

You are requested to attend a meeting of the Corporate Governance Committee to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 10 December 2009 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 28 September 2009 (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 Regulation of Investigatory Powers Act 2000 - report of Monitoring Officer (attached)
Reporting Officer: Tonya Meers
- 6 Annual Audit Letter
Reporting Officer: Terry Bowditch
- 7 Internal Audit Plan - Progress Report - report of the Group Auditor (attached)
Reporting Officer: Chris Gunn
- 8 Future of Internal Audit Provision - report of the Strategic Finance Officer (attached)
Reporting Officer: Maggie Hammond
- 9 Corporate Governance Action Plan - report of Client and Performance Lead (attached)
Reporting Officer: Adrian Gladstone-Smith
- 10 National Indicator 179 (NI179) - 2008/2009 Outturn - report of Financial Services Manager (attached)
Reporting Officer: Paul Fitzgerald
- 11 Health and Safety Management Update - verbal report of Health and Safety Advisor

Reporting Officer: David Woodbury

Tonya Meers
Legal and Democratic Services Manager

18 December 2009

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

If a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact Democratic Services on 01823 356382 or email d.durham@tauntondeane.gov.uk

Corporate Governance Committee Members:-

Councillor B Denington
Councillor A Govier
Councillor R Henley - Leader of the Council
Councillor A Paul
Councillor M Whitmarsh
Councillor J Williams
Councillor A Beaven
Councillor A Wedderkopp
Councillor N Wilson
Councillor J O'Brien
Councillor P Critchard

Corporate Governance Committee – 28 September 2009

Present: Councillor Williams (Chairman)
Councillors Critchard, Denington, Govier, Henley, O'Brien, Paul,
A Wedderkopp, Mrs Whitmarsh and Mrs Wilson

Officers: Mrs G Croucher (Democratic Services Officer), Ms M Hammond
(Strategic Finance Officer), Mr C Gunn (Group Auditor, South West
Audit Partnership), Mrs R James (Performance and Client Lead), Mr R
Sealy (Performance and Client Manager) and Mr D Woodbury (Health
and Safety Advisor)

Also Present: Mr T Bowditch and Mr B Bethall (Audit Commission)

(The meeting commenced at 6.15 pm)

30. Declarations of Interest

Councillors Govier, Henley and Paul declared personal interests as Members of Somerset County Council.

31. Annual Governance Report

Mr Brian Bethell and Mr Terry Bowditch of the Audit Commission (AC) introduced Taunton Deane Borough Council's Annual Governance Report 2008/2009.

Details of key areas of judgement and audit risk were reported, together with weaknesses identified in internal control.

A number of errors that had been identified in the financial statements were reported. The accounts had been adjusted and a revised financial statement would be presented to the Committee.

The draft Management Representation Letter was presented for the approval of Members.

Resolved that approval be given to sign the Management Representation Letter.

32. Corporate Improvement Plan Governance

Considered report previously circulated, concerning the proposals to strengthen the governance process to ensure ownership, monitoring and delivery of each action in the Corporate Action Plan.

Under the new Comprehensive Area Assessment regime, there were two organisational assessments, Use of Resources and Managing Performance, as well as the Area Assessment for Somerset. To assess these, the Audit Commission had carried out an inspection and had made recommendations.

There were a number of corporate actions that needed to be completed in order to meet set Government standards, including the Data Quality Action Plan and Risk Management Plan. All corporate actions would be fed into the Corporate Action Plan.

As a result of the Core Council Restructure, progress on the Corporate Action Plan had not been reported for 18 months, but this would be reported at the meeting in December 2009.

The Performance and Client Team took responsibility for putting together the Corporate Action Plan but the Corporate Management Team (CMT) would have ownership. Actions would be allocated an owner and each owner would be responsible for delivering actions and feeding back progress on a quarterly basis.

Progress would be reported on a quarterly basis to CMT. If actions were 'off track', CMT would be responsible for ensuring sufficient resources were allocated.

Members requested that the Action Plan should be reported on a quarterly basis.

Resolved that the report be noted.

33. Comprehensive Area Assessment Update

Reported that the Comprehensive Area Assessment (CAA) had come into effect in April 2009 and would change how public sector organisations would be assessed.

The CAA would look at how well local services were working together to improve the quality of life for local people. It was a joint assessment of the performance of local public services and how they would meet local priorities.

Feedback on Taunton Deane's organisational assessment, including Use of Resources and Managing Performance would be sent to the Council on 19 October 2009 and would include a full narrative following the Audit Commissions Inspections and Taunton Deane's organisational score. If a review of the organisational assessment or overall score was required, an application would need to be submitted to the Audit Commission by 23 October 2009.

A further narrative was due on 4 December 2009, which would be made public on 10 December 2009.

The Area Assessment reviewed performance against three overarching questions:

- How well did local priorities express community needs and aspirations?

- How well were outcomes and improvements needed being delivered?
- What were the prospects for future improvement?

The Audit Commission would report on the CAA in January 2010 and any actions arising would be fed directly into the Corporate Action Plan.

Resolved that the report be noted.

34. Internal Audit Plan – Progress Review

Considered report previously circulated which provided an update on the significant findings and recommendations for the period July to September 2009.

Details were also reported of the operational audits and managed audits completed since June 2009 which included the main issues raised and the management responses thereto.

Details of the reviews currently in progress were also provided.

Resolved that the report be noted.

35. Annual Governance Statement Action Plan Update

Considered report previously circulated, concerning the Annual Governance Statement Action Plan.

The Annual Governance Statement Action Plan had been approved by the Corporate Governance Committee at the meeting on 18 May 2009. An action plan was produced to monitor actions highlighted.

There had been progress in many parts of the action plan and there were some tasks that were not due to start until later in 2009.

Resolved that the report be noted.

36. Changes to the Constitution

Considered report previously circulated, concerning changes to the Constitution that were required to update the Standards Committee terms of reference following the implementation of the Standards Committee (Further Provisions) (England) Regulations 2009.

The Standards Committee (Further Provisions) (England) Regulations 2009 came into force on 15 June 2009 and had amended the way in which dispensations were granted. It was felt by the Standards Committee that some minor changes were needed to the way in which these dispensations were granted in order to make the process as flexible as possible.

It was also felt that in respect of Standing Orders, more flexibility was required on the timing of Members to submit motions to Full Council and that clarity was required in relation to prejudicial interests.

Resolved that Full Council be recommended to approve the changes to the constitution.

37. Health and Safety Update

Mr David Woodbury, the Health and Safety Advisor, presented the Health and Safety Report updating Members on strategic issues including the DLO.

Resolved that the current position be noted.

(The meeting ended at 7.30pm)

Declaration of Interests

Corporate Governance Committee

- Members of Somerset County Council – Councillors Govier, Henley and Paul



Corporate Governance Committee – 10th December 2009

Regulation of Investigatory Powers Act 2000

Report of LEGAL & DEMOCRATIC SERVICES MANAGER

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

EXECUTIVE SUMMARY

To note the number of authorisations that have been granted under the Regulation of Investigatory Powers Act 2000.

1. Purpose of the Report

1.1 To keep members informed of how many authorisations that have been granted under this legislation since the Council's last inspection on the 18th July 2008.

2. Background

2.1 The Regulation of Investigatory Powers Act 2000 (RIPA) is an Act which makes provision for the interception of communications, the acquisition and disclosure of data relating to communications, the carrying out of surveillance, the use of covert human intelligence sources and the acquisition of the means by which electronic data protected by encryption or passwords may be decrypted or accessed.

2.2 As a public body, local authorities can authorise covert surveillance to be carried out in some circumstances. In order to carry out such surveillance the Council has to have policies and procedures in place. In addition the Council is inspected approximately every 3 years by the Office of Surveillance Commissioners.

2.3 Generally covert surveillance will only be carried out as a last resort or if it is deemed the most appropriate way in which evidence can be gathered it is not used as a matter of routine as officers always have to look at whether they can obtain evidence overtly.

2.4 Under the legislation the Council has to have officers of sufficient seniority to act as authorising officers and they are trained to ensure that the Council uses the legislation in an appropriate manner.

2.5 As mentioned above the Council is inspected approximately every 3 years and the council was last inspected on the 18th July 2008. A small number of recommendations were made which have been completed.

2.6 Since the last inspection no authorisations have been granted under RIPA.

3. Recommendation

3.1 to note the contents of this report.

For further information please contact Tonya Meers, Legal & Democratic Services Manager on 01823 356391 or t.meers@tauntondeane.gov.uk

Annual Audit Letter

Taunton Deane Borough Council

Audit 2008/09

December 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit Opinion

- 1 I issued an unqualified opinion on the financial statements on 28 September 2009.

