

You are requested to attend a meeting of the Corporate Governance Committee to be held in The Brittons Ash Community Centre, Bridgwater Road, Bathpool, Taunton (Committee Room) on 4 December 2017 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Corporate Governance Committee held on 18 September 2017 (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 Update on GDPR. Presentation from the Corporate Performance Officer.
Reporting Officer: Richard Doyle
- 6 Grant Thornton - External Audit Update. Report of the External Audit Manager.
Reporting Officer: Rebecca Usher
- 7 Grant Thornton External Audit - Annual Audit Letter 2016/17. Report of the External Audit Manager.
Reporting Officer: Rebecca Usher
- 8 SWAP Internal Audit – Internal Audit Plan 2017/18 Progress. Report of the Assistant Director, SWAP Internal Audit Services.
Reporting Officer: Alastair Woodland
- 9 Health and Safety Six Monthly Update. Report of The Health and Safety Manager.
Reporting Officer: Catrin Brown
- 10 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)

Bruce Lang
Assistant Chief Executive

07 August 2018

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.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

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

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

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

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



The meeting rooms at both the Brittons Ash Community Centre and West Monkton Primary School are on the ground floor and are fully accessible. Toilet facilities, with wheelchair access, are available.

Lift access to the Council Chamber on the first floor of Shire Hall, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are available through the door to the right hand side of the dais.



An induction loop operates at Shire Hall 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 219736 or email r.bryant@tauntondeane.gov.uk

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 email: enquiries@tauntondeane.gov.uk

Corporate Governance Committee Members:-

Councillor A Sully (Chairman)
Councillor M Adkins
Councillor C Booth
Councillor E Gaines
Councillor A Govier
Councillor T Hall
Councillor J Horsley
Councillor S Nicholls
Councillor R Ryan
Councillor F Smith-Roberts
Councillor C Tucker
Councillor D Webber

Corporate Governance Committee – 18 September 2017

Present: Councillor Sully (Chairman)
Councillor Govier, Hall, Hunt, Lees, Mrs Lees, Nicholls, Mrs Smith-Roberts,
Mrs Stock-Williams, Mrs Tucker.

Officers: Bruce Lang (Assistant Chief Executive and Monitoring Officer), Richard Doyle (Corporate Strategy and Performance Officer), Alastair Woodland (Assistant Director – South West Audit Partnership) and Andrew Randell (Democratic Services Officer).

Councillors Aldridge and Coles

(The meeting commenced at 6.15 pm)

21. Apologies

Apologies were received by Councillors Adkins, Booth, Cavill, Horsley and Ryan.

Substitutions: Councillor Booth for Lees.
Councillor Horsley for Mrs Lees

22. Minutes

The Minutes of the meetings of the Corporate Scrutiny Committee held on 31 July 2017 were taken as read and were signed.

23. Declaration of Interests

Councillor Govier declared a personal interest as a Somerset County Councillor.
Councillor Hunt declared personal interests as a Member of Somerset County Council, Exmoor National Park Authority Member, Devon & Somerset Fire & Rescue Authority Member and Tacchi Morris Management Committee Member.

24. SWAP Internal Audit – Internal Audit Plan 2017/18 Progress.

Members considered the report previously circulated, concerning the SWAP Internal Audit – Internal Audit Plan 2017/18 Progress.

Considered report previously circulated, concerning the South West Audit Partnership (SWAP) Internal Audit Plan 2017/2018 Progress Report which provided a regular progress and update report in relation to prescribed audit work to date for the financial year and also provided an update in relation to emerging national issues that might impact on the Council.

The 2017/2018 Annual Audit Plan provided an independent and objective assurance on Taunton Deane Borough Council's internal control environment. This work supported the Annual Governance Statement. Details of the progress made since the previous update in December 2017 was submitted.

The report updated Members on the status, progress and completed work in relation to the auditor's planned schedule of work, year ending 31 March 2018. The Auditors had completed risk assessments in the prescribed audit work areas. If any risks came out of the assessment process, the Auditor's would look into those risks and the area in further detail.

During the consideration of this item, the following points were made:-

- The GDPR would still be implemented and legislation would still be honoured and the requirements would be adhered to before Brexit is implemented. This would need to be clarified in legislation after the date of EU compliance.
- The data protection responsibilities meant that there was a responsibility for a data protection officer.
- A review of the Crematorium would take place within the next financial year.
- There had been no breaches in data protection. There was confidence that the controls would be implemented quickly; this would be reviewed and followed up with the new manager.

Resolved that the report be noted.

25. Regulation of Investigatory Powers Act (RIPA) 2000 – Update Following Inspection.

Members considered the letter previously circulated, concerning the Regulation of Investigatory Powers Act (RIPA) 2000 – Update Following Inspection.

Every three years Councils are inspected by the Office of Surveillance Commissioners to review the arrangements that are in place in regard to the authority's management of covert activities under the powers conferred by RIPA.

The Council were last inspected in 2014 and previously such inspections involved a site visit by an appointed inspector followed by a written report. In an attempt to reduce bureaucracy and cause the least possible disruption to local councils who are infrequent users of the powers under RIPA, the option was provided to have the inspection undertaken by way of a desk top assessment of compliance and progress on previous recommendations based on the completion of a questionnaire and examination of relevant documentation.

It was decided to adopt the time saving option; in addition, the Surveillance Commissioners offered to undertake a combined inspection/report for Taunton Deane Borough and West Somerset Councils to save additional work and reflect that the respective policies in this matter were already aligned and the same officers were involved for both authorities. The Assistant Chief Executive, as Senior Responsible Officer for the RIPA processes for both Councils, duly completed questionnaires on behalf of the two authorities and submitted them to the appointed Inspector at the beginning of June, 2017, together with supporting documentation.

A copy of the covering letter subsequently received from the Rt Hon Lord Judge, the Chief Surveillance Commissioner, together with a copy of the Inspector's Report compiled by Mr Alex Drummond, was attached as Appendix A to this report.

The findings of the report were positive, concluding that all recommendations from the previous inspection had been addressed and could be discharged. Most

significantly, there were no formal recommendations made. There were some very minor alterations to wording relating to detail in the policy document that have been agreed to be made with the Inspector's guidance.

Notwithstanding this, it is important not to be complacent and recognise that the requirement for appropriate RIPA training is ongoing and hence this must not be lost sight of to ensure that the Council maintains its state of readiness to be able to properly apply its RIPA powers should they be required at some stage in the future. It is also suggested that some form of annual RIPA progress report is made to members even if it is only to confirm no changes of action has been taken under this act as a matter of information to note.

During the consideration of this item, the following points were made:-

- The definitions of covert and overt surveillance were considered alongside surveillance of social media pages.
- Covert surveillance would need to be authorised and included the involvement of the police.
- It was discussed if surveillance would increase due to the implementation of Universal Credit.
- If the surveillance could be undertaken by over means then covert investigation methods shouldn't be used.
- The council didn't own any CCTV cameras.
- Authorising officers would be trained in areas such as Environmental Health and Planning to grant authorisation of investigatory powers.
- Reassurance was given that data would be held only for the purposes it was intended for. Under the Data sharing protocol, further consent would be required if there was a new reason for the use of investigatory powers.
- This item would be reconsidered in a year.
- The senior responsible officer was congratulated on his commendation from the Office of Surveillance Commissioners.

Resolved that

1) The Corporate Governance Committee noted the positive outcome of the Inspection by the Office of Surveillance Commissioners and that no formal recommendations were made;

2) That the Committee support the ongoing provision of the appropriate training relating to the RIPA process.

26. Corporate Risk Management Update.

Members considered the report previously circulated, concerning the Corporate Risk Management Update.

This report provided an update on the corporate risks which are being managed by the Joint Management Team.

Risk management is a key element of the Council's overarching Governance arrangements.

The Corporate Risk Register is a 'live' document which highlights the key corporate risks facing the Council. The register is a joint one between Taunton Deane and West Somerset Council and formally reviewed by JMT on a quarterly basis as part of the corporate performance review day. The last JMT review took place on 19th May 2017.

These regular reviews ensure that new strategic-level risks can be recognised; continuing risks could be re-assessed in the light of management actions to date; and risks which are no longer considered important removed.

Risk registers exist with divisions, teams, projects and programmes. All these Risk Registers were updated in January 2017.

