

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 25 July 2011 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 27 June 2011 (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 Presentation of the Draft Statement of Accounts 2010/2011 - presentation by the Principal Accountant of the unadited Statement of Accounts for 2010/2011 and summary financial position as at 31 March 2011. This will be a verbal presentation at the meeting by the Principal Accountant - 45 minutes
Reporting Officer: Tracey Healy
- 6 Draft Annual Governance Statement 2011/2012 and Local Code of Corporate Governance (attached) - 15 minutes
Reporting Officers: Tonya Meers
Shirlene Adam
- 7 Section 106 Agreements - Review of Management and Controls(attached) - see also confidential appendix at agenda item no. 9 - 15 minutes
Reporting Officer: Shirlene Adam
- 8 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)

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

- 9 Confidential appendix relating to Section 106 Agreements - Review of Management and Controls at agenda item no.7 - Clause 3 (attached)
Reporting Officer: Shirlene Adam

Tonya Meers
Legal and Democratic Services Manager

23 August 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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If you would like an agenda, a report or the minutes of a meeting translated into another language or into Braille, large print, audio tape or CD, please telephone us on 01823 356356 or e-mail us at: enquiries@tauntondeane.gov.uk



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



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

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

Corporate Governance Committee Members:-

Councillor B Denington	(Chairman)
Councillor A Wedderkopp	(Vice-Chairman)
Councillor A Beaven	
Councillor S Coles	
Councillor E Gaines	
Councillor A Govier	
Councillor T Hall	
Councillor J Hunt	
Councillor L James	
Councillor R Lees	
Councillor D Reed	
Councillor V Stock-Williams	
Councillor P Tooze	

Corporate Governance Committee – 27 June 2011

Present: Councillor Denington (Chairman)
Councillor A Wedderkopp (Vice-Chairman)
Councillors Beaven, Coles, Gaines, Hall, Hunt, Miss James, R Lees,
Reed, Gill Slattery, Mrs Stock-Williams and Tooze

Officers: Shirlene Adam (Strategic Director), David Woodbury (Health and Safety Advisor), Paul Harding (Performance and Client Lead), Dan Webb (Client and Performance Lead), Chris Gunn (Internal Audit Manager), Tony Brown (South West Audit Partnership) and Richard Bryant (Democratic Services Manager)

Also Present: Councillors Meikle, Morrell and Nottrodt and Brian Bethell (Audit Commission).

(The meeting commenced at 6.15 pm)

33. Apologies/Substitution

Apologies: Councillors Govier and R Lees

Substitution: Councillor Gill Slattery for Councillor R Lees

34. Minutes

The minutes of the meeting held on 23 May 2011 were taken as read and were signed.

35. Declaration of Interests

Councillor Miss James declared a personal interest as an employee of Viridor. Councillor Tooze declared a personal interest as an employee of the UK Hydrographic Office.

36. Health and Safety – Priority Areas Update

Following discussions with the Corporate Management Team and the Corporate Governance Committee and recommendations made by the South West Audit Partnership, the Council's Health and Safety (H&S) Forward Plan had been reviewed.

The Plan identified current and emerging H&S issues and set out solutions designed to raise the standard of knowledge and performance within the Council.

Delivery of the plan within the agreed timescales would:-

- Achieve legal compliance;
- Result in a significant reduction in risk;

- Reduce loss time injury accidents; and
- Support the 'wellbeing' of Council employees and partners.

The Priority Issues for the current year were as follows:-

1. Reviewing and publishing the Council's H&S Management System on Sharepoint;
2. Issuing a mandate that all managers attend the relevant 'H&S Essentials' training sessions and complete their local roles and responsibilities document;
3. The introduction of an H&S Competency framework for all levels of employee, held in a central training data base;
4. Implementing a 'Generic and Dynamic Risk Assessment' approach for all operational service areas;
5. Providing a structured programme of 'Byte sized' training and 'Tool box' talks for all employees;
6. Developing new Corporate performance measures for H&S, specifically:-
 - Management competency and legal compliance;
 - H&S Management System and implementation; and
 - Accident, incident data and lessons implemented.

Details as to who would be responsible for undertaking the above issues, how they would be achieved and in what timescale were presented.

Also reported details of disciplinary action linked to H&S issues which was a response to a question asked at a previous meeting of the Committee.

Resolved that the revised Health and Safety Forward Plan be noted.

37. Audit of Financial Controls

Mr Brian Bethell reported that the Audit Commission would shortly be commencing their formal audit of Taunton Deane's Financial Statements for 2010/2011.

In preparation for this, the Audit Commission had carried out some early work on the Councils financial systems, including General Ledger, Accounts payable (creditors), Accounts receivable (debtors), Payroll, Property Plant and Equipment, Council Tax, Non-domestic Rates, Housing Rents, Housing Benefits, Car Park income, Cash receipting, Treasury Management and Deane DLO (Cosy) system.

This helped identify any risks in the Council's control regime, and this then was built into the auditors work plans.

The conclusion of this early review was set out in the Audit Commission's report which was submitted for the information of Members.

Members were pleased to see the improvement in the financial control environment from last years review. There were a couple of areas where work was still underway (the introduction of the electronic payment request form and the cleansing of the master data on suppliers).

Although these should be completed by the end of March 2012, progress would be monitored by the Strategic Finance Officer.

Resolved that the report be noted.

38. Debt Recovery Update

Considered report previously circulated, detailing how the Council was managing the collection of its miscellaneous income debts.

Southwest One's Accounts Receivable Team provided a key service in managing the sundry debt recovery process on the Council's behalf and since April 2009 had been using the SAP computer system to administer this process.

The Council's Performance and Client Team regularly monitored the level of sundry debt arrears and the level of sundry debt arrears in SAP was reported quarterly to the Executive and Corporate Scrutiny Committee as part of the Council's quarterly Corporate Scorecard.

The audit opinion on how sundry debts were managed was reported in the 'Annual Statement of Governance' published with the annual accounts.

The following tables showed the current Council performance with regard to debt collection compared to the position in the previous financial year:-

(a) Sundry Debts

Debt Type	Responsibility	2009/2010	2010/2011
Sundry Debts in SAP	Southwest One Accounts Receivable Service and TDBC Services	Outstanding 31 March 10: £5.88m	Outstanding 31 March 11: £ 3.53m

During 2010/2011 £317,647.09 of irrecoverable sundry debt was written-off.

Significant progress had been made in reducing the level of sundry debt. In addition, a User Group had been created within Taunton Deane and across the Southwest One partnership in order to share best practice and

comprehensive online guidance material was now available to officers on a dedicated SAP page on the Council's intranet.

