserves and balances is based on a thorough understanding of its needs and risks, and clearly reported to members	P Carter		March 07 feedback: Y? Need evidence of a thorough, risk -based review of target levels	A review of reserves and report to members was undertaken in March 08	Will continue to review as part of the financial management procedures	Ongoing

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
3.1.11 LEVEL 3: Monitoring information is available that evaluates the effectiveness of recovery actions, associated costs, and the cost of not recovering debt promptly	H Tiso		March 07 feedback: Y? Need evidence of regular reviews of the effectiveness of debt recovery procedures	Production of detailed monthly reports allows us to judge the most effective method of debt recovery, giving consideration to the age of the debt and all costs.	Continue to report and monitor performance on a monthly and quarterly basis.	-
3.1.12 LEVEL 4: Members monitor key financial health indicators and set challenging targets, e.g. income collection, levels of variances from budget, prudential framework indicators, cp	S Lewis		Robust monitoring of key financial health indicators	Largely covered through quarterly performance management reports	We will link better with quartile projections and CIPFA cost benchmarking to provide members with a more rounded picture of performance, cost and value for money	Apr-08
3.1.13 LEVEL 4: When target levels for reserves and balances are exceeded, the council has identified and reported to members the opportunity costs of maintaining these levels and compares this to the benefits it accrues.	P Carter		Identify opportunity costs of excess reserves and balances	Not a priority	-	-
INTERNAL CONTROL - How well does the Council's internal control environment enable it to manage its significant business risks? (Striving to achieve Level 3)						
4.1 The Council manages its significant business risks						
4.2 The council has arrangements in place to maintain a sound system of internal control						
4.3 The Council has arrangements in place designed to promote and ensure probity and propriety in the conduct of its business						
4.1.7 LEVEL 3: The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks. (amended definition).	J Thornberry	UoR Feedback	Risk management strategy produced and includes significant partnerships, to effectively manage risks. March 07 feedback: Need a process to provide assurance on how the risks identified are being managed - say via an annual report to the CG Ctee?	The Risk Management Strategy has been approved by the Corporate Governance Committee and received feedback in December 06. Each major project has its own risk register (Project Taunton, ISiS, SWP etc)	Strategy under progress. A review of the Risk Management Process to ensure it is fit for purpose, streamlined and effective	2007/08
4.1.10 LEVEL 3: Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council as appropriate. (amended definition).	J Thornberry	UoR Feedback	Risk reports produced for corporate governance committee or Review Board, to ensure effective risk management. March 07 feedback: Members should receive reports at least annually which provide a summary of how corporate business risks are being managed.	The Corporate Governance Committee has had training and some update reports	Reports to corporate governance committee or Review Board. A review of the Risk Management Process to ensure it is fit for purpose, streamlined and effective	2007/08
4.1.12 LEVEL 4: The council can demonstrate that it has embedded risk management in its corporate business processes, including: - strategic planning - financial planning - policy making and review - performance management	J Thornberry		March 2007: N	-	We will review the risk management process to ensure it is fit for purpose, streamlined and effective	2007/08
4.1.13 LEVEL 4: All members have received risk management awareness training	J Thornberry		March 2007: N	Some councillors have received training	We will review the risk management process to ensure it is fit for purpose, streamlined and effective	2007/08
4.1.14 LEVEL 4: The council considers positive risks (opportunities) as well as negative risks (threats)	J Thornberry		March 2007: N		We will review the risk management process to ensure it is fit for purpose, streamlined and effective	2007/08