Financial Statements

- 2 As a result of our audit a small number of adjustments to the statements were agreed with officers and the statements were amended accordingly.

Value for money

- 3 I issued an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Audit fees

- 4 We reported our planned fees to the Council as part of our 2008/09 Audit Plan and supplementary opinion fee letter. Table 1 compares the actual fee with the planned fee.

Table 1 **Audit fees**

	Actual (£)	Proposed (£)	Variance (£)
Financial statements and annual governance statement	66,621	66,621	-
Value for money	29,561	29,561	-
Total audit fees	96,182	96,182	-

Action needed by the Council

5 The Council needs to:

- respond to the areas for further improvement to the Council's arrangements identified through the use of resources judgement;
- implement the agreed recommendations from our Annual Governance Report; and
- continue to monitor Southwest One's delivery, to ensure that benefits realisation and the transformation of services is delivered on time and within budget.

Independence

6 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Significant issues arising from the audit

- 7 I issued an audit report including an unqualified opinion on the financial statements on 28 September 2009.
 - 8 A small number of errors have been identified from our audit of the financial statements, the most significant of these being a mis-classification in respect of costs of £1.9million in respect of the development of the SAP corporate systems. The Council had shown these costs as intangible fixed assets rather than assets under construction.
 - 9 The accounts have been amended to reflect all the errors identified.
-

Material weaknesses in internal control

- 10 I did not identify any significant weaknesses in your internal control arrangements.
-

Accounting Practice and financial reporting

- 11 I considered the qualitative aspects of your financial reporting.
- 12 The Council did not have any arrangement in place during 2008/09 for journals, which can only be input to the general ledger by finance staff, to be authorised by a second member of staff. As part of our audit this year, we asked for retrospective authorisation of all the larger 2008/09 journal entries.
- 13 The Council has agreed with Southwest One, its financial services provider, that a system of sample checks be introduced in the current year.

Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 14** In forming my scored use of resources judgements, I have used the methodology set out by the Audit Commission. Judgements have been made for each key line of enquiry (KLOE) under three main themes: managing finances, governing the business and managing resources.
- 15** The Audit Commission's scoring methodology is as follows.
- Level 1 - inadequate and below minimum standards
 - Level 2 - adequate
 - Level 3 - performing well
 - Level 4 - performing strongly.
- 16** The Council's use of resources theme scores are shown in Table 2 below. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	2
Governing the business	2
Managing resources	2

- 17** The Council has achieved Level 2 - adequate performance - for each of the three Use of Resources themes and for all the key lines of enquiry (KLOEs) under those themes. Beneath those overall judgements, we have identified some areas within each KLOE where the Council's arrangements fall below the level that might be expected. The Council needs to give priority to addressing these weaknesses, and we have agreed an action plan with officers to help them deliver that improvement.

Value for money and use of resources

18 This year's audit confirmed that lack of capacity in some key areas remains a crucial issue for the Council. The Core Council Review, a major staff re-structuring exercise based on a thematic working model, should have been completed and new structures fully in place by the end of this financial year. In the longer-term, the new structures are intended to make the Council more fit for purpose, more efficient and better positioned to deliver its strategic priorities. In the short-term, the review process and staffing changes from the implementation of the new structures have caused some disruption to the management and delivery of key corporate services, thereby adding to the Council's capacity issues. This is reflected in some of the weaknesses we identified from our use of resources audit.

Managing finances

19 The Council has a well-established medium-term planning process, which links to its corporate priorities. It sets budgets which are realistic and achievable. The medium – term financial plan shows significant funding gaps for future years, but the Council has a good track record of meeting or beating its efficiency targets. For the 2009/10 budget, there were a number of late changes to the budget and a focus on the short rather than the medium term. Treasury management is sound and effective, providing a good balance between safety and value for money.

20 The Council has a sound understanding of costs and performance but makes relatively little use of benchmarking and lacks sufficient knowledge of whether it delivers good value for money compared to other councils. It has identified scope for making efficiencies in several areas and has been very successful in achieving these, often using innovative means. However, there is more scope to identify efficiency savings in services which do not represent good value for money compared to other similar councils.

21 The Council's financial monitoring is timely, reliable and understandable. Budget monitoring reports focus on high risk areas, and clearly highlight the significant variances, reasons for these and action needed to address them. Financial information is presented alongside performance information in the quarterly monitoring reports to members, although the Council has more to do in bringing this information together. For 2008-9, more resources have been provided for the accounts closure process, and this has secured significant improvements in the quality of the draft financial statements and supporting working papers.

22 Key areas for improvement:

- update the Information Technology and workforce strategies and ensure these are clearly linked to the Council's medium-term financial plan;
- give adequate consideration to the medium term when setting the annual budget;
- ensure there is appropriate public consultation on the annual budget;
- make greater and more effective use of benchmarking to challenge costs and service performance; and
- establish stronger links between financial and performance monitoring.

Governing the business

- 23** The Council has a sound vision of the outcomes it is looking for, but needs to improve its understanding of the diverse needs of the local community and to bring equalities and needs assessment work up to date. The Council is innovative in integrating and improving services and reviews services for competitiveness, value for money and success in meeting wider objectives.
- 24** The Council has adequate arrangements in place for data quality at the corporate level, and recent improvements have been made to its systems for ensuring data quality. However, sample checks by internal audit on two national indicators - NI155 (new affordable housing) and NI179 (efficiency gains) highlighted significant weaknesses in the processes for producing these indicators.
- 25** The Council is challenging the way officers and members work together to deliver the Council's priorities. The Council's management structures are in the process of radical review. The Council's vision of what it wants to achieve for the local community is set out through the annually updated Corporate Strategy. Progress against targets is monitored through quarterly performance reports to members.
- 26** The Council has the required arrangements in place to ensure compliance with standards of conduct, but needs to develop a more proactive approach in promoting ethical behaviour. The Council is involved in a number of major partnerships covering key aspects of its business and regularly monitors their performance, but it needs to develop a structured approach covering all significant partnerships.
- 27** Risk management is not yet effectively embedded across the Council. There are areas of good practice, especially for projects, but arrangements at the corporate and service levels are weak. Anti-fraud arrangements are generally sound and are given a high profile, but the Council is not meeting its targets for numbers of prosecutions and other sanctions. Internal controls generally worked effectively during 2008/09, but there were some areas of concern, such as systems documentation and business continuity planning, and the Corporate Governance Committee needs to drive improvement in these areas.
- 28** Key areas for improvement:
- bring the equalities assessment work up to date, and ensure that outcomes are reflected in service and financial plans;
 - update the procurement strategy to bring it into line with good practice;
 - introduce effective quality assurance arrangements for all performance indicators produced by the Council;
 - use the Council's Governance Code to drive improvements in governance arrangements;
 - provide members with regular reports showing how well the Council's major risks are being managed;

Value for money and use of resources

- address the weaknesses identified by Internal Audit in the Council's disaster recovery arrangements; and
- ensure there are up to date corporate and service-level business continuity plans and that these are regularly tested.

Managing resources (workforce planning)

- 29** The Council has in place a broad range of effective processes and systems to manage and develop its workforce. Approaches to recruitment are well established; there is central monitoring of recruitment activities to inform the Council of the most effective methods of advertising vacant positions. Recruitment methods are modern and include web-based application procedures.
- 30** There are a wide range of employee-friendly policies in place The latest staff surveys show the Council is highly rated as an employer and that the majority of staff enjoy their work. The Council has however, experienced sustained high levels of sickness absence. New policies and interventions have had some success in reducing short term sickness absence, although the Council's sickness levels remain amongst the worst nationally.
- 31** Training and development opportunities are well established and there are clear processes for performance reviews and appraisals. Communications across the Council are well developed and seen by staff as being effective. The Council has implemented major organisational changes through the Southwest One initiative and Core Council Review, and communications have been enhanced in order to engage staff during these changes. These significant organisational changes have overtaken the Council's existing workforce plan which is now out of date.
- 32** Key areas for improvement:
- update the Council's workforce strategy;
 - gather up to date information on staff attitudes and agree appropriate issues to address any concerns identified;
 - use data on staff equalities issues and customer feedback on equalities to identify action needed; and
 - consider further action needed to reduce staff sickness absence rates.

