

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 1 March 2011 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 27 September 2010 (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 Audit Commission Annual Audit Letter 2009/2010 . Report of the Strategic Director (attached)
Reporting Officer: Shirlene Adam
- 6 Action Plan - Annual Governance Report. Report of the Strategic Director (attached)
Reporting Officer: Shirlene Adam
- 7 Grants Claims Report. Report of the Strategic Director (attached)
Reporting Officer: Shirlene Adam
- 8 Value for Money Report 2009/2010. Report of the Strategic Director (attached)
Reporting Officer: Shirlene Adam
- 9 Audit Commission Audit Plan 2010/2011. Report of the Strategic Director (attached)
Reporting Officer: Shirlene Adam
- 10 Localism Bill Response. Report of the Legal and Democratic Services Manager (attached)
Reporting Officer: Tonya Meers
- 11 Update of Part 3 of the Constitution. Report of the Legal and Democratic Services Manager and Chair of the Constitutional Sub-Committee (attached)

Reporting Officer: Tonya Meers

- 12 Corporate Governance Forward Plan 2011. Details of forthcoming items for the Corporate Governance Committee
- 13 Corporate Governance Committee Forward Plan - details of forthcoming items to be considered by the Corporate Governance Committee and the opportunity for Members to suggest further items (attached)

Tonya Meers
Legal and Democratic Services Manager

02 June 2011

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.

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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 J Allgrove

Councillor A Beaven

Councillor K Durdan

Councillor J Hunt

Councillor J Meikle MBE

Councillor B Nottrodt

Councillor J Reed

Councillor E Waymouth

Corporate Governance Committee – 27 September 2010

Present: Councillors Beaven, Coles, Denington, Hall, Henley, Miss James, O'Brien, Thorne, A Wedderkopp, and Wilson.

Officers: Mrs S Adam (Strategic Director), Mrs D Durham (Democratic Support Manager), Mr P Fitzgerald (Financial Services Manager), Mr C Gunn (Group Auditor, South West Audit Partnership), Mr R Sealy (Performance and Client Manager), Mr D Webb (Client and Performance Officer)

Also Present: Councillor Williams
Mr T Brown, South West Audit Partnership
Mr B Bethell and Mr C Peachey, Audit Commission

(The meeting commenced at 6.15 pm)

38. Appointment of Chairman

Resolved that Councillor Denington be appointed as Chairman of the Corporate Governance Committee for the remainder of the Municipal Year.

39. Apology

Councillor Govier.

40. Minutes

The minutes of the meeting held on 28 June 2010 were taken as read and were signed.

41. Declaration of Interests

Councillor Henley declared a personal interest as a Member of Somerset County Council.

42. Audit Commission Annual Governance Report 2009/2010

Mr Brian Bethell and Mr Chris Peachey of the Audit Commission introduced Taunton Deane Borough Council's Annual Governance Report 2009/2010.

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

The preparation and audit of accounts had been challenging due to the implementation issues with the SAP system. This meant that more time had been spent by officers and external auditors to ensure sufficient internal controls were in place to protect the organisation's accounting systems were in place and working.

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

Key messages were captured in an Action Plan which had been submitted to Members.

Members commended staff for the hard work that they had done, during the implementation of the SAP system. A huge amount of resource had been required to get the SAP system to work and it was a credit to the staff.

Resolved that:

- (1) The unadjusted misstatements in the accounts be noted;
- (2) The letter of representation be approved; and
- (3) The Action Plan be noted.

43. Internal Audit Plan Progress Report

Considered report previously circulated, which provided an update on the significant findings and recommendations for the period July to September 2010.

Details were also reported of the operational audits and managed audits completed 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.

44. 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 Health and Safety Action Plan be noted.

45. Risk Management

Considered report previously circulated, updating Members on the current position of Risk Management, the process by which risks were identified, evaluated and controlled, Risk Management was one of the key elements of the Corporate Governance Framework.

Reported that progress made in the implementation of Risk Management was as follows:

- The Corporate Risk Register had been reviewed by the Corporate Management Team and Theme Managers group;
- Control Measures and Planned Actions had been updated by all Managers; and
- Risk scoring had been updated to reflect the most up to date position.

Resolved that the progress with Risk Management and the actions planned be noted.

46. Update to Various Parts of the Constitution

The Constitutional Sub-Committee had recently reviewed Part 3 of the Constitution following the Core Council Review and the Budget and Policy Framework Procedure rules. The recommendations were presented by the Chairman of the Constitutional Sub-Committee, Councillor Denington.

Members discussed the recommended amendments and agreed the changes proposed by the Sub-Committee.

Resolved that Council be recommended to agree the proposed amendments to the Constitution.

(The meeting ended at 8.05 pm).

Declaration of Interests

Corporate Governance Committee

- Members of Somerset County Council – Councillors Govier and Henley
- Employee of Viridor – Councillor Miss James

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 1 MARCH 2011

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

Audit Commission Annual Audit Letter 2009/2010

Executive Summary

This report introduces the Annual Audit Letter 2009/10 – prepared by our external auditors, the Audit Commission (and set out in and Appendix to this report).

The report, which will be presented by the Audit Commission, summarises their findings from their 2009/10 audit work.

1. Background

1.1 Each year the Audit Commission is required to make arrangements for the production of an audit letter for each local authority. This letter has changed in format for 2009/10. The letter outlines the following:

- A conclusion on the Statement of Accounts and annual governance statement;
- A conclusion on Value for Money;
- The fees charged by the Audit Commission compared to those budgeted.
- Current and Future Challenges
- Action Plan

1.2 The letter no longer carries a Use of Resources judgement or score as at the end of May 2010 the government announced that all work on the CAA (Comprehensive Area Assessment) would cease with immediate effect.

1.3 Members will note that they have already seen at previous meetings, or will see at this meeting, the detailed reports referred to in this report.

2. Financial Issues / Comments

2.1 As reported previously, the additional external audit fee of £15,000 will have to be met from existing budgets as part of the budget monitoring process.

3. Legal Comments

3.1 There are no legal implications from this report.

4. Links to Corporate Aims

4.1 No direct implications.

5. Environmental and Community Safety Implications

5.1 No direct implications.

6. Equalities Impact

6.1 No implications.

7. Risk Management

7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

8.1 The Strategic Director and the Internal Audit Team (SWAP – South West Audit Partnership) will take the findings of this report into account when identifying the areas of risk to be audited next year.

9. Recommendation

9.1 Members are requested to note the Annual Audit Letter

Contact Officers:

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Annual Audit Letter

Taunton Deane Borough Council

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practicable recommendations for promoting a better quality of life for local people.

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Key messages

This report summarises my findings from the 2009/10 audit. My audit comprises:

- **the audit of your financial statements (page 4); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 5 to 7).**

I have included only significant recommendations in this report. The Council has accepted these recommendations.

Audit opinion and financial statements

1 I have issued an unqualified audit opinion on your financial statements for the year ended 31 March 2010. The Council has amended the statements for some non-material errors but has not adjusted some minor errors. The financial performance for the year and the financial position as at 31 March 2010 remain largely as approved by Committee on 28 June 2010.

Value for money

2 I have issued an unqualified conclusion on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

Audit fees

3 During my audit I notified the Corporate Governance Committee of the likelihood that we might need to increase our fee, because of widespread failure to operate key controls in significant financial systems run on the new SAP platform introduced during 2009/10.

4 The original fee was £105,600 with £74,200 relating to the audit of the statement of accounts. Because of significant additional audit tests due to identified systems weaknesses, it has been necessary to increase the fee by £15,000 to £120,600 in total.

Current and future challenges

5 The major current challenge is to identify and take action to preserve priority services while achieving the budget savings needed to balance spending with the reduced resources likely to be available in the medium term. Currently there is gap between expected resources and current rates of expenditure of £1.2 million in 2011/12 rising to £3.9 million in 2014/15.

6 More work is also necessary to implement the key controls in the SAP based financial systems to ensure the accuracy and integrity of data, prevent unauthorised access and stop duplicate payments.

Independence

7 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.

I gave an unqualified opinion on the Council's 2009/10 financial statements on 28 September 2010.

8 The Council produced the statements on time and approved them by the statutory deadline. Following my audit the Council amended the statements for some non-material errors. Most of these affected disclosure notes rather than the accounts themselves and were largely the result of errors in classification of debtors and creditors.

9 The Council did not adjust one trivial error. This was an overstatement of £20,000 of General Fund expenditure with a consequential understatement of the General Fund balance at 31 March 2010 of the same amount. Subject to this, the financial performance for the year and the financial position as at 31 March 2010 remain as approved by Committee on 28 June 2010.

10 I was able to issue an unqualified opinion that the accounts presented a true and fair view of the Council's financial position.

Significant weaknesses in internal control

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

International Financial Reporting Standards (IFRS)

12 Local Government bodies are required to comply with the IFRS for their accounts ended 31 March 2011. However, the impact is more immediate because of the need to restate the 2009/10 figures. The requirements are complex and necessitate considerable preparation, not just by finance staff but also other professionals such as valuers and managers throughout the organisation in providing information to help categorise assets and liabilities.

Value for money

I considered whether the Council is managing and using its money, time and people to deliver value for money.

I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

2009/10 use of resources assessments

13 At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on CAA would finish with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

14 However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

15 I report the significant findings from the work I have carried out to support the vfm conclusion.

VFM conclusion

16 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each audited body.

17 This is a summary of my findings.

Criteria	Adequate arrangements?
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	Yes
Strategic asset management	Yes
Workforce	Yes

18 I issued an unqualified conclusion that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

19 The Corporate Governance Committee will receive my detailed report at its meeting in December 2010 and an agreed an action plan to address my recommendations for improvement.

20 In 2008/09 I concluded that proper arrangements were in place and the Council was embarking on an ambitious programme of joint working to provide financial and other services. The Council has met teething problems in operating some joint services, most notably with the financial systems based on the SAP package being run jointly with Somerset County Council and Avon and Somerset Police. I am pleased to report that despite these problems the Council has, overall, maintained proper arrangements to achieve economy, efficiency and effectiveness.

21 To help improve its performance I have recommended the Council:

- updates the IT and Workforce Strategies and improve the links to financial planning;
- engages with the local community during budget preparation to identify priorities;
- makes better use of benchmarking to assess value for money and identify indicators for assessing the performance of all key services;

- completes personal development plans for all elected Members;
- arranges for the investigation of NFI matches and ensures that staff carry out these;
- completes business continuity and IT disaster recovery planning;
- uses sustainability appraisals to inform decisions; and
- exerts more effective management action to reduce the sustained high level of staff sickness it is experiencing.

Approach to local value for money work from 2010/11

22 Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money (VFM) audit work. The Commission aims to introduce a new, more targeted and better value approach to our local VFM audit work.

23 My work will involve fewer reporting criteria, specified by the Commission, and will concentrate on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

24 I will decide on a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer be required to provide an annual scored judgement relating to my local VFM audit work. Instead I will report the results of all my local VFM audit work and the key messages for the Council in my annual report to those charged with governance and in my annual audit letter.

Current and future challenges

Challenge

25 The economic downturn and banking crisis of 2009 have provided several challenges. Most immediate of these were the need to ensure that investment policies provide security of Council funds and to identify efficiencies and savings to preserve the core, priority services provided.

Treasury management

26 The Council approved its Treasury Management Strategy in April 2009 setting security of funds as the overriding priority. In response to the banking crisis it has since reviewed its approach to treasury management and now restricts investments to AAA rated money market funds or AA rated banks. At 31 March 2010 £8.6 million was invested externally. We commend the Council's prudential approach to Treasury Management.

Economic downturn

27 The medium term financial plan prepared in 2009 identified potential funding gaps over the next five years rising from £1.2 million in 2011/12 to £3.9 million in 2014/15. The Council has identified savings and additional income to bridge the gap in the current year 2010/11. It expects that savings projected from decisions already taken will exceed £0.75 million, with additional income of £0.47 million from higher car parking fees. The Council expects these savings to recur in future years but still faces a financial challenge in the medium term to bridge the expected funding gap. Difficult financial decisions will be needed as well as financial management of the highest order.

28 The Council has established a strong basis on which to build. Sound arrangements for financial management are in place and members receive detailed monthly financial monitoring reports. The Council experienced some problems in producing the monitoring reports during 2009/10 following the introduction of the new general ledger, SAP. It has overcome these problems and members are now receiving accurate monitoring reports once more.

29 The Council has a good record for keeping spending within budget. In 2009/10 General Fund net spend was within £10,000 of the budgeted outturn.

Closing remarks

30 I have discussed and agreed this letter with the Strategic Director. I will present this letter at the Corporate Governance Committee on 20 December 2010 and will provide copies to all Council members.

31 I have included full detailed findings, conclusions and recommendations in the areas covered by our audit in reports issued to the Council during the year.

Report	Date issued
Audit Fee Letter	22 April 2009
Audit Opinion Plan	22 February 2010
Value for Money Conclusion Report	24 August 2010
Annual Governance Report	17 September 2010

32 The Council has taken a positive and helpful approach to our audit. I wish to thank the Council staff for their support and cooperation during the audit.

Brian Bethell
District Auditor
November 2010

Appendix 1 – Audit fees

		Proposed	Variance
Financial statements and annual governance statement	89,200	74,200	15,000
Value for money	31,400	31,400	
Total audit fees	120,600	105,600	15,000
Non-audit work	0	0	0
Total	120,600	105,600	15,000

The variance in fee related to additional audit testing necessitated by weaknesses in SAP controls.

Appendix 2 – Glossary

Annual governance statement

Governance is about how local government bodies ensure 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, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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



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TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE - 1 MARCH 2011

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

ACTION PLAN – ANNUAL GOVERNANCE REPORT

Executive Summary

The Annual Governance Report was shared at the September meeting of this Committee. This report shares the action plan prepared by officers to deal with the recommendations in that report. The action plan is set out in Appendix 1.

1. Background

- 1.1 The Annual Governance Report is an annual report to the Council from the Audit Commission setting out their findings on:-
 - the audit of the accounts; and
 - their review of the Councils arrangements for securing the economy, efficiency, and effectiveness in the use of resources.
- 1.2 The full report was presented to the September meeting of this Committee by our external auditors, the Audit Commission.
- 1.3 Since then, the Strategic Director (Shirlene Adam) has worked with senior officers to prepare an action plan to pick up on the recommendations made. This action plan is attached at Appendix 1.
- 1.4 Progress against this action plan will be monitored by the Strategic Director, with an update being shared with this Committee in the Spring of next year.

2. Financial Issues / Comments

- 2.1 There are no financial implications from this report.

3. Legal Comments

- 3.1 There are no legal implications from this report.

4. Links to Corporate Aims

- 4.1 No direct implications.

5. Environmental and Community Safety Implications

- 5.1 No direct implications.

6. Equalities Impact

6.1 No implications.

7. Risk Management

7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

8.1 The Financial Services Team in Southwest One will progress the majority of the recommendations in the action plan.

8.2 Any key control issues will be reviewed by the Internal Audit Team (SWAP – South West Audit Partnership) as part of their annual managed audit reviews..

9. Recommendation

9.1 Members are requested to note the Annual Governance Report action plan.

Contact Officers:

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APPENDIX 1

Page No	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2009/10 – Recommendations						
8	R1 As part of the year end process the Council should instigate a robust review of its accruals to ensure that expenditure is accounted for in the correct period	3 3	Paul Fitzgerald Paul Fitzgerald	Yes	<ul style="list-style-type: none"> SWONE Advisory Team will undertake a central review of accruals v April transactions to quality assure the accruals process Clear guidance will be issued to budget holders and other relevant staff, as part of the year end guidance notes and training. This will include a requirement to review April transactions for items related to previous years. 	May 2011 March 2011
8	R2 The Council should review its debtor balances to ensure that the amounts included are receiveable, and if the amounts should be considered for write off	3 2	Paul Harding Paul Harding	Yes	<ul style="list-style-type: none"> A review is already underway and write-offs being progressed. A regular review of overall position will be undertaken by Performance & Client Lead, and reported to CMT Managers will review and 	March 2011 January 2011

					monitor aged debts, and ensure debts are collected or written off on a timely basis.	
8	R3 Update the master data file for vendors (suppliers) to remove duplicate entries for the same vendor (supplier)	2	Ragnar Forssman	Yes	<ul style="list-style-type: none"> SPS to investigate options for de-duplication 	TBC
8	R4 A proper audit trail should be maintained to demonstrate that the council tax and business rates systems fully reconcile to the general ledger	2 2	Heather Tiso Paul Fitzgerald	Yes	<ul style="list-style-type: none"> SWONE Control Team to undertake regular reconciliation to general ledger on monthly basis. SWONE Advisory to monitor through balance sheet control reviews 	January 2011 March 2011
9	R5 Sufficient systems access controls should be operated to identify and address any unauthorised access. Evidence of review of this control should be documented to provide assurance that this is working effectively.	1	Maggie Hammond	Yes	<ul style="list-style-type: none"> Arrangements to periodically review high risk roles to be considered. 	March 2011
10	R6 All transactions on the SAP financial system should contain sufficient	1	Maggie Hammond	Yes	<ul style="list-style-type: none"> Consider whether TDBC requires descriptions from AP, AR and other feeder 	TBC

	narrative to identify the purpose of the transaction, the timing and the source.	2	Lizzie Watkin		<p>transactions to populate GL Description fields in SAP. Prepare/agree RFS if required.</p> <ul style="list-style-type: none"> • Users to be reminded that sufficient narrative should be included on GL transactions such as journals 	November 2010
		2	Paul Fitzgerald		<ul style="list-style-type: none"> • Business process for journals and virements will be reviewed to: <ul style="list-style-type: none"> i) provide clear guidance on descriptions protocol ii) build control checks and quality assurance into the process 	December 2010
10	R7 The arrangements between the Council and the Valuer should be formalised. This is important given the move to IFRS, and the additional work that the Valuer will be instructed to complete in order to assist the Council prepare its accounts under the IFRS.	2	Alison North	Yes	<ul style="list-style-type: none"> • Review Output Spec and prepare proposed update / addition to the specification for Asset Valuation services. Will require agreement through contract management arrangements. 	February 2011

10	R8 All loans and investments taken out on behalf of the Council should be supported by appropriate documentation.	2	Maggie Hammond	Yes	<ul style="list-style-type: none"> • Review process for securing documentation from TM Advisory related to treasury decisions. • Ensure correspondence and evidence of all loan and investment approvals and details are maintained 	November 2010 November 2011
10	R9 All registers of interest should be kept up to date	2	Tonya Meers	Yes	<ul style="list-style-type: none"> • Undertake review of process to maintain Register of Interests 	March 2011

Taunton Deane Borough Council

CORPORATE GOVERNANCE COMMITTEE – 1 MARCH 2011

INTERNAL AUDIT PLAN – PROGRESS REVIEW

Report of the Group Audit Manager – Chris Gunn - (South West Audit Partnership)

This matter is the responsibility of Councillor John Williams, the Leader of the Council.