(b) Council Tax

Debt Type	Responsibility	2009/2010	2010/2011
Council Tax (In-year)	Southwest One Revenues and Benefits Service	Billed: £49.9m	Billed: £50.7m
		% Collected: 97.74%	% Collected: 98.21%
		Total Outstanding 31 March 2011: £2.2m	

Council Tax was a key source of income to the Council and consequently its collection was a key performance indicator within the Southwest One contract.

The performance in 2010/2011 exceeded the target set of 98% and represented the highest in-year collection achieved by the Council.

At 31 March 2011, 99.43% of the £520m which Taunton Deane had billed in earlier financial years (between 1 April 1993 and 31 March 2010) had been collected.

(c) Non-Domestic Rates

Debt Type	Responsibility	2009/10	2010/11
Non-Domestic Rates (In-year)	Southwest One Revenues and Benefits Service	Billed: £33.5m	Billed: £ 34.8m
		% Collected: 98.90%	% Collected: 99.01%
		Total Outstanding 31 March 2011: £0.72m	

Reported that unlike with Council Tax, the collection of Non-Domestic Rates had no direct financial impact on the Council as any shortfall on collection was met by the central Non-Domestic rating pool. However, poor performance would have a negative impact on the Council's reputation. For this reason, Non-Domestic Rate Council collection was a key performance indicator within the Southwest One contract.

The 2010/2011 performance significantly exceeded the target set of 98.3% and was likely to represent top quartile performance for District Council's nationally.

(d) Housing Benefit Overpayments

Debt Type	Responsibility	2009/10	2010/11
Housing Benefit Overpayments	Southwest One Revenues and Benefits Service	Outstanding 31 March: £ 0.93m	Outstanding 31 March: £ 0.96m

Noted that the collection trend was very slightly downwards. Collection performance was monitored quarterly through Performance Indicators measuring the recovery of in-year and all year Housing Benefit overpayment debt.

Of the £0.96m outstanding, £360,000 was being recovered by deductions from on-going entitlement to Housing Benefit. However, the Government had stipulated that the maximum weekly deduction should be £10.20 or for those with fraudulent overpayments, £13.60. As some individual debts were extremely large, the ability to recover money owing in a timely manner was rather restricted.

Housing Benefit payments were largely reimbursed to the Council through subsidy, but good recovery of overpaid Housing Benefit would bring in much needed income.

In year collection of Housing Benefit debt at 31 March 2011 was 84.35%.

(e) Housing Rent

Debt Type	Responsibility	2009/10	2010/11
Housing Rent (current tenancies)	TDBC Housing Services	97.7% collected	98.1% collected
		Outstanding 31 March 2011: £0.35m	

Although the Housing Service marginally missed the target which they had set for 2010/2011 (98.3%) rent collection performance had shown a stepped improvement on that for 2009/2010.

Rent collection performance was included in the Community Scorecard and presented to both the Executive and the Corporate Scrutiny Committee.

Resolved that the mostly positive collection trends achieved over the past 12 months against the backdrop of the significant economic downturn, be noted.

39. Internal Audit Plan 2010/2011 – Annual Report

Considered report previously circulated, concerning the outturn position of the Internal Audit Plan for 2010/2011.

Details of the audits carried out under the following headings were submitted:-

- Operational;
- Information Systems;
- Key Controls; and
- Governance and Fraud.

As a result of the work undertaken during 2010/2011, the South West Audit Partnership (SWAP) was able to offer a 'reasonable' level of assurance in relation to the internal control environment at Taunton Deane.

Noted that out of a total of 28 audits, nine had been assessed as partial, 16 assessed as reasonable and three as comprehensive. Where weaknesses had been identified, the relevant officers had confirmed that they had or would be taking the necessary action to address these findings.

Further reported that the report also included details of the Audit Plan for 2011/2012 and a Schedule of Key Actions from Internal Audit work completed by SWAP since 1 April 2011.

Resolved that the report be noted.

40. Whistleblowing Policy

Considered report previously circulated, concerning the proposed introduction of an updated Whistleblowing Policy for Taunton Deane Borough Council.

The Council was committed to the highest possible standards of openness, probity and accountability. In line with that commitment we employees and others that we dealt with, who had serious concerns about any aspect of the Council's work, were expected to come forward and voice those concerns.

Reported that the Council's existing Whistleblowing Policy was very out of date. This has been reviewed and an updated version of the policy had been prepared which was supported by the Corporate Management Team and the Unions. A copy of the updated policy was submitted for the consideration of Members.

Once approved, it was intended to publicise it on the Council's website and make it available to all staff.

Resolved that the updated Whistleblowing Policy be approved.

41. Corporate Governance Action Plan

Considered report previously circulated, which provided details of the progress made against the Corporate Governance Action Plan.

Each year the Council received a number of reports and assessments which

resulted in recommendations for improvement. Individual action plans had proved challenging to manage and monitor and, therefore, an aggregated plan provided the details of the scale of improvements required and progress against them in one place.

The Corporate Governance Action Plan had undergone a full review and had been updated to include the most recent audit recommendations. These were in addition to some actions from previous audits that remained outstanding or were still considered as priorities for improvement.

The Corporate Governance Action Plan listed 32 actions, details of which were submitted. The progress monitoring indicated an improved situation compared to the previous report (Minute No. 15/2011). Currently, most actions were on course to be completed by the target date.

Noted however that there were five 'High Priority' action items which might not be completed on time. These were:-

- Completing the Business Continuity (BC) and IT Disaster Recovery Planning (including SW1 services);
- Updating the Workforce Strategy and completing and agreeing a new workforce plan;
- Improving control and monitoring of Section 106 Agreements;
- Ensuring that the Council realised benefits from SW1 and SW1 Transformation Projects; and
- The Council should review its debtor balances to ensure that the amounts included were receivable or if the amounts should be considered for write off.

Further reported that following a review of the Internal Audit findings from 2010/2011, the following four 'high risk' recommendations would be added to the Corporate Governance Action Plan:-

Creditors (data quality)

- That the Section 151 Officer monitored the level of purchase order compliance and encouraged three-way matching;
- That the Section 151 Officer ensured guidance was issued to staff on when the Direct Input payment method was used;
- That the Shared Accounting Manager determined why duplicate payments continued to occur and from this reviewed the effectiveness of appropriate duplicate controls; and

Licensing monies

- That the Performance and Client Lead requested the Business Support Leads for Licensing and Planning works with the IT Department to ensure the kiosk was programmed to ensure it could take cash payments.

