

Corporate Governance Committee – 22 September 2014

Present: Councillor D Reed (Chairman)
Councillor Coles (Vice-Chairman)
Councillors Beaven, Denington, Gaines, Govier, Hall, Horsley, Hunt,
Miss Smith, P Smith, Mrs Stock-Williams, Mrs Waymouth and
A Wedderkopp.

Officers: Catrin Brown (Senior Environmental Health Officer – Health and Safety),
Paul Fitzgerald (Assistant Director - Resources), Jo Nacey (Finance
Manager), Paul Harding (Corporate and Client Lead), Bruce Lang
(Assistant Chief Executive), Richard Sealy (Assistant Director - Corporate
Services), Shirlene Adam (Director of Operations and Section 151 Officer)
and Emma Hill (Corporate Support Officer).

Also Present: Councillor Morrell
Peter Barber (Grant Thornton)
Ashley Allen (Grant Thornton)
Alastair Woodland (South West Audit Partnership)

(The meeting commenced at 6.15 pm)

38. Minutes

The minutes of the meeting held on 23 June 2014 were taken as read and were signed.

39. Declaration of Interests

Councillors Coles, Hunt and A Wedderkopp declared personal interests as Members of Somerset County Council. Councillor A Wedderkopp also declared a personal interest as a Member of Wessex Water's Environmental Panel

40. Update on Health and Safety Performance and Strategy for 2014-2015

Considered report previously circulated, which provided an update on the progress of a range of Health and Safety matters across the organisation.

Below was a summary of topics which included:-

- Accident and Incident data for the part of the financial year 2014-2015 was as follows:-

TDBC Accident Totals 1st April 2014 - 31st May 2014					
Classification	TDB C	WSC	DLO & Crematorium	Public	Tenants (public areas)
Reportable					
Non-reportable	4	1	16	3	2
Near Miss			1		
Period Total	4	1	17	3	2

- There had been no significant accident investigations undertaken since the last Corporate Governance Committee.
- Key performance indicator monitoring from 1 April 2014 showed three of four indicators were green and on target with the KPI relating to carrying out five targeted audits per quarter.
- Progress had been made with the Internal Audit recommendations. This work was trying to raise the profile of the service.
- Training had been organised for the new Tier 4/5 Managers as part of their familiarisation sessions as well as Corporate Health and Safety inductions now being carried out for all new starters and employees transferred to TDBC from WSC.
- The Health and Safety Policy for the organisation would be reviewed next quarter after the JMASS project as would the Lone Worker Policy with arrangements being made to extend the Deane Helpline lone worker service to all lone workers across the organisation.
- Following asbestos management concerns at the Priory Depot, a follow up asbestos survey had been carried out and remedial actions had been taken and were subject to regular monitoring.
- A programme of awareness training for all employees who visited sites where asbestos containing materials might be encountered was to be completed in September 2014.

During the discussion of this item, Members made comments and statements and asked questions which included: - (Responses are shown in italics)

- Concerns were expressed over the reporting of 17 incidents in only two months.
The Council was now encouraging employees to report all incidents/accidents in the new reporting style.
- Why did the Council need to include WSC figures within the report?
This was included for reference purposes only and could be removed from future reports.

Resolved that the implementation of the Health and Safety Strategy and its delivery and the initiatives to improve Taunton Deane's operating culture be noted

41. External Audit 2013/2014 – Audit Findings Report

Considered report previously circulated, which introduced the annual report of the Council's external auditor Grant Thornton outlining their findings from their audit of our Statement of Accounts, and our arrangements to secure Value for Money. This also incorporated a review of our financial resilience as a Council.

The key issues emerging from the audit were reported although there was nothing of significance. A small number of changes had been made to the final audited Statement of Accounts for 2013/2014, although none of these affected the financial position of the Council.

The audit process had again run smoothly, largely due to the excellent preparation work done by the Finance Team.

The findings reflected the robust planning systems in place at the Council, and the progress made to date in addressing the financial challenges faced together with the rest of the public sector. Members were however requested to note the significant challenges ahead and ensure they remained committed to the approach to budget setting outlined in the report to the Corporate Scrutiny Committee in September 2014.

During the discussion of this item, Members made comments and statements and asked questions which included: - (Responses were shown in italics)

- Could further details of Value for Money as it applied to the Housing Revenue Account be provided?
The latest version of the HRA had not been included but the auditors were chasing an update for this section.
- Was the variety of levels of checking and auditing service financially viable?
*There was a risk based approach on the large transactions in the accounts.
The audit process was essential to provide openness and surety to the public and to members.*
- Looking at Value for Money, what was meant by this? There was no reference to local need and sustainable outcomes?
The key criteria set by the Audit Commission were financial resilience and economy effectiveness.
- Concerning Benchmarking, there were certain areas of the Council services where it would be useful to look at other Local Authorities for their approaches?
Benchmarking against your peers was a good starting point for the Council. The Council needed to look at Local Authorities with similar responsibilities.