1. Executive Summary

This report highlights significant findings and recommendations that have occurred since the Committee last considered the detailed findings of Internal Audit reports in September 2010.

2. Background

To provide members with an update on the activities of the Internal Audit team for the period October to December 2010.

3. Audits Completed and Progress against Plan

Please see attached report.

5. Finance Comments

N/a

6. Legal Comments

N/a

7. Links to Corporate Aims

Internal Audit's role is to assure Members and managers that adequate controls are in place and to issue reports and recommendations to address weaknesses in internal control. The Corporate Governance Committee has a key role to play in monitoring the Council's Corporate Governance arrangements. CiPFA defines part of its core function as including the review of summary internal audit reports and the main issues arising, and seeking assurance that action has been taken where

necessary. This contributes to the Corporate Health priority, which underpins all the Council's priorities.

8. Environmental and Community Safety Implications

N/a

9. Equalities Impact

N/a

10. Risk Management

N/a

11. Partnership Implications

N/a

12. Recommendations

The Committee should note the content of this report.

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TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 1st MARCH 2011

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

GRANT CLAIMS REPORT 2009/10

Executive Summary

This report introduces the Certification of Claims and Returns report 2009/10 – prepared by our external auditors, the Audit Commission (and set out in an Appendix to this report).

The report, which will be presented by the Audit Commission, summarises their findings from their 2009/10 review work.

1. Background

- 1.1 The Audit Commission has finalised its review of the Councils arrangements to prepare grant claims.
- 1.2 Their full report, along with the detailed recommendations is set out in Appendix 1.
- 1.3 This report has influenced the Annual Governance Report and Annual Audit Letter which are considered later in the agenda.

2. Financial Issues / Comments

- 2.1 The claims reviewed by the Audit Commission totalled £45m. This is clearly a significant income stream to the authority and we must make sure that proper arrangements are in place to meet the “conditions” of the grants.
- 2.2 The report highlights several areas where improvements can be made and the action plan reflects this. The action plan will be monitored to ensure the issues are progressed.

3. Legal Comments

- 3.1 There are no legal implications from this report.

4. Links to Corporate Aims

- 4.1 No direct implications.

5. Environmental and Community Safety Implications

- 5.1 No direct implications.

6. Equalities Impact

6.1 No implications.

7. Risk Management

7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

8.1 The Strategic Director and the Internal Audit Team (SWAP – South West Audit Partnership) will take the findings of this report into account when identifying the areas of risk to be audited next year.

9. Recommendation

9.1 Members are requested to note the Certification of Claims and Returns report from the Audit Commission.

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Certification of claims and returns - annual report

Taunton Deane Borough Council

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Summary

Funding from government grant-paying departments is an important income stream for the Council. The Council needs to manage claiming this income carefully. It needs to demonstrate to the auditors that it has met the conditions which attach to these grants. This report summarises the findings from the certification of 2009/10 claims. It includes the messages arising from our assessment of your arrangements for preparing claims and returns and information on claims that we amended or qualified.

We attach an action plan containing recommendations for improvement where appropriate.

We thank the Council for the help and assistance provided by the staff involved in preparing the grant claims.

Certification of claims

1 Taunton Deane Borough Council receives funding from various grant paying departments. The grant paying departments attach conditions to these grants. The Council must show that it has met these conditions. If the Council cannot evidence this, the funding can be at risk. It is therefore important the Council manages certification work properly and can demonstrate to us, as auditors that the relevant conditions have been met.

2 In 2009/10, we certified 6 claims with a total value of £45 million. Of these, we carried out a limited review of 1 claim and a full review of 5 claims. (Paragraph 10 explains the difference.) We amended 4 claims requiring full certification for errors. For 1 claim, we were unable to fully certify the claim and issued a qualification letter to the grant-paying body. Appendix 1 sets out a full summary.

3 The fee for the audit of grant claims in 2009/10 was £32,500.

Actions

4 Appendix 2 summarises my recommendations. The relevant officers of the Council have already agreed these recommendations.

Background

5 The Council claims monies for specific activities from grant paying departments. As this is significant to the Council's income it is important that this is properly managed. In particular this means:

- that the Council has an adequate control environment over each claim and return; and
- ensuring that the Council can evidence that it has met the conditions attached to each claim.

6 We are required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants or subsidies paid by the government departments and public bodies to Taunton Deane Borough Council. We charge a fee to cover the full cost of certifying claims. The fee depends on the amount of work required to certify each claim or return.

7 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant paying departments.

8 The key features of the current arrangements are as follows.

- For claims and returns below £125,000 the Commission does not make certification arrangements.
- For claims and returns between £125,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure.
- For claims and returns over £500,000 auditors assess the control environment for the preparation of the claim or return to decide whether they can place reliance on it. Where reliance is placed on the control environment, auditors undertake limited tests to agree from entries to underlying records but do not undertake any testing of the eligibility of expenditure or data. Where reliance cannot be placed on the control environment, auditors undertake all the tests in the certification instruction and use their assessment of the control environment to inform decisions on the level of testing required. This means the audit fees for certification work are reduced if the control environment is strong.
- For claims spanning over more than one year, the financial limits above relate to the amount claimed over the entire life of the claim and testing is applied accordingly. The approach impacts on the amount of grants work we carry out, placing more emphasis on the high value claims.

Audit approach

9 In completing the audit of grant claims and returns, we follow detailed guidance documented in the Audit Commission Certification Instructions (CIs). The CIs describe the purpose of the scheme, the rules and regulations concerning the claim and the audit tests to be applied in our examination of the claim.

10 The certificate included on each claim or return requires us to apply some of or all the tests in the relevant CI dependant on the amount claimed and our assessment of the strength of the control framework surrounding the claim.

11 For the Housing Benefit and Council Tax Benefit Subsidy Claim and claims under £500,000 we are not required to assess the adequacy of the control environment.

12 Our audit work on the Council's 2009/10 claims is now complete and all claims have been certified (with or without qualification), although we will continue to respond to any queries from grant paying departments.

13 Where we are unable to certify the entries are fairly stated and that expenditure has been properly incurred in accordance with the conditions under which the claim is made, we either:

- request the Council to amend the claim; or
- issue a report on the claim explaining why we are unable to certify the claim without qualification.

14 Where our certificate is qualified we are required to indicate or estimate the value of any errors in the claim. On receipt of our report the grant paying department will consider what if any other action is appropriate. In some circumstances they may request further information and/or adjust any sum owing or owed to the Council.

Summary of our findings

15 The table below is a summary of the results of our certification work.

Table 1: **Results Summary**

Criteria	2009/10	2008/09	2007/08
Number of claims submitted	6	6	6
Number of qualifications	1	3	2
Number of claims amended	5	3	4
Number of claims received late	3	0	0
Number of claims achieving audit deadline	6	5	6

The way forward

16 We have made recommendations in this report which should help bring about improvements in the Council's grant arrangements. The Council also needs to ensure that all issues raised in any qualification letters are addressed, to reduce the risk of qualifications.

Detailed findings

Control environment

17 Due to the issues identified during 2009/10 from our review of the financial systems and controls, no reliance was placed on the control environment for any of the claims.

18 For 2010/11 we hope that improvements in the financial systems and controls will mean that greater reliance can be placed on them and so reduce the level of audit work required to certify the grant claims.

Qualitative

19 Officers provided satisfactory working papers to support most the 2009/10 claims, and requests for additional working papers were on the whole provided in a timely manner.

20 However, there is scope for improvement in the quality of the working papers available for the following claims.

- Housing Base Data Return (HOU02).
- Disabled Facilities Grant (HOU21).
- Pooling of Housing Capital Receipts (CFB06).

21 To help with this, we will provide copies of the Certification Instructions to the Council to aid compilation of the working papers that will be required to support our certification of the claim.

Specific claims

22 This report details our assessment of the Council's general arrangements for producing grant claims and returns (hereafter just referred to as claims) and the performance of the Council in respect of 2009/10 claims.

Housing and Council Tax Benefit Subsidy (BEN01)

23 The claim was submitted for audit before the deadline.

24 The CI sets out the number of benefit cases that we are required to test in our initial sample. For Taunton Deane Borough Council the initial sample was 80 cases.

25 The CI also prescribes extra testing where errors have been found in the initial sample or where errors found in previous years audit testing suggest a high-risk of error in the current year. For Taunton Deane Borough Council, an extra 329 cases needed testing because of this requirement.

26 Some of this extra testing identified high rates of error, although these were mainly due to a few high value errors that distorted the final picture. Often the type of error found was the same as in previous years.

27 The extra testing required was passed to the Council to complete, and their findings would be reviewed by us. From the review we identified instances where claims were marked as correct by the Council when in fact they were incorrect. A further second review was then required of all claims by both the Council and by us.

28 The following issues were identified from the audit.

- Incorrect classifications of overpayments for three of the four Benefit types. (Non HRA Rent Rebates, Rent Allowance and Council Tax Cases).
- Overpayment of benefit on Non HRA cases as the incorrect end date had been input.
- Incorrect input of earnings and child Tax Credits resulting in one claimant overpaid and nine claimants underpaid.
- Incorrect input of War Widows Pension for Modified Scheme cases (weekly rather than monthly), and one case where proof of War Pension could not be found on file.

29 This year as a result of the issues identified the claim was amended by the Council and we issued a qualification letter to the grant paying department. A qualification letter has been issued for the past four years. To put this into context, this is a highly complex claim, and a large number of qualification letters are issued by auditors annually on the benefit claim.

30 The claim was amended by £4,910, reducing the amount the Council owes to the grant paying body.

31 The table below provides a summary of the errors found.

Recommendations

R1 The extra testing completed by the Council should be adequately completed so our review does not identify claims marked as correct when in fact they are incorrect.

R2 The Council should review all Non HRA claims to ensure the correct entitlement dates have been used. This should be completed before submission of the BEN01 claim to the DWP, or at least before start of the audit.

R3 The Council should review all Modified Scheme claims to ensure the claims are supported by proof of the War Pension and the correct income amount has been used to calculate entitlement. This should be completed before submission of the BEN01 claim to the DWP, or at least before start of the audit.

Recommendation

R4 As part of the Council's checking processes, a sample of claim with earnings and child tax credits should be reviewed each month/quarter. This will ensure earnings and child tax credit amounts have been correctly taken account of when calculating a claimant's entitlement.

Disabled Facilities Grant (HOU21)

32 The claim was submitted for audit after the deadline.

33 Review of the working papers to support the claim found the spreadsheet used to prepare the claim form did not fully reconcile to supporting working papers. As a result further work was required to reconcile the claim and ensure that all expenditure incurred was claimed and that expenditure was recorded in the correct year. This was particularly the case where a claim was agreed by the year end and there had been no expenditure incurred in the year. This could lead to duplication in both 2009/10 and in 2010/11 when the costs are incurred.

Recommendation

R5 Taunton Deane should ensure the records used to maintain the disabled facilities grants enables easy reconciliation between the amount of allocation spent in the year and the amount to be carried forward for future years. This will ensure the authority does not overclaim in one year and lead to the risk of duplication of claiming of expenditure.

Housing Base Data Return (HOU02)

34 The claim was submitted for audit after the deadline.

35 One minor amendment was made to the claim form where the Council failed to include 10 Bed Spaces in calculating Housing Stock numbers.

36 Following this amendment, the claim was certified without qualification.

Housing Revenue Account Subsidy (HOU01)

37 The claim was submitted for audit before the deadline.

38 Our review of this claim identified two minor issues with this return where incorrect entries had been made on the form.

39 Following these amendments, the claim was certified without qualification.

Pooling of Housing Capital Receipts (CFB06)

- 40 The claim was submitted for audit after the deadline.
- 41 As a result of our audit work, the claim was amended to take account of interest that was due to the DCLG because of late payments for two of the four quarters.
- 42 Following this amendment, the claim was certified without qualification.

Recommendation

- R6 A final review of all grant claims should be carried out before the authority certifies and submits the claim to confirm the entries are in line with expectations, and to identify potential omissions.
-

National Non Domestic Rate (LA01)

- 43 The claim was submitted for audit before the deadline.
- 44 Our review of this claim identified no issues with this return and it was certified without amendment or qualification.

Appendix 1 Summary of 2009/10 certified claims

Claims and returns above £500,000

Claim	Value £	Adequate control environment	Amended	Qualification letter
Housing and Council tax benefit	5,395,642	N/a	Yes	Yes
Pooling of Housing Capital Receipts	£562,746	No	Yes	No
National Non Domestic Rates	£32,966,372	Yes	No	No
Housing Revenue Account Subsidy (HOU01)	£6,019,864	No	Yes	No
HRA subsidy base data return (HOU02)	N/a	No	Yes	No

Claims between £125,000 and £500,000

Claim	Value £	Amended
Disabled Facilities Grant (HOU21)	£210,000	Yes

Appendix 2 Action Plan

Recommendations

Recommendation 1

The extra testing completed by the Council should be adequately completed so our review does not identify claims marked as correct when in fact they are incorrect.

Responsibility	Performance Manager
Priority	Medium
Agreed	Yes
Comments	Extra testing will be completed in accordance with the recommendation.

Recommendation 2

The Council should review all Non HRA claims to ensure the correct entitlement dates have been used. This should be completed before submission of the BEN01 claim to the DWP, or at least before start of the audit.

Responsibility	Performance Manager
Priority	Medium
Agreed	Yes
Comments	We have introduced a quarterly sample check on cases where the 'first day of entitlement' is not a Monday. Assessment staff received refresher training on 'start dates' in July 2010.

Recommendation 3

The Council should review all Modified Scheme claims to ensure the claims are supported by proof of the War Pension and the correct income amount has been used to calculate entitlement. This should be completed before submission of the BEN01 claim to the DWP, or at least before start of the audit.

Responsibility	Performance Manager
Priority	Medium
Agreed	Yes
Comments	

Recommendation 4

As part of the Council's checking processes, a sample of overpayments should be reviewed each month/quarter to ensure that these are correctly classified for subsidy purposes.

Responsibility	Performance Manager
Priority	High
Agreed	Yes
Comments	We have already introduced a quarterly sample check on overpayments to check they have been correctly classified.

Recommendation 5

As part of the Council's checking processes, a sample of claim with earnings and child tax credits should be reviewed each month/quarter. This will ensure earnings and child tax credit amounts have been correctly taken account of when calculating a claimant's entitlement.

Responsibility	Benefits Manager
Priority	High
Agreed	Yes
Comments	In addition to introducing sample checks of these claims, staff will receive refresher training on how to take Tax Credit income into account for HB& CTB in May 2011.

Recommendation 6

Taunton Deane should ensure the records used to maintain the disabled facilities grants enables easy reconciliation between the amount of allocation spent in the year and the amount to be carried forward for future years. This will ensure the authority does not overclaim in one year and lead to the risk of duplication of claiming of expenditure.

Responsibility	Strategy Lead/SWPSHP Manager
Priority	Medium
Agreed	Yes
Comments	The administration of DFGs will be undertaken by the Somerset West Private Sector Housing Partnership (SWPSHP) from 2010/11 onwards. The Strategy Lead and Housing Accountant will ensure there is a regular and full reconciliation to TDBC's financial accounting records.

Recommendation 7

A final review of all grant claims should be carried out before the authority certifies and submits the claim to confirm the entries are in line with expectations, and to identify potential omissions.

Responsibility	Principal Accountant
Priority	Medium
Agreed	Yes
Comments	The Principal Accountant (SWONE Finance Advisory) will review claims as part of supervisory process. Responsibility for claims accuracy ultimately lies with the certifying officer.

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TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 1 MARCH 2011

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

VALUE FOR MONEY REPORT 2009/10

Executive Summary

This report introduces the Value for Money Report 2009/10 – prepared by our external auditors, the Audit Commission (and set out in and Appendix to this report).

The report, which will be presented by the Audit Commission, summarises their findings from their 2009/10 review work.