Resolved that the Corporate Improvement Plan be noted.

42. Review of the effectiveness of Internal Audit

Considered report previously circulated, regarding a recent review that had been undertaken into the effectiveness of Internal Audit.

The Internal Audit function formed a part of the Corporate Governance and Internal Control Framework that provided accountability to stakeholders on all areas of the Corporate Plan.

The function was provided to Taunton Deane Borough Council and a number of other local authorities in the region by the South West Audit Partnership (SWAP).

SWAP's opinion on the adequacy and effectiveness of the Council's internal control framework formed a key part of the evidence used in preparing the corporate Annual Governance Statement (AGS) for 2010/2011, which would be published at the same time as the Council's Statement of Accounts later this year.

The review was an annual requirement to consider the effectiveness of the arrangements for the provision of Internal Audit services. This included the scope and terms of reference of Internal Audit, independence, ethics and competence, audit committees, relationships, staffing, audit strategy and planning, how audit work was undertaken, due professional care, reporting and performance, quality and effectiveness, as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit.

Details of the review which had been undertaken by the Council's Section 151 Officer, Shirlene Adam, were submitted.

The review had found that overall, the team performed at a satisfactory level, and that this view was supported by the comments of external auditors.

In reviewing SWAP's performance, the Management Board had agreed Standards of Service which would help ensure that each partner received the same level and quality of service. Full details were submitted for the information of Members.

Further reported the progress that had been with the actions which were to have been completed in 2010/2011.

The following actions were recommended for the current financial year:-

- To fully implement the agreed Standards of Service;
- To review the current Governance arrangements of the SWAP Partnership and make recommendations for improvement;

- To support the Council in using the MKI management information system for monitoring progress against audit recommendations;
- To ensure that the controls tested, and the sample sizes used, met the requirements of the Audit Commission for all Managed Audits; and
- To ensure the “Managed Audits” were completed to final report stage by the end of January each year (to support the external audit work).

It was the opinion of the Strategic Director that the system of Internal Audit was effective.

Resolved that the findings of the review and the effectiveness of Internal Audit for 2010/2011 be noted.

43. Consultation Paper – Future of Local Public Audit

Reported that in preparation for the abolition of the Audit Commission, the Department for Communities and Local Government (DCLG) had published a consultation on the future arrangements for local public audit.

The consultation included proposals relating to the possible future role and composition of the Audit Committee. The proposals would result in all local bodies with a turnover exceeding £6,500,000 appointing their own independent auditor.

Four design principles had been used to develop the proposed changes:-

- (1) Localism and decentralisation;
- (2) Transparency;
- (3) Lower audit fees; and
- (4) Higher standards of auditing.

The deadline for responses to the consultation was 30 June 2011.

The report summarised the main issues arising from the consultation and contained a draft response for consideration and comment by Members of the Committee.

Key issues raised in the consultation paper related to:-

- The imposition of independent but unelected Chairman, Vice-Chairman and Members of the Audit Committee;
- The impact on existing arrangements for “corporate governance” in Taunton Deane;
- The potential for over-prescriptive and onerous external audit requirements; and

- The proposed imposition of the role of commissioner of independent examinations and de facto regulator of smaller public bodies operating within the area of Taunton Deane.

The report also set out the suggested options for the scope of the external audit and the work of the auditors and the arrangements that could be put in place for smaller bodies.

Members considered the response of the Strategic Director, Shirlene Adam, to the specific questions set out in the consultation paper and agreed that this should be sent to the DCLG to meet the deadline.

Resolved that:-

- (1) The key issues emerging from the Government's Consultation Paper on the Future of Local Audit be noted; and
- (2) The proposed response to the consultation paper be approved.

44. Forward Plan

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

Resolved that the Corporate Governance Committee Forward Pan be noted.

(The meeting ended at 8.32 pm).

Declaration of Interests

Corporate Governance Committee

- Member of Somerset County Council – Councillor Govier
- Employee of Viridor – Councillor Miss James
- Employee of UK Hydrographic Office – Councillor Tooze

Taunton Deane Borough Council

Corporate Governance Committee 25th July 2011

Annual Governance Statement

Report of the Strategic Director – Shirlene Adam

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

1. Executive Summary

This report invites Members of the Corporate Governance Committee to consider the attached draft Annual Governance Statement (AGS) for Taunton Deane Borough Council before it is signed by the Leader of the Council and the Chief Executive.

2. Background

- 2.1 From 2007/08 the Accounts and Audit Regulations (2006) required this Council to prepare, as proper practice, an Annual Governance Statement to sit alongside the Councils accounts. The purpose of this statement is to provide assurance that the Council has a sound governance framework in place to manage risks that might prevent achievement of its statutory obligations and organisational objectives
- 2.2 The s151 Officer has led the 2010/11 review of the governance framework, supported by the Monitoring Officer (who led the review of the Local Code of Governance) and the Group Auditor and Strategic Finance Officer. The purpose of the review is to highlight any serious governance issues and actions needed to deal with them.

3. Annual Governance Statement (AGS)

- 3.1 The conclusions from the review are that the Councils governance framework is satisfactory during 2010/11.
- 3.2 Early in the financial year there were some weaknesses around the effective working of SAP (eg duplicate payments and debt recovery). These have now largely been fixed and controls are now working well. The challenge now is for the Council to ensure the agreed procedures are in place and being followed across the entire organisation.
- 3.3 More recently concerns have been shared re the levels of resourcing of the financial advisory service to the Council. Work continues to resolve this matter with Southwest One.

3.4 The Annual Governance Statement is included as an Appendix to this report.

3.5 The content of the AGS will need to be reviewed immediately before the publication of the Councils accounts to ensure that the governance framework and risk have not significantly changed since the review was carried out.

4. Finance Comments

4.1 There are no specific finance issues relating to this report.

5. Legal Comments

5.1 There are no specific legal issues relating to this report.

6. Links to Corporate Aims

6.1 The AGS reports on the governance framework – which is essential to support the delivery of all Corporate Aims.

7. Environmental Implications

7.1 There are no direct implications from this report.

8. Community Safety Implications

8.1 There are no direct implications from this report.

9. Equalities Impact

9.1 There are no direct implications from this report.

10. Risk Management

10.1 The issues flagged as actions in the AGS will be monitored throughout the year.

11. Partnership Implications (if any)

11.1 Key services supporting our arrangements for governance are delivered by our Partners – Southwest One and South West Audit Partnership.