Resolved that the report be noted.

42. Approval of Statement of Accounts 2013/2014

Considered report previously circulated, regarding the approval of the Council's Statement of Accounts 2013/2014.

The Statement of Accounts for 2013/2014 – a full copy of which had been submitted to Members - required approval by the Corporate Governance Committee before being signed off by the Section 151 Officer and the Chairman of the Corporate Governance Committee.

The Statement of Accounts for 2013/2014 had been prepared on an IFRS (International Financial Reporting Standards) basis in line with the CIPFA (Chartered Institute of Public Finance Accounting) Code of Practice on Local Authority Accounting in the UK.

Noted that there were a small number of changes required to the Council's accounting requirements, the details of which had already been reported to the Committee (Minute No 32/2014 refers).

There were no material errors related to previous years, or other material changes to accounting requirements, therefore no further changes to comparative financial details relating to 2012/2013 had been made.

Officers provided a summary on a range of topics from the Statements of Accounts including:-

- Movements in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cashflow Statement;
- Housing Revenue Account;
- Collection Fund; and
- Results of the Audit of the Statement of Accounts.

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- When would the Council know if the provision for Business Rates appeals was accurate? Also at what stage during the financial year would the Council know if it was a good or bad provision?
There was currently a large appeals back log and the Council was therefore waiting for these appeals to be processed as well as waiting for a validation before knowing whether the provision made was accurate or not. The Council was also awaiting the latest appeals list, which the Council checked every quarter.
- Were the changes in Pensions included in the mid-term financial plan and how much were the employers going to have to contribute to address the deficit?
A report regarding Pensions with reference to the deficit would be brought to the Committee in due course
- How would the impact of the deficit be dealt with moving forward?
At the start of the transformation project with WSC, a line was drawn relating to the historic pension debt which would continue to be the responsibility of each of the Councils. A fresh start would be made in relation to this topic with the transformed work force.

Resolved that:-

- (1) The Auditor's unqualified opinion on the Statement of Accounts be noted;
- (2) The 2013/2014 Statement of Accounts be approved; and
- (3) The Chairman of the Committee and the Section 151 Officer be requested to sign the Council's Statement of Accounts.

43. External Audit 2013/2014 Certification Plan

Considered report previously circulated, concerning the External Audit Certification Plan for 2013/2014.

Various grant-paying bodies required external certification of claims for grant or subsidy and returns of financial information.

The Audit Commission had made certification arrangements with grant-paying bodies which included the issue of certification instructions.

These instructions were tailored to each scheme and set out the specific procedures to be applied in examining the claim or return.

Grant Thornton carried out a significant role in ensuring Taunton Deane's claims to the Government were robust and the report set out the plan for approaching this in 2013/2014.

Resolved that the external auditor's report outlining the recommended Certification Plan for 2013/2014 be noted.

44. Internal Audit Plan 2014-2015 Progress Report

Considered report previously circulated, concerning a progress report from the Council's Internal Audit Service regarding their work.

The Internal Audit function played a central role in corporate governance by providing assurance to the Committee, looking over financial controls and checking on the probity of the organisation.

The 2014-2015 Annual Audit Plan was on track to provide independent and objective assurance on TDBC's Internal Control Environment. This work would support the Annual Governance Statement.

It was reported that there were no significant risks but a number of high priority actions had been identified that required attention.

There were three outstanding reviews from 2013/2014. These were IT Financial Controls, Partnership Arrangements and Disaster Recovery Arrangements. It was anticipated that these should be finalised by the end of September 2014.

In conclusion, steady progress against the 2014/2015 plan had been made. It was recognised that significant changes had occurred over the last few months at TDBC with regard to officer responsibilities. This had caused some minor disruption to programming of audits and whilst the Auditors had diverted resource elsewhere it was anticipated this should be recovered throughout quarters three and four.

The auditors had also experienced two initial meeting cancellations with Southwest One (SWOne) on the software and hardware asset management audits, which had pushed this work back by a couple of months.

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- Further information was sought about purchase orders raised by Deane DLO.
The orders had been dealt with by the DLO and they had been processed and authorised outside the SAP system. They were genuine payments.
- Were the auditors comfortable with the current position?
This would be considered in more detail before reporting back to the Committee on it.
- What was meant by “developers” in the context of SWOne?
The ICT section of SWOne were working with SWAP and allowing them access to complete the audit process going forward.
- With regard to ICT problems and risks the Committee sought assurance that the processes outside the normal was risk free.