1. Background

- 1.1 The Audit Commission has finalised its review of the Councils arrangements to secure the economy, efficiency, and effectiveness of its use of resources.
- 1.2 Their full report, along with the detailed recommendations is set out in Appendix 1.
- 1.3 This report has influenced the Annual Governance Report and Annual Audit Letter which are considered later in the agenda.

2. Financial Issues / Comments

- 2.1 There are no financial implications from this report.

3. Legal Comments

- 3.1 There are no legal implications from this report.

4. Links to Corporate Aims

- 4.1 No direct implications.

5. Environmental and Community Safety Implications

- 5.1 No direct implications.

6. Equalities Impact

- 6.1 No implications.

7. Risk Management

- 7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

- 8.1 The Strategic Director and the Internal Audit Team (SWAP – South West Audit Partnership) will take the findings of this report into account when identifying the areas of risk to be audited next year.

9. Recommendation

- 9.1 Members are requested to note the Value for Money report from the Audit Commission.

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Value for money conclusion report

Taunton Deane Borough Council

Audit 2009/10

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Key messages

This report summarises our assessment of the Council's proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

- 1** My work to inform my value for money conclusion is complete. I have assessed the Council as having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 2** In 2008/09 I concluded that the Council had made proper arrangements and were embarking on an ambitious programme of joint working to provide financial and other services, including finance and IT. The Council has met teething problems in the operation of some of the joint services, most notably with the financial systems based upon the SAP package which is being run jointly with Somerset County Council and Avon and Somerset Police. I am pleased to report that despite these problems the Council has, overall, maintained proper arrangements to achieve economy, efficiency and effectiveness.
- 3** I provide more details in the paragraphs overleaf.

Detailed report

4 Under the Code of Audit Practice (the Code), I have a responsibility to assess whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

5 I inform and limit my VFM conclusion by reference to 'relevant criteria'. These criteria cover areas of audited bodies' arrangements specified by the Commission under the Code. We report the VFM conclusion alongside the opinion on the financial statements.

6 This report sets out my assessment of the Council's arrangements to support our VFM conclusion. Table 1 is a summary of my judgements against each of the criteria.

Table 1: **Value for money criteria**

Criteria	Met
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	Yes
Strategic asset management	Yes
Workforce	Yes
<i>Value for money conclusion judgements</i>	

Managing finances

This theme considers the following features of financial management.

- Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?
- Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?
- Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

Planning for financial health

7 There are close links between the Council's corporate plan, service plans and medium-term financial plan (MTFP). Services are prioritised through the 'Services Profile', reviewed yearly, which ensures that extra investment and cuts are targeted appropriately. The Council clearly identifies future budget shortfalls within the MTFP and extra resources were provided to higher priority areas in the 2010/11 budget, such as housing enabling and economic development. For some lower priority areas, such as tourism, budgets were cut.

8 A good track record of delivering balanced budgets and preserving working balance above the approved minimum target level exists. Members receive regular and detailed briefings on the budget and MTFP. However, the IT and workforce strategies need updating and the links from these to financial planning are weak.

Engagement with stakeholders

9 There was limited public consultation on the 2009/10 budget and no specific local consultation on the 2010/11 budget. Budget preparation did take account of the priorities and service satisfaction in the PLACE survey, for example, extra resources were provided for affordable decent housing and activities for teenagers. Developing links between equality impact assessments (EIAs) and decision-making is improving, but further progress embedding EIAs within service plans is needed.

Managing spending

10 Early in 2009/10 the MTFP identified a significant budget gap for 2010/11, but the Council made the savings necessary to prepare a balanced budget, with working balances forecast to stay above the minimum target level. Due to problems with the introduction of SAP, there was almost no debt recovery action until near the end of the year. Consequently, sundry debtors rose from £2.1 million in September 2008 to £3.6 million by September 2009. The Council is also missing its target collection rates for housing rents, council tax and business rates. Processes for monitoring overall annual efficiency savings are weak. The Council has a 3.5 per cent target, but progress against this in-year is not monitored or reported

Financial governance and leadership

11 Members received several presentations during the year on financial topics, including treasury management and the budget. All elected Members received a Christmas budget consultation pack. Training to officers supported the introduction of SAP, although some budgetholders felt that they needed more training and guidance to give them the expertise and confidence to use the new system effectively.

To improve, the Council should:

- update the IT and Workforce Strategies and improve the links to financial planning; and
- should engage with the local community during budget preparation to identify priorities.

Understanding costs and achieving efficiencies

Understands costs

12 The Council is improving its understanding of costs and performance. It now includes whole life costing (WLC) as part of its standard specification approach, for example in developing the Taunton Plan for Growth focused on town centre regeneration. Regular reporting mechanisms are in place for the SW1, Tone Leisure and South West Audit Partnership. Indicators to enable better monitoring and reporting of the performance of Tone Leisure are improving. New performance monitoring arrangements are being introduced for SW1 that will include six monthly reporting to Members. Extra high level reporting on key partnerships and projects is included within the quarterly monitoring reports to senior management and Members.

13 The Council does not yet have a clear grasp of value for money across its services. Use of benchmarking is limited and improvements to the performance management system are yet to have a significant impact.

Takes account of this understanding

14 A new performance management framework has been agreed and new performance reporting introduced using a scorecard format with improved links to financial monitoring reports. Member training has been undertaken, but this is a recent development and impact is not yet clear. Implementing the new financial system, SAP, has been weak and the benefits expected of the system are yet to be realised.

Identifies the scope for making efficiencies and is on track to achieve planned efficiencies

15 Although the Council has a clear plan for savings it was behind schedule for their delivery for 2009/10. The main reasons behind this slippage are understood and the effects on the budget have been mitigated. Because of difficulties setting up SAP, it was not possible to monitor some elements of the budget for most of the year. The Partnership was also slower to fill the procurement team vacancies than expected, restricting the capacity to deliver planned volumes.

16 Efficiency targets are set and there is a clear process to identify savings achieved. The new SAP financial system includes a benefits tracking tool to support delivery. This tool should be used as soon as it is practical to do so.

The Council should make better use of benchmarking to assess value for money.

Financial reporting

Produces relevant, timely and reliable financial monitoring and forecasting information and uses this monitor performance during the year

17 Due to problems with the new SAP system, the Council could not rely on the routine budget monitoring reports issued from the system during 2009/10. As a result officers had to manually collect and tailor information on staff costs, emergency payments, cash postings and Direct Labour Organisation (DLO) recharges to ensure that the reports presented to members and managers were accurate and comprehensive. However, for the DLO for most of the year it was only possible to forecast the overall budget position, with no breakdown for the individual DLO functions.

18 Budget monitoring has shown a steadily improving financial position for the Council during 2009/10. The forecast deficit reduced from £299,000 at the end of the first quarter, to £40,000 by the end of quarter 3 and full year deficit of only £10,000.

19 Produces financial reports that are clear, relevant and concise to support strategic decision making.

20 Reports to members on financial performance include commentary on related non-financial information, for example, increases in recycling and waste collection costs are explained by reductions in recycling volumes and credits. Towards the end of the year, the Council introduced a new scorecard style performance report to Members. This includes a section on managing finances with performance indicators for budget performance, reserve levels, debt-collection rates and procurement and efficiency savings. The supporting data collection processes for some of the new performance indicators (PIs) are under development.

Prepares accounts that meet statutory requirements, financial reporting standards and give a true and fair view of the financial performance and position

21 The accounts closure processes for 2008/9 were much improved. For 2009/10, the Council has provided extra resources for the closure process, but these came under much strain due to the problems with the new SAP system. The control weaknesses in the SAP systems during 2009/10 meant that significant extra substantive testing was needed to support our opinion on the accounts. Officers agreed a detailed accounts closure programme for 2009/10 and there was a presentation from the closure team to other staff involved in the closure. Progress is limited in preparing to introduce IFRS and Members need to be more fully engaged in the process

22 Publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year.

23 The Council has engaged with local communities and responded to their needs in external reporting arrangements. It offers translation of key documents or face to face meetings with users on request. Following an equalities impact assessment in 2009/10, funds were made available to translate key housing service documents into Polish, and other services have provided funding to translate key documents or provide them on CD in various languages

To improve the Council should:

- identify indicators for assessing the performance of all key services; and
- agree milestones to guide its preparations to comply with International Financial Reporting Standards (IFRS).

Governing the business

This theme considers whether the Council:

- commissions and procures quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money;
- has relevant and reliable data and information to support decision making and manage performance;
- promotes and demonstrate the principles and values of good governance;
- manages its risks and maintains a sound system of internal control.

Commissioning and procurement

Has a clear vision of intended outcomes for local people which shapes its commissioning and procurement

24 The Council has used this year to prepare for more focused investment in the future. Some funding has been removed from lower priority areas but only from 2010/11. The procurement approach sets clear targets for the successful delivery of services for local people. For the major contract with SW1, there is joint monitoring of higher level objectives with Somerset CC and Avon and Somerset Police. Procurement is beginning to work well and delivering effective challenge to decisions; but the team is only recently fully staffed so has had limited impact.

Involves local people, partners, staff and suppliers in commissioning services

25 The Council is developing its procurement function in partnership with key stakeholders. It is working to develop the SW1 procurement (as subcontractor) approach and is looking to encourage voluntary organisations to become service providers. It is seeking new areas for cooperation, for example purchasing green energy. These developments are at an early stage.

Seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT

26 The Council's contract with SW1 sets clear targets for the successful delivery of services for local people. It has a built-in saving of 2.5 per cent per year.

Understands the supply market and seeks to influence and develop that market

27 The Council has good links with its contracted suppliers and uses these positively, for example it is discussing how to align service plans with the major leisure contractor and plans to align strategy with SW1 for the next three years. Internally it is working to influence and develop the supply market. For example a profit share arrangement agreed with SW1 incentivises extra savings to be divided proportionately between the partners. It is also exploring opportunities to encourage and support local suppliers through using a portal that will make it easier for suppliers to tender for public sector business. In doing this it seeks to add value through the whole supply chain eg through encouraging first tier providers to develop local supply chains with local SMEs.

Evaluates different options for procuring services and supplies

28 The Council has worked effectively with Somerset CC and Somerset and Avon Police to develop SW1, a partnership to provide financial, procurement, property and several other services. It also has key partnerships with Tone leisure, Somerset Waste and SW Audit partnership and intends market testing the DLO service in 2010. It is also considering options for collaboration with neighbouring councils to share management costs.

29 The procurement strategy was due for review and updating by 31 March 2010. This is not yet complete.

Reviews the competitiveness of services and achieves value for money

30 The Council is effective in exploring alternative options for service delivery. It has an established process for identification and analysis of opportunities for savings in procurement. It is using the opportunity of being part of a wider consortium (with Somerset CC and Avon and Somerset Police) to negotiate additional savings, for example on insurance.

Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

Relevant and reliable data

31 The Council has improved its data quality (DQ) arrangements. It completed most of the actions from the recent Commission report on the subject, the one outstanding item being partnership arrangements. There are contractual protocols on data in place with its main partner, SW1 and it is looking to improve arrangements with other significant partners. The Council has a named DQ Member champion. Quarterly performance reports and DQ issues are discussed with her before circulating to other Members. A DQ action plan is routinely monitored. Proformas for national performance indicators (NPIs) were introduced for 2009/10 to provide greater assurance about compliance. The Performance and Client Officer attends regular meetings with the Somerset Performance Officers Group where NI updates are provided. These are subsequently cascaded throughout the Council. There is an up-to-date DQ strategy in place which encompasses not only performance data but also financial data and other information input into systems.

Meets needs of its decision makers

32 The Council is revising the information provided to Members. A new scorecard reporting approach has been developed and has had good input and a positive response from Members. However, performance reports do not indicate how the Council is addressing areas where it is making little impact such as crime and disorder, sustainability and deprivation. The new-style reports are thematically based and more easily understood. The reporting route through the Executive and then Scrutiny is providing better focus on key issues.

Ensures data security and compliance

33 The Corporate Governance Action Plan identifies actions to address key weaknesses including DQ. Progress against these actions is reported to the Corporate Management Team (CMT) and the Corporate Governance Committee quarterly. Training in DQ is part of Organisational Development Plan and an E-Learning module rolled out for staff. DQ is included in Service Planning training and Member training and the DQ Strategy is updated annually.

Monitors performance

34 The Council has introduced new forms of reporting so it can monitor progress against targets more effectively. This includes service scorecards and strengthened links to financial performance. The approach now focusses on thematic lines to allow better monitoring against the Council's broad aims. However, these changes are recent and the Council has yet to show real impact on services to the community.

The Council needs to show that it is addressing priority areas where it is making little impact.

Good governance

Principles of good governance

35 The major stages of the Core Council Review are complete. The new management and staffing structures are designed to provide a clearer focus on the Council's key objectives. The constitution has been completely refreshed to reflect the new structures. However, it is too early to assess whether the changes are having real impact.

36 A cross-party Member Development Steering Group oversees the preparation of the member training programme, which for 2009/10 covered key areas such as finance, the Code of Conduct and use of IT. During 2008/09, 11 Members went through a pilot Personal Development Programme, but progress has stalled since then due to lack of member commitment. Three quarters of Members still have no personal development plans.

Purpose and vision

37 The Council's corporate strategy has been refreshed. There are four corporate aims under the new strategy: tackling deprivation, regeneration, affordable housing and climate change. These all link to the over-riding objective of growth for the Borough. The new performance management framework has been designed to support delivery of the objectives, with 'scorecard' indicators in seven sections, the first being corporate aims.

Ethical framework and culture

38 Good progress has been made in raising the profile of the ethical agenda with parish councils. A full-time Parish Liaison officer organises local training, and independent members of the Standards Committee visit each parish annually. There have been no complaints against parish councillors since introducing the local assessment framework and the Standards Board for England has cited the Council's work with parishes as good practice. Progress was made during 2009/10 in raising the profile of the Standards Committee, for example members of that committee now attend other committees regularly. However, many of the agreed initiatives are still at the development stage.

39 There were three Code of Conduct investigations last year, all of which found Code breaches and recommended appropriate action, for example, tighter procedures for member use of Council IT equipment. An internal audit review found that information on the Council's policies regarding gifts and hospitality is readily available to staff and Members. Since that audit a policy statement has been placed on the Council's website to raise awareness of the public and contractors.

Partnership working

40 During the year, the Council received reports on its major partnerships, and the new scorecard system has a section for 'key partnerships' which will allow Members to monitor their performance quarterly. However, the Council does not yet have a register of all partnerships or a protocol for establishing new partnerships. Some partnerships are operating without meaningful performance reporting arrangements.

To improve the Council should:

- complete personal development plans for all elected Members;
- prepare a protocol for establishing new partnerships; and
- maintain a register of all partnerships.

Risk management and internal control

Risk management

41 The Council refreshed its approach to corporate risk in January 2010 and introduced a new process for taking risk management action plans to the Corporate Governance Committee. There is now a lead officer for risk management, who updated the risk management strategy in 2009/10, and a Member champion. An internal audit review of project risk registers identified no areas of concern. Arrangements for service risk registers are developing by embedding risk action plans within service planning. Risk management training for Members and officers was deferred pending the implementation of the new arrangements.

Managing the risk of fraud and corruption

42 The anti-fraud strategies were updated in January 2009. The Council agreed three year targets for benefit fraud work in its SW1 contract, but it is missing these for the second year running, with full year performance forecast to be slightly down this year. This is due mainly to staff sickness and an increase in claims. The level of benefit fraud work and fraud awareness training, previously good, also reduced in 2009/10. There was good joint working with the Dept of Work and Pensions during the year, with three joint prosecutions and five joint cautions. However, the Council has been slow to follow up National Fraud Initiative matches, even after a visit from the Audit Commission's NFI lead.

Internal control

43 Internal audit coverage of the main financial systems was again good in 2009/10. They identified several significant control weaknesses in key financial systems, creditors, debtors and the general ledger, following the implementation of SAP from April 2009. The ramifications of these problems include a £1 million increase in sundry debtors, delays in raising invoices and making payments and an abnormally high level of duplicate payments. The Council has been working openly and constructively with internal audit to address these weaknesses. There are continuing weaknesses in business continuity and IT disaster recovery planning.

44 Other aspects of internal control have been maintained throughout the year as shown in the Annual Governance Statement. Controls have been improved through a structured approach for the Corporate Governance (Audit) Committee to monitor progress on action plans from audit reports.

To improve the Council should:

- investigate what steps SW1 is taking to ensure that it will achieve contracted targets;
- make effective arrangements to investigate NFI matches and ensure that these are operated; and
- complete business continuity and IT disaster recovery planning.

Managing resources

This theme considers whether in managing its resources the Council:

- makes effective use of natural resources (not assessed in 2009/10);
- manages its assets effectively to help deliver its strategic priorities and service needs; and
- plans, organises and develops its workforce effectively to support the achievement of its strategic priorities.

Use of natural resources

45 Tackling climate change is one of the Council's top four priorities for the next three years. It has developed a better understanding of the natural resources it uses and is starting to develop plans to reduce these over time. It has quantified the baseline carbon emissions it produces and understands which buildings and activities contribute most to these. It plans to spend more on the green agenda and has created a new post to raise its profile across the Council. However, this work is at an early stage and much remains to be completed.

