

# Taunton Deane Borough Council

## Corporate Governance Committee – 24 June 2012

### Annual Governance Statement

#### Report of the Strategic Finance Officer – Maggie Hammond

(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 Deputy s151 Officer has led the 2012/13 review of the governance framework, supported by the Monitoring Officer, the Group Auditor and Performance Lead 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 was reasonable during 2012/13.
- 3.2 SAP controls are 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 Like all councils we continue to face increased treasury management risks, mainly due to the Eurozone and finding a safe place to invest any surplus cash still remains difficult. The investment strategy is to spread this risk wide with the preservation of cash at the heart of any investment decision.
- 3.6 During 2012/13 the council reviewed its 30 year HRA Business Plan. This review was informed by the first year of self-financing and

aspirations of the council in respect of building new council housing amongst other things.

- 3.7 On the agenda for today is the report on the Internal Audit Service Review of Effectiveness.
- 3.8 A Corporate Project log is maintained and regularly reviewed by the Project Management Group (PMG). This group meets monthly. The Corporate Project log is also reviewed by CMT. This document enables effective prioritisation of key corporate projects and other significant tasks, as well as resource planning, issues and risk management.
- 3.9 The Annual Governance Statement is included as an Appendix to this report.
- 3.10 The content of the AGS will need to be reviewed immediately before the publication of the Council's 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. The previous year's action plan is also included with an update on the actions.

#### **11. Partnership Implications**

- 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 2012/2013

### 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 internal control.

### 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 of effectiveness. 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 2013 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 developed a new 3 year Corporate Business Plan (2013/14 – 2015/16) which replaces the current Corporate Strategy from April 2013. The Business Plan has been developed after detailed consultation work with councillors and all political groups and following an external peer review by the Local Government Association (LGA). It sets out a new Vision, four corporate aims, and a series of high level actions to achieve its aims and transform the council, ensuring statutory requirements are met whilst being fit for purpose, addressing funding pressures and setting a balanced, sustainable budget. The Corporate Business Plan 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 Business Plan to show how each service will contribute to the delivery of the Corporate Aims and its service objectives.

(hyperlink to Business Plan report to Exec:

<http://www1.tauntondeane.gov.uk/tdbcsites/tdbcagendas/RtnPDF.aspx?ImgName=Item%209.PDF&PMI=20131471> )

- 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.
- The Taunton Deane Partnership comprises key agencies within the public and voluntary sectors that seek to tackle both urban and rural deprivation. The focus of activity within Taunton is North Taunton and Taunton East. The TDP have prepared the Priority Areas Strategy and Action Plan (PAS). This was developed through extensive consultation and engagement. The PAS contains four themes: building strong communities, improved access to services, improving the lives of the most vulnerable families and improving the look and feel of priority areas. A revised version of the PAS will be published in Summer 2013. The TDP also supports the delivery of the Troubled Families agenda and the Somerset Health and Wellbeing Strategy

**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.
- The Statutory Officers meet as a Corporate Governance Group. The Monitoring Officer and S151 Officer are members of the Corporate Management Team.
- The Group Leaders, Chief Executive and other relevant key officers meet monthly to share information and discuss any issues for the authority.
- 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. In addition to this the Chief Executive and Directors meet on alternative fortnights.
- The Council's Lead Officers meeting monthly along with the members of CMT. Many items are discussed and the contents of the Core Brief are approved in these meetings. The expectation is that key messages are shared back to teams through team meetings.
- The Leader and Chief Executive meet on a monthly 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.
- Portfolio holders and the shadow portfolio holders meet key officers on a regular basis to discuss relevant issues within their portfolio.
- The Council asked the LGA to carry out a Peer Review to assist with the development of the business plan. One thing that was noted in that report is that there were good working relationships between officers and members
- 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) as set out in the Application Note to Delivering Good Governance in Local Government: Framework. The review confirmed that during the financial year 2012/13 the Council complied with these requirements.