Risks which are managed at a corporate level were those which had a significant risk to the delivery of a corporate priority or which were cross-cutting risks that didn't naturally sit with a single department or team. These risks have been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.

There were 14 strategic risks identified and approved by JMT (11 joint risks, 1 WSC risk and 2 TDBC specific risks).

Mitigating actions had continued to be delivered in respect of the various risks. These were set out in the risk register and would continue in order to manage down the risks to an acceptable level.

An extract of the corporate risk register was provided in Appendix A.

During the consideration of this item, the following points were made:-

- The addition of a new corporate risk around the addition of GDPR and data protection was being considered.
- Clarification was given that no scored had changed and nothing had been moved.
- It was questioned if E5 issues encountered at the DLO would be added as a risk.
- Retrieving data back from Southwest One was no longer relevant, this had been completed.

Resolved that:- The Corporate Governance Committee noted the current position in relation to the identification and tracking of corporate risks

27. Overdue High Priority SWAP Audit Actions

Members considered the report previously circulated, concerning the Overdue High Priority SWAP Audit Actions.

Considered report previously circulated, the report provided Members with a

position statement on the SWAP audit actions for Taunton Deane Borough Council, which were assessed as high and very high priority, where the agreed remedial action is overdue.

At the start of each financial year an audit plan is agreed between SWAP and the Council which identified the areas of highest potential organisational and operational risk within the Council.

The control and procedural weaknesses were identified within an action plan appended to the report.

During the consideration of this item, the following points were made:-

- Issues experienced with housing rents were considered. A factor causing these issues were high sickness rates amongst housing officers. It would be followed up to ascertain if there was an action plan to resolve this.
- It was questioned if disaster recovery was in line with internet security and threats of cyber-attacks. This would be looked at for an update to be considered.
- The committee requested further information relating to the number of bad debts that were written off.

Resolved that:- the report be noted.

28. Corporate Governance Action Plan Update.

Members considered the report previously circulated, concerning the Corporate Governance Action Plan Update.

This report provided an update of progress against the Annual Governance Statement Action Plan.

The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements in place within the Council. The statement is produced following a review of the council's governance arrangements.

The AGS included an action plan to address any new governance issues identified by the Corporate Governance Officers Group; relying on reports from internal and external audit as well as their own understanding of the organisation.

The progress against the action plan set out in appendix A was set out.

During the consideration of this item, the following points were made:-

- A decision was awaited on the new Council, this was due to be implemented in by May 2019.
- There were expectations on the improvement of performance since the appointment of the new Crematorium manager.
- Concerns were expressed in relation to the perceived failings of the commercial areas of the authority.

- The audit actions and implementation dates for these would be reported back to the Corporate Governance committee.

Resolved that:- The report be noted.

29. Corporate Governance Committee Forward Plan

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

It was requested for an update of the audits in the Crematorium be added to a future committee.

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 7.15pm).

Taunton Deane Borough Council

Corporate Governance Committee – 4th December 2017

External Audit – Progress Report and Update

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: (Jo Nacey, Financial Services Manager)

1 Executive Summary

- 1.1 To provide Corporate Governance Committee with a report on the progress in delivering the responsibilities of being Taunton Deane Borough Council's external auditors.
- 1.2 To provide Corporate Governance Committee with an update in relation to Technical and Sector specific matters.

2 Recommendations

- 2.1 That Members are requested to note the report.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks are contained within the body of the External Auditors report.			

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 The Council's external audit function is undertaken by Grant Thornton. This report provides Members with an update on the progress as at December 2017 in delivering their responsibilities as the Council's external auditors as well as providing an update on Technical and Sector specific matters.

5 Links to Corporate Aims / Priorities

- 5.1 None in relation to this report.

6 Finance / Resource Implications

- 6.1 None in relation to this report.

7 Legal Implications

- 7.1 None in respect of this report.

8 Environmental Impact Implications

- 8.1 None in respect of this report.

9 Safeguarding and/or Community Safety Implications

9.1 None in respect of this report.

10 Equality and Diversity Implications

10.1 None in respect of this report.

11 Social Value Implications

11.1 None in respect of this report.

12 Partnership Implications

12.1 None in respect of this report.

13 Health and Wellbeing Implications

13.1 None in respect of this report.

14 Asset Management Implications

14.1 None in respect of this report.

15 Consultation Implications

15.1 None in respect of this report.

Democratic Path:

- **Corporate Governance Committee – Yes**
- **Full Council – No**

Reporting Frequency: Once only

Contact Officers

Name	Jo Nacey
Direct Dial	01823 219490
Email	j.nacey@tauntondeane.gov.uk

Corporate Governance Committee Update Taunton Deane Borough Council Progress Report and Update

December 2017

Peter Barber

Engagement Lead

T 0117 305 7897

E peter.a.barber@uk.gt.com

Rebecca Usher

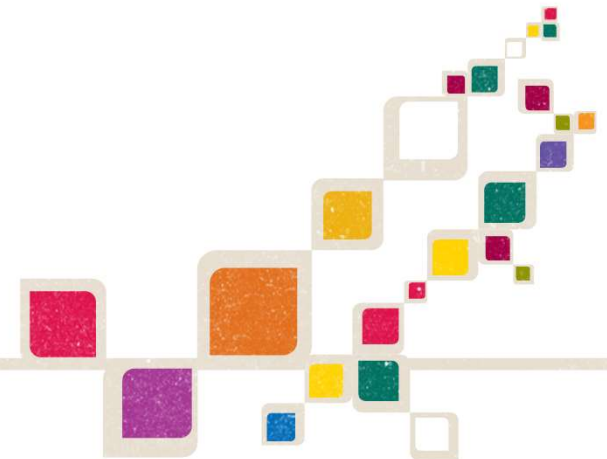
Manager

T 0117 305 7662

E rebecca.usher@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



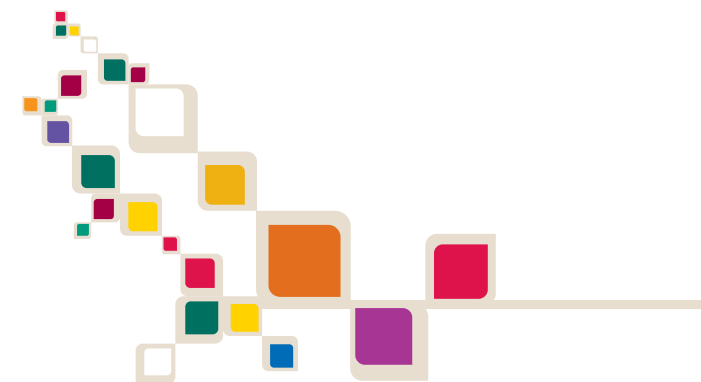
Introduction

This paper provides the Corporate Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

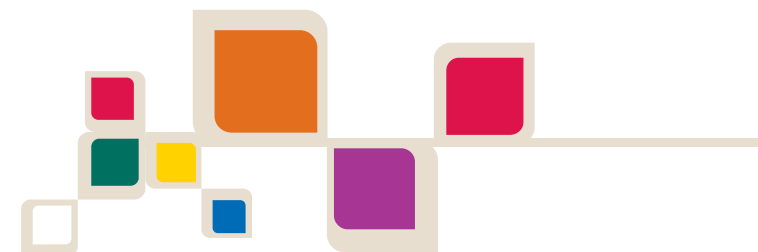
Members of the Corporate Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications and articles, including the reports mentioned in this update along with other items:

- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an ‘essential’ service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