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
4.2.8 LEVEL 2: The councils has a business continuity plan in place which is reviewed on a regular basis	J Lewis		March 2007 feedback: Need evidence that regularly updated P&CCM will put in place mechanism requiring all managers to confirm status of BC plans. Probably quarterly.	We have completed the Pandemic Flu Business Continuity Service Plans for the Council and have started planning for loss of buildings. The Corporate plan will be complete by January 08.	To move into other BC scenarios, eg. non-availability to premises or IT systems during quarter 4 07/08. Pandemic Plans will be updated in parallel.	2007/08
4.2.12 LEVEL 2: The council has identified its significant partnerships and has appropriate governance arrangements in place for each of them. (new definition).	J Thornberry	UoR Feedback	Reports produced and actioned which demonstrate governance arrangements effectiveness of partnerships. March 07 feedback: all significant partnerships?	We are aware of all of our major partnerships and have corporate governance arrangements in place for ISIS, Tone Leisure, SWAP and will build this in to the Waste Partnership and review our other partnerships	We will review our partnerships to ensure they support the priorities of the Sustainable Community Strategy and feed into wider LAA targets. Refer to CPA Improvement plan under 'Partnerships'	2007/08
4.2.17 LEVEL 3: The procedure notes/manuals for those systems identified by the council as being business-critical are reviewed and updated at least annually.	S Adam	UoR Feedback	Up to date manuals exist for all key systems. March 07 feedback: need evidence of a review process	We have flow charts for all major financial systems	To review 2007/08. Southwest One will assess current systems and provide clear direction on moving forward.	2007/08 and thereafter
4.2.18 LEVEL 3: The standing orders, standing financial instructions and scheme of delegation are reviewed and updated as appropriate. (change to definition).	S Adam/ J Thornberry	UoR Feedback	Scheme of delegation updated March 07 feedback: need evidence that regularly reviewed and updated	Delayed until Sept 07	Scheme of delegation to be updated.. Standing Orders and Financial Regulations reviewed in 2007 (after the elections). Aim to present updated Financial Regulations and Standing Orders to Council in Feb / March 08.	Mar-07
4.2.19 LEVEL 3: Compliance with standing orders, standing financial instructions and the scheme of delegation is monitored by management, and any breaches identified and appropriate action taken.	S Adam	UoR Feedback	Essential monitoring in place to ensure compliance. March 07 feedback: need evidence of a monitoring process	This is reviewed by SWAP annually	We can prove this has been have carried out with a special regs audit. Additionally, the year end timetable specifically allows for "review of compliance" meetings with budget holders on their outturn position.	-
4.2.21 LEVEL 4: The council can demonstrate corporate involvement in/ownership of the process for preparing the SIC	S Adam		Need evidence of member involvement in the preparation of the SIC	SIC working party established with a cross-section of officers deciding actions. This is taken to CMT for approval and ownership	Continue working group	-
4.2.22 LEVEL 4: An audit has been established that is independent of the executive function, with terms of reference that are consistent with CIPFA's guidance. It provides effective challenge across the council and independent assurance on the risk management framework and associated internal control environment to members and the public, and can demonstrate the impact of its work	C Gunn		March 07 feedback: ? Can demonstrate impact of its work? Effective audit committee challenges performance across the Council. E.g. CCTV review led to Sedgemoor now managing our contract.	The Audit Commission reviewed the effectiveness of internal audit in 2007. An action plan was put in place in autumn 2007 to tackle issues arising. We will be carrying out an annual review of the effectiveness of internal audit in support of the council's Corporate Governance Statement. The 2008 review will be carried out in February/March.	We have already implemented some of the actions outlined in the action plan that was put in place following the audit commissions review in 2007. E.g.	-
4.2.23 LEVEL 4: The standing orders, standing financial instructions and scheme of delegation make specific reference to partnerships	J Thornberry		March 07 feedback: need specific refs in Sos and FRs	Delayed until Sept 07	Standing Orders and Financial Regulations to be reviewed in 2007	Sep-07

CPA Improvement Plan for Use of Resources 2007

Weakness		Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
4.2.24	LEVEL 4: Governance arrangements with respect to are subject to regular review and updating	C Gunn		March 07 feedback: need evidence of regular updating	We will be carrying out an annual review of the effectiveness of internal audit in support of the council's Corporate Governance Statement. The 2008 review will be carried out in February/March.	We have already implemented some of the actions outlined in the action plan that was put in place following the audit commissions review in 2007. E.g..... We will also implement the necessary actions that come out of the annual review of the effectiveness of internal audit.	-
4.3.20	LEVEL 3: Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements. <i>(moved from Level 3).</i>	S Adam	UoR Feedback	The Council learns and strengthens systems to reduce the risk of fraud March 07 feedback: need a structured process to ensure procedures are reviewed when weaknesses have been identified	There have been no occurrences, therefore no reviews have been undertaken, but we currently participate in the 2006 fraud initiative	Annual	Ongoing
	Introduce arrangements for all staff to acknowledge their responsibilities in respect to preventing fraud and corruption	C Gunn	Significant area from AAIL	All staff are aware of responsibilities	This is covered in the staff corporate induction and is should be publicised on the intranet	Chris Gunn is checking with Helen Dyer what happened to the information on preventing fraud and corruption when we transferred to the new intranet site in late 2007. Needs to arrange for information to be reposted.	-
	Review periodically the effectiveness of whistle-blowing procedures	C Gunn	Significant area from AAIL	Process is up to date and communicated	This is covered in the staff corporate induction and is covered on the intranet in the Staff Handbook	No actions required	-
VALUE FOR MONEY							
5.1 The Council currently achieves good value for money							
5.2 The Council manages and improves value for money							
5.1	Ensure that clear efficiency and VFM targets are in place and monitored for key project and partnership working	Core Council Management Group / S Lewis		All major Council projects have clear efficiency and VFM targets	We have clear targets for savings and efficiencies for Southwest One, Tone Leisure and the SWP. The assessment process of VFM is built into all our projects e.g. the tendering process and evaluation of land use for Project Taunton to ensure we are getting best value	Roll out to our other lower profile partnerships where this is not in place	2007/08
5.1	Ensure that the full impact of the rejection of the LSVT are understood and integrated into budget planning	S Adam	UoR Feedback 2007	Appropriate structures, business plan and budgets are in place	Budgets and actions have been agreed	We will continue to deliver and monitor the delivery plan for Housing to ensure we meet Decent Homes Standard and deliver the best housing service possible	Ongoing
5.2	Use the proposed procurement strategy to assess and address wider community needs, and to drive a consistent approach to procurement across all services	S Lewis		Procurement Strategy driving procurement across the Council and addressing wider Community needs	This has been overtaken by Southwest One and the current focus is on identifying category plans and savings.	We will develop a Joint Procurement Strategy with Southwest One by August 2008 to ensure that outcomes are achievable, and meet wider community requirements	Aug-08