12. Recommendations

12.1 Members of the Corporate Governance Committee are requested to approve the Annual Governance Statement.

Contact Officers:

Shirlene Adam Strategic Director 01823 356310 s.adam@tauntondeane.gov.uk	Tonya Meers Legal & Democratic Services Manager 01823 356391 t.meers@tauntondeane.gov.uk
Maggie Hammond Strategic Finance Officer 01823 358698 m.hammond@tauntondeane.gov.uk	Chris Gunn Group Audit Manager South West Audit Partnership 01823 356417 Chris.gunn@southwestaudit.gov.uk

TAUNTON DEANE BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2010/11

Scope of responsibility

Taunton Deane Borough Council is responsible for making sure that:-

- its business is conducted in accordance with the law and proper standards
- public money is protected and properly accounted for
- public money used economically, efficiently and effectively.
- there is a sound system of governance incorporating the system of internal control.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.

Taunton Deane Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*". A copy of the code can be obtained on request.

This statement explains how Taunton Deane Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of statement on annual governance.

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised. It ensures they are managed efficiently, effectively and economically.

The governance framework has been in place at Taunton Deane Borough Council for the whole year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The Governance Framework

In March 2008, Taunton Deane Borough Council adopted a formal code of corporate governance in line with guidance provided by CIPFA and SOLACE. This describes how Taunton Deane discharges its responsibilities for putting in place proper arrangements for the governance of its affairs, incorporating the six core principles identified by CIPFA / SOLACE. The framework we have in place to ensure we adhere to the Code is described in more detail below.

Core Principle 1 : Focusing on the purpose of the Council and on outcomes for the community creating and implementing a vision for the local area.

- The Council has a 3 year Corporate Strategy, which sets out the corporate aims and a series of organisational objectives embodying how the council will deliver services and meet statutory requirements. The Corporate Strategy is the Council's core planning document, from which the Financial Strategy, Medium Term Financial Plan, Annual Budget, Asset Management Plan, Capital and Housing Strategies are formed to underpin the corporate aims. Service Plans are produced from the Corporate Strategy to show how each service will contribute to the delivery of the Corporate Aims and its service objectives.
- The Performance Outturn Report and Annual Accounts review our performance over the last year, highlighting some practical examples of our achievements.
- Scrutiny Committees and the Executive regularly review our performance and delivery of the plans and priorities.
- Community Strategy for Taunton has been produced through the Local Strategic Partnership (LSP – now Taunton Deane Partnership) in consultation with partners and sets out a broad agenda of action to improve the quality of life.
- The Somerset Strategic Partnership (SSP) has produced a Sustainable Community Strategy for Somerset 2009-2026, setting out a vision of a dynamic, successful modern economy that supports respects and develops Somerset's distinctive communities and unique environment”.

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

- The Council's constitution documents the roles and responsibilities of the Council, Executive, Scrutiny, Policy Development, Regulatory and Officer functions. The constitution is kept under review by the Constitutional Sub-Committee. All proposed changes are considered by the Corporate Governance Committee and Full Council. This has been reviewed and updated during 2010/11.
- The Statutory Officers are now meeting quarterly as a Corporate Governance Group. The Monitoring Officer and S151 Officer are members of the Corporate Management Team.
- The strategic direction of the organisation and sponsorship of key objectives and priorities is undertaken by the Corporate Management Team, which

consists of the Directors, Theme Managers and a representative of Southwest One – who meet on a fortnightly basis with the Chief Executive.

- The Leader and Chief Executive meet on a regular weekly basis in order to maintain a shared understanding of roles and objectives.
- The statutory roles of Monitoring Officer and Chief Finance Officer are well established with their own control regimes to enhance the control environment.
- There is a member/officer protocol that sets out the standards of behaviour expected to ensure a good working relationship between members and officers.
- We review our financial management arrangements on a regular basis to ensure they conform to the requirements of CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010). The review confirmed that during the financial year 2010/11 the Council complied with these requirements.

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

- The Council's Standards Committee is chaired by and has a majority of independent members. The Committee promotes and maintains high standards of conduct by Councillors, advising and training on the member's code of conduct, dealing with complaints against members, and any issues raised by the Monitoring Officer. The Committee submits an annual report to the Council's Corporate Governance Committee.
- Managers are responsible for making sure members of staff keep to policies, procedures, laws and regulations and for making sure that we include risk management in our work.
- A complaints procedure is in place for the Council to receive and investigate any complaint made against Borough or Parish members.
- The Council has revised its Whistle-blowing Policy and this is published in the Council's staff handbook and intranet. The handbook contains all key personnel policies, standards, procedures and codes of conduct.
- Internal and External audit work together to review and provide annual opinions on the control framework, governance and validity of the annual accounts.

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

- Taunton Deane Borough Council has a published Constitution that sets out the decision-making arrangements and the responsibilities for different

functions. There are clear rules of procedure for the running of business meetings and details of delegated authorities to individuals.

- Corporate Scrutiny and Community Scrutiny were set up in April 2009. Performance issues identified in the monitoring reports can be referred to other committees for further scrutiny.
- The main decision making body of the Council is the Executive, which consists of the Leader together with 7 Councillors and carries out all of the Council's functions, which are not the responsibility of any other part of the Council.
- Council meetings are open to the public (with the exception of items that are exempt under the Access to Information Act). The Council makes every effort to advertise meetings, communicate decisions and minutes to ensure they are publicly available.
- The Executive has a published Forward Plan of Decisions to be taken and meets in public on a monthly basis. Executive Councillors have delegated authority to make certain decisions, which are published in the Council's Weekly Bulletin. This, together with an appropriate level of delegation to senior managers, enables speedy and effective decision-making. In addition, all draft Executive minutes are circulated with a call-in pro-forma to all councillors, ensuring a prompt response to any request.
- The Council has approved a Risk Management Policy that identifies how risks are managed.
- TDBC operates a Corporate Governance Committee which is independent of the Executive and Scrutiny functions of the Council. They cover a wide remit and deal with such things as health and safety, risk management, recommend changes to the Constitution in addition to receiving any audit reports given to the Authority.

Core Principle 5: Developing the capacity and capability of members and officers to be effective in their roles

- The Council aims to ensure that officers and members have the knowledge, capacity and skills they need to undertake their duties, and this is reviewed through the appraisal system. An induction programme is in place for all new staff and new Members.
- The Council's Performance Management Framework ensures that the links between the Council's Corporate Objectives, Operational Plans and those of individual officers are clear.
- The Council has undertaken a significant programme of management development over the last few years to ensure its leadership team is equipped to support the challenging change programme that lies ahead.
- The Council has a training plan for members together with regular member briefings which cover a range of issues and to ensure that the members are

fully equipped with the skills they need in order to be effective leaders in their community.