VFM Conclusion

- 33** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify, each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 34** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Specific risk based work

Follow up of review of Southwest One

- 35** We have followed up progress on issues raised in our review of Southwest One reported to the Council in September 2008.
- 36** Taunton Deane Borough Council, Somerset County Council and the Avon and Somerset Police Authority were the lead bodies in a procurement process, which asked the private sector to provide a number of back office services. The chosen solution was for the establishment of a Joint Venture Company in partnership with IBM called Southwest One (SWOne).
- 37** The contract with SWOne commits the latter to help the Council achieve procurement savings, upon which the affordability of the contract with SWOne is dependent. The savings target for the Council over the ten years of the SWOne contract is £10 million. Savings achieved to date are in the range £250,000 to £300,000, broadly in line with the profiled target. However, the savings targets are more challenging for the future years of the contract and the Council will need to continue to monitor closely actual savings against the profiled targets, including regular reporting to members.
- 38** The transfer of a number of financial services to the SAP system from 1 April 2009 has encountered a number of problems. These have resulted in:
- significant delays in paying invoices for goods and services received and in raising invoices for services provided;
 - the normal system controls being overridden to make payments, increasing the risk of incorrect or fraudulent payments being made;
 - delays in taking recovery action on unpaid debts;
 - less timely and reliable budget monitoring information being available to budget holders; and
 - extra demands on staff time in dealing with all these problems.
- 39** Officers have told us that the majority of the more serious problems have been resolved. However, the ability to undertake comprehensive budget monitoring for some services is still dependent on a small number of system links being correctly implemented.
- 40** Taunton Deane Borough Council and Somerset County Council have asked their internal auditors, the South West Audit Partnership (SWAP) to review the operation of the controls within the financial systems now provided within SAP and to identify any remaining weaknesses that need to be addressed. We are liaising closely with SWAP during this review and will coordinate our testing of the key controls closely with theirs during the remainder of our audit of the 2009/10 financial accounts in order to maximise the efficiency of our combined audit work.

Value for money and use of resources

- 41 The Council needs to ensure that councillors continue to be kept fully informed of any significant contract issues as they arise and that appropriate action is taken to address any shortcomings. Contract monitoring and management, and the realisation of the expected benefits from the contract, remain a high priority. We will continue to review developments as part of future audits.

Closing remarks

- 42** I have discussed and agreed this letter with the Council's Management Team. I will present this letter to the Corporate Governance Committee on 10 December 2009 and will provide copies to all committee members.
- 43** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year.

Table 3

Report	Date issued
Audit Plan 2008/09	April 2008
Supplementary fee letter	June 2009
Use of Resources Report	September 2009
Annual Governance Report	September 2009
Auditor's opinion and VFM conclusion	September 2009
Final Accounts Report	November 2009

- 44** The Council has taken a positive and constructive approach to our audit. I wish to thank the Council staff for their support and co-operation during the audit.

Brian Bethell
 District Auditor
 December 2009

Appendix 1 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Managing finances

Theme score	2
KLOE 1.1 (financial planning)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>There are close links between the Council's corporate plan, service plans and medium-term financial plan. However, the Information Technology (IT) and Workforce Strategies need to be updated and the links from these to financial planning are weak. The robustness of the budget process is evidenced by the Council's good track record in delivering expenditure within budget. There are effective processes for communicating key financial messages to staff and members. However, there was limited public consultation on the 2009/10 budget and insufficient focus on the medium-term. The Council clearly identifies future budget shortfalls within the Medium Term Financial Plan, and members are regularly updated on progress in addressing these. The Council sets challenging targets for income collection, and performance against these is closely monitored.</p>	

Appendix 1 – Use of resources key findings and conclusions

<p>KLOE 1.2 (understanding costs and achieving efficiencies)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council has a sound understanding of costs and performance. However, it makes insufficient use of benchmarking and so cannot be sure that it is delivering value for money services for local residents. Managers and councillors make appropriate use of costing and performance information in their decisions, using information which is generally of reasonable quality. The Council's Project Approval Report process provides a good template for appraising specific capital projects. The Council has identified scope for making efficiencies in several areas and has been very successful in achieving these, often using innovative means. However, there is more scope to identify efficiency savings in services which do not represent good value for money compared to other similar councils. Overall, the Council delivers planned outcomes at relatively low cost compared to similar councils, although there are areas of poorer performance.</p>	
<p>KLOE 1.3 (financial reporting)</p> <p>Score</p> <p>VFM criterion met</p>	<p>2</p> <p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Council's financial monitoring is timely, reliable and understandable. The Council produces regularly and timely financial reports to officers and members which highlight the key issues and have helped to ensure that prompt and effective corrective action is taken where necessary, as shown by the Council's track record in setting balanced budgets and then delivering expenditure within these. Financial information is presented alongside performance information in the quarterly monitoring reports to members, although the links between these need to be strengthened. For 2008-9, more resources have been provided for the accounts closure process, and this has secured significant improvements in the quality of the draft accounts and supporting working papers. The accounts and key report are available on the website, and the Council has taken action to ensure this information is more accessible following consultation with local equalities and hard to reach groups.</p>	

Appendix 1 – Use of resources key findings and conclusions

Governing the business

Theme score	2
KLOE 2.1 (commissioning and procurement)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council has a sound vision of intended outcomes but needs to improve its understanding of the diverse needs of the local community upon which this vision is based. There is a lot to do to bring equalities and needs assessment work up to date. The Council involves service users and wider community in most, not all stages of commissioning, but needs a strategic and coordinated approach. The Council is innovative in integrating and improving services so local people see improvements in quality and value for money. Working with the private sector, officers and councillors have an excellent understanding of the supply market and the Council is starting to work to influence this in the longer-term. The Council has effective arrangements for specifying and monitoring contracts. The Council reviews services for competitiveness, value for money and success in meeting wider objectives, but not all services have been reviewed. The Council is involved in several successful partnerships to increase efficiency. The procurement strategy needs updating to bring it into line with current practices.</p>	
KLOE 2.2 (data quality and use of information)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Several recent improvements have been made to the Council's systems for ensuring data quality but it is too soon to determine the extent to which these have had an impact. The Data Quality Strategy was approved in March 2009. Roles and responsibilities for data quality are clear, and training and awareness briefings have been held to support the implementation of the new strategy and guidance is available on the intranet and in staff handbooks. Sample testing of the arrangements for producing the national indicators identified weaknesses in quality assurance processes which need to be addressed. Performance reports are well established and set out financial and performance data against identified targets. Partnership performance is not covered well: data from Southwest One is included, but there is no detail relating to any of the other partnerships in which the Council is engaged. Arrangements for data security are adequate, with a standard range of information security policies in place. Systems are tested regularly to ensure data integrity and recovery in the case of IT incidents. The Council complies with Government Connect standards.</p>	

Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 (good governance)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council's management structures are in the process of radical review, with a move to a thematic rather than function based structure. Work is in progress in developing personal development plans for all members, with several having gone through a pilot exercise. The Council's vision of what it wants to achieve for the local community is set out in the annually updated Corporate Strategy. Progress against targets is then monitored through quarterly performance reports to members. The Council has the required arrangements in place to ensure compliance with standards of conduct, supported by regular ethics training and guidance for members. The Council has adopted a local Code of Governance, but has made little use of this as yet to drive the governance agenda. The Standards Committee advertises its role on the website and produces an annual report, but it has yet to develop a proactive role in promoting ethical behaviour. The Council is involved in a number of major partnerships covering key aspects of its business, and for all these there is a project group, formal partnership agreement, risk register, nominated responsible director, and regular reporting to members on the key financial and performance issues for each partnership. These reports show that there have been improvements in performance and efficiency across a wide range of services covered by the partnerships, such as improved recycling rates, cost savings from support services and improved quality of internal audit.</p>	
KLOE 2.4 (risk management and internal control)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>Risk management is not yet effectively embedded across the Council. For major projects and partnerships, there are risk registers and there are a number of examples of the Council using risk management effectively in managing projects. However, at service level, the quality and use of the registers is patchy. The corporate risk register is currently being revised, and the Council is now taking action to ensure that all its registers are in the same format. There has been no process to date to provide the Management Team or members with regular assurance that all key risks across the Council are being effectively managed. The Council has an anti-fraud and benefits fraud strategy, supported by staff fraud awareness training and a clear prosecution policy, and has arrangements in place to monitor delivery against these strategies. There is good joint working with the Department of Work and Pensions on benefit fraud and wide publicity for successful prosecutions. In 2008/09 there was an increased focus on proactive work, although the Council was still some way short of its target for number of sanctions. The Council's internal audit meets the key professional requirements and provides broad annual coverage of the main financial systems. The Corporate Governance Committee has a strong membership and provides robust challenge, but there is no structured process for following up agreed actions from internal or external audit. Internal audit have confirmed in their annual report that they have not identified any serious control weaknesses from their 2008/09 testing of the key financial systems, although they did identify weaknesses in disaster recovery arrangements, leaving the Council at increased risk in the event of a major IT incident.</p>	