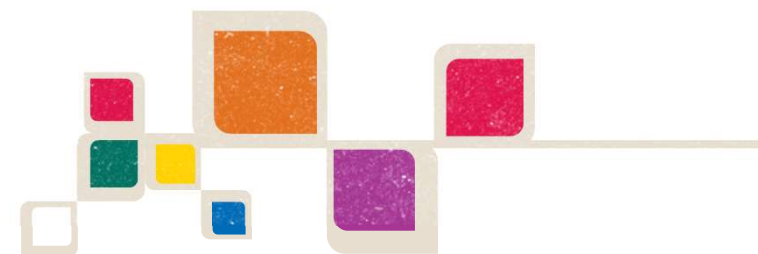


Progress at December 2017



2016/17			
	Planned Date	Complete?	Comments
<p>Annual Audit letter The Annual Audit letter is included in the committee papers.</p>	October 2017	Y	
<p>Grant claims and certification. The work on the Housing benefits work is ongoing at the time of writing this update report but is expected to be completed by the deadline of 30 November. We will provide a verbal update at the 4th December committee and we will formally report our findings in the certification report in January.</p>	30 November 2017		
2017/18			
	Planned Date	Complete?	Comments
<p>Fee Letter We were required to issue a 'Planned fee letter for 2017/18 by the end of April 2017. This is the final audit year under the current contract. PSAA has awarded contracts to audit suppliers and is currently consulting on local appointments. Your audit supplier from 2018/19 will be confirmed by the end of December 2017.</p>	April 2017	yes	Presented to Corporate Governance Committee on 20 th March 2017.
<p>Accounts Audit Plan We will issue a detailed accounts audit plan to the Council setting out our proposed approach the audit of the Council's 2017/18 financial statements. This will be issued upon completion of our audit planning. The statutory deadline for the issued of the 2017/18 opinion is brought forward by two months to 31 July 2018.</p>	February 2018		<p>We are discussing with your officers our plan and timetable to ensure that we complete our work by this earlier deadline, however, with management's cooperation we were able to deliver the 2016/17 audit to the earlier 31 July deadline.</p> <p>We may also need to discuss and agree with you arrangements for the issue of the draft Audit Findings Report, in view of the time available to complete our work and your committee report deadlines.</p>

Progress at December 2017



2017/18	Planned Date	Complete?	Comments
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan will reflect the need to complete as much as possible earlier in the audit cycle. Our work will include:</p> <ul style="list-style-type: none"> • review of the Council's control environment • Updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	February 2018		Final dates to be agreed with management
<p>Final accounts audit</p> <ul style="list-style-type: none"> • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 	June - July 2018		Final dates to be agreed with management
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is unchanged to last year and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	June - July 2018		Final dates to be agreed with management

Grant Thornton publications



Setting up a successful social enterprise

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

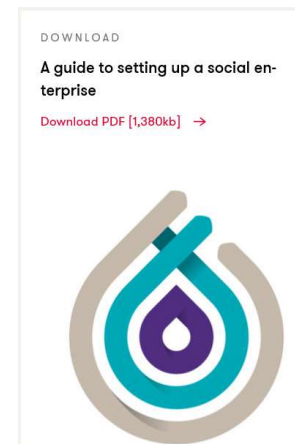
- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted existing models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Grant Thornton publications



<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

A Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality. .

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

Guy Clifton – Head of Local Government Advisory

Grant Thornton publications



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>

International Consortium on Governmental Financial Management

Introduction

Grant Thornton and the International Consortium on Governmental Financial Management (ICGFM) partner every other year to perform an international survey of Public Financial Leaders.

In 2015 the theme was innovation in public financial management. This year's survey has been designed to identify and describe emerging issues around transparency and citizen engagement – building on the themes highlighted in the 2015 report.

The insights will be published in a report later in 2017 and we would be delighted if you were able to spend some time completing the brief on-line questionnaire which can be found [here](#). Your Audit Manager will be able to provide you with a link to the survey if required.

Please note that the ICGFM and Grant Thornton will not identify, or attribute thoughts and quotations to, individual survey respondents in the final 2017 report. This preserves your anonymity, so please respond freely, honestly and openly.

We have again partnered with the ICGFM to survey Financial Leaders



Innovation in public financial management

in an increasingly complex and uncertain global environment

Global financial management leaders survey 2015



Technical Matters



Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Technical Matters

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues



Independent Review of Building Regulations and Fire Safety

Sector Issues

The Government has published the terms of reference for the independent Review of Building Regulations and Fire Safety, commissioned following the Grenfell Tower fire tragedy.

The DCLG press release states:

“This Review will urgently assess the effectiveness of current building and fire safety regulations and related compliance and enforcement issues, with a focus on multi occupancy high rise residential buildings. This will include addressing whether the government’s large-scale cladding system testing programme identified any potential systemic failures.

The Review’s 2 key priorities are to develop a more robust regulatory system for the future and provide further assurance to residents that the buildings they live in are safe and remain safe. While the Review will cover the regulatory system for all buildings, it will have a specific focus on multi occupancy high rise residential buildings.

Dame Judith Hackitt, a qualified engineer with strong regulatory background, is leading the Review and will draw on the experience of local government, industry, the fire sector, international experts and MPs. She will also engage with residents of multi occupancy residential buildings.

The Review will report jointly to Communities Secretary Sajid Javid and Home Secretary Amber Rudd. An interim report will be submitted in autumn 2017 and a final report submitted in spring 2018. The Review will co-operate fully with the Public Inquiry, and Dame Judith Hackitt will review her recommendations in the light of the findings of the Inquiry.”

The terms of reference state that the review will:

- map the current regulatory system (i.e. the regulations, guidance and processes) as it applies to new and existing buildings through planning, design, construction, maintenance, refurbishment and change management;
- consider the competencies, duties and balance of responsibilities of key individuals within the system in ensuring that fire safety standards are adhered to;
- assess the theoretical coherence of the current regulatory system and how it operates in practice
- compare this with other international regulatory systems for buildings and regulatory systems in other sectors with similar safety risks;
- make recommendations that ensure the regulatory system is fit for purpose with a particular focus on multi-occupancy high-rise residential buildings.

The full terms of reference are available at:

<https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-terms-of-reference>

Procurement of external audit services



Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Having concluded the procurement, PSAA will commence the process of appointing auditors to opted-in bodies. For more information on the auditor appointment process [click here](#).

Sector Issues

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December..



Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

Local Authority 2016/17 Revenue Expenditure and Financing

Sector Issues

DCLG has produced a summary of Local Authorities' 2016/17 provisional revenue spending and financing. It notes that Local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure. The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.5 billion for all local authorities in England in 2016-17. This was 1.1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. 2016-17 was first year local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.8 billion (2.4%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central Government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.5 billion of this increase is due to the Greater London Authority.

The full report is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/639755/Revenue_Expenditure_and_Financing_2016-17_Provisional_Outturn.pdf

Did you know....

This data set and many others are included in CFO Insights.

CFO Insights is the Grant Thornton and CIPFA online analysis tool. It gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

<http://www.cfoinsights.co.uk/>



© 2017 Grant Thornton UK LLP. All rights reserved

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk

© 2017 Grant Thornton UK LLP. All rights reserved.

Taunton Deane Borough Council

Corporate Governance – 4th December 2017

External Audit – Annual Audit Letter for Year Ended 31 March 2017

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: (Jo Nacey, Financial Services Manager)

1 Executive Summary

- 1.1 To summarise the key findings from the external audit work carried out in respect of the 2016/17 financial year and details the actual audit fees charged.
- 1.2 The Annual Audit Letter for 2016/17 confirms that:
 - The Auditors have issued an unqualified opinion in respect of the Statement of Accounts for 2016/17;
 - The Auditors were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017;
 - The fees charged for 2016/17 were £58,422 in respect of the statutory audit.

2 Recommendations

- 2.1 That Members are requested to note the report.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
The details of any specific risks are contained within the body of the External Auditors report.			

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 The Council's external audit function is undertaken by Grant Thornton. The external auditors, as part of their work, provide an Annual Update Letter which summarises their findings and provides an update regarding the actual audit fees. The Annual Audit Letter is attached to this report.

5 Links to Corporate Aims / Priorities

- 5.1 None in relation to this report.

6 Finance / Resource Implications

- 6.1 The Annual Audit Letter confirms that the external auditors have issued an unqualified opinion in respect of the Council's Statement of Accounts for 2016/17, which means that no material errors were identified and the Accounts were produced to a good standard.
- 6.2 The auditors have also confirmed that they were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources.