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

- The Council consults using a variety of methods, which include public meetings, forums, surveys, feedback forms and focus groups. Listening to and understanding the views of residents, services users, business people, visitors and staff is important to Taunton Deane Borough Council.
- Council's vision and priorities are regularly communicated to the Community through the Somerset County Gazette
- The Council produces the Annual Statement of Accounts. The Council tax booklet shares with payers, details on the Council's financial strategy, priorities, performance and other useful information.
- Committee and Council meetings are open to the public, with papers available on the internet.
- There is regular community engagement and participation through specific community groups involving Housing, Environmental Health, Planning and Democratic Services.

Review of effectiveness

Taunton Deane Borough Council has responsibility for conducting, at least annually, a review of its governance framework including the effectiveness of the system of internal control. The review of the effectiveness is informed by senior managers within the Council who have responsibility for the development and maintenance of the governance environment, and also by the work of the internal auditors, external auditors.

The review for the 2010/11 statement was led by the s151 Officer, supported by the Monitoring Officer, the Council's Group Auditor and Performance Manager. The review was informed by:

- Internal Audits annual opinion report for 2010/11
- The effectiveness of internal audit
- External auditors comments
- The Councils Governance Action Plan
- Input From The Work Of the Standards Committee

The conclusion of the review is that, overall, the governance arrangements are reasonable. Some issues need attention and they are set out below.

Significant governance issues

During the year the Group Auditor (South West Audit Partnership) brought a number of control issues to the attention of the Council's Corporate Governance Committee. The opinion of the Internal Auditors was that the control environment was reasonable in 2010/11.

Key governance issues for the Council to progress in order to strengthen the control framework include:-

- Ensuring we have up to date business continuity plans for all services
- Ensuring we have up to date disaster recovery plans for major risk areas of the Council.
- Ensuring our Partnerships realise the benefits they are intended to achieve.
- Ensuring that Equalities Assessments is embedded in our decision making process.
- Strengthening our arrangements for managing and monitoring s106 agreements
- To update the Councils policies on Fraud and Debt Management and introduce regular briefings on these areas to Members.
- Improve benchmarking and Value For Money arrangements
- To develop the Council's Strategic IT and Property arrangements
- To continue to review the operation of and usage of SAP to ensure that the internal control framework remains robust.
- To update the Councils Financial Regulations.

The Council proposes over the coming year to take steps to address the above matters to further enhance our governance arrangements and regularly report back to the Corporate Governance Committee on progress being made. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Cllr John Williams

Signed:

Penny James

Taunton Deane Borough Council

Corporate Governance Committee –25th July 2011

Review of compliance with the Code of Corporate Governance

Report of the Legal & Democratic Services Manager

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

1. Executive summary

Following adoption of the Code of Corporate Governance by the Council in March 2008 it was felt appropriate to carry out a review in order to ensure that the Council is complying with the principals laid down in the Code. Therefore an assessment has been carried out and the results of which are set out in this report.

2. Background

- 2.1 In March 2008 the Council approved the Code of Corporate Governance, a copy of which is attached at Annexe 1.
- 2.2 The code was drawn from the CIPFA/SOLACE guidance “Good Governance in Local Government – A framework” which is seen as a good practice guidance.
- 2.3 Good corporate governance is essential for ensuring that an organisation has the capacity to maintain high quality services and to deliver improvement as it is important that all the systems and processes are in place to ensure that decision making is done in a timely manner and are open and transparent.
- 2.4 The Code is designed to ensure that the Council meets the principles of good governance and operates as a commitment that it will adhere to those principles.
- 2.5 In addition to having the Code of Governance, that Council also has to produce an Annual Governance Statement which is a comprehensive statement signed by the Leader and the Chief Executive and aims to account for the quality of the Council’s governance arrangements. In order to produce the Annual Governance Statement, there is a formal review of our governance arrangements so as to provide assurance that they are adequate and operating effectively or to identify actions needed to be taken so as to ensure effective governance in the future.
- 2.6 This review will now feed into the Annual Governance Statement and will allow us to ensure that we complying with the Code.
- 2.7 Set out in Annexe 2 are details of the review that has been carried out with evidence of how we are complying with the principles set down in the Code.

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 This review ensures that the Council has the necessary governance arrangements in place to ensure that the Council can meet its 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

9. Recommendations

9.1 The Committee is asked to note this report and make any comments it feels appropriate.

Contact

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Annexe 2 TAUNTON DEANE BOROUGH COUNCIL – GOVERNANCE CODE

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

	Our commitment:-	Evidence of Compliance
1.1	Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users.	Corporate Strategy sets out the council's purpose and vision Annual Governance Statement, Booklet which goes out with the council tax bills, annual statement of accounts
1.2	Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning	Scrutiny – performance of various partnerships Surveys in the community such as the Place Survey The performance of key partnerships is closely monitored by the Client Team
1.3	Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.	Value for Money and performance audits are carried out. Scrutiny also monitors performance.

Principle 2

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

	Our commitment:-	How will we do that?
2.1	Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	<p>The constitution contains details of the roles of members and officers and describes the executive and non-executive functions and roles.</p> <p>The constitution also sets out the rules of procedure for the Scrutiny function.</p>
2.2	Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard	<p>The roles and responsibilities are set out in the constitution.</p> <p>There are regular meetings with the management team and members to ensure that there is a consistent working relationship between officers and members.</p> <p>Independent members of the Standards Committee attend various council meetings. If any inappropriate behaviour is witnessed it is generally dealt with informally if it is thought to be appropriate.</p> <p>The Legal & Democratic Services Manager is the Council's solicitor and is a senior Officer who also carries out the role of the Monitoring Officer. The role is responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with</p>
2.3	Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.	<p>There is a member/officer protocol that sets out the standards of behaviour expected to ensure a good working relationship between members and officers.</p> <p>Service delivery is monitored through the Scrutiny committees and Corporate Management Team.</p>

Principle 3

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

	Our commitment:-	How will we do that?
3.1	Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	The code of conduct is signed by all members including co-opted members. In addition there is also a code of conduct that staff must comply with as part of the contracts of employment with the Council.
		Members must also sign a register of interests including signing for any gifts and hospitality that they have received. In addition officers must also ensure that they update the register of interests and gifts and hospitality register when appropriate.
		The council has a whistle blowing policy
3.2	Ensuring that organizational values are put into practice and are effective.	Communication with staff on shared values is carried out in a number of ways, ranging from Core Brief and staff briefings through to team meetings.
		An Annual Governance Statement is published annually and that report contains information on the number of complaints that may have been received against members. In addition the Standards Committee also have a report at every meeting to discuss if any complaints have been received and details of any complaints that may have been dealt with.
		A Standards Committee has been established and as part of their effectiveness independent members of that committee attend various council meetings to ensure that high standards of behaviour are observed.
		A partnership protocol will be established in due course to ensure that any of the Council's partners are also aware of the Council's values.