Appendix 1 – Use of resources key findings and conclusions

Managing resources

Theme score	2
KLOE 3.3 (workforce planning)	
Score	2
VFM criterion met	Yes
Key findings and conclusions	
<p>The Council has in place a broad range of effective processes and systems to manage and develop its workforce. Recruitment methods are modern and include the option to use the Council's website to apply for work with the Council. There are a wide range of employee-friendly policies in place. The latest staff surveys show that the Council is highly rated as an employer and that the majority of staff enjoy their work. The Council has, however, experienced sustained high levels of sickness absence. New policies and procedures have had some success in reducing short term sickness absence in particular, although the Council's performance remains amongst the worst performing. There are clear processes for performance reviews and appraisals. Communications across the Council are well developed and seen by staff as being effective. The Council has implemented major organisational changes through the Southwest One contract and Core Council Review, and communications have been enhanced in order to engage staff during these changes. The Council's workforce plan needs to be updated to bring it into line with these changes. Equalities and diversity arrangements have been improved to provide greater focus on the key issues.</p>	

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TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 10th December 2009

INTERNAL AUDIT PLAN – PROGRESS REVIEW

REPORT OF THE GROUP AUDITOR (South West Audit Partnership) This matter is the responsibility of Councillor Henley, 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 September 2009.

1. Purpose of Report

To provide members with an update on the activities of the Internal Audit team for the period September to December 2009.

2. Work undertaken by Internal Audit September to December 2009

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>▲ ★ ★ ★ Comprehensive 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>

The following operational audit has been finalised since the Committee last met in September 2009 as below:-

Audit area	Audit Opinion
Operational Audits	
Food Safety	▲ ★★★ Comprehensive Assurance
Car Parks	▲ ★★ ★ Partial Assurance
Governance Audits	
Income Collection	▲ ★★ ★ Partial Assurance
Absence Management	▲ ★★ ★ Reasonable Assurance
Business Continuity	▲ ★★ ★ Partial Assurance
Health & Safety	▲ ★★ ★ Reasonable Assurance

Food Safety

The systems put in place to deliver the service are very well managed and much credit is given to the staff working within the service.

Car Parks

Whilst there are robust controls in place for applying charges and the performance of staff is to a high standard, partly due to the training programme in place, there are weaknesses in the system for reconciling income and budget monitoring arrangements.

Although in terms of operational issues the service is performing well there were major control issues identified around budgetary control. At the time of testing (August / September) no budgetary information had been produced covering the current financial year for the service due to issues with the implementation of SAP.

Governance Audits

Income collection

Although there are some weaker areas reported most notably the lack of a Corporate Policy or Procedure for the collection of income, inadequate division of duties for the processing of refunds and the delays in the banking of income at Priory Depot, I am confident management will address the key

areas of income collection and further progress will be made to bring about improvements in the overall control framework.

Absence Management

On the whole the function of absence management is well controlled within the Authority. Improvements are required in the Council's management of short-term absence and making better use of the return-to-work interview. These interviews are an effective approach to managing absence, followed by trigger mechanisms for reviewing attendance and the use of disciplinary procedures. Additional data from the HR records has also been requested by management to assist them in monitoring the sickness levels of staff.

Business Continuity

Overall the review found that the Council's Business Continuity Planning needs to improve. The audit identified that there was no periodic review by CMT, a number of key service units have no Business Continuity Plans in place and there has been no proactive testing of the Business Continuity Plan / Pandemic Influenza Plans.

Health & Safety

Generally the service is well controlled, the main issues requiring the focus of management include the need to ensure that best practice is shared between services and that the Council's lone working procedures are not periodically tested to confirm meet minimum requirements specified in the corporate policy.

3. Workload Update

Although there are a substantial number of reports at draft stage management are in the process of responding to these and final reports will be issued shortly and the findings shared with this committee.

In addition to the audit work detailed below there are a number of other areas of work that SWAP have undertaken including the on-going provision of audit advice, ad-hoc special investigations and involvement in the SAP project providing advice and guidance on control issues.

The following reviews are in progress or are going through the reporting process :-

Audit area	Type of review	Progress
Partnership Arrangements	Operational Review	Draft Report
IT Audit - Compliance against ISO27002 level one	Computer Audit	Draft Report

IT Audit – Disaster Recovery Planning	Computer Audit	Draft Report
Officers Claims and Allowances Qtr 2	Governance Audit	Draft
Treasury Management Qtr 3	Managed Audit	Draft
Payroll Qtr 3	Managed Audit	Testing
Creditors Qtr 3	Managed Audit	Testing
Debtors Qtr 3	Managed Audit	Testing
Council Tax / NNDR Qtr 3	Managed Audit	Testing
Main Accounting	Managed Audit	Testing

4. Recommendation

The Committee should note the content of this report.

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Corporate Governance Committee - 10 December 2009

Future of Internal Audit Provision

Report of Strategic Finance Officer

(This matter is the responsibility of Executive Councillor Nicola Wilson)

Executive Summary

South West Audit Partnership (SWAP) was set up to run from April 2005 for five years and therefore the current legal agreement is due to end on 31st March 2010. This report recommends that Taunton Deane Borough Council remains in the Partnership for the next five years ending 31st March 2015.

1. Purpose of Report

- 1.1 This report seeks members' approval to continue with the South West Audit Partnership for another five years commencing 1st April 2010.

2. Background

- 2.1 South West Audit Partnership (SWAP) was formed in April 2005 to provide an effective internal audit service to Taunton Deane Borough Council and South Somerset District Council for five years.
- 2.2 Since then, Mendip District Council, West Somerset District Council, Sedgemoor District Council, Somerset County Council, Weymouth and Portland Borough Council, West Dorset District Council and Forest of Deane District Council have joined the partnership.
- 2.3 The Partnership is operated as a Joint Committee.
- 2.4 The current legal agreement between the partners expires on 31st March 2010.

3. Performance of the Partnership

- 3.1 The Partnership required £60,000 of start up funding. This Council contributed £20,000 towards this and agreed that this would be repaid in four annual instalments. The Partnership has repaid £15,000 and is on track to repay the remaining start up funding this year as agreed.
- 3.2 The Partnership's financial performance is robust as is its business plan. The Partnership holds a reserve that as at 31st March 2009 stood at £76,822. This

reserve is being used in 2009/10 to fund the purchase of up to date ICT equipment.

- 3.3 The Partnership has largely delivered against its performance targets over the first five years.

4. Internal Audit provision 1st April 2010

- 4.1 The Partnership is currently drawing up a plan for the next five years to include its aims and objectives, governance structure, financial model and strategy for admitting new partners.
- 4.2 The Partnership is proposing that, should we remain in the Partnership, our fees remain at the 2009/10 level of £131,600 for the next five years, with the Partnership creating efficiencies to maintain a balanced budget.
- 4.3 There are other options for the provision of internal audit. We could bring the service back in house. This would mean we would lose all the benefits of being in the Partnership and would not have the financial stability of a fixed cost for five years. We could also tender for the provision of internal audit. This would take some time and there would be uncertainty over the costs to TDBC.

5. Conclusion

- 5.1 The Partnership has been very successful and has delivered the audits planned for this Authority.
- 5.2 The Partnership is future proofing this Council from future increases in fees for the next five years and is delivering efficiencies for this Authority.

6. Recommendations

- 6.1 It is recommended that Taunton Deane Borough Council remains within the South West Audit Partnership for the provision of its internal audit function for the five years commencing 1st April 2010.

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Corporate Governance Committee – 10 December 2009

Corporate Governance Action Plan

Report of Client and Performance Lead

(This matter is the responsibility of Executive Councillor Nicola Wilson)

Executive Summary

This report provides details of the new Corporate Governance Action Plan. It enables Members to monitor progress against the corporate actions mainly recommended by the external auditor.

1. Purpose of Report

- 1.1 As promised at the Corporate Governance Committee of 28 September 2009, this report provides details of the new Corporate Governance Action Plan. It enables Members to monitor progress against corporate governance actions.