46 The Council recently adopted the national 10:10 commitment to reduce its carbon emissions by 10 per cent during 2010. However, it is not clear how it will do this or meet its longer term aim to become a carbon neutral authority. Target setting is weak and inconsistent, with sole reliance on NIs to measure progress. One of the major sources of carbon emissions - Tone Leisure - is currently following a lower target to reduce its emissions by 4 per cent each year. Some good plans are in place, such as the Green Infrastructure Strategy and Biodiversity Action Plan. But a, joined up approach to planning is not in place. The Council still has to translate its high level objectives into specific service plans and action so staff are clear how they can contribute. A carbon management plan is in place but focuses mainly on quick wins such as replacing fridges. The plan still needs more detailed action plans to reduce annual emissions year-on-year.

47 Staff and councillors are increasingly involved, helped by a series of workshops (with community involvement) and awareness raising initiatives. Several actions are under way in different services. A team of green champions are helping with this. Travel policies encourage staff to use their cars less and use public transport, cycle and walk more. The number of staff travelling to work by car fell from 71.3 per cent to 65.1 per cent between 2005 and 2008, with an increase in cycling from 8.4 per cent to 13.8 per cent. HR policies encourage flexible and home working. The Council recycles materials such as paper, cardboard and building materials including UPVC windows. It promotes biodiversity through good horticultural practices in its parks and allotments and its works with partners. This includes green and woodchip recycling and minimal use of peat and pesticides. Over the past five years the Council has secured 55 hectares of local nature reserve through planning policies. However these initiatives do not form part of coordinated approach and the Council doesn't yet know what impact they are having on its overall carbon footprint or use of natural resources.

48 Outcomes to date are limited. The Council's carbon emissions rose by 7 per cent between 2006/07 and 2008/09 although the rate of increase fell to 1 per cent over the past year. Gas consumption has fallen in its main offices since 2001/02 and gas and electricity use has fallen at Taunton Pool over the same period. Incomplete data, for example on water use makes it difficult to compare trends over time. Energy assessments have been carried out in all Council buildings, and the Council is taking steps to reduce energy use through raising staff awareness, use of low energy lighting, energy efficient equipment and better insulation.

49 The Council does not consistently take environmental considerations into account in decision-making eg in capital projects. Sustainability appraisals are not routinely used to guide decisions. It is starting to consider the potential risks climate change poses to service delivery in service plans. It is also exploring further opportunities to share accommodation with partner organisations. Staff from the county council, IT supplier and police are all based in the Council's main offices, with a local voluntary group in adjoining premises. But the Council has yet to ensure they fully contribute to reducing the overall carbon footprint.

To improve the Council should:

- raise the profile of the green agenda across the whole organisation;
- agree what actions are required achieve its aim of becoming a carbon neutral authority; and
- use sustainability appraisals to inform decisions.

Strategic asset management

50 The Audit Commission excluded asset management from the use of resources evaluation this year. We concluded that proper arrangements were in place last year and these have been maintained during 2009/10.

Workforce

Has a productive and skilled workforce

51 A new performance management framework introduced new reporting arrangements based upon scorecards with improved links with financial performance. However this is a recent development and it is not clear whether it had real impact in 2009/10. The Council does not yet have a clear understanding of the performance of its main contractor. There are regular SW One performance reports. A Benefits Tracking Tool has been developed and is available to be populated, but requires engagement from SW1. Commercial sensitivities are yet to be overcome in order that relevant metrics can be captured. The Council has experienced sustained high levels of sickness absence.

Knows what staff it will need, and has plans to achieve this

52 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 and modern, and there are a wide range of employee-friendly policies in place. Following the creation of the SW1 partnership, the Council has identified the need for an up to date workforce plan that includes input from the partnership. Development of the plan commenced late in 2009/10 with the intention of completing it during 2010/11.

Has policies which support diversity and good people management

53 The Council has initiated a review of its Health and Safety policies in the light of the SW1 partnership and is consulting on a suite of ten consolidated policies. It is revising its Corporate Equality Strategy for 2010-13, but is unable to demonstrate that it has delivered against its previous strategy. The profile of Equality and Diversity is being raised through Members briefings, Council communications and improved training. An audit under the Equality Framework for Local Govt (EFLG) has been carried out. However, it is unclear what impact this work has had to date.

To improve the Council should:

- implement the Benefits tracking tool in its contract with SW1;
- exert more effective management action to reduce the sustained high level of staff sickness it is experiencing; and
- complete and agree a new workforce plan.

Appendix 1 Action Plan

Recommendations

Recommendation 1

Update the IT and Workforce Strategies and improve the links to financial planning.

Responsibility Shirlene Adam

Priority

Actions Agreed. A draft IT infrastructure strategy has been prepared already and a workforce plan will be prepared.

Deadline January 2011

Recommendation 2

Engage with the local community during budget preparation to identify priorities.

Responsibility Shirlene Adam

Priority

Actions Agreed. This will be picked up as part of the new budget strategy for 2011-2014.

Deadline Spring 2011

Recommendation 3

Council should make better use of benchmarking to assess vfm.

Responsibility Dan Webb

Priority

Actions Somerset districts benchmarking work has started initially looking at: Housing; Revs & Bens; Customer Services; Planning.
The National Indicator Set is less conducive to service benchmarking than the old BVPIs, and very little benchmarking data is readily available. Significantly more benchmarking work would incur additional costs to TDBC.

Deadline December 2010

Recommendations

Recommendation 4

Identify indicators for assessing the performance of all key services.

Responsibility	Dan Webb
Priority	
Actions	Agreed - this has already been addressed. However we have identified a need to review some of the measures for the new 'TRAC' corporate aims.
Deadline	December 2010

Recommendation 5

Agree milestones to guide preparations to comply with IFRS.

Responsibility	Paul Fitzgerald
Priority	
Actions	Agreed. PF will liaise with Audit Commission on progress.
Deadline	Ongoing

Recommendation 6

Council needs to show it is addressing priority areas where it is making little impact.

Responsibility	Dan Webb
Priority	
Actions	Disagree. We do not recognise this as a weakness. One example given is no longer a corporate aim (Crime), and I believe that the other areas referred to are adequately covered on within performance reports.
Deadline	N/A

Recommendation 7

Complete PDPs for all elected Members.

Responsibility	Tonya Meers
Priority	
Actions	Agreed – this progressed as part of member induction in 2011.
Deadline	December 2011

Recommendation 8

Prepare protocol for establishing new partnerships.

Responsibility	Alison North/Tonya Meers
Priority	
Actions	Agreed – will be covered in project already underway – led by TM.
Deadline	December 2010

Audit Commission	Value for money conclusion report
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Recommendations

Recommendation 9

Maintain a register of partnerships.

Responsibility	Alison North/Tonya Meers
Priority	
Actions	Agreed – will be covered in project already underway – led by TM.
Deadline	December 2010

Recommendation 10

Investigate what steps SW1 is taking to ensure it will achieve targets.

Responsibility	Alison North
Priority	
Actions	Agreed. Robust contract management arrangements are already in place. CMT receive regular updates on procurement transformation.
Deadline	Ongoing

Recommendation 11

Make effective arrangements to investigate NFI matches.

Responsibility	Shirlene Adam
Priority	
Actions	Agreed.
Deadline	March 2011

Recommendation 12

Complete business continuity and IT disaster recovery planning.

Responsibility	John Lewis and Alison North
Priority	
Actions	Business continuity plans will be finalised for all services by October 2010. (JL) IT disaster recovery plan will be produced in conjunction with SW1. (AN)
Deadline	October 2010 December 2010

Recommendations

Recommendation 13

Raise the profile of green agenda across whole organisation.

Responsibility Kevin Toller

Priority

Actions Staff roadshows planned for week beginning 20 September.
Six Month awareness campaign.

Deadline September 2010
March 2011

Recommendation 14

Agree actions required to achieve aim of carbon neutral authority.

Responsibility Kevin Toller

Priority

Actions Carbon neutrality action plan to be developed.

Deadline March 2011

Recommendation 15

Use sustainability appraisals to inform decisions.

Responsibility Kevin Toller

Priority

Actions Agreed.

Deadline December 2010

Recommendation 16

Implements benefit tracking tool in SW1 contract.

Responsibility Alison North

Priority

Actions Agreed – robust contract monitoring already in place.

Deadline Ongoing

Recommendations

Recommendation 17

Exert more effective management to reduce staff sickness.

Responsibility	Martin Griffin
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Priority	
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Actions	Agreed – regular monitoring and reporting mechanism is in place with SW1. CMT receive regular reports.
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Deadline	Ongoing
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Recommendation 18

Complete and agree new workforce plan.

Responsibility	Shirlene Adam/Martin Griffin
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Priority	
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Actions	Agreed – this is a repetition of earlier recommendation.
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Deadline	N/A
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TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 1st MARCH 2011

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

AUDIT COMMISSION AUDIT PLAN 2010/11

Executive Summary

This report introduces the Audit Commissions Audit Plan for 2010/11. This is prepared by our external auditors, the Audit Commission (and set out in an Appendix to this report).

The report, which will be presented by the Audit Commission, summarises their approach to the main audits and sets out their indicative fee position.

1. Background

- 1.1 The Audit Commission has finalised its Audit Plan for 2010/11 – as set out in Appendix 1.

2. Financial Issues / Comments

- 2.1 The indicative audit fee of £xx is within the Councils budget for 2011/12.
- 2.2 The report highlights what the Audit Commissions view as “risk areas” for the Council – and these will not be a surprise for Members. The Councils Corporate Risk Register, and Internal Audit Plan for 2011/12 also reflect these issues.

3. Legal Comments

- 3.1 There are no legal implications from this report.

4. Links to Corporate Aims

- 4.1 No direct implications.

5. Environmental and Community Safety Implications

- 5.1 No direct implications.

6. Equalities Impact

- 6.1 No implications.

7. Risk Management

- 7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

- 8.1 The Strategic Director and the Internal Audit Team (SWAP – South West Audit Partnership) will take the issues flagged in this report into account when identifying the areas of risk to be audited next year.

9. Recommendation

- 9.1 Members are requested to note the Audit Plan 2010/11 from the Audit Commission.

Contact Officers:

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Audit plan

Taunton Deane Borough Council

Audit 2010/11

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Introduction

1 This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11.

2 The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to your local circumstances; and
- your local risks.

Responsibilities

3 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.

4 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and my audit work is undertaken in the context of these responsibilities.

5 I comply with the statutory requirements governing my audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

Fee for the audit of financial statements

6 The fee for the audit is £116,850, as indicated in my letter of 6 April 2010, with the element for the financial statements being £85,290.

7 In July 2009, in recognition of the financial pressures that public bodies are facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. The rebate for Taunton Deane is £7,112.

8 In addition, the Commission wrote to all audited bodies, on 9 August, about its proposed new arrangements for local value for money audit work. This indicated the impact on audit fees for 2010/11 would be considered as part of the Commission's consultation on its work programme and scales of fees for 2011/12, planned for September. In light of the Secretary of State's announcement on the government's intention to abolish the Commission, this consultation had been delayed.

9 In December, the Commission published its proposals to issue a further rebate for district councils of 1.5 per cent or around £1,800 for Taunton Deane.

10 In setting the fee, I have assumed that:

- my review of financial systems and controls provide assurance that these have been operating effectively for the whole of 2010/11;
- good quality working papers will be supplied to support the restatement of 2009/10 balances to comply with International Financial Reporting Standards (IFRS); and
- Internal Audit undertakes appropriate work on all material systems and this is available for my review by 28 February 2011.

11 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. Where this is the case, I will discuss this in the first instance with the Strategic Director and I will issue supplements to the plan to record any revisions to the risk and the impact on the fee.

12 Further information on the basis for the fee is set out in Appendix 1.

Specific actions Taunton Deane Borough Council could take to reduce its audit fees

13 The Audit Commission requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with staff to identify any specific actions that the Council could take and to provide ongoing audit support.

Auditors report on the financial statements

14 I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

15 I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

Materiality

16 I will apply the concept of materiality in both planning and performing the audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

Identifying opinion audit risks

17 As part of my audit risk identification process, I need to fully understand the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Council, including assessing your own risk management arrangements;
- considering the financial performance of the Council;
- assessing internal control - including reviewing the control environment, the IT control environment and Internal Audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Council information systems.

Identification of specific risks

18 I have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

Table 1: **Specific risks**

Specific opinion risks identified

Risk area	Audit response
In 2009/10 the Council introduced a new financial system, SAP which proved very challenging. Key financial controls did not operate throughout the year.	I will review the systems and controls and seek to place reliance upon these for 2010/11. Where I identify key controls are not operating effectively, I will undertake additional year end testing of transactions and of reconciliations.
The introduction of international financial reporting standards (IFRS) for 2010/11 onwards will entail the Council addressing a number of complex issues. The change will entail the re-stating of the 2009/10 closing balances into the new format.	I will work closely with officers to ensure that sufficient information is available at an early stage to re-state the 2009/10 closing balances into the IFRS form.

Value for money risks

19 I will undertake my risk assessment for the vfm conclusion later in the year and communicate with you further then.

Testing strategy

20 On the basis of risks identified above I will produce a testing strategy which will consist of testing key controls and/or substantive tests of transaction streams and material account balances at year end.

21 My testing can be carried out both before and after the draft financial statements have been produced (pre- and post-statement testing).

22 Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.

- Review of accounting policies.
- Bank reconciliation.
- Investments – ownership.
- Year-end feeder system reconciliations.

Where other early testing is identified as being possible, this will be discussed with officers.

23 Wherever possible, I seek to rely on the work of Internal Audit to help meet my responsibilities. For 2010/11, I expect to be able to use the results of the following pieces of work.

- Main Accounting System
- Creditors
- Debtors
- Payroll
- Housing and Council Tax Benefits
- National Non-Domestic Rates
- Council Tax
- Capital Accounting

However, as noted in table 1 above, Internal Audit has identified widespread weaknesses in the operation of controls during the year which may necessitate additional audit procedures. If so, I will follow the procedure set out in paragraph 11 above to agree with you the additional fee required

24 I also plan to rely on the work of experts in the following areas:

- the Valuer for the valuation of non current assets; and
- the Actuary for the valuation of Taunton Deane's share of the pension scheme's assets and liabilities.

Value for money conclusion

25 I am required to give a statutory VFM conclusion on the Council's arrangements to ensure economy, efficient and effectiveness.

26 This is based on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

27 I will plan a programme of VFM audit work based on my risk assessment.

Key milestones and deadlines

28 The Council is required to prepare and approve the financial statements by 30 June 2011. I am required to complete the audit and issue the audit opinion and value for money conclusion by 30 September 2011.

29 The key stages in producing and auditing the financial statements are in Table 2.

30 I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependent on the timely receipt of accurate working papers.

31 Every week, during the audit, my team will meet with the key contact and review the status of all queries. If appropriate, they will meet at a different frequency depending on the need and the number of issues arising.

Table 2: **Proposed timetable**

Activity	Date
Control and early substantive testing	February to April 2011
Receipt of accounts	30 June 2011
Sending audit working papers to the auditor	18 July 2011
Start of detailed testing	18 July 2011
Progress meetings	Weekly
Present report to those charged with governance at the audit committee	September 2011
Issue opinion and value for money conclusion	By 30 September 2011

The audit team

32 The key members of the audit team for the 2010/11 audit are shown in the table below.

Table 3: **Audit team**

Name	Contact details	Responsibilities
Brian Bethell District Auditor	b-bethell@audit-commission.gov.uk 0844 798 8741 07887 825584	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive.
Peter Lappin Audit Manager	p-lappin@audit-commission.gov.uk 07909 930437	Manages and coordinates the different elements of the audit work. Key point of contact for the Strategic Director.
Rachel Bishop Principal Auditor/ Team Leader	r-bishop@audit-commission.gov.uk 0844 798 5609 07966 927718	Undertakes and supervises day to day delivery of audit programme

Independence and objectivity

33 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which I am required by auditing and ethical standards to communicate to you.

34 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

Meetings

35 The audit team will maintain knowledge of your issues to inform my risk-based audit through regular liaison with key officers. My proposals are set out in Appendix 3.

Quality of service

36 I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

37 If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Planned outputs

38 Reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Table 4: **Planned outputs**

Planned output	Indicative date
Opinion audit plan	February 2011
Annual governance report	September 2011
Auditor's report giving an opinion on the financial statements	September 2011
Final accounts memorandum	October 2011

Appendix 1 Basis for fee

The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to my audit responsibilities and reflecting this in the audit fees.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council with reference to:

- my cumulative knowledge of the Council
- planning guidance issued by the Audit Commission;
- the specific results of previous and ongoing audit work;
- interviews with Council officers; and
- liaison with Internal Audit.

Assumptions

In setting the fee, I have assumed that:

- my review of financial systems and controls provide assurance that these have been operating effectively for the whole of 2010/11;
- you will inform me of significant developments impacting on the audit;
- Internal Audit meets the appropriate professional standards;
- Internal Audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that I can place reliance for the purposes of my audit;
- good quality working papers and records will be provided to support the financial statements at the start of the audit;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports; and
- additional work will not be required to address questions or objections raised by local government electors.

Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

Appendix 2 Independence and objectivity

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Corporate Governance Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules.