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

	Our commitment:-	How will we do that?
4.1	Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	<p>Two scrutiny committees have been set up and they are responsible for monitoring the performance of the Council.</p> <p>All decisions are minuted and publicised.</p> <p>Processes are in place to deal with any conflicts of interest. The issues are covered in the code of conduct for members and officers. There is also an open door policy in place whereby members or officers can speak to the Monitoring Officer should they have any queries. In addition an annual reminder is also sent out to members and officers requesting them to ensure that the registers of interest and gifts and hospitality are up to date.</p> <p>TDBC operates a Corporate Governance Committee which is independent of the Executive and Scrutiny functions of the Council. They cover a wide remit and deal with such things as health and safety, risk management, recommend changes to the Constitution in addition to receiving any audit reports given to the Authority.</p> <p>The Council operates a Complaints procedure in order to deal with any complaints that the Council receives as effectively as possible.</p>

		The ombudsman gives us an annual review of complaints which acts as an independent scrutiny.
4.2	Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Report templates have been designed to ensure that members have the necessary information relating to the various implications of the matter under consideration e.g. legal, financial, equalities etc. This ensures that the proper professional advice is given in advance of decision making.
		Members have been directly involved in designing the content of the quarterly performance scorecard to ensure that they receive the information they need on key priority areas
4.3	Ensuring that an effective risk management system is in place.	All reports contain a section on risk management to ensure that this is considered by officers when they are writing their reports. In addition risk is managed at service level, corporately by the senior management team at their meetings and through the Corporate Governance Committee.
		A revised whistle blowing policy is due to be approved by the Corporate Governance Committee.
4.4	Using their legal powers to the full benefit of the citizens and communities in their area.	The Constitution contains the standing orders to ensure that members follow the rules of debate.
		The report templates contain the relevant implications that need to be taken into account when decisions are being made to ensure that all decisions are lawfully made.
		Members are regularly briefed on new legislation and officers work with members to ensure that the Council complies with new rules and regulations.

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

	Our commitment:-	How will we do that?
5.1	Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>A comprehensive member induction programme has been devised to ensure that it is of interest not just to new members but to existing members as well. In addition there are <u>regular members briefing sessions to ensure members are kept informed.</u></p> <p>The roles of the Statutory officers are set out in the constitution. Any resource requirements are identified by the Statutory Officers and are fed into Corporate Management Team and group leaders. If necessary the requests will also be fed into the budget and the medium term financial plan.</p>
5.2	Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	<p>Members are encouraged to have a member development plan in order to help officers <u>identify training which will assist members in carrying out their roles effectively.</u></p> <p>In addition we have a member development steering group that also ensures that members can have access to any training requirements they may need.</p>
5.3	Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	<p>The council operates a Democracy week and officers visit schools to talk to them about how <u>democracy works.</u></p> <p>There is a career structure within the Council and all staff are given appraisals on a regular basis.</p>

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

	Our commitment:-	How will we do that?
6.1	Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.	<p>An annual report on the activity of the scrutiny function is prepared.</p> <p>Scrutiny carries out regular performance monitoring of the Council's partnerships as well as the Council overall.</p> <p>A corporate plan is published and the performance of this plan is monitored through Corporate Management Team, Scrutiny and the Executive.</p>
6.2	Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning.	<p>The council communicates through a variety of channels including Deane Dispatch, Scrutiny, as well as regular surveys and consultation exercises on a variety of issues in order to engage the public.</p> <p>All meetings of the council are held in public unless there are confidential issues to be discussed.</p> <p>There is also a Public Question Time on all council agendas.</p> <p> </p> <p> </p> <p> </p>

Taunton Deane Borough Council

Corporate Governance Committee – 25th July 2011

S106 Agreements – Review of Management & Controls

Report of the Strategic Director

(This matter is the responsibility of Executive Councillor Edwards)

1. Executive Summary

This report shares the key issues on the management of s106 Agreements for the Council.

2. Background

- 2.1 Section 106 of the Town and Country Planning Act 1990 provides the legal framework for Taunton Deane Borough Council (as the Local Planning Authority), when granting planning permission, to enter into an associated legally binding agreement for that land.
- 2.2 Traditionally, authorities use this framework to provide funding for changes to highways, contributions towards the provision of schools, the creation and ongoing maintenance of open spaces, the provision of leisure facilities and affordable housing.
- 2.3 s106 Agreements are negotiated by the Council's Development Management function. The associated documentation is then prepared by our in-house Legal Services Team.
- 2.3 The “obligation” in the agreement can be delivered by the Developer, or they can transfer a sum to the relevant local authority for them to carry out the obligation on their behalf. The obligation may not be activated until some time after the development begins.

- 2.4 The management of s106 agreements is currently spread through many departments.
- 2.5 The Audit Commission flagged concerns re the controls around the management of s106 agreements last year. Following this an internal audit review of the s106 process was commissioned (across Somerset) to try and gain some learning from other authorities. The internal audit report is attached at Confidential Appendix 1 for reference.
- 2.6 In addition, an outstanding s106 contribution was recently written-off as the developer was no longer in business. This highlighted some issues and Members requested that we review the legal documentation to see if this could be improved to provide the Council with more protection.
- 2.7 This report provides an update on those issues raised by our auditors, the legal document itself and what can be done to tighten this up, and sets out how these important legal agreements will be managed within Taunton Deane moving forward.
- 2.8 The final section of the report provides an early update on the new legal framework (Community Infrastructure Levy) that replaces the 1990 Act, and shares how this will be managed at Taunton Deane.

3. Issues Raised By The Auditors

- 3.1 The internal audit report identified the following key “issues”:-

Re Financial Risk to the Authority

- Initial guidance available to developers is not clear
- A central database system is available as part of an existing software package but is not used monitor s106 agreements
- No formal records of the internal working group are kept
- A payment had been incorrectly coded and spent

Re Legal and Reputational Risk to the Authority

- The council is maintaining 2 sites not in its ownership
- There is no single officer responsible for monitoring the implementation of s106 agreements
- Issues re access to the original documentation, and the risk that details in the database reflect the final agreements.

Re Ineffective Use of Manpower / Resource

- There is no recorded process for handling s106 agreements
- There are no management reports produced on s106 agreements.