2. Background

- 2.1 Each year, the Council receives a number of reports and assessments which result in recommendations for improvement. These normally contain individual action plans which can prove challenging to manage and monitor. Therefore an aggregated plan provides the Council with details, in one place, of the scale of improvements required and progress against them.
- 2.2 The Corporate Governance Action Plan details the recommendations from the following sources:
- Use of Resources 2008/09 (issued Dec 09)
 - CAA Organisation Assessment 2009 (issued Dec 09)
 - Annual Audit and Inspection Letter 2008 and 2009
 - Annual Governance Statement 2008/09 (Mar 09)
 - Strategic Housing Review (when finalised in Dec 09)
 - Partnership Audit (Sept 09)
- 2.3 Members should be aware that the failure to implement a number of the recommendations could have a detrimental affect on next years Comprehensive Area assessment (CAA) Organisational score. The current score is due to be released to the public on 9 December 2009.
- 2.4 Monitoring is undertaken quarterly by CMT and a summary will feature in the revised performance monitoring reports commencing in April 2010. The Corporate Governance Committee may also wish to receive updates against the plan, particularly through this period of change.

3. Progress

3.1 The Corporate Governance Action Plan lists 72 actions. Please see Appendix A. Progress monitoring against implementation by the target dates has revealed the following:

Completed	On Target 😊	Some Concern 😐	Off Target 😞
11 (15%)	47 (65%)	12 (17%)	2 (3%)

3.2 The items which are unlikely to be achieved by the target dates are as follows:

Corporate Governance

- Update the IT Strategies and ensure there are clear links from these to financial planning

Equalities & Diversity

- Improve access to buildings for disabled people

3.3 The categories where doubts have been expressed about achieving improvement **by the target dates** and appear significant to the Council are as follows: (Please note there are also others which are not on target, as shown in Appendix A)

Business Continuity

- Address the weaknesses identified by Internal Audit in the Council's disaster recovery arrangements

Equalities & Diversity

- Collect data on staff equalities issues and customer feedback on equalities issues, and consider action required to address any issues arising
- Also see off-target item in 3.2 above

Transformation

- Continue to monitor Southwest One's delivery, to ensure that benefits realisation and the transformation of services is delivered on time and within budget
- Closely monitor actual savings against profiled targets, and report regularly to Members

Value for Money

- Use benchmarking more systematically to challenge service costs and delivery arrangements
- Target efficiency savings at those areas which currently provide poor value for money (vfm) compared to other councils

4. Recommendations

- 4.1 It is recommended that Members scrutinise progress of the Corporate Governance Action Plan and decide when they wish to receive future updates.












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Performance and Client Lead (Temp)

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CORPORATE GOVERNANCE ACTION PLAN 2009-10												
As at December 2009 (Limit circulation prior to 9th December CAA publication)												
Item	Improvement / recommendation	Activities planned	Category	Priority (H,M,L)	Target date	Lead Officer	Source	Ref	Success criteria	Progress	As at (date)	Status
A1	To formulate plans for service delivery in the loss of facilities following on from the plans developed in the event of Pandemic flu	Further work on loss of facilities. Completion of a/s pandemic plans and revision of corporate plan	Business continuity	H	Mar-10	John Lewis	Annual Governance Statement		Plans in place & tested	The majority of Pandemic Flu plans have been received and work has commenced on loss of facilities.	Nov-09	
A2	Address the weaknesses identified by Internal Audit in the Council's disaster recovery arrangements.	Discussion with SW1 re contractual activities	Business continuity	H	Mar-10	John Lewis	UoR 2008-09 (Draft Sept 09)	R25	Plans in place	IT Disaster Recovery Plan will be provided by Southwest One, as a development of the provisions existing within each of the Partner organizations, but benefiting from economies of scale. The Plan will reflect the business critical priority given to each service by the Partners. Discussions will commence immediately with SW1.	Nov-09	
A3	Ensure there is an up to date generic corporate business continuity plan and service level plans, and test these at least annually.	Continuation of plan preparation activities	Business continuity	H	Mar-10	John Lewis	UoR 2008-09 (Draft Sept 09)	R26	Plans in place & tested	The generic corporate business continuity plan for the pandemic scenario is currently being updated, following completion of revised service plans. Work has commenced on 'loss of facility' scenario planning and a draft generic corporate plan will be complete by March 2010. This will need to reflect the current restructuring of services envisaged by the Core Council Review. The parameters and timetable for testing will be an integral part of the plan.	Nov-09	
B1	To ensure that the Code of Corporate Governance is publicized internally and externally and regularly monitored to ensure that the Council is complying with it	Publicise & monitor the code	Corporate governance	L	Mar-10	Tonya Meers	Annual Governance Statement		Documents published		Dec-09	
B2	To carry out a health check on the Council's ethical governance framework	Letter and questionnaire to be sent to all members and senior officers. Results to be assessed by the Standards committee with a view to arranging workshops to cover any gaps in knowledge for members	Corporate governance	M	Dec-09	Tonya Meers	Annual Governance Statement		50% return rate on questionnaires and good attendance at subsequent workshops.	Standards Committee will be agreeing the letter and questionnaire to be sent out on the 9th December 2009.	Dec-09	
B3	Change of the audit plan to include Governance, Fraud, and Corruption	Review what is currently in place	Corporate governance			Chris Gunn	Annual Governance Statement			This is now within the 2009/10 Audit Plan. All SWAP partners have included a standard range of Governance type reviews will allow partners to share best practice in terms of governance. SWAP intends to pick up on Fraud Controls as part of the annual managed audits of the Council's key financial systems.	Sep-09	Completed
B4	To further strengthen the Scrutiny function	To implement the new structure	Corporate governance		May-09	Tonya Meers	Annual Governance Statement			The new structure came into effect following Annual Council on 13 th May 2009. The new Scrutiny Officer took up her post in May 2009.	Sep-09	Completed
		To produce an annual report	Corporate governance	M	Apr-10	Tonya Meers	Annual Governance Statement		Completion of the report	The report is currently being prepared and will be going to the Scrutiny Committees in January/February 2010.	Dec-09	
		To implement recommendations of the IDeA peer review	Corporate governance	M	Dec-09	Tonya Meers	Annual Governance Statement			Some of the recommendations contained in the IDeA Report have now been implemented – changing our structure was one of the main ones. Other recommendations outstanding will be introduced at the appropriate time. Further work is currently being undertaken on this at the moment.	Dec-09	
B5	To take Health & Safety forward	Highlight priority issues	Corporate governance			David Woodbury	Annual Governance Statement			Issues have been highlighted to CMT for action.	Sep-09	Completed
		Increase knowledge and performance within the Council. Review and implement the H & S action plan	Corporate governance	H	TBC (as per H & S plan)	David Woodbury	Annual Governance Statement		An up-to-date H & S action plan being delivered	The Health and Safety module of SAP is due to be implemented in 2010. Cllr Wilson identified as H & S Champion within Executive	Nov-09	
B6	To develop the Council's Asset Management arrangements	Asset Management Plan draft by mid Dec. Present AMP to CMT (Feb), to Scrutiny (March), and Exec (April)	Corporate governance	H	Apr-10	Alison North - Mark Halligan/Trevor Miles (SW1)	Annual Governance Statement		Successful AMP monitoring and governance, and aligned to TDBC needs	The SW1 Property Service is currently working in conjunction with the Performance & Client Team to implement a new Asset Management planning and review process. AMP process has been designed and agreed. AMP working group has been formed	Nov-09	
B7	To fully review the Constitution during 2008/09	To complete the review of the constitution	Corporate governance	H	Dec-09	Tonya Meers	Annual Governance Statement		Publication of an updated constitution	Large sections of the constitution have been approved during the last year and the aim is to complete it by the end of this year. Work is almost complete but it will not be completed by the end of December 2009. In addition further work will still need to be done in light of the core council review.	Dec-09	
B8	Update the IT Strategies and ensure there are clear links from these to financial planning.	Establish an IT work group	Corporate governance	H	TBC (complete Dec 09 with sign off Jan 10?)	Alison North; & SW1	UoR 2008-09 (Draft Sept 09)	R1	Fit for purpose IT strategy	Early planning stage. Work currently being undertaken by SW1 to align ICT strategies for all partner organisations	Nov-09	