7 Legal Implications

7.1 The Council has a statutory duty to produce financial statements.

8 Environmental Impact Implications

8.1 None in respect of this report.

9 Safeguarding and/or Community Safety Implications

9.1 None in respect of this report.

10 Equality and Diversity Implications

10.1 None in respect of this report.

11 Social Value Implications

11.1 None in respect of this report.

12 Partnership Implications

12.1 None in respect of this report.

13 Health and Wellbeing Implications

13.1 None in respect of this report.

14 Asset Management Implications

14.1 None in respect of this report.

15 Consultation Implications

15.1 None in respect of this report.

Democratic Path:

- **Corporate Governance Committee – Yes**
- **Full Council – No**

Reporting Frequency: Once only

Contact Officers

Name	Jo Nacey
Direct Dial	01823 219490
Email	j.nacey@tauntondeane.gov.uk

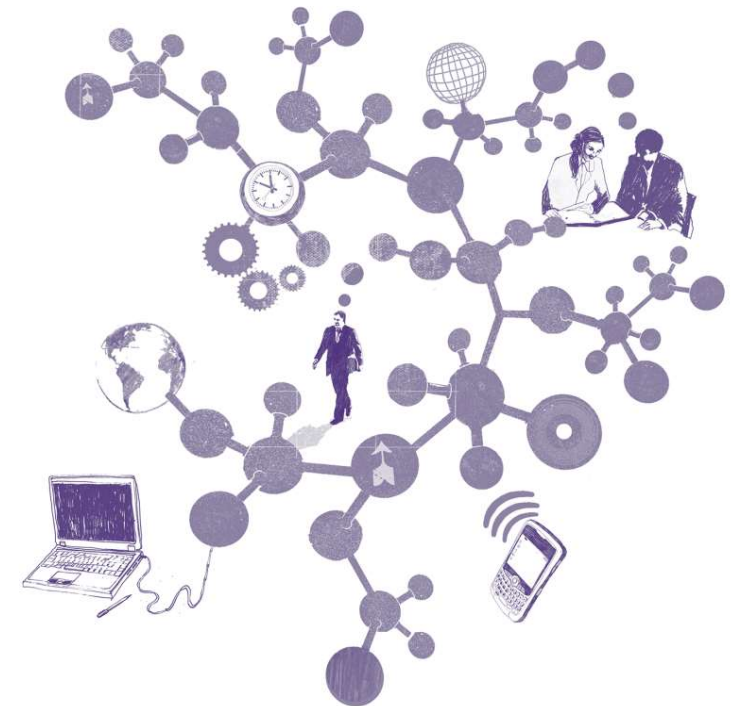
The Annual Audit Letter for Taunton Deane Borough Council

Year ended 31 March 2017

October 2017

Peter Barber
Director
T 0117 305 7897
E peter.a.barber@uk.gt.com

Rebecca Usher
Manager
T 0117 305 7662
E rebecca.usher@uk.gt.com



Contents

Section	Page
1. Executive summary	3
2. Audit of the accounts	4
3. Value for Money conclusion	7

Appendices

A Reports issued and fees

Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Taunton Deane Borough Council (the Council) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Corporate Governance Committee (as those charged with governance) in our Audit Findings Report on 31 July 2017.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 31 July 2017.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017. We reflected this in our audit opinion on 31 July 2017.

Certificate

We certified that we had completed the audit of the accounts of Taunton Deane Borough Council in accordance with the requirements of the Code on 31 July 2017.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2017. We will report the results of this work to the Corporate Governance Committee in our Annual Certification Letter.

Working with the Council

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2017

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £1.648 million, which is 2% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for members' allowances, auditors' remunerations and senior officer remuneration.

We set a lower threshold of £82,000, above which we reported errors to the Corporate Governance Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the Assistant Director – Strategic Finance are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment</p> <p>The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<ul style="list-style-type: none"> Review of management's processes and assumptions for the calculation of the estimate. Review of the competence, expertise and objectivity of any management experts used. Review of the instructions issued to valuation experts and the scope of their work Discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions. Review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding. Testing of revaluations made during the year to ensure they were input correctly into the Council's asset register Evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. 	<p>We identified the following issues in relation to property, plant and equipment valuation:</p> <ul style="list-style-type: none"> The calculation used for the HRA valuation incorrectly used the 15/16 adjustment formula rather than the 16/17 formula, this means the revaluation attributable is understated by £13,603k. Some changes were required around the disclosures of the valuer assumptions and the 'rolling programme'. <p>The revised accounts reflect these changes and we are now satisfied, based on all our testing, that the carrying value of your assets in your balance sheet, overall, is not materially different from their fair value.</p>
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p>	<ul style="list-style-type: none"> Identifying the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessing whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. Review of the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. Gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. Review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>We identified the following issues in relation to the valuation of the pension fund liability:</p> <ul style="list-style-type: none"> The council relied upon the Somerset County Payroll team to ensure that the figures supplied to the actuary were appropriate. No reconciliation was carried out by the Council to confirm that this was correct or that the payroll figure in the accounts reconciled to the payroll costs used to calculate the pensionable pay figure. We had significant issues obtaining a reconciliation. The present value of the defined benefit obligation in Note 40 did not detail the split between funded and unfunded obligations. This has now been corrected. <p>The revised accounts reflect these changes and we are now satisfied, based on all our testing, that the pension fund net liability is adequately disclosed in the financial statements.</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 31 July 2017, in advance of the 30 September 2017 national deadline.

Issues arising from the audit of the accounts

We identified one material adjustment of £13,603k affecting the Council's reported financial position as well as a smaller adjustment instigated by management, that amended the draft £2.103 million deficit recorded in the Comprehensive Income and Expenditure Statement to the final set of statements which records a £15,967 million deficit. Importantly these adjustments do not impact on the reported outturn of £101k reported to Members and therefore has no impact on the Council's general fund reserves. We also recommended a number of adjustments to improve the presentation of the financial statements.

The Council made the accounts available for audit in line with the agreed timetable, but difficulties were encountered in completing our work this year due to problems in obtaining appropriate general ledger data reports that reconciled to the financial statements. This resulted in us needing to bring in additional resources to complete the audit and as a result an additional fee will be levied.

We recognise that the Council ended their relationship with Southwest One in December 2016 and bringing these services back in house was going to present a challenge.

We reported the key issues from our audit of the accounts of the Council to the Council's Corporate Governance Committee on 31 July 2017.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

We identified two key risks for Taunton Deane Borough Council and the work we performed are set out in the table overleaf.

Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.

Value for Money

Table: Value for money risk

Risk identified	Work carried out	Findings and conclusions
<p>Medium term financial position, including the implementation of Joint Management and Shared Services (JMASS) and transformation</p> <p>The Council has a balanced financial plan for 2017/18. However, there is a cumulative shortfall of £2 million for the subsequent four years of the plan.</p> <p>In order to achieve financial savings and efficiencies, the Council has a shared services agreement with West Somerset District Council and has completed the implementation and full integration of the staff at both Councils. This has already provided significant financial savings. However, further efficiencies are required, both in terms of utilisation of staff and in the transformation of services. The two Councils have approved a proposal to formally merge into one Council from 2019, which is currently being considered by the Secretary of State.</p>	<p>We reviewed the Council's medium term financial plan, including the assumptions that underpin the plan. We reviewed how the Council is progressing the Joint Management and Shared Services arrangement, with a particular emphasis on the transformation of services, as well as reviewing the progress on the proposal to create a new Council.</p>	<p>We reviewed the medium term financial plan (MTFP) that was presented to the Council in February 2017, and the adequacy of the assumptions used to prepare the MTFP, in particular the planned sources of revenue. We concluded that the assumptions used by management were appropriate for the current circumstances. We noted that the MTFP covers 5 financial years but no assumptions were included in the MTFP in relation to savings expected from the proposed merger of TDBC and WSDC, due to the final decision yet to be made by the Secretary of State. We have reviewed the current progress of the merger of the two councils and note that the consultation has now been completed with a final decision expected from central government later this year - however, the medium term financial position of the Council, as detailed in the MTFP is not predicated on the merger being completed. We also reviewed the achievement of the Council to achieve its 16/17 budget position with a small £101k underspend. Therefore on this basis, we concluded that the Council has demonstrated sufficient arrangements to secure the medium term financial position of the Council.</p>
<p>Leaving SW One contract</p> <p>The Council has taken the decision to terminate the SW One contract early. Services, such as IT, HR and Finance, were brought back in house, along with a number of staff from SW One, from 1 December 2016. Other core functions, including the awarding of a general ledger and payroll system have been completed but will need to be implemented appropriately to ensure a smooth transfer of data from existing systems.</p> <p>These are key functions for the Council and the transition will need to be completed well to ensure there is no service disruption to the Council during this time.</p>	<p>We reviewed the Council's arrangements for transferring services and staff from SW One.</p>	<p>We note from the completed production of the financial statements, that there has been no catastrophic issue in terminating the SW One contract ie staff and creditors have been paid. We have noted some issues in obtaining the correct supporting reconciliations from the SAP system via SW One for areas such as payroll and journals but this has now been provided and have been raised as control weakness in our Audit Findings Report. As the transfer has now completed these are legacy issues and not expected to be on-going.</p> <p>On this basis we concluded that the risk had been mitigated and adequate arrangements had been put in place.</p>

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Proposed fee £	Actual fees £	2015/16 fees £
Statutory audit of Council	50,629	TBC	50,629
Housing Benefit Grant Certification	7,793	TBC	10,965
Total fees (excluding VAT)	58,422	TBC	61,614

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). The proposed scale audit fees are based on the provision of timely and accurate supporting working papers to auditors. We have had to utilise additional resources in our audit as a result of delays to the provision of supporting system reports and reconciliations and resolution of a number of unreconciled balances. We have therefore submitted a proposed fee variation which has not yet been agreed with PSAA.