Good progress is being made against each of the recommendations set out in the Internal Audit Report.

- 3.2 The Theme Managers have recently considered how best the responsibility for this area of work can be managed moving forward. It is important that responsibilities are identified, controls are put in place, and management reports are regularly produced.
- 3.3 The responsibility for the co-ordination and management of s106 Agreements will be consolidated in one post. It makes sense to finalise this as part of the changes expected with the Budget Review Project later this year. We cannot wait until this is completed to review the existing records.
- 3.4 Meantime, we need to carry out an in depth review to ensure all our records are “robust”. This will be done by the Community Development Team (led by Debbie Arscott). This postholder will need to work closely with colleagues in Planning, Legal, Housing, and the DLO in this review to ensure our records are complete. They will be responsible for ensuring we develop a robust database of current s106 agreements. This will ensure we have more transparency on developer contributions, where they are being directed, what has been spent and the trigger points for future contributions. The current paper based system will be replaced by the database within our planning system – Accolaid.
- 3.5 This is a short-term piece of work that will bring our arrangements up to an acceptable standard. A permanent solution needs to be found and will be developed as part of the forthcoming Budget Reviews. This is essential to provide a more robust framework for managing this important source of income for the Council. It is envisaged that a permanent solution can be put in place by the end of this year.

4. The Legal Document

- 4.1 The Legal Services Manager and the Growth and Development Manager have reviewed this issue and offer the following comment:-
- 4.2 The format and wording of each S106 agreement is based on the Law Society Model draft which is a standard draft used by many authorities. However, because of the individual nature of some of the larger agreements formats do vary.
- 4.3 The agreement is generally binding on subsequent land owners so that a subsequent purchaser of the land is bound by the obligations in the original agreement. Problems have however still arisen where subsequent purchaser has gone into administration with obligations outstanding but no

value left in the asset ie open space subject to an ongoing maintenance obligation which gives the land a negative value. Whilst technically this could be overcome by a performance bond, such bonds are very expensive and if required as standard for all agreements would reduce the overall level of contributions from S106 agreements. It may be possible to achieve some further level of protection by “frontloading” the agreement so that obligations have to be delivered earlier in the development but this again would have an effect on the viability of the scheme and might result in an overall reduction in the level of contributions.

5. Community Infrastructure Levy

5.1 The Community Infrastructure Levy (CIL) was introduced through the Planning Act 2008 and defined in more detail in regulations published in April 2010. CIL differs from previous approaches to planning obligations (s106) in that it explicitly allows a local planning authority to pool contributions from a number of developments to pay for infrastructure. Infrastructure is broadly defined in the Act as (see clause 216):

- a) Roads and other transport facilities
- b) Flood defences
- c) Schools and other educational facilities
- d) Medical facilities
- e) Sporting and recreational facilities
- f) Open spaces

5.2 The Council has now commenced work on its CIL (alongside an Interim CIL Charging Arrangement which will allow for the authority to capture an uplifted level of developer contribution prior to the final CIL being in place). This work is being led by Three Dragons and Roger Tym and Partners who undertook work on the Infrastructure Delivery Plan. Members will be consulted throughout the process prior to examination and adoption of the CIL in the latter part of 2012.

5.3 In future s106 will be restricted to works that are essential to bringing the development forward only, but will continue to include the delivery of affordable housing.

6. Finance Comments

6.1 The improvements outline in this report will provide more control on this key source of external finance.

7. Legal Comments

- 7.1 The use of legal agreements to secure obligations is well established with S106 agreements having been used since 1990. The sanction for failure to comply is either by way of an injunction to stop development or by court proceedings to recover cash payments as a debt. Such enforcement has rarely been needed in the past and the recent case is case of a land owner going in to administration probably reflects the current economic climate.

8. Links to Corporate Aims

- 8.1 S106 Agreements are a key source of funding to assist with the delivery of infrastructure improvements – supporting all Corporate Priorities.

9. Environmental Implications

- 9.1 Planning conditions can be used to support environmental issues.

10. Community Safety Implications

- 10.1 Planning conditions can be used to support community safety issues.

11. Equalities Impact

- 11.1 S106 Agreements provide infrastructure improvements to the benefit of the wider community. The changes outlined in his report are internal.

12. Risk Management

- 12.1 Failure to have a fully operational s106 database may lead to the Council failing to request contributions and therefore planning gain not materialising.

- 12.2 As set out in section 4 above, it is difficult to safeguard completely against a developer going into administration without either reducing the overall level of contributions across the board, or discouraging development by reducing viability. The use of bonds for other than for highway obligations is not general practice.

13. Partnership Implications

- 13.1 This report does not have any direct partnership implications.

14. Recommendations

- 14.1 Members of the Corporate Governance Committee are requested to support the changes outlined in this report to the management of s106 agreements.

Contact: Shirlene Adam, Strategic Director
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25/07/2011, Report:Draft Annual Governance Statement 2010/2011
Reporting Officers:Shirlene Adam

25/07/2011, Report:Local Code of Corporate Governance update
Reporting Officers:Tonya Meers

25/07/2011, Report:Draft Annual Accounts
Reporting Officers:Paul Fitzgerald

25/07/2011, Report:Audit Review of Section 106 Process
Reporting Officers:Shirlene Adam

26/09/2011, Report:Standards Committee - Review of 2010/2011
Reporting Officers:Anne Elder

26/09/2011, Report:Approval of Statement of Accounts 2010/2011
Reporting Officers:Paul Fitzgerald

26/09/2011, Report:Risk Management update
Reporting Officers:Dan Webb

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 – 25 July 2011

Present: Councillor Denington (Chairman)
Councillor A Wedderkopp (Vice-Chairman)
Councillors Mrs Allgrove, Beaven, Coles, Gaines, A Govier, Hall, Hunt,
Miss James, R Lees, Mrs Stock-Williams and Tooze

Officers: Shirlene Adam (Strategic Director and Section 151 Officer), Tonya Meers (Legal and Democratic Services Manager and Monitoring Officer), Tracey Healy (Principal Accountant), Adrian Mutter (Accountant), Keith Wiggins (Democratic Services Officer) and Miss N Williams (Administrative Officer)

Also present: Councillors Morrell, Nottrodt and Williams.

(The meeting commenced at 6.15 pm)

45. Apology/Substitution

Apology: Councillor D Reed

Substitution: Councillor Mrs Allgrove for Councillor D Reed

46. Declaration of Interests

Councillor A Govier declared a personal interest as a Member of Somerset County Council. Councillor Miss James declared a personal interest as an employee of Viridor. Councillor Tooze declared a personal interest as an employee of the UK Hydrographic Office.