Item	Improvement / recommendation	Activities planned	Category	Priority (H,M,L)	Target date	Lead Officer	Source	Ref	Success criteria	Progress	As at (date)	Status
B9	Update the Workforce Strategies and ensure there are clear links from these to financial planning.	Workforce strategy - see actions in L2	Corporate governance	H	tbc	Martin Griffin; & IT (SW1)	UoR 2008-09 (Draft Sept 09)	R1	Fit for purpose Workforce Development Plan - refer to L2	Workforce strategy – Ownership issues to be resolved (TDBC / SW1)	Nov-09	
B10	Update the procurement strategy to bring it in line with current practices.	To be drafted by SW1 then signed off by partners	Corporate governance	H	Dec-09	Paul Harding	UoR 2008-09 (Draft Sept 09)	R12	A new procurement strategy will be adopted	Draft strategy received from SW1 and out for consultation	Nov-09	
B11	Use the local Code of Governance to drive improvements in governance arrangements.	To prepare a list of activities that are necessary from the local code if they have not already been done.	Corporate governance	M	Apr-10	Tonya Meers	UoR 2008-09 (Draft Sept 09)	R19		TDBC adopted 'Code of Corporate Governance' framework and use 'Annual Governance Statement' to create an action plan. (2008-09 saw many changes to staffing, committees & Local Assessment process)	Dec-09	
B12	The Standards Committee needs to adopt a more proactive role in promoting ethical behaviour.		Corporate governance	M	6 monthly review of Forward Plan (next due March 10)	Tonya Meers	UoR 2008-09 (Draft Sept 09)	R20		Feedback from annual Assembly informs Forward Plan (on website). Progress being made, eg Members 'away day' training, updated protocol, forward plan for training etc. Independent members are now attending more TDBC committee meetings to raise their profile and awareness. Members of the Standards Committee will also work with the MO to carry out training and member briefings on ethical governance issues again to raise their profile and for them to be seen as proactive in their approach.	Dec-09	
B13	The Corporate Governance Committee should have a clear role in following up progress in addressing key weaknesses identified in audit reports and the Annual Governance Statement.	Produce Corporate Governance Action Plan. Report quarterly on progress to Corp Govn Committee	Corporate governance	M	Oct-09	Richard Sealy	UoR 2008-09 (Draft Sept 09)	R23	Key weaknesses managed and addressed	Actions identified to address key weaknesses will be included in the Corp Action Plan. Progress against these actions will be reported to the Corp Governance Ctte on a quarterly basis.	Nov-09	
C1	Implement the agreed action plan from the Auditors Data Quality Review	DQ strategy being reviewed & updated	Data Quality	H	Nov-09	Adrian Gladstone-Smith	AAIL 07/08 (March 2009) / UoR 2008-09 (Draft Sept 09)	Para 8 / R15	Implementation of Audit recommendations	DQ report & DQ Strategy actions to be reviewed and implemented	Nov-09	
C2	Identify how progress in implementing the Data quality Strategy will be monitored.	Monitoring by Performance Team & quarterly reporting to CMT & Corporate Governance Committee	Data Quality	M	Nov-09	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R16	Established monitoring & reporting framework - CMT and Corporate Governance Committee fully aware of progress	DQ report & DQ Strategy actions to be reviewed and implemented	Nov-09	
C3	Ensure there are effective quality assurance arrangements in place for the production of all the national indicators and all those local indicators used by the Council to support delivery of its local priorities.	Confirm NI & LPI owners list. Send reminders to owners re Audit Commission guidelines & any recent updates. DQ Proformas to be completed for year end (April 10)	Data Quality	H	Nov-09	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R17	All PI owners established, and understand & follow AC guidelines	Will be achieved through delivery of the DQ Strategy and the Performance Team working closely with NI 'owners' to support them in accurately monitoring & reporting their NI's.	Nov-09	
C4	Implement the agreed action plan from the internal audit report on its spot checks on a sample of national indicators.	Recommendations from Audit report to be implemented - Performance Team to confirm	Data Quality	H	Nov-09	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R18	Pls being calculated correctly in line with AC guidance	Audit reports & recommendations for NI 155 & 179 sent to responsible Officers. Compliance will be reviewed	Nov-09	
D1	Do more to enhance the Council's approach to Equalities and Diversity	- Training for staff & members - Build into service planning - Build into Comms / Reports - Achieve level of EFLG	Equalities & diversity	H	On-going	Simon Lewis / Lisa Redston	AAIL 07/08 (March 2009) CAA Organisational Assessment	Para 8	All staff & members trained. Target levels for EFLG standard achieved. E & D embedded within service planning, & all council comms & reports	Raising profile of E & D issues through council committees and reports. Member training in Equalities Framework occurred Sept/Oct 09. Management training planned for Feb/March 2010. Rolling staff training programme being developed with SW1. Equalities Service planning workshop for SMT & CCM due 15th Dec. New service planning templates to include Equalities Impact Assessments	Nov-09	
D2	Bring the equalities and needs assessment work up to date.	Completion of Equalities Impact Assessments (core council & SW1). Community profiling work including deprivation, age profiling etc	Equalities & diversity	M	Mar-10	Simon Lewis / Lisa Redston	UoR 2008-09 (Draft Sept 09)	R9	All policies, strategies & service areas to have Equalities Impact Assessments in place	Community profiling work being developed including deprivation, age profiling etc, which will help influence Equalities needs assessments. 25 Equalities Impact assessments have been completed within core council services. Work planned for Sw1 (jointly with SCC) to complete Equalities Impact Assessments next year. A county-wide peer support programme has been developed to help complete impact assessments & improve use of resources.	Nov-09	
D3	Ensure that outcomes from equality impact assessments are reflected in decision-making.	Ensure they are within all Exec reports by Jan 2010. Training for officers in providing equalities info in reporting. Reports to be quality checked for equalities impact prior to final submission	Equalities & diversity	M	Jan-10	Simon Lewis / Lisa Redston	UoR 2008-09 (Draft Sept 09)	R10	All decisions consider equality impact assessments	Ensure they are within all Exec reports by Jan 2010. Equalities Champion identified within the council.	Nov-09	
D4	Collect data on staff equalities issues and customer feedback on equalities issues, and consider action required to address any issues arising.	Customer feedback & complaints to be monitored & acted upon	Equalities & diversity	M	Customer feedback - quarterly; Staff Profile - Jan to Mar 10	Simon Lewis / Lisa Redston	UoR 2008-09 (Draft Sept 09)	R29	Staff and customer equalities data collected, and actions required considered to address issues arising	Customer feedback & complaints to be monitored & acted upon. On-going consultation with disability groups, gypsies, and FEDs have a SLA to carry out cross-strand consultation - this feeds into equality impact assessment process and resulting action plans Staff profile to be followed up as part of SAP reporting after V2 has gone live (liaise with SW1). Individual staff risk assessments completed on basis of need.	Nov-09	
D5	Improve access to buildings for disabled people	Ownership to be established (TDBC and SW1)	Equalities & diversity	H		Simon Lewis / Lisa Redston / SW1	CAA Organisational Assessment		Buildings compliant with DDA regs		Nov-09	