Reports issued

Report	Date issued
Audit Plan	24 February 2017
Audit Findings Report	31 July 2017
Annual Audit Letter	2 October 2017

Fees for other services

Service	Fees £
Audit related services:	
• Housing capital receipts grant	2,000
Non-audit services	2,000

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all other services which were identified.
- We have considered whether other services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place, as reported in our Audit Findings Report.



© 2017 Grant Thornton UK LLP. All rights served.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International LTD (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL, and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grant-thornton.co.uk

Taunton Deane Borough Council

Corporate Governance Committee – 4 December 2017

SWAP Internal Audit – Internal Audit Plan 2017/18 Progress

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Alastair Woodland, Assistant Director, SWAP

1 Executive Summary

- 1.1 The Internal Audit function plays a central role in corporate governance by providing assurance to the Corporate Governance Committee, looking over financial controls and checking on the probity of the organisation.
- 1.2 The 2017-18 Annual Audit Plan is to provide independent and objective assurance on TDBC's Internal Control Environment. This work will support the Annual Governance Statement.

2 Recommendations

- 2.1 Members are asked to note progress made in delivery of the 2017/18 internal audit plan and significant findings since the previous update in September 2017.

3 Risk Assessment

- 3.1 Any large organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. TDBC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement.

Risk Matrix

Description	Likelihood	Impact	Overall
Without the delivery of the approved audit plan there is the risk of insufficient audit work being completed to provide a reasonable assurance to stakeholders that there is an effective control framework in place, adequately mitigating risks to the authority's risk appetite.	3	3	9

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background

4.1 This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in September 2017.
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

4.2 The Internal Audit Progress Report for 2017/18 is contained within the attached SWAP Report.

5 Links to Corporate Aims

5.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

6 Finance

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

7 Legal Implications

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

8 Environmental Impact Implications

8.1 There are no direct implications from this report.

9 Safeguarding and/or Community Safety Implications

9.1 There are no direct implications from this report.

10 Equality and Diversity Implications

10.1 There are no direct implications from this report.

11 Social Value Implications

11.1 There are no direct implications from this report.

12 Partnership Implications

12.1 There are no direct implications from this report.

13 Health and Wellbeing Implications

13.1 There are no direct implications from this report.

14 Asset Management Implications

14.1 There are no direct implications from this report.

15 Consultation Implications

15.1 There are no direct implications from this report.

Democratic Path:

- **Corporate Governance Committees – Yes**
- **Cabinet/Executive – No**
- **Full Council – No**

Reporting Frequency : Once only Ad-hoc Quarterly

Twice-yearly

Annually

List of Appendices (delete if not applicable)

Appendix A	SWAP Internal Audit Progress Report 2017/18
------------	---

Contact Officers

Name	Alastair Woodland
Direct Dial	07720312467
Email	Alastair.woodland@sotuhwestaudit.co.uk

Name	Ian Baker
Direct Dial	07917628774
Email	Ian.Baker@southwestaudit.co.uk

Taunton Deane Borough Council

Report of Internal Audit Activity

Plan Progress 2017/18 November 2017

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 848540

gerry.cox@southwestaudit.co.uk

Ian Baker

Director of Quality

Tel: 07917628774

ian.baker@southwestaudit.co.uk

Alastair Woodland

Assistant Director

Tel: 07872500675

Alastair.woodland@southwestaudit.co.uk

➡ Role of Internal Audit

Page 1

➡ Internal Audit Work

Page 2

➡ Approved Changes to the Audit Plan

Page 3

➡ Appendices:

Appendix A – Internal Audit Definitions

Page 4 -5

Appendix B – Internal Audit Work Plan

Page 6 – 8

Appendix C – Summary of Key Audit Findings

Page 9 -12

Internal Audit Plan Progress 2017/2018

Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



Role of Internal Audit

The Internal Audit service for the Taunton Deane Borough Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Corporate Governance Committee at its meeting on March 2017.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee and approved by this Committee at its meeting in March 2017.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Internal Audit Plan Progress 2017/2018

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



Internal Audit Work

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2016/17. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A** of this document.

Overall good progress is being made on the Audit Plan 2017-18. Current progress as at the end of November can be seen from **Appendix B**.

As agreed with this Committee where a review has a status of ‘Final’ and has been assessed as ‘Partial’ or ‘No Assurance’, I will provide further detail to inform Members of the key issues identified. Since the September 2017 update there are two Partial Assurance reviews I need to bring to your attention. These are; Housing Compliance – Gas Safety and Car Parking Maintenance. Further details on these reviews can be found in **Appendix C**.

In addition to the two ‘Partial Assurance’ audits, there is one non-opinion/advisory audit that I need to bring to your attention regarding the Council Tax Base Calculation process. Further details can be found within **Appendix C**.

Internal Audit Plan Progress 2017/2018

We keep our audit plans under regular review to ensure that we are auditing the right things at the right time.



Approved Changes to the Audit Plan

The audit plan for 2017/18 is detailed in **Appendix B**. Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Taunton Deane Borough Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Audit Client Officer.

Since the September 2017 committee report there have been the following plan changes:

- **Council Tax Base Calculation** – We mentioned in September that we would be required to spend time looking at the Council Tax Base Calculation but at that time we hadn't agreed where the time would be taken from. To allow this review the Housing Rents follow up audit in quarter 4 has been pushed back to the 2018-19 Audit Plan and will form a full review of the service early in the year. The Business Development – Project Management Review has also been pushed back to quarter 1 of the 2018-19 audit plan.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;



Audit Framework Definitions

Control Assurance Definitions

- Substantial
- Reasonable
- Partial
- No Assurance
- Non-Opinion/Advisory

Substantial	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
No Assurance	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Non-Opinion/Advisory – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendation are prioritised from 1 to 5 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of Senior Management & the Audit Committee.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
FINAL											
Operational Audit	Impact of Universal Credit/Welfare Reform	Q1	Final	Reasonable	4	0	0	4	0	0	
Operational Audit	Use of Non-Contracted Suppliers - DLO	Q1	Final	Partial	8	0	0	6	2	0	Reported September 2017
Governance, Fraud & Corruption	Compliance with IR35	Q1	Final	Reasonable	4	0	0	4	0	0	
Operational Audit	Trade materials	Q1	Final	Non-Opinion	0	0	0	0	0	0	
Operational Audit	Car Parking maintenance	Q1	Final	Partial	6	0	0	3	3	0	Details in Appendix C
Follow Up	Crematorium follow up	Q2	Final	Follow up	9	0	0	5	4	0	Reported September 2017
Follow Up	Building Control follow up	Q2	Final	Follow up	1	0	0	1	0	0	Reported September 2017
Operational Audit	Housing Compliance – Gas Safety	Q2	Final	Partial	8	0	0	7	1	0	Details in Appendix C
Operational Audit	Grants - DFG & Other	Q2	Final	Reasonable	7	0	1	6	0	0	
Governance, Fraud & Corruption	Council Tax Base Review	Q3	Final	Advisory	1	0	0	0	1	0	Details in Appendix C
DRAFT											
Key Control	Discretionary Payments - Housing	Q3	Draft	Reasonable							