CPA Improvement Plan for Use of Resources 2007

Weakness	Lead Officer	Source of Weakness	Outcomes and Targets/Comments	Progress at February 2008	Planned Actions	Timescales
5.2 Further develop the benchmarking of value for money. There is scope for making comparisons based on costs (including staff costs) and service performance	S Lewis		Effective measures and benchmarking in place to improve focus and reporting on Value for Money	We have written a position statement on our existing benchmarking. We have agreed an approach to developing Asset Management benchmarking and are using CIPFA headline benchmarking to review service costs	Continue to work with the Asset Management Group to refine benchmarking. Use the CIPFA cost benchmarking to help give members a more rounded picture of cost, performance and vfm	Apr-08
5.2 Continue to develop appropriate local indicators for cost-effectiveness and value for money for each service and major project	S Lewis		Local indicators for cost effectiveness and value for money being used and driving Value for Money	We monitor this in our Corporate Strategy and in all major projects (Southwest One, Project Taunton etc). We are developing this understanding with members through the new Performance panel	We will review all of our BVPIs and local indicators in March 2008 to ensure they are fit for purpose in light of the new National Indicators. This will include indicators measuring cost effectiveness and vfm	Apr-08
5.2 Focus on improving the performance of the scrutiny function so that it is actively engaged in reviewing value for money of services and projects	S Lewis		Effective Scrutiny, focussed on outcomes, improving decisions by members and making a difference to local communities	Many of the Task and Finish Reviews have this built in (e.g. 'tackling anti-social behaviour by Housing Services' is challenging whether we get vfm for this issue.) We are also coaching the new panel to challenge this	Continue to develop the Strategy and Performance Panel and deliver challenging Task and Finsih reviews	Ongoing

TAUNTON DEANE BOROUGH COUNCIL
CORPORATE GOVERNANCE COMMITTEE
FORWARD LIST OF AGENDA ITEMS

MEETING	DRAFT AGENDA ITEMS	LEAD OFFICER
26/06/08	Audit and Inspection Plan 2008/2009	Terry Bowditch
	Review of Asset Management Arrangements	Shirlene Adam
	SW1 Audit Review	Shirlene Adam
	SWAP Financial Performance 2007/08	Shirlene Adam
	TDBC Annual Governance Statement 2007/08	Shirlene Adam
	Internal Audit Annual Report 2007/08	Chris Gunn
	Internal Audit Plan 2008/2009 – Progress Report	Chris Gunn
	Statement of Accounts 2008/08	Paul Carter
	Update on Corporate Improvement Plan	Simon Lewis
15/09/08	Audit Commission Annual Governance Report	Terry Bowditch
	Internal Audit Plan 2008/09 – Progress Report	Chris Gunn
	Strategic Risk Management Update	Shirlene Adam
16/12/08	Review of Project Management Arrangements	Brendan Cleere
	Section 106 Agreements – Update	Paul Carter
	Annual Efficiency Statement	Paul Carter
	Internal Audit Plan 2008/09 – Progress Report	Chris Gunn
	Health & Safety Management Update	David Woodbury