Item	Improvement / recommendation	Activities planned	Category	Priority (H,M,L)	Target date	Lead Officer	Source	Ref	Success criteria	Progress	As at (date)	Status
E1	Review its accounting closure processes, and the resources provided to support these processes, to reduce the risk of material and other errors occurring within the financial statements presented to members for approval		Managing finances			Maggie hammond / SW1	AAIL 07/08 (March 2009)	Para 8				Completed
E2	To review the operation of the internal controls governing the processing of Payroll data in light of the installation of SAP	Internal audit looking at SAP internal controls	Managing finances	H	Jan-10	Maggie Hammond	Annual Governance Statement		Controls reviewed	A meeting has been set up for 7 th October to begin the review of internal controls.	Nov-09	
E3	To fully review the Financial regulations during 2008/09	To complete review of the financial regulations	Managing finances	H	Mar-10	Maggie Hammond	Annual Governance Statement		A new financial regs document produced	The financial regulations have been partial reviewed but they need to reflect the improved control brought about by the introduction of SAP.	Nov-09	
E4	To ensure that the SW1 action plan, in response to the closure of the 2008/09 accounts is followed		Managing finances		Sep-09	Maggie Hammond	Annual Governance Statement			The action plan was implemented. The audit of the 2008/09 is still ongoing but no major/material issues have been identified.	Sep-09	Completed
E5	Provide greater focus on the medium term when preparing and setting the annual budget.	To seek advice from Exec on whether they support resourcing medium-term budgeting	Managing finances	H	Jul-10	Maggie Hammond	UoR 2008-09 (Draft Sept 09)	R2	Focus on medium term when budget setting		Nov-09	
E6	Ensure there is adequate public consultation as part of the preparation of the annual budget.	Simon & Maggie to agree consultation process for next years budget	Managing finances	M	Sep - Oct 10	Simon Lewis / Maggie Hammond	UoR 2008-09 (Draft Sept 09)	R3	Public consulted during budget setting process		Nov-09	
E7	Ensure that the Council's policy on levels of balances is supported by a robust financial analysis of the Council's key risks.	Prepare report for Scrutiny Jan 10	Managing finances	M	Mar-10	Maggie Hammond	UoR 2008-09 (Draft Sept 09)	R4	Balances supported by robust financial analysis of key risks		Nov-09	
E8	Establish stronger links between financial and performance monitoring.	Review performance management arrangements & monitoring reports	Managing finances	M	Jan-10	Adrian Gladstone-Smith / Maggie Hammond	UoR 2008-09 (Draft Sept 09)	R7	Robust links between Finance & performance	Future meetings planned for Portfolio Holders & Theme Managers to review performance & finance together with Performance Lead. Performance management & reporting arrangements currently being reviewed	Nov-09	
E9	Review a sample of journals processed in 2009/10		Managing finances	H	Mar-10	Maggie Hammond	AAIL 2008/09 (Dec 09)	Para 11 & 12	Sample checks done in current year		Nov-09	
E9	Ensure that the accounts closure process is adequately resourced.		Managing finances	H	Apr 09 - Mar 10	Maggie hammond / Emily Collacott	UoR 2008-09 (Draft Sept 09)	R8		Should no longer be a problem	Oct-09	Completed
E10	Ensure there are up to date procedure notes and manuals for all the key financial systems.		Managing finances	M	n/a	Maggie Hammond	UoR 2008-09 (Draft Sept 09)	R24		Resolved with the introduction of SAP	Oct-09	Completed
F1	To review the Corporate Governance arrangements in relation to partnership working	To be put onto a future scrutiny agenda.	Partnerships	M	Apr-10	Tonya Meers	Annual Governance Statement		Report back to O&S	To be decided by the Co-ordinating scrutiny committee. An audit has just been carried out on partnership arrangements and there is a meeting with Tonya Meers/Brendan Cleere and Adrian Gladstone Smith to review that. A decision will then need to be made as to how this will be tackled.	Dec-09	
		Guidance to be produced to members when they sit on outside bodies.	Partnerships		May-09	Tonya Meers	Annual Governance Statement			The guidance went through the Standards Committee on 15 th April 2009 and was signed by Alan Wedderkopp and reported through the Weekly Bulletin. An electronic version of the guidance has been circulated to all members. In due course this will be followed up at a Member's Briefing and reinforced by the distribution of a hard copy of the guidance too.	Sep-09	Completed
		Training for members on the guidance	Partnerships	M	Apr-10	Tonya Meers	Annual Governance Statement		Members briefing	The approved guidance will be followed by a Member's Briefing and reinforced by the distribution of a hard copy of the guidance this will be done following the Task and Finish review	Dec-09	
F2	Ensure that Councillors are kept fully informed of any significant contract issues as the arise and that appropriate action is taken to address any shortcomings. Contract monitoring and management, and the realisation of the expected benefits from the contract, remain a high priority	As part of our general restructuring of our Performance Monitoring processes we will be reviewing & enhancing the processes that currently exist for reporting on partnerships. The aim is to have a consistent, appropriate & regular reporting mechanism for all partnerships.	Partnerships	H	Mar-10	Richard Sealy	AAIL 08/09 (Dec 2009)	Para 41	Mechanism in place for regular reporting to members	Being included in the changes currently being made to the corporate performance monitoring regime	Nov-09	

Item	Improvement / recommendation	Activities planned	Category	Priority (H,M,L)	Target date	Lead Officer	Source	Ref	Success criteria	Progress	As at (date)	Status
F3	Compile a register and regularly review authority's partnerships	1. Compile comprehensive partnership register. 2. Confirm involvement and they meet authority's aims and objectives. 3. Introduce protocol for establishing membership prior to commitment. 4. Establish framework and categorisation of partnerships. 5. Widen scope of Members Task & Finish Group re membership on outside bodies	Partnerships	M	Sep-10	Tonya Meers	SWAP Partnership Arrangements Audit (Sept 09)		Partnerships adequately controlled and managed	Members Task and Finish group to be formed in new year	Dec-09	
G1	Review the arrangements for use of resources in the context of the new framework for 2008/09		Performance			Richard Sealy	AAIL 07/08 (March 2009)	Para 8		Draft UoR Audit report received Sept 09	Sep-09	Completed
G2	Performance Management and review of partnerships are being strengthened through the Strategy & Corporate theme	Workshops planned with 2 key partners (Tone Leisure, & SWP) to discuss the formalising of new performance monitoring arrangements. Partnership audit report received - action plan to be agreed	Performance	H	Mar-10	Richard Sealy	Annual Governance Statement		Appropriate performance framework and measures in place	The new corporate performance management process has been agreed by Corporate Scrutiny and the Executive. This will be fully implemented by 1 Apr 2010. A performance monitoring regime is already in place for Southwest One and performance against a suite of KPI's & SPI's is monitored on a regular basis. The Performance & Client Team are aiming to strengthen & improve these processes. The Performance & Client Team will be implementing improved performance monitoring arrangements in respect of the Tone Leisure and SWP partnerships.	Sep-09	
G3	To implement improvements following the external auditors use of resources assessment 2007/08		Performance			Richard Sealy	Annual Governance Statement			Improvements have been made on the statement of accounts which affect the use of resources score.	Sep-09	Completed
G4	Provide more focus on partnerships in the quarterly performance monitoring reports.	New performance Scorecard to be agreed with CMT & Members by Jan 10	Performance	H	Mar-10	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R14	CMT & Members have up-to-date key performance information on all partnerships	We are currently developing new corporate performance reporting processes which will include mechanisms for reporting on the various partnerships.	Nov-09	
G5	Provide members with regular reports which allow them to assess how well the Council's major risks are being managed.	2009 Risk Management Strategy action plan being reviewed and updated. Risk management to be embedded including reporting to Members (Corporate Governance Committee)	Performance	H	Mar-10	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R21	An up-to-date Corporate Risk Management Strategy & Risk Register is maintained, and regularly monitored for progress against key mitigation actions to prevent major risks being realised	Streamlining the Authority's Risk Management processes is a priority for the Perf Team. New risk management processes will be introduced as part of service planning	Nov-09	
G6	Identify reporting arrangements in respect of service risk registers, and establish a monitoring arrangement to ensure these are regularly updated.	2009 Risk Management Strategy action plan being reviewed and updated. Risk management to be embedded including Service monitoring arrangements	Performance	H	Jan-10	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R22	Up-to-date Service Risk Registers are maintained and regularly monitored for progress against key mitigation actions to prevent major risks being realised	This will be picked up within the new risk management processes & service planning processes.	Nov-09	
G7	Improve performance management: monitoring arrangements; challenging and tackling poor performance.	Implement new performance framework	Performance	H	Apr-10	Adrian Gladstone-Smith	CAA Organisational Assessment		Create a performance culture that ensures the Council is focussed on delivering its priorities, knows where it must improve & provides excellent value for money	The new corporate performance management process has been agreed by Corporate Scrutiny and the Executive. Details require finalising and will be fully implemented by 1 Apr 2010.	Nov-09	
H1	To finalise the Risk Management strategy and embed processes to ensure it's fit for purpose	To finalise the strategy (refer to G5 & G6)	Risk management	H	Mar-10	Adrian Gladstone-Smith	Annual Governance Statement		Ref G5	A consultant was commissioned to take forward Risk Management within the organization. This has resulted in a revised Risk Management Strategy and new corporate Risk Register with CMT action. Work was also undertaken to start embedding Risk Management in the Council and will recommence shortly.	Nov-09	
I1	Ensure that the Council maintains focus on continued improvement of services for citizens during the forthcoming period of structural change	Performance management framework improvements, including monitoring reports, service planning, & VfM / benchmarking	Service improvement	H	Sep-10	Penny James	AAIL 07/08 (March 2009)	Para 8	Services continue to improve	The new corporate performance management process has been agreed by Corporate Scrutiny and the Executive. Details require finalising and will be fully implemented by 1 Apr 2010. Service Planning process is currently being agreed with CMT with new templates produced - completion deadline end March 10. We are currently investigating the most effective means of undertaking benchmarking with a view to building regular benchmarking into our new corporate performance management processes.	Nov-09	
I2	Continue to address issues relating to housing	As per Housing Report	Service improvement	H	Various	Penny James?	AAIL 07/08 (March 2009) CAA Organisational Assessment	Para 8		Still agreeing the draft report with the Auditor. The final version will be published at the end of November and the detailed recommendations will be listed in this plan	Nov-09	