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
Governance, Fraud & Corruption	Use of Consultants	Q2	Drafting								
Governance, Fraud & Corruption	Organised Crime - Compliance Checklist	Q2	Drafting								
ICT	New TDBC Website post implementation	Q1	Drafting								
Follow Up	User Access Management follow up	Q2	Drafting								
IN PROGRESS											
Governance, Fraud & Corruption	Transformation Programme	Q1, Q2, Q3, Q4	In Progress								
Governance, Fraud & Corruption	New premises - project management	Q2	In Progress								
Governance, Fraud & Corruption	Post Implementation Review - Finance System, HR & Payroll	Q2	In Progress								
Key Control	Creditors	Q3	In Progress								
Key Control	Debtors	Q3	In Progress								
Governance, Fraud & Corruption	Business Rate Avoidance	Q3	In Progress								
Governance, Fraud & Corruption	Culture & Ethics Survey	Q4	In Progress								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = Major					Comments
						Recommendation					
						1	2	3	4	5	
ICT	Disaster Recovery	Q3	In Progress								
NOT STARTED											
Key Control	Main Accounting	Q3									
ICT	Cyber Security	Q3, Q4									
Operational Audit	Development Control	Q4									
Key Control	Payroll	Q4									
Governance, Fraud & Corruption	DPA/GDPR Follow Up	Q4									
Key Control	System Parameter testing Civica	Q4									
Governance, Fraud & Corruption	Procurement Analysis	Q4									
DEFERRED											
Operational Audit	Business Development - Project & Programme Management	Q4				Replaced by Council Tax Base Review. Rescheduled for quarter 1 2018-19 plan.					
Key Control	Housing Rents Follow Up	Q4				Replaced by Council Tax Base Review. Full review to be scheduled for quarter 1 of 2018-19 plan.					

Audit completed since the September 2017 update:

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.



Summary of Audit Findings and High Priority Service Findings

The following information provides a brief summary of each audit review finalised since the last Committee update in September 2017. Each audit review is displayed under the relevant audit type, i.e. Operational; Key Control; Governance; Fraud & Corruption; ICT and Special Review.

Since the September 2017 update there are two Partial Assurance audit opinions that I need to bring to your attention and one Non-Opinion/Advisory.

Operational Audits

Operational audits are a detailed evaluation of a Service's control environment. A risk matrix is devised and controls are tested that mitigate those risks. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

Housing Compliance - Gas Safety – Partial Assurance

The Council currently maintains a housing stock of approximately 5,800 properties and circa 4,500 have some form of gas appliance in the house. As a Landlord the Council is legally responsible for the safety of their tenants in relation to gas safety. The Gas Safety (Installation and Use) Regulations 1998 requires the Council to:

- Repair and maintain gas pipework, flues and appliances in a safe condition.
- Ensure an annual gas safety check is carried out on each appliance; and
- Keep a record of each safety check carried out.

A record of all gas safety checks is maintained on the Academy system. All gas safety checks and required repairs and maintenance must be carried out by a qualified and registered engineer.

Audit completed since the September 2017 update: Assignments since the

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Operational Audits Continued

All engineers need to be registered on the Gas Safe Register and carry the Gas Safe Identification card which shows what appliances they are qualified to work on. All gas safe registered engineer's details can also be obtained via the Gas Safe website. The Council had outsourced the Gas Safety Checks to a contractor but in April 2017 this was brought back in house. By bringing the system back in house the Council has greater control over the process but also needs to ensure the controls they have in place are suitable to ensure all properties receive a gas safety check each year.

The Council have been managing the scheduling of Gas Safety checks through a spreadsheet to create a Gas Hit list each month which includes all properties requiring an inspection within the next month. Managing the process via spreadsheets can work but is inherently risky as they are open to manipulation and data corruption. To safeguard against this the Council has introduced a new database system to manage the Gas Safety Checks which is called 'Gas Tag'. This was being installed while the audit was being conducted.

Partial assurance has been provided as there were twenty-six properties that were overdue for a gas safety check at the time of testing in August 2017. Some of these are believed to have been completed but the Landlords Gas Safety Record (LGSR) for these had not been returned and therefore it could not be confirmed that these had actually been completed. The 26 properties equates to 0.6% of the total number of properties that require a gas safety inspection. The main reason why some properties are not inspected within the 12-month period is down to access issues, i.e. an appointment is made yet the tenant is not in or will refuse access. Properties are usually inspected over a 10-month period to allow for a contingency where there are access issues. These 26 properties have been addressed as a matter of urgency by the gas safety inspection team. It is anticipated that the service will become more efficient with the roll out of Gas Tag.

A follow up audit will be scheduled in early for the 2018-19 plan to ensure the new Gas Tag system has successfully been installed and that inspections are up to date.

Audit completed since the September 2017 update: **Assignments since the**

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Operational Audits Continued

Car Parking Maintenance – Partial Assurance Audit

The objective of this review was to ensure that the Parking Maintenance plan takes into consideration the commitments within the Growth Agenda; that money is spent wisely and health and safety risks are controlled effectively.

This is the first time that car parking maintenance has been looked at since Taunton Deane Borough Council and West Somerset Council decided to align services under one management structure.

Testing has identified a key concern with regards to Management's knowledge of the car parking maintenance budget for West Somerset. While we have identified there is a sufficient budget for high priority repairs to be undertaken, during the course of this audit we were provided with three different figures that varied by £66.6k.

Further concerns were established with regards to the car parking strategies for each district. While there are strategies in place for each Council the document for West Somerset is out of date and the version for Taunton Deane is being updated by Parsons Brinkerhoff. A lack of direction does not help focus car park maintenance activities across both districts.

Concerns were also identified with regards to the failure to utilise the corporate risk management approach and an inadequate methodology for the assessment of risks to car parks. Current processes were based on a subjective assessment of health and safety.

While Parking Maintenance Plans are in place for each district they require updates. A further detailed and accurately costed Programme of Works is needed for the Orchard Multi-Storey Car Park in Taunton.

Audit completed since the September 2017 update: Assignments since the

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Governance Fraud & Corruption Audits

Governance, Fraud and Corruption Audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will in some cases enable SWAP to provide management with added assurance that they are operating best practice as these reviews are often conducted across multiple client sites.

Council Tax Base Calculation - Advisory

We were asked to look at the basis for how TDBC calculates the Council Tax Base. TDBC had sought independent legal advice on the legal requirements for how the Council Tax Base is calculated in relation to an aspect for ‘growth’, i.e. new dwellings. The remit of our work was to examine what actually happens and compare to the legal advice given. The scope of our work examined the 2016-17 tax base as this relates to the initial complaint received.

The legislation requires the Council, when calculating the Council tax base, to include dwellings that are on the valuation list, or which were not on the valuation list on that day but of which it had been notified by the valuation officer and which “had effect” on that day. Additionally, the Council should include on the list any dwellings for which a Council Tax Completion Notice has been issued for the relevant year if not notified by the valuation officer. The Council Tax setting process is based on the “relevant day” being the 30th November 2015 for the 2016-17 year.

The legislation allows for an adjustment, but the legal advice provided states that the Council has discretion as to its methodology for making such adjustments. The methodology used by TDBC was not as thorough as it could have been, but there is nothing prescriptive in legislation as to how and what should be taken into account for this adjustment. TDBC have reviewed their process and have made some changes to enhance the basis for the calculation.