The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit Plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 3 Working together

Meetings

The audit team will maintain knowledge of your issues to inform my risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 5: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Strategic Director	Audit Manager and Team Leader	January, March /April, July, September, November	January/February - audit plan March/April - results controls testing/IFRS restatement July and August - accounts progress September - annual governance report November - housing benefits
Financial Services Manager	Audit Manager and Team Leader (TL)	Monthly and each week during the audit of financial statements	Update on audit issues - IFRS, controls, substantive testing of balances.
Corporate Governance Committee	District Auditor, Audit Manager, with Team Leader as appropriate	As determined by the Committee	Formal reporting of: Audit Plan Annual governance report Annual Audit Letter Other issues as appropriate

Sustainability

The Audit Commission is committed to promoting sustainability in our working practices and we will actively consider opportunities to reduce our impact on the environment. This will include:

- reducing paper flow by encouraging you to submit documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

Appendix 4 Glossary

Annual audit letter

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB, which contain basic principles and essential procedures with which auditors are required to comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

Internal control

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality (and significance)

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements.

Significance has both qualitative and quantitative aspects.

Members

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also ‘Those charged with governance’ and ‘Audited body’.)

Remuneration report

Audited bodies are required to produce, and publish with the financial statements, a remuneration report that discloses the salary and pension entitlements of senior managers.

Annual Governance Statement

Local government bodies are required to publish an annual governance statement with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the AGS are supported and evidenced by the body's assurance framework. The AGS is prepared in accordance with guidance issued by CIPFA.

Those charged with governance

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are the full council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements.

Audit committees are not mandatory for local government bodies. Auditors should satisfy themselves that these matters, and auditors' reports, are considered at the level within the audited body that they consider to be most appropriate.

Whole of Government Accounts

The Whole of Government Accounts initiative is to produce a set of consolidated financial accounts for the entire UK public sector on commercial accounting principles. Local government bodies, other than probation boards and trusts, are required to submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, their statutory accounts.

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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.



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Taunton Deane Borough Council

Corporate Governance Committee – 1st March 2011

LOCALISM BILL RESPONSE

Report of the Legal & Democratic Services Manager

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

1. Executive summary

To establish any response that this Council wishes to make to the Parliamentary Scrutiny Committee looking at various aspects of the Localism Bill.

2. Background

- 2.1 The Localism Bill was released on the 13th December 2010 and is currently passing through it relevant legislative stages. It is currently with the House of Commons Parliamentary Scrutiny Committee.
- 2.2 The Bill is extremely varied in the range of areas that it will cover and there will be a range of consultation documents that will be released by government over the coming months which this Council will be able to respond to.
- 2.3 However there is a window of opportunity for this Council to respond to the Parliamentary Scrutiny Committee with any evidence that it wishes to submit. Attached at Appendix A is a copy of the page from the website giving details of response to the Scrutiny Committee. The deadline for this response is the 10th March 2011.
- 2.4 Attached at Appendix B are various information sheets that have been provided by officers to assist members with several aspects of the bill in order to respond.

3. Finance comments

- 3.1 There are no financial implications in this report.

4. Legal comments

- 4.1 There are no legal implications in this report.

5. Links to corporate aims

- 5.1 Various proposals in the Bill may have an impact on the Council's corporate aims once implemented.

6. Environmental and community safety implications

6.1 There are no implications for the environment or community safety.

7. Equalities impact

7.1 An impact assessment is not required in respect of this report.

8. Risk management

8.1 There is no implications from a risk management perspective

9. Recommendations

9.1 For the Committee to formalise any response to the Parliamentary Scrutiny Committee that this Council wishes to make.

Contact

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Chapter 5: Standards

Clause 14 - Amendments of existing provisions

145. Clause 14, and the Schedule it introduces, abolish the Standards Board regime, which consists of the Standards Board for England, standards committees of local authorities, the jurisdiction of the First Tier Tribunal in relation to local government standards in England and a codes of conduct for councillors. The abolition of the Standards Board for England and revocation of the codes of conduct will take place on a date appointed by the Secretary of State. None of the functions of the Standards Board for England are to be preserved. The power for the Secretary of State to issue a model code of conduct and to specify principles to govern the conduct of members of relevant authorities is removed together with the requirement for relevant authorities to establish standards committees. The First Tier Tribunal loses its jurisdiction over councillor conduct issues.

146. The Schedule contains provision for the Secretary of State to make an order regarding the transfer of the assets and liabilities from the Standards Board for England. It also makes provision for the Secretary of State to issue directions in connection with the abolition, including directions about information held by the Standards Board for England and makes provision for the final statement of accounts for the Standards Board for England to be prepared by the Secretary of State.

Clause 15 - Duty to promote and maintain high standards of conduct

147. Clause 15 places a duty on a relevant authority to ensure that members and co-opted members maintain high standards of conduct. It also defines what a 'co-opted member' is and what a relevant authority is for the purpose of this Chapter.

Clause 16 - Voluntary codes of conduct

148. Clause 16 provides that a relevant authority may adopt a voluntary code of conduct. If an allegation of a breach of a code is made in writing, the authority must take a decision on whether or not to investigate the allegation and, if it is considered that an investigation is warranted, investigate in any way the authority sees fit.

Clause 17 - Disclosure and registration of members' interests

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149. Clause 17 provides for the establishment and maintenance of a register of members' and co-opted members' interests by the local authority by giving the Secretary of State power to make regulations to specify what interests must be

recorded in that register. The regulations may make provision for restrictions on taking part in the business of the council to be imposed on a member or co-opted member with a registered or declared interest. The regulations may require the register to be available to the public and may make provision about exempting sensitive information from it.

Clause 18 – Offence of breaching regulations under clause 18

150. Clause 18 makes it a criminal offence to fail, without reasonable excuse, to comply with obligations imposed by regulations under clause 17 to register or declare personal interests, or to take part in council business when prevented from so doing by such regulations. The penalty that the magistrates' court may impose upon conviction is a fine of up to £5,000 and an order disqualifying the person from being a member of a relevant authority for up to five years. A prosecution for the offence may be brought within 12 months of the prosecuting authorities having the evidence to warrant prosecution, but only by or on behalf of the Director of Public Prosecutions.

Clause 19 - Amendment of section 2 following abolition of police authorities

151. Clause 19 removes police authorities from the list of "relevant authorities" in clause 15. The Police Reform and Social Responsibility Bill contains provision for the abolition of police authorities and their replacement with police and crime commissioners. The clause will be commenced when police authorities cease to exist.

Clause 20 – Transitional provision

152. Clause 20 gives the Secretary of State power to make transitional provision in relation to the abolition of the Standards Board regime. Allegations of misconduct can be brought against a member up to the date when section 57A of the Local Government Act 2000 is repealed. The transitional provisions made under this clause will make provision for any such allegations to be transferred from the Standards Board for England to local standards committees, and may make provision for the penalties which can be imposed by those committees, and rights of appeal to be modified.

LOCALISM BILL

PROPOSED CHANGE OF GOVERNANCE PROCEDURES

The Localism bill brings in some changes to local authority governance arrangements. They range from the adoption of mayors to super mayors, allowing flexibility with the leader and cabinet structure to the ability of re-introducing the committee system.

The bill proposes to amend the Local Government Act 2000 to allow a committee system to be a permitted form of governance.

Regulations may specify the functions which cannot be delegated which is currently the situation we have at the moment.

Overview and scrutiny committees will become optional should there be a move to a committee system but will must remain if a council stays with a leader and cabinet model.

It appears from the bill that local authorities will have some flexibility with their leader and cabinet models as they will be able to decide the length of the term of leader which would remove the current provision to have a leader in place for 4 years (strong leader model) however regulations will be required in order to give this detail.

PROCESS FOR CHANGING TO A COMMITTEE SYSTEM

In order to change to a committee system the local authority will need to make a resolution. Once that resolution has been made it will need to be published and there is a process set down for doing this.

No referendum would be required unless we were switching to a mayor and cabinet or if our original change to a leader and cabinet was by way of a referendum.

Once this decision has been made then no further change can be made for 5 years unless ordered to do so by the Secretary of State.

The change then takes effect on the 3rd day after the elections, in the case of a district council which operates all out district elections this means that it won't take effect before 2015.

REMINDER OF THE COMMITTEE SYSTEM

Part 6, Local Government Act 1972

- section 101/2 – council appoints committees
- committees appoint sub-committees

Part 1, Local Government and Housing Act 1989

- sections 13-13 – voting rights of co-opted members
- sections 15-17, and the committees and political groups regulations 1990 – proportionality

No cabinet and Executive

- committee chairs form collective leadership
- leadership more consensual

Policy and Resources Committee

- chair as leader

Managerial Committees –

No mandatory scrutiny

Wider role and apprenticeship for back-benchers

Adaptability for balanced authorities.

Community Empowerment

This part of the Bill forms the main detail of what could be understood to be the localism agenda. Central to this are three key initiatives: local referenda; community right to challenge; and assets of community value.

Local referenda

This measure gives people, councillors and councils the power to instigate a local referenda on 'local matters' and where 5% of the local government electors support such a challenge. 'Local matters' could constitute any decision which would have an impact on the social, economic or environmental well-being of the locality.

There is a duty to hold a referendum if the proper officer is requested by a member for the relevant area and the authority determines that it is appropriate.

There are a number of grounds where an authority can determine that a referendum would not be appropriate and these are where the action to promote or oppose the question is likely to lead to contravention of statute or rule of law, the matter is not a local matter over which the authority has influence or which affects the authority's area, the local authority thinks it is vexatious or abusive or any such other reason that the secretary of state shall determine.

Where a referendum is held, all those eligible to vote will be invited to respond to the referendum question, with any decision made following having to be justified. Critically, because the scope of challenge is so wide, there is a considerable likelihood, that in the early days following enactment of such legislation, there may be substantial requests for referenda!

Therefore the local authority will have to publish guidance for the conduct of the referenda in order to ensure that the public are clear on what they can or cannot request a referendum on.

This is likely to have an impact on resources such as for the Strategy team, Elections, Democratic services and possibly the legal team.

Community Right to Challenge

Community Right to Challenge is intended to offer an alternative means of service provision and delivery which would otherwise have been traditionally undertaken by the local authority. Here an 'expression of interest' may be received from a 'relevant body' (community or voluntary group, charity, parish council, someone else specified by the Sec of State), with an alternative means of service delivery suggested.

If an expression of interest is received the authority must consider it and decide whether to accept or reject it. If the Authority accepts the expression of interest, it must carry out a procurement exercise for the service. It must consider how the procurement exercise might promote or improve the economic, social or environmental well being of the area and it must also be appropriate to the value and nature of the contract that may be awarded. It is possible that the Authority may modify the expression of interest if it believes that it would make it acceptable but the body must agree to this. It should be noted that the duty is to consider the expression of interest not necessarily agree it.

Good governance arrangements must be put in place to deal with this otherwise it could provide a fruitful area of challenge for lawyers and be a burden to the local authority both financially and in staff time.

Assets of Community Value / Community Right to Buy

Local authorities will be required to maintain a list of assets of community value and keep such a list under five yearly review. What constitutes land at community value will be defined by regulations. Where sites are nominated by community groups for inclusion on the list the local authority must be consider the nomination but may not necessarily agree. The Authority must maintain a list of unsuccessful nominations.

If a land owner wishes to dispose of land which is an asset with community value then they must notify the local authority and no disposal can take place until a moratorium period has expired and either the local authority or a community group fails to express an interest in taking on that asset or that the final time limit has expired.

One potential issue relating to this initiative is the not inconsiderable pressure which may be applied by neighbourhoods and pressure groups to seek the protection of Greenfield land such as Killams.

From a resource perspective SW1 will need to be involved in this process as this list will form part of the Council's property portfolio.

Chapter 4: Predetermination

Clause 13 - Prior indications as to view of a matter not to amount to predetermination

Clause 13 clarifies how the common law concept of "predetermination" applies to councillors in England and Wales. Predetermination occurs where someone has a closed mind, with the effect that they are unable to apply their judgment fully and properly to an issue requiring a decision. Decisions made by councillors later judged to have predetermined views have been quashed. The clause makes it clear that if a councillor has given a view on an issue, this does not show that the councillor has a closed mind on that issue, so that if a councillor has campaigned on an issue or made public statements about their approach to an item of council business, he or she will be able to participate in discussion of that issue in the council and to vote on it if it arises in an item of council business requiring a decision.

Clause 13 applies to members of all councils in England and Wales to which there are direct elections - although it applies both to elected and to co-opted members of those councils, and also to members of National Parks Authorities and the Broads Authority.

The section will only apply to decision after it has come into force although there is reference to anything previously done does include things done before the section comes into force.

EG anything which a member may have campaigned on during the elections, ie a single issue member he/she will only be able to vote once this section is brought into force if the matter they are voting on is the matter upon which they campaigned.

However, it is my opinion that the member should still show that they have listened to the debate and show that they have consider what others have said even if they do still vote in the way in which they may have indicated that they would have, so it will be interesting to see how the courts view this if any cases come to court on it.

Localism Bill – Housing

Proposal	Implications/Concerns
<p>Tenure</p> <p>Local authorities and housing associations will be able to let social housing to new tenants on more “flexible” fixed terms rather than lifetime tenancies. This fixed term “flexible” tenancy would be for a minimum length of 2 years. All current social tenants can keep their existing tenancies. Local authorities will still be able to offer lifetime tenancies if they wish. Housing associations will have the option to offer a new fixed term tenancy at either an affordable rent (up to 80% of market rates) or at a social rent.</p> <p>Concern about the length of the fixed term and the impact of these new “flexible” tenancies has already been expressed through the Council’s detailed response to the social housing consultation paper – essentially, the view in this response was that 2 years is too short.</p>	<p>In theory, “flexible” tenancies will allow social landlords to manage their homes more effectively, based on a continuing need for social housing.</p> <p>When one of these new “flexible” tenancies comes to an end tenants will have 2 basic options:</p> <ul style="list-style-type: none"> • remain in social housing if their landlord approves, in their existing home, or in another property, either at a social rent or an (80%) affordable rent • move into private rented housing or purchase a property. <p>In practice, the decision about whether “flexible” tenants will be able to remain in social housing will be down to individual landlords.</p> <p>Where local authorities want to end a “flexible” tenancy at the end of its term and not re-issue it, they will be required to serve notice on the tenant 6 months before it ends. This notice must give the tenant an opportunity to seek an internal review. Even when the landlord’s decision to end/not re-issue is upheld on review, the tenant will still have a right to challenge this in the County Court. This could be a costly and lengthy procedure which has been estimated to cost up to £5,000 for every tenant served notice.</p>
<p>Allocations</p> <p>Local authorities will have greater freedom to set their own policies about who qualifies for social housing in their area. The Government will continue to determine which groups</p>	<p>The retention of the “reasonable preference” categories should be welcomed, as should the opportunity for the Council to determine which other categories of applicants should</p>

<p>should have priority for social housing. This will be through the statutory duty on local authorities to give “reasonable preference” to the people who are most vulnerable and who most need social housing. The Government is not proposing to remove “reasonable preference” for people who: are homeless; live in overcrowded or poor housing conditions; need to move on medical or welfare grounds; need to move to avoid hardship to themselves or others.</p> <p>At the moment, under current housing legislation, local authorities are required to operate “open” waiting lists. This means that, with limited exceptions, anyone is eligible to apply for and be allocated social housing.</p>	<p>qualify for social housing.</p> <p>However, tenants have expressed a very strong view that they should have the opportunity to be involved in shaping and agreeing any changes to allocations policies and priorities.</p> <p>Were the Council mindful to change the existing qualifying criteria for social housing, it would be advisable to consult a wide range of local people and local organisations. This consultation should also work out what impact any changes would have on current and prospective housing applicants, as well as whether any decision to restrict access to social housing can be reconciled with equalities responsibilities.</p>
<p>Homelessness</p> <p>Local authorities will be able to meet their homelessness duties with an offer of “suitable” accommodation in private rented housing. Under the present rules, people who are homeless can refuse offers of accommodation in the private sector until such time as social housing becomes available.</p>	<p>Whilst the flexibility this gives the Council to meet short-term housing need is helpful, there is concern about the relatively large sums of money needed to secure a private sector tenancy. This could be a big barrier to many people in housing need and there is only so much money that the Council can commit to supporting rent deposits, rent in advance, and the associated staffing and administrative costs of these schemes.</p> <p>A further concern is whether there is enough good quality, suitable and affordable private rented housing in Taunton Deane to adequately discharge homelessness duties. This is in the light of relatively poor private sector housing conditions (41% fail the decent homes standard), the removal of Government funding for private sector renewal and the potential impact Hinkley C will have. .</p>

Council Housing Finance

Councils with housing will be able to keep the rent collected from tenants and use it locally to maintain these homes, under the proposed reform of the Housing Revenue Account (HRA) subsidy system.

The HRA reform should be welcomed as not only as it is more equitable than the current system, but it will also give Councils with housing a more predictable and stable basis to plan for the future.

Localism Bill Summary

Part Five – Planning

Amendments to the planning system are a fundamental part of the Localism and Decentralisation Bill. Whilst a great many of the suggested changes have been much-publicised ahead of the document, there are still some notable exceptions.

Plans and Strategies

As expected, the Bill reiterates the intention to abolish RSS with no suggestion that a higher, formalised tier of strategic planning is needed nor desirable (although the earlier Localism White Paper did allude to LEPs potentially having some informal role). Notwithstanding this commitment, the Bill does assert a new 'duty to co-operate' on local planning authorities. Such a move will require adjoining authorities to engage 'constructively, actively and on an on-going basis' although the degree to which this will be probed in any examination is difficult to second guess.

Interestingly, the duty to co-operate extends beyond Development Plan Documents and other Local Development Documents but also to 'activities which support the planning of development'. Such a statement infers some involvement in planning applications but since there is no third party right of appeal and local authorities themselves will be determining applications themselves in the first instance (unless they are called in by the Sec of State) I am a little unsure what this can mean in practical terms.