Item	Improvement / recommendation	Activities planned	Category	Priority (H,M,L)	Target date	Lead Officer	Source	Ref	Success criteria	Progress	As at (date)	Status
I3	Ensure that the programme of service reviews covers all service areas.	Corporately - to identify those services which may require VFM analysis (Corporate Strategy). With Somerset Councils, identify and benchmark poor value services. Examine Audit Commission findings re poor VFM services identified	Service improvement	M	Jan-10	Richard Sealy	UoR 2008-09 (Draft Sept 09)	R11	An understanding of the VFM of all services	Updated timetable to be produced	Nov-09	
I4	Address speed of determining smaller planning applications	On-going monitoring	Service Improvement			Tim Burton	CAA Organisational Assessment		Planning performance targets met	Improvement from 65.2% in 2007-08 to 75% in 2008-09. Government targets were met. Further improvement shown in 2009/10 Quarter 2 results = 83%	Nov-09	Completed
I5	Reduce carbon emissions at Deane House	Various initiatives	Service Improvement	H	Mar-10	Kevin Toller	CAA Organisational Assessment		Co2 reduction	Action plan agreed by Scrutiny April 09 - actions being implemented	Nov-09	
J1	To ensure the Council realizes some benefits from the transformation projects, Pioneer Somerset and SW1.	Ensure there is adequate risk management system in place to ensure that the governance arrangements are fit for purpose	Transformation	H	Mar-10	Richard Sealy / Kevin Toller	Annual Governance Statement		Benefits realised	There is a process in place to monitor the savings resultant from the Procurement Transformation project. A benefits tracking tool has been designed in connection with the SAP transformation projects. This will be implemented once all of the SAP implementation is complete. The Lead officer for Transformation within the Performance & Client team started in October and will focus specifically on realizing the benefits from the transformation projects.	Nov-09	
J2	Continue to monitor Southwest One's delivery, to ensure that benefits realisation and the transformation of services is delivered on time and within budget	Implementing a Benefits tracking Tool to monitor progress against Transformation Project	Transformation	H	Mar-10	Paul Harding	AAIL 07/08 (March 2009)	Para 8	Regular monitoring & reporting. Tracking tool used and updated	There are regular SW1 performance reports. The Benefits Tracking Tool has not yet been fully utilised	Nov-09	
J3	Closely monitor actual savings against profiled targets, and report regularly to Members	Determine the appropriate audience / forum for monitoring reports	Transformation	H	Mar-10	Paul Harding	AAIL 08/09 (Dec 2010)	Para 37	Reports produced for members	We are monitoring savings, however are not yet circulating this to Members	Nov-09	
K1	Use benchmarking more systematically to challenge service costs and delivery arrangements.	Benchmarking analysis	Value for money	H	Mar-10	Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R5	Better understanding of relative service performance and cost	We are currently investigating the most effective means of undertaking benchmarking with a view to building regular benchmarking into our new corporate performance management processes.	Nov-09	
K2	Target efficiency savings at those areas which currently provide poor vfm compared to other councils.	Benchmarking analysis	Value for money	H	Jun-10	Maggie Hammond / Adrian Gladstone-Smith	UoR 2008-09 (Draft Sept 09)	R6	Better value for money	This will flow from the benchmarking exercise.	Nov-09	
K3	Reduce costs of planning and council tax collection services	Council restructure re Planning	Value for money	H	Mar-10	Brendan Cleere	CAA Organisational Assessment		Lower costs of service	Planning costs will reduce following the Core Council Review. Council Tax Collection is part of the SWOne contract and the charge for these services reduces annually. A more detailed examination will be undertaken as part of the VFM/Benchmarking review.	Nov-10	
L1	To complete the Core Council Review and thematic working	1. Recruitment to new posts in themes 2 and 4 2.) Selection of a preferred future business model for DLO services. 3) Thematic working OD plan agreed and being implemented	Workforce planning	H	Mar-10	Brendan Cleere	Annual Governance Statement		To contribute to the aims of the CCR of making significant efficiency savings and enabling the Council to address its corporate priorities	Proposals for themes 2 and 4 have been agreed and recruitment activity is now under way. Turner and Townsend will bring recommendations on a future business model for the DLO in January 2010 (Corp Scrutiny)	Nov-10	
L2	Prepare an up to date workforce plan.	1.Planning Meeting on 24/11/09 2.Outline Plan to CMT by 31/12/09 including member and staff engagement actions 3.Engagement with SW1 HR to support the development of the Plan. 4.Background data and structure of Draft Plan to be completed by 28/02/10 5.Results from Staff Survey to be taken into account by 30/04/10 6.Final Draft Plan to CMT by 31/05/10 7. Member approval sought by 30/06/10	Workforce planning	H	Jun-10	Martin Griffin	UoR 2008-09 (Draft Sept 09)	R27	Fit for purpose Workforce Development Plan which complements the English Local Authority Workforce Strategy and has been assessed by GOSW. A detailed Action Plan For the period 2010-2013 has been agreed and funded.	Plan will evolve from Workforce Strategy (see B8)	Nov-09	

Item	Improvement / recommendation	Activities planned	Category	Priority (H,M,L)	Target date	Lead Officer	Source	Ref	Success criteria	Progress	As at (date)	Status
L3	Gather up to date information on staff attitudes and use this to develop an action plan to address any areas of concern.	1.Planning Meeting on 7/12 with SW1 2.Outline Plan and draft survey to CMT by 31/01/10 following consultation with CCM and UCF 3.Survey completed by 31 March 2010 4.Analysis completed by 30/04/10 for incorporation in IIP Plans and Workforce Development Plan.	Workforce planning	H	Mar-10	Martin Griffin	UoR 2008-09 (Draft Sept 09)	R28	High percentage completion by staff. Clarity on staff attitudes and morale translated into actions within Service Plans, IIP Plan and Workforce Development Plan	In discussion with SCC & ASC re a Joint Survey 09-10 – outcome should influence Workforce Strategy & Plan	Nov-09	
L4	Continue monitor progress in reducing sickness absence rates.	1.Planning meeting held with SW1 in early November 2009. 2. Action Plan due by 30 November 2009 to be considered by CMT in December 2009. 3. Action plan to be undertaken over agreed period.	Workforce planning	H	On-going Quarterly	Martin Griffin	UoR 2008-09 (Draft Sept 09)	R30	Stronger emphasis on sickness absence management across the organisation. Revised policies and procedures and additional training. Lower sickness absence during 2010/11	Part of 2009-10 Service Delivery Plans, and plans to report sickness % as part of Quarterly Corporate Performance	Nov-09	

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 10 DECEMBER 2009

REPORT OF THE FINANCIAL SERVICES MANAGER

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

NATIONAL INDICATOR 179 (NI179) – 2008/09 OUTTURN

1 Executive Summary

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| 1.1 This report details the Council's final outturn figures and forecast information for National Indicator 179. |
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2 Introduction

- 2.1 NI179 superseded the Annual Efficiency Statement (AES) in 2008, and is defined as:

“the total net value of ongoing cash releasing value for money gains since 2008/09.”

- 2.2 This indicator focuses on the value of cashable efficiencies generated by the Council and this feeds into the LAA. This report details the 2008/09 outturn figures and also provides forecast data for 2009/10.

3 2008/09 Outturn Performance

- 3.1 Members may recall that the government target for the local authority sector was increased in 2008 to 3% per annum from 2.5%, and these are required to be wholly cashable. Individual targets for each Council were discontinued, unless as agreed as part of a Local Area Agreement (LAA).
- 3.2 TDBC has included this indicator within its LAA and has stretched the target from 3% of net revenue and capital expenditure to 3.5%, in common with the other Somerset councils. For TDBC this means that the target for 2008/09 was just over £700k per annum.
- 3.3 The Performance Report submitted to the Executive in June 2009 reported in year gains of £574,000, which leads to cumulative cashable gains of £922,000. Follow audit this has been reduced to in year gains of £494,000 with ongoing cumulative gains of £842,000. This is well in excess of the target required under the LAA.
- 3.4 This report does not contain a detailed schedule of the particular areas where we have generated efficiencies but the table below does give this information in summary form. Should any Member require the detailed efficiencies then please contact the officer named below.

Sector	Total £000
<i>Brought Forward:</i> Surplus Ongoing Efficiencies from 2007/08 (per Backward Looking AES)	348
<i>2008/09 In Year Gains:</i>	
Environmental Services	157
Social Housing (including HRA)	22
Corporate Resources	118
Procurement	161
Other	36
Total in year gains	494
Cumulative Total Carried Forward	842

4 Forecast

- 4.1 As reported in the Q2 Performance Report to Executive on 2nd December 2009, the forecast performance for cumulative gains to be achieved by March 2010 is £884,000. This remains on target.

5 Recommendations

- 5.1 As central government funding becomes more limited it will become increasingly important for the Council to generate value for money gains to ensure that the Council can continue to meet its targets and also produce a balanced budget.
- 5.2 The Corporate Governance Committee are requested to note the final NI179 audited achievement for 2008/09 and forecast for 2009/10 to date against stretched targets.

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