Resolved that the progress made in delivery of the 2014/2015 Internal Audit Plan and significant findings to be noted.

45. Risk Management Update Report

Considered report previously circulated, about the corporate risks which were being managed by the Joint Management Team (JMT) as well as an action plan for improving risk management within the Council.

Both Taunton Deane and WSC recognised the importance of effective identification, evaluation and management of all key strategic and operational risks.

Risk management was a key element of the Council’s overarching Governance arrangements and it covered the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also included risks associated with:

- Service provision,
- Effectiveness and continuity;
- Public image (reputation);
- Compliance with legislation; and
- Environment.

The Corporate Risk Register was a ‘live’ document which highlighted the key corporate risks facing the Council and was formally reviewed by JMT on a quarterly basis.

There were currently 18 risks which had been identified for inclusion on the Corporate Risk Register. This was an increase of one from the last time an update was provided to the Members of the Committee.

This additional risk related to the failure to deliver housing and employment land growth, as set out in the Development Plan, which had now been split into two separate risks.

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- There was a need to show the differences between the Councils relating to the projects and their progress.
The document was to give the Committee an idea what was on the Councils' radar and the progress being made to manage such risks.
- There were risks that weren't on the register? Was the reason for this that a recovery plan was in place?
The main register was for significant Corporate Risks that required tracking and monitoring. During the JMT performance days, they would review the risks and the register.

Resolved that the report be noted.

46. Corporate Counter Fraud Approach Update Report

Considered report previously circulated, concerning the progress being made in developing an approach to preventing Corporate Fraud.

Progress in developing our counter-fraud function had been affected by a number of factors such as Government announcements, the JMASS project and developments in the creation of the Department of Work and Pensions' (DWP) Single Fraud Investigation Service (SFIS).

The Council intended that the new Corporate Anti-Fraud function would be responsible for detecting and preventing fraudulent activity in a variety of areas.

The South West Audit Partnership Limited (SWAP) currently provided internal audit services to a number of authorities in the South-West. SWAP had been approached by a number of District Councils to ascertain if it could develop a joint cross-partner initiative on counter-fraud.

This was a phased project with a series of stages eventually covering a variety of Corporate Fraud areas but would start by covering some initial areas.

Taunton Deane, WSC and South Somerset District Council had worked together in progressing a bid for potential funding available through the Department of Communities and Local Government (DCLG) Counter Fraud Fund prospectus. Taunton Deane was acting as the lead authority for the bid submission made on 5 September 2014.

The bid had suggested that match funding of £40,000 could be made available by partner authorities in 2015/2016.

Further work was needed to develop the business case, and select the preferred delivery model either through SWAP, a Local Authority Partnership or a combination of a SWAP/Local Authority Partnership arrangement. In addition, discussions were continuing with other local authorities to confirm their commitment, or otherwise, in joining a partnership from the outset.

The ambition was to deliver a Corporate Anti-Fraud function that was effectively self-financing due to the additional income gathered as a result of the function's anti-fraud activities and measures.

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- If the work was to be completed by June 2015, would the DWP be taking over the Council staff and would they be TUPE'd across? Would the staff be working on cases from the Taunton Deane area?
DWP would be investigating Housing Benefit fraud whilst the Council would be dealing with Corporate Fraud as well as other risks. The Council would be building a business case for this service and this would look at experienced staff for the service.
- If these staff moved across to DWP, the Council would be left with no experienced staff for the Corporate Fraud team at Taunton Deane.
- As the responsibility for Housing Benefit Fraud would sit with DWP, the experienced staff should go there. The Council would need staff experienced in other areas of fraud.
- Should Corporate Fraud be included on our Corporate Risk Register?
This would be considered by the Joint Management Team.

Resolved that the:-

- (1) The report be noted; and
- (2) The Executive and Full Council be recommended to allocate match funding of up to £20,000 to develop a cost-effective Corporate Anti-Fraud function.

47. Report on the Review of Standards Regime

Considered report previously circulated, concerning the future composition and operation of the Standards Regime at the Council.

The Council had agreed in July 2012 to retain a Standards Committee to oversee the Standards Regime following the Localism Act 2011.

At its most recent meeting the Standards Committee had reviewed the processes by which it currently operated. During the debate there was much discussion and concern shared by all Members of the Committee that since the introduction of the Localism Act 2011, the Parish Councillors and Independent Members, who were now co-opted and had no right to vote, and therefore felt increasingly disenfranchised from the process.

In addition, reference was made to the fact that now that only Councillors had the right to vote there was a risk that the Committee could be perceived as operating in a "political" way when any Standards Regime needed to be perceived as being objective and be able to operate in an independent manner.