- TDBC is part of a partnership called Southwest One. We are represented on the main Southwest One Board, which meets quarterly, through a nominated elected member. The Board is responsible for setting the strategic direction of the company and for its financial performance

The Corporate and Client Services Manager meets on a monthly basis with Southwest One's CEO and Senior Responsible Officers of the other two partners, to discuss strategy and broad operational issues. They also meet on a monthly basis with the Southwest One Director of Service Operations and the Heads of Client of the other two partners, to discuss day to day operational issues

### **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 Localism Act 2011 made a number of changes to the Standards Regime which was implemented by the Council in July 2012. The Council decided to keep a Standards Committee. The Committee is politically balanced with five elected members, three independent co-opted members and two parish council representatives. In addition the Council also appointed an Independent Person and a reserve Independent Person. The terms of reference for the Committee are set out in the Constitution set out at

<http://www.tauntondeane.gov.uk/irj/public/council/councillors/councillor?rid=/wpccontent/Sites/TDBC/Web%20Pages/Council/Councillors/Taunton%20Deane%20Standards%20Committee>

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.

Since the start of the new regime only one complaint has been received and it was decided not to investigate.

- The Council has a set of four Core Values and Business Principles which underpin and support the Council's Vision, and reflect its fundamental beliefs as an organisation and guide how it deals with staff, customers and partners.  
Core Values:
  - **Integrity** – we will be honest, do what is right and stick to it
  - **Fairness** – we will consistently treat everyone as an equal, respecting their individual needs and abilities
  - **Respect** – we will always show respect for everyone
  - **Trust** – we will show trust and confidence in our staff and customers
 Business Principles:
  - **Quality Services** – ensuring the delivery of accessible, quality services that provide good value for money (either as direct providers or through partnership)
  - **Customer Driven** – we will put the needs of our customers at the heart of all that we do

- **A dynamic organisation** – innovative, forward-looking and focussed on results
- **Environmentally Responsible** – we will minimise the environmental impact from our operations
- 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.
- 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.
- An objection to the 2011/12 accounts was received surrounding the charges made to the taxi trade. The result of this objection is that we have reviewed our charges and the calculation of them to ensure that they accurately reflect the cost of providing the service which should be "cost neutral". During 2013/14 we will be reviewing all the fee structure for licensing where we have the discretion to set charges to ensure that the charges are transparent and can be proven. If the external auditors make further recommendations in their final report we will incorporate them into an existing action plan.
- 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 on a monthly basis. The Forward Plan was amended in line with the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 last year and now has a column where it is anticipated that confidential items are likely to be discussed and



allows for representations to be made to state why a decision should not be made in private session. To date no representations have been received.

- 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 in place a Risk Management Policy and Strategy, and maintains a Risk Management Action Plan which ensures that Risk Management is embedded within the Council and aligned with our partner organisations. The strategy sets out clear limits of responsibility for risk management across the Council. Major projects and partnerships also have risk registers in place and CMT has reviewed and refreshed the Corporate Risk Register during the course of the year
- Council committee reports include a standard section for the consideration of risks, which informs decision-making.
- 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.
- Members of the Council's Corporate Governance Committee have received update reports outlining the current Risk Management arrangements and any future actions. Council committee reports include a standard section for the consideration of risks, which informs decision-making.
- A new 'Programme Management Group' has been formed to oversee and monitor the Council's programme of major projects – a key role is to understand capacity and resourcing issues within project delivery, and report to CMT to enable these issues to be addressed.
- All staff have a performance review and employee development (PRED) meeting with their manager. Performance is reviewed and an action plan for the next period is set. This assists the member of staff in the performance of their work, help develop their skills and identify any training needs. Members have member development plans to help them carry out their roles effectively.

- As part of the annual planning processes the Learning and Development Lead liaises with all Theme Managers on the Theme training plans before preparing a plan for CMT approval.

In addition to this there is a corporate training plan developed every year to meet corporate needs. This year the Corporate Business Plan is being used as the baseline for identifying needs and this also links to the emerging Workforce Plan.

- 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.
- All Executive reports are required to include an Equalities Impact Assessment to ensure that members make decisions with a clear understanding of the impacts on groups with protected equalities characteristics.
- The Council has 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 and is available on line and also available in paper format on request.
- 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.
- The Council encourages all types of feedback (complaints, compliments, comments & suggestions) from a number of channels (website, telephone, e-mail/letter, face-to-face), and these are logged on a central database for analysis and review. A Customer Feedback Guidance & Process document is available for Managers and Officers to deal with feedback consistently and effectively.