Local Development Schemes are important tools in terms of establishing a timetable for plan development although seemingly they will now be brought into effect by local planning authorities themselves rather than through the soon to be defunct Government Offices. Importantly the Sec of State can still however issue directions requiring preparation of a certain DPD. LDS should be kept under review with local planning authorities expected to keep information up-to-date.

The most significant planning related change outlined in the Localism Bill is probably in relation to the preparation and withdrawal of DPDs themselves. An Inspector will now no longer issue a binding report with recommendations on a Plan. This is a massive change since the implication and onus in relation to how onerous a local authority's justification may be reduced as a consequence.

The Inspector will still recommend adoption or non-adoption on the basis of its soundness or otherwise but he/she will now issue recommendations as to how the DPD can be amended to make the document sound. A further more minor but nonetheless notable change is that under the suggested amendments a local

planning authority would be able to withdraw a plan even once it has been submitted for examination.

Monitoring

The Bill still recognises the importance of monitoring particularly in order to demonstrate transparency but seems to offer more flexibility to local authorities about the form and frequency of any submission of monitoring information to the Sec of State. It may be for example that an authority chooses to publish a more lighter touch assessment more frequently than annually as was the case through the Annual Monitoring Report (which will now become the Authority Monitoring Report).

Community Infrastructure Levy

Similarly to the RSS announcement, there are no real surprises here other than further indication that there is an expectation that an element of monies collected through the CIL would be directed to a lower tier of governance below the local authority. More detailed CIL legislation will be published in due course and this will need to make clear the specific provisions of the Levy, what if any alternatives to the approach there may be (e.g. the tariff approach Taunton Deane was previously considering) and the 'share' of any CIL monies being passed down.

Neighbourhood Planning

The Bill introduces a new tier of planning policy: Neighbourhood plans. These plans will sit below the DPDs produced by the local planning authority but will form part of the decision-making process. The Bill itself is a little light on the detail of Neighbourhood Plans but it is anticipated that these documents will be prepared by Parishes, Towns or 'Neighbourhood Forums' and will establish a lower tier of plan-making which outlines how they wish their community to grow.

Neighbourhood Plans will be examined independently but not necessarily by a Planning Inspectorate Inspector. At a course I attended on Neighbourhood Planning in Birmingham it was made very clear by DCLG that anyone suitably qualified could be responsible for scrutinising a plan. In assessing the Plan consideration will be given to:

- The strategic context of the local plan (Core Strategy, LDF documents)
- The National Planning Framework or other national guidance
- The 'new' presumption in favour of sustainable development
- European Directives
- National and International designations
- Neighbouring Neighbourhood Plans.

The reference to the strategic context is particularly important since it confirms that despite being part of the statutory development plans on adoption, Neighbourhood Plans should be in conformity with local plans. This condition is essential in ensuring that Plans do not become 'NIMBYs charters', something that the Government has given assurances on. The implication therefore is that Neighbourhood Plans will be used primarily to enable further development over an above that apportioned to an area in a local plan or in cases where communities wish to prescribe a greater level of detail in the policies which will apply to a neighbourhood.

LPAs will have a duty to provide support to Neighbourhoods preparing Neighbourhood Plans this may include technical and facilitative assistance as well as being obliged to meet the cost of an examination of the Plan and the holding of a referendum to endorse its contents.

New Neighbourhood Development Orders will give communities the opportunity to define particular schemes or types of scheme which will be given automatic planning permission without the need for consent from the local authority. In more complex cases, neighbourhoods will be able to grant outline consent with only the matters of detail to be determined by the local planning authority.

Both Neighbourhood Plans and Neighbourhood Development Orders have potentially huge resource implications for Local Planning Authorities. LPAs will be obliged to assist in the preparation of the documents including footing the bill of any examination and referendum. It is of course impossible to anticipate the level of interest and appetite from local communities to undertake such plans in Taunton Deane.

As and when further detail is available from CLG, it may prove useful that the Council issues some informal guidance to communities so that we can ensure that neighbourhoods fully understand the concept, its application and limitations.

Development Management

The Bill proposes only relatively minor changes in respect of the development management process. In the first instance it places a duty to consult on developers on planning applications. It is unclear as to what the 'hook' to ensure compliance with this provision is, i.e. who judges whether satisfactory consultation has been met and if not, can an application be refused?

A further change relates to pre-determination. Decision-makers will not be considered to have a closed mind on any issue just because they have previously expressed a view on it. This proposed change is made in the context of a recent statement from DCLG:

www.communities.gov.uk/news/corporate/1768609

Taunton Deane Borough Council

Corporate Governance Committee – 1st March 2011

Update of part 3 of the Constitution

Report of the Legal & Democratic Services Manager and Councillor Bryan Denington (Chair of the Constitutional Sub Committee)

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

1. Executive summary

To approve the changes to part 3 of the Constitution relating to planning enforcement delegations

2. Background

- 2.1 It has been noted that following a report to the Planning Committee on the 25th February 2009 the changes to the planning delegation scheme relating to planning enforcement has not been updated in the constitution.
- 2.2 Therefore the relevant amendments have now been made to Part 3 of the Constitution to reflect the changes made at planning committee.
- 2.3 The proposed changes are set out in Appendix 1 of this report and the relevant committee report and minutes are attached at Appendix 2.

3. Finance comments

- 3.1 There are no financial implications in this report.

4. Legal comments

- 4.1 The Council is required to keep an up to date constitution in order to ensure that its decision making processes and procedures are lawful.

5. Links to corporate aims

- 5.1 There are no specific links to the corporate aims.

6. Environmental and community safety implications

- 6.1 There are no implications for the environment or community safety.

7. Equalities impact

7.1 An impact assessment is not required in respect of this report.

8. Risk management

8.1 If the constitution is not kept up to date it can affect the lawfulness of decision making which is a serious risk to the Authority.

9. Recommendations

9.1 Members are recommended to approve the changes detailed in Appendix 1 to this report.

Contact

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PART THREE -

**RESPONSIBILITY
FOR
FUNCTIONS**

Part 3 Responsibility for Functions

1.0 Scheme of Delegations

- 1.1 Legally a local authority depends upon a series of statutes which in some cases give it a power (that is, a discretion,) to do something - or - in others - a duty to carry out that function or service. Each power or duty is often made subject to various limits as to just how it is to be exercised.
- 1.2 Because of this statutory foundation for the work of local councils, it is important that we are always specific as to which statute we are using to achieve our purposes. Unless we make that clear, then it is difficult if not impossible for the community to hold us to account.
- 1.3 Apart from this “what and how”, we also need to say - for transparency and accountability purposes - “who” it is within the Council - that has the power to do something. This means that we must produce a “Delegation Scheme” describing these formal responsibilities.

2.0 Who?

- 2.1 To help understand what follows, there are a number of levels of decision-making under our Constitution. Each of these is reflected by the tables which follow later in this section.
- 2.2 First is Full Council itself. Full Council retains a range of higher level decisions - many relating to our overall strategies - or to the setting of our annual budget and of Council Tax. Some of these functions can legally only be undertaken at this highest level. With others, it has been this Council’s own choice to do so.
- 2.3 Next is the Executive. The law requires that the great majority of the Council’s decision-making must only be carried out by or through the Executive - either meeting together – or, in some cases, on an individual basis. The Act prevents other councillors making such decisions.
- 2.4 Individual Executive Councillors also have decision-making powers delegated to them.
- 2.5 Next comes a group of “regulatory” functions. Broadly, these are roles where the Council has the task of controlling the activities of individuals - often on an application-by-application basis. To deal with these detailed controls, parliament decided that special committees should be retained - outside the Executive. In our case this means we have, for instance, a Planning Committee and a Licensing Committee made up of elected members and which meet in public so as to hear the various opinions expressed about individual cases before them.

- 2.6 The Corporate Governance Committee has certain limited decision-making powers delegated to it by the Council. These powers are described later in Section 4 Appendix 1 Part J
- 2.7 Finally are the officers. The great bulk of day-to-day operational decision-making is delegated by the Council, or the Executive, or the Planning and Licensing Committees to our professional staff. They need these powers so as to enable them to provide the services of the Council in the most economic, efficient and effective way.

3.0 What?

- 3.1 Attached are a number of tables setting out the broad areas of our statutory powers and the activities and functions we are involved in.
- 3.2 Section 1 is a list of those matters which remain either with the Full Council itself for decision or which are within its control - because the law either requires or permits it. The section also shows to whom these powers have been delegated (if at all) - whether to a committee or to an officer.
- 3.3 Section 2 sets out those powers and duties which the law excludes from Executive decision-making - such as planning, licensing and staffing issues. These are listed as delegated to a committee or to an officer with any limits on those delegations also included.
- 3.4 Section 3 lists those powers and duties which are ones which only the Executive can deal with - itself - or through the officers or area or joint committees. This covers the great majority of our powers and duties - with most operational decision-making continuing to be delegated to the Officers.
- 3.5 This part also lists these functions across a series of Portfolios. These reflect the current responsibilities of each of the current members of the Executive for the setting of the overall direction for these services. The extent of these Portfolios can be varied at the discretion of the Leader. The electronic version of this Constitution will describe the current positions.
- 3.6 Section 4 describes the delegation arrangements to the Officers and the individual Executive Councillors. As with our current Delegation Scheme, most of the operational decision-making under these powers and duties is delegated on to the officers.
- 3.7 Section 4 Appendix I Part A sets out the current decisions delegated by the Planning Committee to the Growth and Development Manager or in his absence the Development Management Lead or the Building Control Manager
- 3.8 Section 4 Appendix I Part B describes the similar delegations made by the Licensing Committee to the Community Services Manager or in his absence the Licensing Manager.
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- 3.9 Section 4 Appendix I Parts C&D set out similar delegations made by the Committee to the Community Services Manager and in his absence the Environmental Health Lead .
- 3.9.1 Section 4 Appendix I Part E sets out similar delegations made by the Council
- 3.11 Section 4 Appendix I Parts F G H and I describe powers that are only exercisable by Full Council.
- 3.12 Section 4 Appendix I Part J sets out the powers and duties of the Corporate Governance Committee.
- 3.13.1 Section 4 Appendix I Part K sets out the Proper Officers in respect of various Public Health Acts and Regulations.

TRANSITIONAL ARRANGEMENTS TO TAKE EFFECT FROM 5TH MAY 2011

New Executive arrangements will take effect on the third day following the election i.e. on the 8th May 2011. However the new Leader will not be appointed until the Annual Council meeting on the 19th May. The leader and Executive Councillors remain in office until the new ruling party takes control at that Annual Council meeting.

Section 1 The Powers of Full Council

- 4.0 The functions statutorily reserved to the Council are set out below in Column 1. Column 2 shows who else is involved - either as having full statutory powers delegated to them or as being the source of a recommendation to full Council.
- 4.1 Where a power is shown as delegated to an officer then that officer shall also have the power to re-delegate that power to another officer of the authority or to refer or remit it to another regulatory body of the Council for it to decide.
- 4.2 Where a regulatory power is shown as delegated to an officer, that power shall include the authority to enforce those regulatory powers using all the formal powers available to the Council under the relevant legislation.
- 4.3 Where a reference to a statutory power is made, then that reference shall include any secondary legislation and to any subsequent consolidating, amending or substituting legislation.

	Function	If delegated - then to whom?
1	To set the " <i>Policy Framework</i> " and the " <i>Budget</i> " within which the Executive must operate. [Both these terms are defined below.]	Council - on the recommendation of the Executive or of the Scrutiny Committees.
2	In a limited range of cases - to make decisions about the discharge of an "executive function". This applies <u>only</u> to those cases where the decision-maker is considering an issue - which is not only:- (a) covered by the Policy Framework or the Budget, but also - (b) where the decision-maker is inclined to make it in a manner which:- <ul style="list-style-type: none"> • would be contrary to that Framework, or • would be contrary to/or not wholly in accordance with the Budget. 	Council - on the recommendation of the Executive, an Executive Councillor or of the Scrutiny Committees.
3	To exercise - through delegated powers - those "regulatory functions" (these are listed in detail at Appendix 1) which must not be within the remit of the Executive:- (a) Development Control; Building Control. Appendix 1 – Part A (b) Licensing and Registration Appendix 1- Part B	Planning Committee; Growth & Development Manager, Development Management Lead, Building Control Manager, Solicitor to the Council. The Licensing Committee; Community Services Manager, the Licensing Manager and the Environmental Health Lead Officer Community Services Manager or

	Function	If delegated - then to whom?
	<p>(c) Food Safety Appendix 1 - Part C</p> <p>(d) Health and Safety at Work (this relates only to those functions which the Council exercises <u>other than</u> as employer) Appendix 1 - Part D</p> <p>(e) Electoral services Appendix 1 - Part E</p> <p>(f) Corporate Governance Appendix 1 – Part J</p>	<p>Environmental Health Lead</p> <p>Community Services Manager.</p> <p>Electoral Registration Officer and Returning Officer.</p> <p>Monitoring Officer and S151 Officer</p>
	<p>(g) Staffing matters (other than those dealt with in Part 4H of the Constitution - the Standing Orders as to Employment of Officers).</p> <p>(h) Ceremonial and Miscellaneous matters Appendix 1 – Part G</p>	<p>Head of Paid Service; the Strategic Directors; Head of HR, the relevant Unit Managers and the Staffing Panel.</p> <p>Council on the recommendation of the Corporate Governance Committee</p>
4	To agree and/or to make significant changes to the terms of reference of the Planning Committee, the Overview and Scrutiny Committees	Council - on the recommendation of the Overview & Scrutiny Committees or the Planning Committee.
5	To decide on the number of seats to be allocated to each Party Group (or to independent councillors) in accordance with the “proportionality” rules in the Local Government and Housing Act 1989.	Council - on the recommendation of the Monitoring Officer.
6	To agree the arrangements for the appointment of the Head of Paid Service.and to note the Appointment Panel’s decision	Council - on the recommendation of the relevant Appointments Panel set up for that purpose.
7	To agree the arrangements for the appointment of the Monitoring Officer and the Section 151 Officer and to note the Appointment Panels’ decisions.	Council - on the recommendation of the Head of Paid Service.
8	To confirm the dismissal of the Head of Paid Service, the Monitoring Officer or the Section 151 Officer.	Council - at the recommendation of the relevant Disciplinary Panel set up for that purpose and the recommendation of an appointed Independent Person (as referred to in paragraph 6 of the Officer Employment Procedure (Rule 8 - Part 4-H4).
9	To appoint the Leader of the Executive.	Council - on the recommendation of the controlling political group or groups of the Council.
10	To decide on the number of Executive Portfolios which the Leader may allocate.	Council - on the recommendation of the Leader.
11	To remove the Leader or other members of the Executive.	Council - in accordance with the procedure in Article 7.

	Function	If delegated - then to whom?
12	To adopt the Constitution and to agree any major changes to it.	Council - on the recommendation of the Corporate Governance Committee
13	To approve any application to the Secretary of State in respect of a Housing Land Transfer.	Council - on the recommendation of the Executive.
14	To appoint and dismiss representatives to those outside bodies whose role is <u>not</u> closely linked to an Executive function.	The Legal and Democratic Services Manager - acting on the advice of the relevant Scrutiny Committee.
15	To adopt/modify a Members' Allowances Scheme.	Council - on the recommendation of a Panel of external members.
16	To change the name of the area, to confer the title of Honorary Alderman or the Freedom of the Borough.	Council - on the recommendation of the Leader of the Council
17	To make, amend, revoke, re-enact or adopt bylaws and to promote or oppose the making of local legislation.	Council - on the recommendation of one of the Overview & Scrutiny Committees whose role covers the services affected.
18	To adopt any plan or strategy (whether statutory or non-statutory) which the Council has decided should be undertaken by itself rather than by the Executive.	Council - on the recommendation one of the Scrutiny Committees using the "call-in" mechanism in Part 4E of the Constitution.
19	To deal with any other matters which, by law, must be reserved to Council.	Council on the recommendation of the Monitoring Officer

4.2 The Council's Policy Framework

This is defined in Article 4 of the Constitution. It consists of a series of important plans and strategies which form the basis for many of its services. Each is a substantial document in itself which is regularly reviewed and updated. They are not therefore included in this Constitution but current copies are always available at the Deane House.

4.3 The Budget

Includes the allocation of financial resources to different services and projects, proposed contingency funds, the Council Tax Base, setting the Council Tax and decisions relating to the control of the Council's borrowing requirement, the control of its Capital Expenditure.

4.4 Whilst decisions on the framing of the Budget itself are ones for the full Council, many of the operational issues relating to monitoring and to virement are delegated to either the Executive, to Executive Councillors or to the Officers - subject always to the approval of the Section 151 Officer.