The Standards Committee had therefore agreed to request the Constitutional Sub-Committee to review the current arrangements. This review had recommended that consideration should be given to amending the Constitution in respect of the Standards Committee as follows:-

- (i) to increase the Parish Council representatives from two to three;
- (ii) the selection process for such membership to be determined and implemented by the Monitoring Officer;
- (iii) Independent and Parish Members of the Committee be granted full voting rights alongside the five elected Members appointed to serve on the Committee;
- (iv) the current requirement for the Committee and all Sub-Committees to be Chaired by an elected Member be amended so that the the Committee and any such Sub-Committees can be chaired by any Committee Member.

It was acknowledged that in the event of these recommendations being adopted, the Standards Committee would need to become an Advisory Committee in order to comply with the requirements of local government legislation and thereby need to make recommendations to Full Council.

The Constitutional Sub-Committee was also cognisant of the financial pressures currently being experienced by the Council and had therefore proposed that the reimbursement arrangements for members of the proposed Advisory Committee should remain as they were now to ensure that the proposal was cost neutral.

During the discussion of this item, Members made comments and statements and asked questions included: - (Responses were shown in italics)

- This new regime for the Standards Committee was more cumbersome. It should have been left as it was.
- If there was no Standards Committee and the Council received a complaint about a Councillor, where would it go?
Without a Standards Committee any complaints regarding Councillors would come to the Monitoring Officer, although all Councils were required to have an Independent Person who would be involved in the consideration of any such complaints.
- The Constitutional Sub-Committee had decided that these changes would be appropriate for the Committee. As a Local Government Authority transparency and openness were key.

Resolved that Full Council be recommended to approve the proposed amendments to the Standards Committee regime to come into effect after the May 2015 local elections.

48. Review of the Petitions Scheme

Considered report previously circulated, which reviewed the Council's position on dealing with petitions.

The Local Democracy, Economic Development and Construction Act 2009 had made it a statutory duty for all Councils to adopt a formal petition scheme.

The scheme adopted by the Council in July 2010 had obliged the Council to respond appropriately to compliant petitions and inform people what action would be taken to address their concerns.

The scheme had to be published on the Council's website and by any other method appropriate for bringing it to the attention of those who lived, worked, studied and did business in the area.

The Council was also required to respond to petitions which related to the functions of its partner authorities and which sought an improvement in the economic, social or environmental wellbeing.

The Council was currently required to respond to all compliant petitions and had set thresholds for taking certain steps in response to a petition where practicable.

To date, very few petitions had been received that had required a Council debate or a referral to a Scrutiny Committee.

Further reported that the Localism Act 2011 had repealed the requirement for such a statutory petition scheme and there now was the opportunity for the Council to review its position and provide greater clarity and flexibility if it so wished.

As part of a review undertaken by the Constitutional Sub-Committee some research had been undertaken as to the trigger points for petition schemes that were currently operated by nearby and neighbouring local authorities. As a result the following three options had been considered:-

- (1) To retain the current scheme and perhaps consider giving this facility a higher profile to encourage the public to avail themselves of it;
- (2) To withdraw the current scheme and make the receipt and consideration of petitions as flexible as possible so that they could be dealt with in line with any correspondence received by the Council;
and
- (3) To continue with a more formal scheme but to vary the trigger points in terms of amounts of signatures required to encourage greater participation.

The Sub-Committee had concluded that the authority had an overriding responsibility to promote democracy and it would therefore be advisable for the Council to retain a scheme of some form but to ensure that any such scheme should be flexible and user-friendly to encourage more petitions to be submitted in the future.

It was therefore recommended that consideration be given to instituting a simplified scheme whereby there was only one definition of a petition which must

contain at least 200 signatures which, if validated, would be debated or discussed at a meeting of the Full Council.

During the discussion of this item, Members made comments and statements and asked questions included:- (Responses were shown in italics)

- The aim was to produce a new procedure for submitting petitions that was easy to understand and also lowered the required signatory level to allow petitions relating to ward matters to come forward and trigger a Full Council debate as well as lowering the minimum age limit for signing a petition.
- Had the Committee thought about what they would do if five petitions were presented to be debated at each Full Council session. How would the Council deal with this?
The Council would find a way of dealing with it but this would show democracy working.
After adjusting the levels, not many local authorities had received additional petitions.
- Concerns were raised that lowering the level of signatures required would trigger too many trivial petitions.

Resolved that Full Council be recommended to approve the proposed amendments to the arrangement for submitting petitions to the Council.

49. Corporate Governance Committee Forward Plan

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

It was requested that the Annual Governance Statement be moved back to May rather than in June.

Resolved that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 8.41pm).