Taunton Deane Borough Council Corporate Governance Committee – 4 December 2017

Report on Health and Safety Performance

This matter is the responsibility of The Chief Executive and Leader of the Council

Report Author: Catrin Brown, Health and Safety Manager

1 Executive Summary / Purpose of the Report

This report provides an update on the progress of a range of Health and Safety matters across the organisation. These include:

- Accident and Incident Data for the period
- Report on actions agreed by Health and Safety Committee
- Policy updates

2 Recommendations

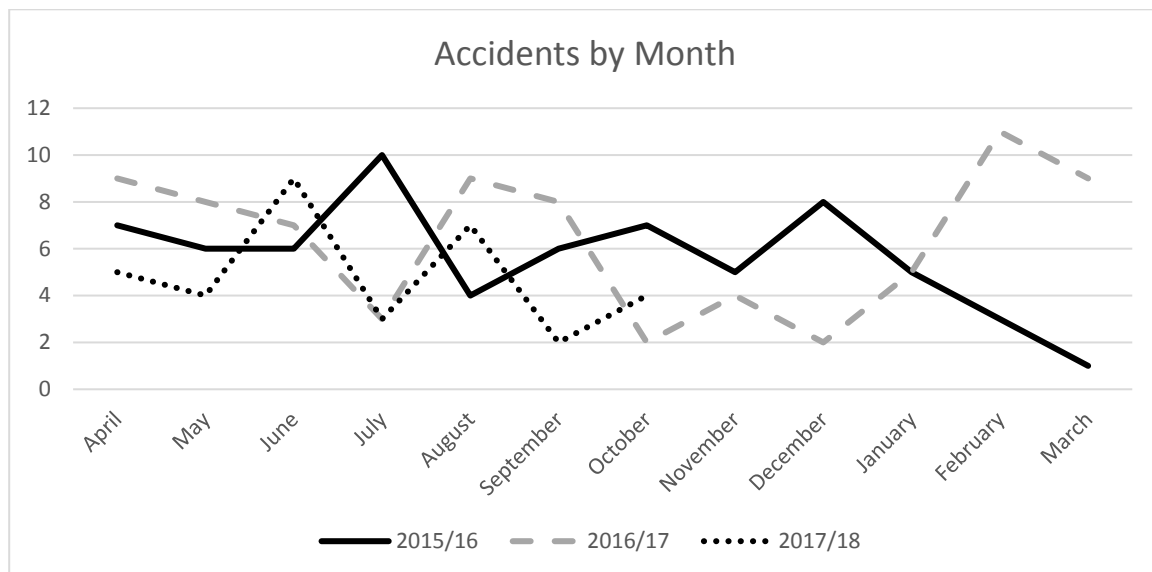
The committee are asked to note the ongoing actions to continuously improve our health and safety operating culture.

3 **Risk Assessment** Not required – twice yearly update report.

4 Background and Full details of the Report

4.1 Accident and Incident Data for the period

Fig 1. Accident and incident statistics 1 April 2017 – 31 October 2017 in comparison with previous years



As you can see from the trend in the above graph there has been a general reduction in the number of accidents leading to injury or lost time. To date there have been 37 during the period, comparable to 46 at the same point during both 2016 – 2017 and 2015 – 16.

There has been continued focus on ensuring that all employees within Deane Open Spaces and Property Services (where the majority of the accidents arise due to the nature of the work), understand safe working practices and do not put themselves at risk by working unsafely. There is ongoing emphasis on accident reporting, particularly with employees working increasingly away from direct supervision.

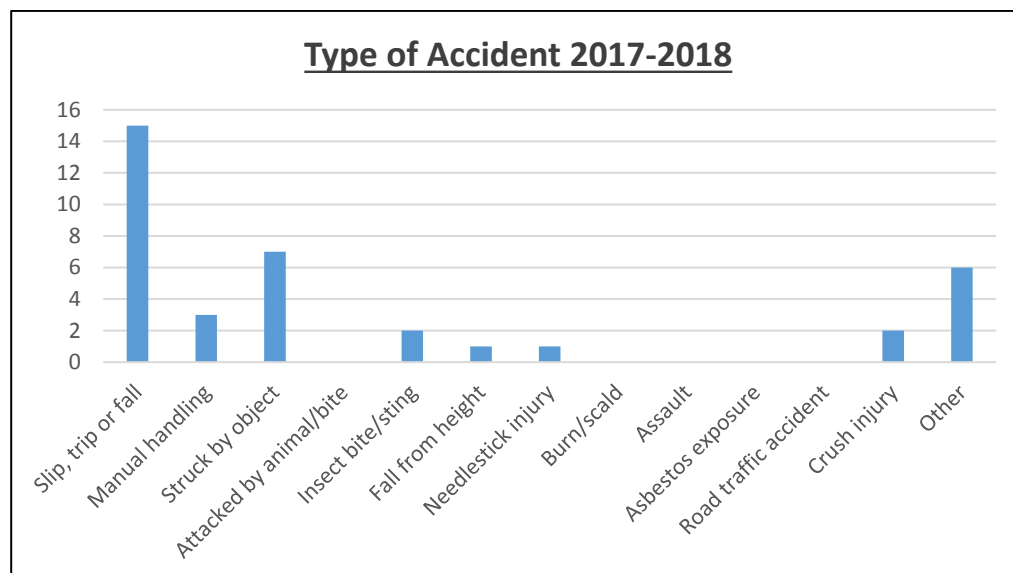
There have been 3 accidents reportable to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013:

- Broken bone in foot, slipped whilst carrying out manual handling (Property Services, void clearance)
- More than 7 days absence as a result of a back injury sustained during breaking and shifting concrete (Corporate Works, Highways)
- More than 7 days absence as a result of an ankle injury, twisted when strimming on a bank (Grounds maintenance)

All the above have been investigated and instruction, training and personal protective equipment (PPE) for all tasks found to be adequate. All accidents continue to be investigated and reported to the Health and Safety Committee.

There have been 22 near misses reported to date. In 2016 – 17 there were 20 in total and efforts to improve the culture of near miss reporting is ongoing through tool box talks, team briefings and online communications.

As figure 2 below shows the most frequent accident by type continues to be slips, trips and falls. Measures to prevent these type of accidents include highlighting the need to carry out a dynamic risk assessment and assess the work before rushing in, providing and policing the wearing of non-slip safety footwear and placing emphasis on good housekeeping and reporting of defective floor surfaces.



4.2 Report on actions agreed by Health and Safety Committee

Meetings of the Health and Safety committee have increased to eight weekly to reflect changes ongoing with the Transformation and Accommodation projects which could potentially increase risks to the safety and wellbeing of employees. Representatives of the project teams will report on progress at each committee to inform and enable scrutiny. The Corporate Health and Safety committee will continue to monitor performance and strategic direction with ongoing actions and a forward plan available to all via the intranet.

Officer attendance of the committee has also been reviewed with the Chief Executive attending the committee on 23rd October, setting out her commitment to providing a safe and healthy workplace. The terms of reference have also been updated to ensure the attendance of at least two members of the Leadership team. The committee is now chaired by the Assistant Chief Executive, again demonstrating the profile and importance placed on health, safety and wellbeing.

In addition a separate Deane Depot Health and Safety Committee has been approved and held its inaugural meeting on 9th November. The purpose of this committee is to provide a formal structure to enable the scrutiny and in depth examination of operational factors, including accident and incidents, affecting the Property Services and Open Spaces teams operating out of Deane depot. This committee will also meet eight weekly and will escalate significant matters to the corporate committee for discussion.

4.3 Policy Updates

The Asbestos Working Group met for the last time on the 8th November. The group have been successful in producing a (Draft) Asbestos Management Policy and procedures for the organisation, including a package of communications and suitable software to store and manage asbestos related data. The group will be replaced by a landlord health and safety group who will consider all elements of property compliance such as fire, water hygiene, asbestos, gas and electricity.

The Health and Safety Manager is contributing to the Transformation project particularly to the “people” work stream considering safe attitudes and behaviours and employee wellbeing through change and within a new agile operating model.

The organisation’s Corporate Safety Policy will be reviewed and reissued following the transformation process.

5 Links to Corporate Aims / Priorities

Competent employees working safely in the delivery of the Council’s services form an essential contribution to the Corporate Aims.

6 Finance / Resource Implications

There are no direct finance / resource implications arising from this report. Any remedial actions arising will be financed from existing

7 Legal Implications (if any)

There are no direct legal implications as a result of the report.

8 Environmental Impact Implications

There are no environmental implications arising from the report.

9 Safeguarding and/or Community Safety Implications (if any)

There are no safeguarding /community implications arising from the report.

10 Equality and Diversity Implications (if any)

There are no equality and diversity implications arising from the report.

11 Social Value Implications (if any)

There are no social value implications arising from the report.