47. Draft Statement of Accounts 2010/2011

The Council's Section 151 Officer informed Members that the process and timetable for approval of the Statement of Accounts had been changed from previous years. Members would now be asked to approve the accounts in September once they had been commented on by the external auditors, as a result of changes in public audit regulations and the introduction of International Financial Reporting Standards (IFRS).

The Principal Accountant had circulated the revised format Statements on Movement in Reserves and Comprehensive Income and Expenditure, plus the new Balance Sheet. She explained that the accounts must be considered and approved by Members before 30 September 2011.

The format of the Council's accounts had been changed to reflect the requirements of IFRS. Differences from previous years included the treatment of some balance sheet items (now shown as cash) and staff annual leave carried forward.

The information source for the account was from the SAP system and was subject to quarterly monitoring. Members could have confidence in the accuracy of those accounts through the work of the Council's own qualified accountants, plus the internal and external audit work, carried out by the South West Audit Partnership (SWAP) and the Audit Commission respectively.

Members heard that the overall Statement of Accounts now comprised four primary financial statements. These were the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet and;
- Cash Flow Statement.

The key elements of each were explained in turn.

The Movement in Reserves was a new statement which detailed the movements in year on reserves held by the Council. It showed an analysis between useable and unusable reserves and was expected to be the key statement to enable Members to understand the overall financial position of the Council.

The Comprehensive Income and Expenditure Statement (CIES) was shown previously as the Income and Expenditure Account and the Statement of Recognised Gains and Losses. This showed the accounting cost in the year of providing services and detailed day to day revenue spending and income for the year.

The headline figures showed total expenditure (in Cost of Services) of £161m and total income (in Cost of Services) of £77m. This included two large accounting adjustments for the revaluation of Assets (-£75m) and Pensions (+£10m).

The Balance Sheet showed the value of assets and liabilities as at 31 March 2011. The top half was the total assets less total liabilities (both short and long term) – the bottom half matched the top half and was made up of the reserves held by the Council.

Members asked questions on the treatment of prepayment of postal franking and of art work owned by the Council and received answers from officers.

The timetable for the replacement of the Audit Commission as external auditor was discussed – and why it remained necessary to have three levels of audit of the Council's accounts.

The Chairman was of the view that this new system of public sector accountability provided a similar level of oversight to that required of large private sector companies.

Resolved that the circulated statements and presentation be noted.

48. Draft Annual Governance Statement 2011/2012 and Local Code of Corporate Governance

Considered report previously circulated, which detailed the draft Annual Governance Statement (AGS) for Taunton Deane Borough Council prior to its signature by the Leader of the Council and the Chief Executive.

The Council was required to prepare, as proper practice, an Annual Governance Statement to sit alongside the Council's accounts. The purpose of the statement was to provide assurance that the Council had a sound governance framework in place to manage risks that might prevent achievement of its statutory obligations and organisational objectives.

The Section 151 Officer had led the 2010/2011 review of the governance framework, supported by the Monitoring Officer (who had led an associated review of the Local Code of Governance), the Group Auditor and Strategic Finance Officer. The purpose of the review was to highlight any serious governance issues and actions needed to deal with them.

The conclusions from the review were that the Council's governance framework was satisfactory during 2010/2011.

Early in the financial year there were some weaknesses around the effective working of SAP (for example, duplicate payments and debt recovery). These had largely been fixed and controls were now working well. The challenge now was for the Council to ensure that agreed procedures were in place and being followed across the entire organisation.

More recently concerns had been shared on the level of resourcing of the financial advisory service to the Council. Work continued to resolve this matter with Southwest One.

The Section 151 Officer indicated there were some governance issues highlighted within the report that the Council would progress in order to further enhance the control framework. These included:

- Ensuring up to date Business Continuity Plans for all services;
- Ensuring up to date Disaster Recovery Plans for major risk areas of the Council;
- Ensuring our Partnerships realised the benefits they were intended to achieve;
- Ensuring that Equalities Assessments were embedded in our decision making process;
- Strengthening our arrangements for managing and monitoring s106 agreements;
- To update the Council's policies on Fraud and Debt Management and introduce regular briefings on these areas to Members;
- Improve benchmarking and Value For Money arrangements;

- To develop the Council's Strategic IT and Property arrangements;
- To continue to review the operation of and usage of SAP to ensure that the internal control framework remained robust; and
- To update the Councils Financial Regulations.

The Corporate Governance Committee would receive reports on progress being made during the year.

A Councillor referred to Core Principle 4 within the Governance Framework (taking informed and transparent decisions which were subject to effective scrutiny and risk management arrangements) and questioned whether the Council had fallen short of effective scrutiny surrounding a particular issue in Taunton.

The Monitoring Officer responded that the decision had been subject to significant scrutiny and followed the process and principals of the code. The Leader of Council, Councillor Williams, added that most members had accepted that due process had been followed.

Resolved that the Annual Governance Statement be approved.

49. Corporate Governance Committee Forward Plan

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

Resolved that the Corporate Governance Committee Forward Plan be noted.

50. Exclusion of Press and Public

Resolved that the Press and Public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clause 3 of Schedule 12(A) to the Local Government Act 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

51. Section 106 Agreements - Review of Management and Controls

Considered report previously circulated, regarding a recent review of the key issues on the management of Section 106 Agreements for the Council.

Section 106 (s106) of the Town and Country Planning Act 1990 provided the legal framework for Taunton Deane Borough Council (as the Local Planning Authority), when granting planning permission, to enter into an associated legally binding agreement for that land.

Traditionally, authorities used this framework to provide funding for changes to highways, contributions towards the provision of schools, the creation and

future maintenance of open spaces, the provision of leisure facilities and affordable housing.

S106 Agreements were negotiated by the Council's Development Management function. The associated documentation was then prepared by the Legal Services Team.

The "obligation" in the agreement could be delivered by the developer, or they could transfer a sum to the relevant local authority for them to carry out the obligation on their behalf. The obligation might not be activated until some time after the development began.

The management of s106 agreements was currently spread through many departments.

The Audit Commission had identified concerns with regard to the controls around the management of s106 agreements last year. Following this an internal audit review of the s106 process was commissioned (across Somerset) to try and gain some learning from other authorities. The confidential internal audit report was provided to Members as an appendix to the public report.

The final section of the public report provided an update on the new legal framework (Community Infrastructure Levy) that replaces the 1990 Act, and set out how this would be managed at Taunton Deane.

Resolved that the proposed changes to the management of Section 106 agreements be supported.

(The meeting ended at 7.56 pm).