Section 2 Regulatory Powers of the Council

5.0 In order to carry out the Council's "regulatory powers" the following committees be constituted:-

- Planning Committee
- Licensing Committee - from whom individual Licensing Panels are appointed to deal with individual applications
- Staffing Panel - pool of members from whom individual Panels/Sub Committees are drawn as and when necessary in relation to appointment and disciplinary matters
- Corporate Governance Committee

5.1 The powers and duties of these committees are set out in Appendix 1.

Section 3 Executive Powers

- 6.0 The majority of the decision-making of the Council relates to areas which are defined as “Executive matters” within the law and can therefore only be dealt with via the Executive. This means that:-
- (a) those members who are not “Executive Councillors” cannot make those decisions; [the exception to this general rule is in (f) below];
 - (b) Full Council itself cannot make Executive decisions either;
 - (c) nor can the Overview & Scrutiny Committees;
 - (d) the Executive meeting as a body can do so;
 - (e) so too can individual Executive Councillors - unless the Council has identified a particular power as one which should only be taken by the Executive acting together;
 - (f) area committees can be given delegated powers to take both “Executive” and “non-Executive” decisions - if the Council wants them to;
 - (g) the great majority of operation decision-making within policy and the budget is the responsibility of the officers - through this Delegation Scheme - subject to the limitations included here;
 - (h) the need for both transparency and accountability require that decision-making of this type under the Act must be carefully controlled and recorded and that all councillors together with the press and public have full access to those decisions - not only at the time - but also before and after - they are made;
 - (i) certain types of decisions - “key decisions” have even greater levels of safeguards placed upon them and require (for instance) consultation with the Council’s Review side before being progressed.
- 6.1 This Delegation Scheme has therefore been based on the following features:-
- (a) most day to day operational decision-making powers are delegated to the Council’s officers;
 - (b) the role of the Executive - meeting as a body - has been designed to avoid such operational decisions coming to it unless they are key decisions or are otherwise of real significance across the Council’s services;
 - (c) the Executive’s major role will be in defining and reviewing the Council’s strategies and significant policies and in advising the Council on these matters and as to the Budget;

- (d) where decisions can be made at a lower level, then the Executive will ensure that this Scheme is designed, implemented and modified so as to achieve that purpose;
- (e) before accepting an item for the Executive's agenda, the relevant Executive Councillor, together with the Legal and Democratic Services Manager, will satisfy themselves that the issue could not be otherwise properly dealt with under delegated powers;
- (f) where a matter arises - which involves a range of detailed issues - but is of such significance that it must nevertheless be taken to the Executive - then the Executive Councillor responsible for that service must assess whether the matter is of such urgency that it would not be practicable for the advice to be first obtained from:-
 - (i) the Overview & Scrutiny Committees; or
 - (ii) an officer; or
 - (iii) a committee of the Executive itself.
- (g) so as to make sure that its strategic role is clearly identified and maintained, reports to the Executive will be written in such a form that ensures that:-
 - (i) unnecessary detail is excluded,
 - (ii) policy factors are clearly identified and analysed,
 - (iii) impact upon our Corporate Priorities is identified,
 - (iv) all necessary consultation as to its content has taken place, and
 - (v) the issues for decision by the Executive are justified as ones which could not reasonably be taken elsewhere.

Section 4 Delegations to Executive Councillors and Officers

7.1 Principle 1

The overriding principle upon which the Council's Delegation Scheme is founded is:-

All the Council's statutory powers and duties in relation to the functions and activities (listed in the following table) are delegated to the Executive and from there (as shown) to the Corporate Management Team. Those listed include all such incidental and ancillary powers as are needed in order to carry out those functions together with all statutory powers delegated to the Executive by another Local Authority by virtue of an agreement under the Local Government Acts.

7.2 The consequent powers to make all operational decisions as to the Council's services are delegated to the Head of Paid Service, to the S.151 Officer and the Monitoring Officer (these are referred to as the "statutory officers"), together with the Strategic Directors and the Theme Managers (the "Corporate Management Team"), so long as the decision:-

- (a) falls within the Council's Policy Framework; and
- (b) is otherwise within our approved policies; and
- (c) complies with the law, Financial Regulations, Standing Orders, Contract Standing Orders and the other controls within this Constitution; and
- (d) is wholly in accordance with the budget for the current and following year, and
- (e) has not been disapproved by any of the "statutory officers"; and
- (f) has not been the subject of a request from the responsible Executive Councillor for the decision to be remitted to the Executive.

7.3 Principle 2

Even where a statutory power has been delegated, the delegatee still retains a discretion as to how the decision is to be taken. Either:-

- (a) to deal with it him/herself;
- (b) to "remit" the decision - "upwards" (that is - in order to seek endorsement of a proposed decision) - in the case of "executive matters" to the Executive, or in the case of a non-executive matter to the Council or to the Planning Committee or to an Overview & Scrutiny Committee ;
- (c) to further delegate that power;
- (d) to consult others before exercising the power;

- (e) to take the decision jointly with other Executive Councillors or officers.

7.4 Principle 3

It is expected that, within these delegations, the officers will keep Executive Councillors fully briefed as to the services for which they are responsible and that they will consult with the relevant Executive Councillor on issues where either believe that this is needed. Built upon this foundation, It is anticipated that this will mean that a number of otherwise delegated decisions will, in practice, be taken either by - or in consultation with - the Executive Councillor where s/he believes the matter to be one of particular sensitivity or corporate significance.

7.5 Principle 4

So as to avoid any misunderstandings as to the exercise of these powers, each member of the Corporate Management Team will agree with the appropriate Executive Councillor a general approach towards the working arrangements they intend to adopt between them as to:-

- (a) service briefing;
- (b) decision-making;
- (c) consultation with the Executive Councillor;
- (d) the scope for joint decisions;
- (e) the way those decisions will be formally recorded.

7.6 Principle 5

Any further general delegation of specific statutory powers by Corporate Management Team to an officer under Principle 2 shall be made in writing and shall record its extent and any limitations on the exercise of those powers.

A copy of any such delegation shall be provided to the Monitoring Officer who - as "proper officer" - when so required has the duty to formally certify the existence and validity of those statutory powers - in any legal proceedings - or to sign formal agreements on the Council's behalf giving effect to those decisions.

- 7.7** Within these principles the following table lists the range of functions for which all the Council's statutory powers and duties are delegated to the Executive and thence to the Corporate Management Team. The

table shows the current services portfolios, each of which is held by an Executive Councillor as responsible for the overall policy direction for that service. The table also shows the “lead officer” who is primarily responsible for the delivery of that service. Any limits upon the delegations to the officers (other than those listed above) are shown here.

(Note: both the extent of the portfolio held by an Executive Councillor and the identity of the “lead officer” are subject to change at the discretion of the Leader and the Chief Executive respectively. The electronic version of this Constitution will show the position as is then current).

FUNCTION	LEAD OFFICER
<i>Leader of the Executive</i>	
Chairmanship of the Executive	CHIEF EXECUTIVE (CE)
Advice to Council on overall strategy and core policies	CE
Overall financial corporate management of the Council	Section151 OFFICER (S151) and CE
Budget development and proposals to Council	S151 and CE
Budget monitoring	S151
Review of virement and spending limits	S151
Audit of the Council’s financial affairs	CE
Allocation, reallocation and variation, of portfolios to Executive Councillors	CE
Liaison with the Chairs of the Overview & Scrutiny Committees as to programme of policy development and review	CE
The Executive’s four months advance programme	CE
Allocating issues not falling within a portfolio to other Members of the Executive	CE
Duties in relation to urgent decisions and the call-in mechanism	CE/MONITORING OFFICER (MO)
Emergency planning	CE
Constitutional issues	CE/MO
<i>Communications and Community Leadership</i>	
Community leadership	Strategic Director (SD)
Area Working	SD
Parish liaison	SD
Support for community groups	SD
Voluntary welfare grants	SD

FUNCTION	LEAD OFFICER
Crime reduction	SD
Social inclusion	SD
Equal opportunities	SD
Youth	SD
Environmental awareness and strategy	SD
Sustainability	SD
Communications	SD
Public relations	SD
<i>Economic Development and the Arts</i>	
Economic development	SD
Rural affairs	SD
Tourism	SD
Livestock marketing facility	SD
Taunton Town Centre Company	SD
Wellington Economic Partnership	SD
Shopmobility	SD
Street trading controls	SD
Management of corporate property portfolio	SD
Arts development	SD
<i>Environmental Services</i>	
Waste collection and recycling	SD
Health promotion	SD
Land drainage and flood prevention	SD
Waterways	SD
Pest control	SD
Conveniences	SD
Dog wardens	SD
Street sweeping	SD
Environmental Health – policy	SD
Health and Safety - policy	SD
Food Control – policy	SD
Licensing – policy	SD
Cemeteries and Crematorium	SD
<i>Housing Services</i>	
Housing Strategy	SD

FUNCTION	LEAD OFFICER	
Rent rebates/allowances	SD	
Homelessness	SD	
Property Services	SD	
Housing Management	SD	
Elderly Services	SD	
Lettings and Advice	SD	
Housing Act advances	SD	
Improvement grants	SD	
Housing Standards	SD	
Deane DLO	SD	
Corporate Resources		
Deane House Central Support Services	SD	
Mayoral support	SD	
Civic functions	SD	
Democratic Services	SD/MO	
Land Charges	SD	
E-Government	SD	
Freedom of information	SD/MO	
Electoral registration	SD/RETURNING (RO)	OFFICER
Corporate personnel issues	SD	
Information technology	SD	
Council tax and benefits	SD	
Sports Parks and Leisure		
Parks and playing fields	SD	
Council's leisure facilities	SD	
Allotments	SD	
Leisure grants	SD	
Sports development	SD	
Leisure link with Tone Leisure	SD	
Planning and Transportation		
Local/regional planning	SD	
Countryside	SD	
Development Control – policy	SD	
Building Control – policy	SD	
Transport strategy	SD	

FUNCTION	LEAD OFFICER
Town centre strategy	SD
On and off-street parking - strategy (including DPE and residents' parking)	SD
Community transport	SD
Concessionary travel	SD
Car park operations	SD
CCTV operations	SD

APPENDIX 1

POWERS AND DUTIES OF REGULATORY COMMITTEES

Planning Committee

Whilst planning policy is an “Executive function”, the process for dealing with individual planning applications (and other development control activities) is “non-Executive”.

In Taunton Deane, these functions have been delegated to a Planning Committee and to the Council’s Development Control Manager.

The current extent of delegation of functions to the Committee and then to the officers is set out below. As these are subject to change, the up to date list of such delegations is to be found on the e-version of this Constitution on the Council’s website

Part A - Regulatory Powers of Planning/Growth and Development Manager

Exceptions to the Officer Delegations

All proposals should be determined under delegated powers other than where one of the six criteria set out below are met.

- Criterion 1: In the opinion of the Growth & Development Manager (or Chair of the Planning Committee) the application is considered to be a significant, controversial or sensitive nature.
- Criterion 2: The application is from an elected member or member of staff (or partner thereof) and is recommended for approval.
- Criterion 3: The application is accompanied by an Environment Statement (EIA).

Criterion 4: The application is a significant departure and is recommended for approval.

Criterion 5: Where there are conflicting views (giving clear planning reasons) from a Town/Parish Council, Parish Meeting or Ward Member as well as from four or more individuals.

Criterion 6: Applications will be delegated to the Growth & Development Manager to refuse if S106 agreements are not signed within 8, 13 or 16 week timescales.

Criterion 7: Discharge of the Council's duty under s91(2) of the Building Act 1984 (enforcement of Building Regulations) in its area shall be delegated to the Building Control Manager.

Criterion 8: That all prosecutions for breach of planning control should be authorised by the planning committee except in cases of expediency where the Authority is delegated to the Chair of Planning Committee and the Growth & Development Manager or Development Management Lead.

Criterion 9: Delegation to officers of all enforcement matters relating to householder development other than prosecution in respect of non-compliance with an enforcement notice.

In addition, any application which is not referred to Committee, but where conflicting representations have been received, is referred to the Chair/Vice Chair of the Planning Committee before a decision is made.

Licensing Committee

Unless otherwise indicated, the following powers are delegated to the Community Services Manager and in his absence the Licensing Manager.

Part B – Regulatory Powers of Licensing and Registration Functions	
1. Power to issue licences authorising the use of land as a caravan site ("site licences").	Section 3(3) of the Caravan Sites and Control of Development Act 1960
2. Power to license the use of moveable dwellings and camping sites.	Section 269(1) of the Public Health Act 1936
3. Power to license hackney carriages and private hire vehicles.	(a) as to hackney carriages, the Town Police Clauses Act 1847, as extended by section 171 of the Public Health Act 1875 , and section 15 of the Transport Act 1985 ; and sections 47, 57, 58, 60 and 79 of the Local Government (Miscellaneous Provisions) Act 1976 (b) as to private hire vehicles, sections 48, 57, 58, 60 and 79 of the Local Government (Miscellaneous Provisions) Act 1976.
4. Power to license drivers of hackney carriages and private hire vehicles.	Sections 51, 53, 54, 59, 61 and 79 of the Local Government (Miscellaneous Provisions) Act 1976.
5. Power to license operators of hackney carriages and private hire vehicles.	Sections 55 to 58, 62 and 79 of the Local Government (Miscellaneous Provisions) Act 1976.
6. Power to license inter-track betting schemes.	Schedules 5ZA to the Betting, Gaming and Lotteries Act 1963 as saved for certain purposes by article 3(3)(e) of the Gambling Act order
7. Power to grant permits in respect of premises with amusement machines.	Schedule 9 to the Gaming Act 1968 [as saved for certain purposes by article 4(2)(l) and (m) of the Gambling Act Order]..
8. Power to register societies wishing to promote lotteries.	Schedule 1 to the Lotteries and Amusements Act 1976[as saved for certain purposes by article 5(2)(a) and (3) of the Gambling Act Order]. .

9.	Power to grant permits in respect of premises where amusements with prizes are provided.	Schedule 3 to the Lotteries and Amusements Act 1976[as saved for certain purposes by article 5(2)(d) and (5) of the Gambling Act Order]. .
10.	Power to license premises selling or supplying alcohol; providing regulated entertainment; selling hot food or drinks between 11pm and 5am.	Licensing Act 2003
11.	Power to issue Personal licences.	Licensing Act 2003.
12.	Power to license sex shops and sex cinemas and Sexual Entertainment Licences.	The Local Government (Miscellaneous Provisions) Act 1982, section 2 and Schedule 3.
13.	Power to license performances of hypnotism.	The Hypnotism Act 1952
14.	Power to license premises for acupuncture, tattooing, ear-piercing and electrolysis.	Sections 13 to 17 of the Local Government (Miscellaneous Provisions) Act 1982.
15.	Power to license pleasure boats and pleasure vessels.	Section 94 of the Public Health Acts Amendment Act 1907
16.	Power to license market and street trading.	Part III of, and Schedule 4 to, the Local Government (Miscellaneous Provisions) Act 1982
17.	Power to license dealers in game and the killing and selling of game.	Sections 5, 6, 17, 18 and 21 to 23 of the Game Act 1831; sections 2 to 16 of the Game Licensing Act 1860, section 4 of the Customs and Inland Revenue Act 1883, sections 12(3) and 27 of the Local Government Act 1874, and section 213 of the Local Government Act 1972.
18.	Power to register premises for the preparation of food.	Section 19 of the Food Safety Act 1990.
19.	Power to license motor vehicle salvage operators	Motor Salvage Operators Regulations 2002
20.	Power to license premises for the breeding of dogs.	Section 1 of the Breeding of Dogs Act 1973 and section 1 of the Breeding and Sale of Dogs (Welfare) Act 1999.

21.	Power to license pet shops and other establishments where animals are bred or kept for the purposes of carrying on a business.	Section 1 of the Pet Animals Act 1951; section 1 of the Animal Boarding Establishments Act 1963; the Riding Establishments Acts 1964 and 1970 and 1970; section 1 of the Breeding of Dogs Act 1973 and sections 1 and 8 of the Breeding and Sale of Dogs (Welfare) Act 1999.
22.	Power to register animal trainers and exhibitors.	Section 1 of the Performing Animals (Regulation) Act 1925.
23.	Power to license zoos.	Section 1 of the Zoo Licensing Act 1981
24.	Power to license dangerous wild animals.	Section 1 of the Dangerous Wild Animals Act 1976
25.	Power to license knackers' yards.	Section 4 of the Slaughterhouses Act 1974. See also the Animal By-Products Order 1999
26.	Power to license persons to collect for charitable and other causes.	Section 5 of the Police, Factories etc. (Miscellaneous Provisions) Act 1916 and section 2 of the House to House Collections Act 1939
27.	Power to grant consent for the operation of a loudspeaker.	Schedule 2 to the Noise and Statutory Nuisance Act 1993

Part C - Regulatory Powers of Community Services Manager

1.	Power to approve meat product premises.	Regulations 4 and 5 of the Meat Products (Hygiene) Regulations 1994
2.	Power to approve premises for the production of minced meat or meat preparations.	Regulation 4 of the Minced Meat and Meat Preparations (Hygiene) Regulations 1995
3.	Power to approve dairy establishments.	Regulations 6 and 7 of the Dairy Products (Hygiene) Regulations 1995
4.	Power to approve egg product establishments.	Regulation 5 of the Egg Products Regulations 1993
5.	Power to issue licences to retail butchers' shops carrying out commercial operations in relation to unwrapped raw meat and selling or supplying both raw meat and ready-to-eat foods.	Schedule 1A to the Food Safety (General Food Hygiene) Regulations 1995

6. Duty to keep register of food business premises.	Regulation 5 of the Food Premises (Registration) Regulations 1991.
7. Power to register food business premises.	Regulation 9 of the Food Premises (Registration) Regulations 1991.
8. Power to enforce offences relating to the display of no-smoking signs.,	Section 6(5) of the Health Act 2006
9. Power to enforce offences relating to smoking in smoke free places.	Section 7(4) of the Health Act 2006
10. Power to enforce offences of failing to prevent smoking in smoke-free places	Section 8(4) of the Health Act 2006
Power to transfer enforcement functions to another enforcement authority	Smoke-free (Premises and Enforcement) Regulations 2006 (S.I. 2006/3368)
Part D - Functions relating to Health and Safety at Work	
Functions under any of the "relevant statutory provisions" within the meaning of Part I (health, safety and welfare in connection with work, and control of dangerous substances) of the Health and Safety at Work etc. Act 1974, to the extent that those functions are discharged otherwise than in the Authority's capacity as an employer.	Part I of the Health and Safety at Work etc. Act 1974

Part E - Regulatory Powers of Electoral Registration Officer/Returning Officer

Functions relating to Elections	
1. Duty to appoint an Electoral Registration Officer.	Section 8(2) of the Representation of the People Act 1983

2.	Power to assign officers in relation to requisitions of the Registration Officer.	Section 52(4) of the Representation of the People Act 1983.
3.	Functions in relation to parishes and parish councils.	Part II of the Local Government and Rating Act 1997 and subordinate legislation under that Part.
4.	Power to dissolve small parish councils.	Section 10 of the Local Government Act 1972.
5.	Power to make orders for grouping parishes, dissolving groups and separating parishes from groups.	Section 11 of the Local Government Act 1972.
6.	Duty to appoint returning officer for local government elections.	Section 35 of the Representation of the People Act 1983.
7.	Duty to provide assistance at European Parliamentary elections.	Paragraph 4(3) and (4) of Schedule 1 to the European Parliamentary Elections Act 1978
8.	Duty to divide constituency into polling districts.	Section 18 of the Representation of the People Act 1983.
9.	Power to divide electoral divisions into polling districts at local government elections.	Section 31 of the Representation of the People Act 1983.
10.	Powers in respect of holding of elections.	Section 39(4) of the Representation of the People Act 1983.
11.	Power to pay expenses properly incurred by electoral registration officers.	Section 54 of the Representation of the People Act 1983.
12.	Power to fill vacancies in the event of insufficient nominations.	Section 21 of the Representation of the People Act 1985.
13.	Duty to declare vacancy in office in certain cases.	Section 86 of the Local Government Act 1972.
14.	Duty to give public notice of a casual vacancy.	Section 87 of the Local Government Act 1972.
15.	Power to make temporary appointments to parish councils.	Section 91 of the Local Government Act 1972.