10 Partnership Implications

There are no partnership implications arising from the report

11 Health and Wellbeing Implications

The report supports health and wellbeing strategies for employees of Taunton Deane and West Somerset Council and seeks to support

13 Asset Management Implications

There are no Asset Management implications arising from the report

14 Consultation Implications (if any)

There are no Asset Management implications arising from the report

15 Scrutiny Comments / Recommendation(s) (if any)

There are no comments.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – Yes / No** (delete as appropriate)
- **Full Council – Yes / No** (delete as appropriate)

Reporting Frequency : **Once only** **Ad-hoc** **Quarterly**

Twice-yearly **Annually**

Corporate Governance Committee Forward Plan

04/12/2017, Report:Grant Thornton - External Audit - Annual Audit Letter 2016/17

Reporting Officers:Kevin Henderson

04/12/2017, Report:Grant Thornton - External Audit Update

Reporting Officers:Kevin Henderson

04/12/2017, Report:SWAP Internal Audit - Progress Report 2017/18

Reporting Officers:Alastair Woodland

04/12/2017, Report:Health and Safety Six Monthly update

Reporting Officers:Catrin Brown

01/03/2018, Report:Powys Counter Fraud Partnership Update Report

Reporting Officers:Paul Carter

19/06/2018, Report:Health and Safety Six Monthly Update

Reporting Officers:Catrin Brown

Report:Review of Financial Regulations

Report:RIPA(Regulation of Investigatory Powers Act) Inspection Report Sept 2018

Reporting Officers:Bruce Lang

Report:Grant Thornton - Audit Plan

Reporting Officers:Rebecca Usher

Corporate Governance Committee – 4 December 2017

Present: Councillor Sully (Chairman)
Councillor Adkins, Cavill, Hall, Horsley, Hunt, Nicholls, Mrs Stock-Williams.

Officers: Paul Fitzgerald (Strategic Finance and S151 Officer), Richard Sealy (Assistant Director – Corporate Services), Catrin Brown (Health and Safety Manager), Richard Doyle (Corporate Strategy and Performance Officer), Alastair Woodland (Assistant Director – South West Audit Partnership), Rebecca Usher (Grant Thornton – External Audit Manager) and Andrew Randell (Democratic Services Officer).

(The meeting commenced at 6.15 pm)

30. Apologies

An apology was received by Councillor Ryan

31. Minutes

The Minutes of the meetings of the Corporate Governance Committee held on 18 September 2017 were taken as read and were signed.

32. Declaration of Interests

Councillor Hunt declared personal interests as a Member of Somerset County Council, Exmoor National Park Authority Member, Devon & Somerset Fire & Rescue Authority Member and Tacchi Morris Management Committee Member.

33. Update on GDPR.

Members of the committee were provided a presentation by the Corporate Performance Officer, concerning the Update on GDPR:-

- GDPR entered into EU law on 25 May 2016
- This would still apply despite Brexit in the UK from 25 May 2018

The aims were to:-

- To give citizens back control over of their personal data
- To simplify the regulatory environment for business
- To create a modern and harmonised data protection framework

The Key changes were set out as follows:-

- Area – DPA only applies in the UK. GDPR is EU wide.
- Fines – Under GDPR fines up to maximum of 16.8 million or 4% of global turnover
- Data Protection Officer – now a mandatory post for public authorities. Can be either internal or external.

- Data breaches – need to report if it is likely to result in a risk to the rights and freedoms of individuals. Must be reported to the Supervisory Authority (ICO) & affected individuals within 72 hours of breach being discovered.
- Right to be forgotten – a new right for people to request to have their personal data erased permanently without undue delay.
- Data Protection Impact Assessment – Privacy Impact Assessment will now be a mandatory requirement.
- Subject Access Requests – no more fees and a shorter 1 month timescale for response.
- Consent – the need for individuals to opt in and to be able to opt out at any time.

The following was required from Councillors:-

- Carry out a Data Audit to ID your data sets (electronic & paper)
- Nominate “data champions” to undertake the review for their area & to manage any data cleansing
- Communications with teams
- Attendance at any future training sessions

During the consideration of this item, the following points were made:-

- It was considered the responsibility of Councillors to delete old information when they cease to be elected members. The authority would need to take reasonable steps in enabling this.
- The date would need to be removed within a certain period, possibly one calendar month.
- GDPR would apply to all businesses and community groups, there would be some potential exceptions with more details to be determined.
- It was considered if GDP advice and support could be provided for Parish Councils via Taunton Deane Borough Council.

Resolved that The Corporate Governance Committee noted the update.

34. Grant Thornton – External Audit Update.

Members considered the letter previously circulated, concerning the Grant Thornton – External Audit Update.

Members considered the report previously circulated, providing a regular update report for Members by our external auditors, Grant Thornton. Specifically the report provided an update in relation to their work for the 2016/17 financial year and also provided an update in relation to emerging national issues.

The report updated Members on the status, progress and completed work in relation to the auditor’s planned schedule of work, year ending December 2017. The Auditors had completed risk assessments in the prescribed audit work areas. If any risks came out of the assessment process, the Auditor’s would look into those risks and the area in further detail.

In addition, this report updated Members on any national headlines and issues that might have an impact upon the Council.

During the consideration of this item, the following points were made:-

- Confirmation was given that the work undertaken by Grant Thornton was fully funded and fell within existing costs.

Resolved that:- The Corporate Governance Committee noted the report

35. Grant Thornton – External Audit Annual Audit Letter 2016/17.

Members considered the report previously circulated, concerning the Annual Audit Letter 2016/17.

Considered report previously circulated, which introduced the Annual Audit Letter for 2016/2017, which had been prepared by the Council's external auditors, Grant Thornton. A copy of the Annual Audit Letter had also been enclosed with the report.

The report summarised the findings from the external auditors' work in respect of the 2016/2017 financial year and issued an unqualified opinion in relation to Taunton Deane's accounts and value for money arrangements.

The letter also provided a progress update in relation to the Certification of Grant Claims work being undertaken by the external auditors and confirmed the planned audit fees for 2016/2017 at £58,442. The external auditors had also made a number of recommendations, which were detailed in the Appendix to the letter.

During the consideration of this item, the following points were made:-

- The data was completed and considered accurate.
- The risks that were identified would be addressed going forward.
- The MTFP was not predicated on the creation of the New Council. The Transformation Programme and financial position would still be considered and would be taken into account as arrangements starting to develop.
- This would not impact on the report what work would be undertaken.

Resolved that:- The Corporate Governance Committee noted the report

36. SWAP Internal Audit – Internal Audit Plan 2017/18 Progress.

Members considered the report previously circulated, concerning the SWAP Internal Audit Plan 2017/18.

Considered report previously circulated, concerning the South West Audit Partnership (SWAP) Internal Audit Plan 2017/2018 Progress Report which provided a regular progress and update report in relation to prescribed audit work to date for the

financial year and also provided an update in relation to emerging national issues that might impact on the Council.

The 2017/2018 Annual Audit Plan provided an independent and objective assurance on Taunton Deane Borough Council's internal control environment. This work supported the Annual Governance Statement. Details of the progress made since the previous update in September 2017 was submitted.

The report updated Members on the status, progress and completed work in relation to the auditor's planned schedule of work, year ending 31 March 2018. The Auditors had completed risk assessments in the prescribed audit work areas. If any risks came out of the assessment process, the Auditor's would look into those risks and the area in further detail.

During the consideration of this item, the following points were made:-

- Issues around Gas inspections were discussed along with concerns over letters that were sent to tenants. Improvements to processes were being considered to benefit the customers.
- A car parks maintenance plan was in place for the car parks across the borough.
- Following the return from Southwest One, the ICT disaster recovery plan would be updated shortly after the server migration.

Resolved that:- The Corporate Governance Committee noted the report.

37. Health and Safety Six Monthly Update

Members considered the report previously circulated, concerning the Health and Safety Six Monthly Update.

Considered report previously circulated, concerning an update on the progress of a range of Health and Safety matters across the organisation. These included:-

- Accident and Incident Data for the period;
- Monitoring Health and Safety Performance;
- Report on actions agreed by Health and Safety Committee;
- Policy updates; and
- Key activities of the Health and Safety Advisor.

During the consideration of this item, the following points were made:-

- It was considered if the decrease in the number of employees had been a factor in the reduction in the number of reported incidents.
- The figures did not include incidents reported at GLL sites such as the Gym and Swimming Pools.
- The needle stick injury reported took place in a void property when clearing out a bag.
- There was confidence that sufficient Health and Safety awareness had been given with consideration of the ongoing works at The Deane House.

Resolved that:- The Corporate Governance Committee noted the report.

38. 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.

(The meeting ended at 7.37pm).