

Taunton Deane Borough Council

Corporate Governance Committee 25th July 2011

Annual Governance Statement

Report of the Strategic Director – Shirlene Adam

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

1. Executive Summary

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

2. Background

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

3. Annual Governance Statement (AGS)

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

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

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

4. Finance Comments

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

5. Legal Comments

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

6. Links to Corporate Aims

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

7. Environmental Implications

7.1 There are no direct implications from this report.

8. Community Safety Implications

8.1 There are no direct implications from this report.

9. Equalities Impact

9.1 There are no direct implications from this report.

10. Risk Management

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

11. Partnership Implications (if any)

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

12. Recommendations

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

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TAUNTON DEANE BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2010/11

Scope of responsibility

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

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

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

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

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

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

Purpose of the Governance Framework

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

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

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

The Governance Framework

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Review of effectiveness

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

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

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

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

Significant governance issues

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

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

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

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

Signed:

Cllr John Williams

Signed:

Penny James

Taunton Deane Borough Council

Corporate Governance Committee –25th July 2011

Review of compliance with the Code of Corporate Governance

Report of the Legal & Democratic Services Manager

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

1. Executive summary

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

2. Background

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

3. Finance comments

3.1 There are no financial implications in this report. .

4. Legal comments

4.1 There are no legal implications in this report.

5. Links to corporate aims

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

6. Environmental and community safety implications

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

7. Equalities impact

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

8. Risk management

9. Recommendations

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

Contact

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Annexe 2

TAUNTON DEANE BOROUGH COUNCIL – GOVERNANCE CODE

Principle 1

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

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

Principle 2

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

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

Principle 3

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

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

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

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

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

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

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

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

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