16. Power to determine fees and conditions for supply of copies of, or extracts from, elections documents.	Rule 48(3) of the Local Elections (Principal Areas) Rules 1986 and rule 48(3) of the Local Elections (Parishes and Communities) Rules 1986
17. Power to submit proposals to the Secretary of State for an order under section 10 (pilot schemes for local elections in England and Wales) of the Representation of the People Act 2000.	Section 10 of the Representation of the People Act 2000

Parts F G H I - Powers exercisable only by full Council:-

Part F - Functions relating to name and status of areas and individuals	
1. Power to change the name of a district.	Section 74 of the Local Government Act 1972.
2. Power to change the name of a parish.	Section 75 of the Local Government Act 1972.
3. Power to confer title of Honorary Alderman or to admit to be an Honorary Freeman.	Section 249 of the Local Government Act 1972.
4. Power to petition for a charter to confer Borough status.	Section 245 of the Local Government Act 1972.

Part G - Miscellaneous functions	
1. Duty to approve authority's Statement of Accounts,	The Accounts and Audit Regulations 1996
2. Power to make standing orders.	Section 106 of, and paragraph 42 of Schedule 12 to, the Local Government Act 1972
3. Power to make standing orders as to contracts.	Section 135 of the Local Government Act 1972.
4. Power to take decisions about matters such as the creation of parishes and their electoral arrangements	Chapter 3 of Part 4 of the Local Government and Public Involvement in Health Act 2007

Part H - Power to make, amend, revoke or re-enact byelaws

Any provision of any enactment (including a local Act), whenever passed, and section 14 of the Interpretation Act 1978

Part I - Power to promote local Bills.

Section 239 of the Local Government Act 1972.

Part J – Powers and Duties of Corporate Governance Committee

Review and challenge the action plans arising from the Audit Commission's annual management letter.

Oversee the Council's use of risk management

Monitor and review the Council's internal and external audit functions

Review and approve the Statement of Accounts

Monitor and review the Council's systems of internal control

Part I – Proper Officers under the Public Health Acts

Dr K Kumaran, Consultant in Communicable Disease Control, Dorset and Somerset Health Protection Unit;

Dr Mark Salter, Consultant in Communicable Disease Control, Dorset and Somerset Health Protection Unit;

Dr Sue Bennett, Consultant in Communicable Disease Control, and Director, Dorset and Somerset Health Protection Unit;

Dr Faiza Khan, Acting Consultant in Communicable Disease Control, Dorset and Somerset Health Protection Unit

Legislation	Part, Section or Regulations	Effect
Public Health (Control of Disease) Act 1984	Parts II and III	Notifications and control powers for Communicable Diseases
Public Health (Infectious Diseases) Regulations 1988	Regulations 6,8,9,10 Schedules 3 and 4	Additional powers to the above
Public Health Act 1936	Sections 84 and 85	Cleansing of filthy or verminous articles, persons or clothing
Public Health Act 1961	Section 37	Disinfestation of verminous articles offered for sale

Dr Caroline Gamlin, Joint Director of Public Health, NHS Somerset and Somerset County Council; and Dr Ulrike Harrower, Consultant in Public Health, Somerset Primary Care Trust

Legislation	Part, Section or Regulations	Effect
Public Health (Control of Disease) Act 1984	Parts II and III	Notification and control powers for Communicable Diseases

Public Health (Infectious Diseases) Regulations 1988	Regulations Schedules 3 and 4	6,8,9,10	Additional powers to the above
National Assistance Act 1948 as amended by the National Assistance (Amendment) Act 1951	Section 47		Removal of persons to suitable accommodation in certain circumstances
Public Health Act 1936	Sections 84 and 85		Cleansing of filthy or verminous articles, persons or clothing
Public Health Act 1961	Section 37		Disinfestation of verminous articles offered for sale.

All of the doctors named above for the purposes of section 35 of the Public Health (Control of Disease) Act 1984

TAUNTON DEANE BOROUGH COUNCIL
CORPORATE GOVERNANCE COMMITTEE
FORWARD LIST OF AGENDA ITEMS 2011

MEETING	DRAFT AGENDA ITEMS	LEAD OFFICER
1/03/11	Audit Commission Annual Audit Letter 2009/10 Audit Commission Annual Governance Report – Action Plan Audit Commission Grant Claims Report Audit Commission Value for Money Report Audit Commission Audit Plan 10/11 Briefing on Localism Bill	Shirlene Adam / AC Shirlene Adam / AC Shirlene Adam / AC Shirlene Adam / AC Shirlene Adam / AC Tonya Meers
14/03/11	Health & Safety Update Report Risk Management Update Internal Audit Plan 2010/11 – Progress Report Internal Audit Charter Internal Audit Plan 2011/12 Corporate Governance Action Plan Update Standards Committee – Review of 2010/11 Update on Implementation of IFRS	David Woodbury Dan Webb Chris Gunn Chris Gunn Shirlene Adam Dan Webb Chair of Stds Cttee Paul Fitzgerald
23/5/11	Whistleblowing Policy Update Draft Annual Governance Statement 2010/11 SAP Controls Update Internal Audit Service – Review of Effectiveness	Shirlene Adam Shirlene Adam Maggie Hammond Shirlene Adam
27/06/11	Health & Safety Update Report Internal Audit Plan – Progress Report Local Code of Corporate Governance Update Risk Management Update	David Woodbury Chris Gunn Tonya Meers Dan Webb

	<p>Debt Recovery Update</p> <p>Governance of Partnerships</p> <p>Annual Report of SWAP</p> <p>Approval of Statement of Accounts 2010/11</p> <p>Corporate Governance Action Plan Update</p>	<p>Paul Harding</p> <p>Tonya Meers</p> <p>Gerry Cox</p> <p>Paul Fitzgerald</p> <p>Dan Webb</p>
26/09/11	<p>Health & Safety Update Report</p> <p>Audit Commission – Annual Governance Report 2010/11</p> <p>Internal Audit Plan – Progress Report</p> <p>Risk Management Update</p> <p>Corporate Governance Action Plan Update</p>	<p>David Woodbury</p> <p>Audit Commission</p> <p>Chris Gunn</p> <p>Dan Webb</p> <p>Dan Webb</p>
12/12/11	<p>Health & Safety Update Report</p> <p>Audit Commission – Annual Audit Letter 2010/11</p> <p>Internal Audit Plan – Progress Report</p> <p>Risk Management Update</p> <p>Corporate Governance Action Plan Update</p> <p>Debt Recovery Update</p>	<p>David Woodbury</p> <p>Audit Commission</p> <p>Chris Gunn</p> <p>Dan Webb</p> <p>Dan Webb</p> <p>Paul Harding</p>

14/03/2011, Report:Health and Safety Update Report

Reporting Officers:David Woodbury

14/03/2011, Report:Corporate Governance Action Plan Update

Reporting Officers:Dan Webb

14/03/2011, Report:Risk Management Update

Reporting Officers:Dan Webb

14/03/2011, Report:Internal Audit Charter

Reporting Officers:Chris Gunn

14/03/2011, Report:Internal Audit Plan 2010/2011 - progress report

Reporting Officers:Chris Gunn

14/03/2011, Report:Internal Audit Plan 2011/2012

Reporting Officers:Shirlene Adam

14/03/2011, Report:Update on Implementation of Internal Financial Reporting Standards

Reporting Officers:Paul Fitzgerald

23/05/2011, Report:SAP Controls update

Reporting Officers:Maggie Hammond

23/05/2011, Report:Governance of Partnerships

Reporting Officers:Tonya Meers

23/05/2011, Report:Section 106 Agreements

Objectives:Verbal report giving details of Section 106 agreements complied and not complied with

Reporting Officers:Shirlene Adam

23/05/2011, Report:Changes to Accounts and Audit Regulations

Reporting Officers:Paul Fitzgerald

23/05/2011, Report:Annual Audit Fee Letter 2011/2012

Objectives:For information

Reporting Officers:Brian Bethell

25/07/2011, Report:Draft Annual Governance Statement 2010/2011

Reporting Officers:Shirlene Adam

25/07/2011, Report:Internal Audit Service - Review of Effectiveness

Reporting Officers:Shirlene Adam

25/07/2011, Report:Whistleblowing Policy update

Reporting Officers:Shirlene Adam

25/07/2011, Report:Local Code of Corporate Governance update

Reporting Officers:Tonya Meers

25/07/2011, Report:Standards Committee - Review of 2010/2011

Reporting Officers:Anne Elder

25/07/2011, Report:Annual Report of SWAP

Reporting Officers:Gerry Cox

25/07/2011, Report:Debt Recovery Update

Reporting Officers:Paul Harding

25/07/2011, Report:Internal Audit Plan - progress report

Reporting Officers:Chris Gunn

25/07/2011, Report:Corporate Governance Action Plan update

Reporting Officers:Dan Webb

25/07/2011, Report:Risk Management update

Reporting Officers:Dan Webb

25/07/2011, Report:Health and Safety update report

Reporting Officers:David Woodbury

25/07/2011, Report:Financial Controls Report

Reporting Officers:Rachel Bishop

25/07/2011, Report:Draft Annual Accounts

Reporting Officers:Paul Fitzgerald

26/09/2011, Report:Approval of Statement of Accounts 2010/2011

Reporting Officers:Paul Fitzgerald

26/09/2011, Report:Health and Safety update report

Reporting Officers:David Woodbury

26/09/2011, Report:Audit Commission - Annual Governance Report 2010/2011

Reporting Officers:Shirlene Adam

26/09/2011, Report:Internal Audit Plan - progress report

Reporting Officers:Chris Gunn

26/09/2011, Report:Risk Management update

Reporting Officers:Dan Webb

26/09/2011, Report:Corporate Governance Action Plan update

Reporting Officers:Dan Webb

12/12/2011, Report:Health and Safety update report

Reporting Officers:David Woodbury

12/12/2011, Report: Audit Commission - Annual Audit Letter 2010/2011
Reporting Officers: Shirlene Adam

12/12/2011, Report: Internal Audit Plan - progress report
Reporting Officers: Chris Gunn

12/12/2011, Report: Risk Management update
Reporting Officers: Dan Webb

12/12/2011, Report: Corporate Governance Action Plan update
Reporting Officers: Dan Webb

12/12/2011, Report: Debt Recovery update
Reporting Officers: Paul Harding

Corporate Governance Committee – 1 March 2011

Present: Councillor Denington (Chairman)
Councillor Coles (Vice-Chairman)
Councillors Beaven, Hall, Henley, Miss James, Thorne, A Wedderkopp,
and Mrs Wilson.

Officers: Mrs S Adam (Strategic Director), Mrs T Meers (Legal and Democratic
Services Manager), Mr M Daly (Strategy Lead) and Mrs G Croucher
(Democratic Services Officer)

Also Present: Councillors House and Morrell and Mr B Bethell and Mr P Lappin (Audit
Commission)

(The meeting commenced at 6.15 pm)

1. Apology

Councillor Govier.

2. Minutes

The minutes of the meeting held on 27 September 2010 were taken as read
and were signed.

3. Declaration of Interests

Councillor Henley declared a personal interest as a Member of Somerset
County Council. Councillor Miss James declared a personal interest as an
employee of Viridor.

4. Audit Commission Annual Audit Letter 2009/2010

Mr Brian Bethell and Mr Peter Lappin of the Audit Commission introduced
Taunton Deane Borough Council's Annual Audit Letter.

The report set out an overall summary of the Audit Commission's assessment
of the Council and outlined the following:-

- A conclusion on the Statement of Accounts and Annual Governance
Statement;
- A conclusion on Value for Money;
- The fees charged by the Audit Commission compared to those
budgeted;
- Current and future challenges; and
- Action Plan.

A major challenge for the Council was to identify and take action to preserve
priority services while achieving the budget savings needed to balance
spending with the reduced resources likely to be available in the medium term.

More work was also necessary to implement the key controls in the SAP based financial systems to ensure the accuracy and integrity of data, to prevent unauthorised access and to stop duplicate payments.

Resolved that the report be noted.

5. Action Plan – Annual Governance Report

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

The Action Plan had been prepared to meet the recommendations set out in the Annual Governance Report presented to the Committee in September 2010. The progress of the Action Plan would be monitored by the Strategic Director and a further report would be made to the Committee in May 2011.

Resolved that the report be noted.

6. Grants Claims Report

Mr Brian Bethell and Mr Peter Lappin introduced the Certification of Claims and Returns Report 2009/2010 reviewing the Council's arrangements to prepare grant claims.

The Council received funding from various grant paying departments and had to demonstrate that the conditions attached to the grants had been met.

Reported that six claims had been certified in 2009/2010 with a total value of £45m. A full review of five claims and a limited review of one claim had been carried out. Four claims requiring full certification for errors were amended and one claim could not be fully certified and a qualification letter to the grant-paying body had been issued.

The fee for the audit of grant claims in 2009/2010 was £32,500.

Resolved that the report be noted.

7. Value for Money Report 2009/2010

Mr Brian Bethell and Mr Peter Lappin introduced the Value for Money Report 2009/2010 giving details of the Audit Commission's review of Taunton Deane Borough Council's arrangements.

The review found that the Council had proper arrangements to secure economy, efficiency and effectiveness of its use of resources.

The review also found that the Council had made proper arrangements and were embarking on an ambitious programme of joint working to provide financial and other services including finance and IT. Some teething problems

had been met in the operation of some of the joint services, including the financial systems based on SAP. However, despite these problems, the Council had maintained proper arrangements to achieve economy, efficiency and effectiveness.

Resolved that the report be noted.

8. Audit Commission Audit Plan 2010/2011

Mr Brian Bethell and Mr Peter Lappin introduced the Audit Commission's Audit Plan 2010/2011 setting out the audit work the Audit Commission proposed to undertake for the audit of Taunton Deane Borough Council's financial statements and the value for money conclusion 2010/2011.

The Plan was based on the risk-based approach to audit planning and reflected the audit work specified by the Audit Commission for 2010/2011, the current national risks relevant to Taunton Deane Borough Council and also our local risks.

Resolved that the report be noted.

9. Localism Bill Response

Mrs Meers reported that the Localism Bill had been released in December 2010 and would introduce a number of changes to local authority arrangements.

The Bill was currently with the House of Commons Parliamentary Scrutiny Committee and the Council had the opportunity to submit evidence on a number of proposals including changes to Standards, Governance Procedures, Community Empowerment and Predetermination.

Members discussed the proposals and made a number of comments that included the roles and powers of the Standards Committee; the financial cost of any changes to the governance procedures; a local referendum on community empowerment and the lack of detail on predetermination.

Mrs Meers reported that a range of consultation documents would be released over the coming months to enable a more detailed response to be submitted.

Resolved that the response of the Corporate Governance Committee be submitted to the Parliamentary Scrutiny Committee.

10. Update of Part 3 of the Constitution

Reported that a number of changes to the planning delegation scheme had been agreed by the Planning Committee on 25 February 2009. However, the Constitution had not been updated to reflect the agreed amendments.

Resolved that Council be recommended to agree the proposed amendments to Part 3 of the Constitution.

11. Forward Plan

Submitted for information the proposed Forward Plan of the Corporate Governance Committee.

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 8.25 pm).