## 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 12/13 statement was led by the Deputy s151 Officer, supported by the Monitoring Officer, the Council's Audit Manager and Performance Lead Officer. The review was informed by:

- LGA Peer Review
- Internal Audits annual opinion report for 2012/13
- The effectiveness of internal audit review
- External auditors comments
- The Councils Corporate Governance Action Plan
- Input From The Work Of the Standards Committee
- Performance Monitoring Reports

The conclusion of the review is that, overall, the governance arrangements are robust and are working effectively. 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 2012/13.

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

Governance Issue	Owner	Completion Date
Ensuring we have up to date disaster ICT recovery plans for major risk areas of the Council	Southwest One	March 2014
To update the Councils policy on Fraud and Corruption, and ensure robust arrangements for monitoring, recording, reviewing & learning lessons following any investigation	Tonya Meers	July 2013
To develop the Council's Strategic IT arrangements, updating the IT Strategies ensuring there are clear links from these to financial planning	Fiona Kirkham	Autumn 2013
To update the Councils Financial Procedure Rules, train staff and monitor compliance	Maggie Hammond	September 2013

To increase awareness of the council's Equalities Framework, strengthen monitoring arrangements and ensure that robust Equality Impact Assessments are included in Scrutiny and Executive reports	Simon Lewis	March 2014
Ensure the Council has appropriate policies and arrangements in place to comply with safeguarding legislation	Simon Lewis	December 2013
Update the Workforce Strategy (ensuring that there are clear links to financial planning) and complete & agree a new workforce plan	Martin Griffin	October 2013
Use comparative information such as benchmarking to inform strategic decisions on the allocation of resources	Dan Webb	August 2013
To ensure a robust approach to debt recovery action	Maggie Hammond	December 2013
To ensure robust Health & Safety arrangements, policies and procedures are in place and adopted (including information & guidance, training, risk assessments)	Richard Sealy	Ongoing
To ensure robust Information Governance arrangements, policies and procedures are in place and adopted (including record retention & disposal, reporting & managing breaches, confidentiality code of practice)	Richard Sealy / Tonya Meers	March 2014
To ensure robust project governance & control of major capital projects	Simon Lewis	March 2014
Introduce a rolling information governance training and awareness program	Tonya Meers	March 2014

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.

The list from the Annual Governance Statement for 2011/12 is shown below with an update on the actions.

Governance Issue	Owner	Update
Ensuring we have up to date business continuity plans for all services	John Lewis	Plans in place and tested
Ensuring we have up to date disaster recovery plans for major risk areas of	Southwest One	In list to complete in 13/14

the Council		
Ensuring our Partnerships realise the benefits they are intended to achieve	CMT	Monitoring ongoing
To update the Councils policy on Fraud and Corruption	Tonya Meers	In list to complete in 13/14
To develop the Council's Strategic IT and Property arrangements	Southwest One	In list to complete in 13/14
To continue to review the operation of and usage of SAP to ensure that the internal control framework remains robust	Maggie Hammond	Ongoing
To update the Councils Financial Procedure Rules, train staff and monitor compliance	Maggie Hammond	In list to complete in 13/14
To update the Contract Procedure Rules	Tonya Meers	Completed
Maintenance of the Contract Register	Southwest One	Completed
Adopt new Code of Conduct and changes to the Standards regime and ensure all Members are trained	Tonya Meers	Completed
Ensure we review the publication scheme for FOI	Chris Gunn/Tonya Meers	Completed
Ensure that robust Equality Impact Assessments are included in Scrutiny and Executive reports	Simon Lewis	In list to complete in 13/14
Ensure the Council has appropriate policies and arrangements in place to comply with safeguarding legislation	Simon Lewis	In list to complete in 13/14
Update the Workforce Strategy (ensuring that there are clear links to financial planning) and complete & agree a new workforce plan	Martin Griffin	In list to complete in 13/14
Use comparative information such as benchmarking to inform strategic decisions on the allocation of resources	Dan Webb	In list to complete in 13/14
Introduce a rolling information governance training and awareness program	Tonya Meers	In list to complete in 13/14
Ensure all risks around the Welfare Reform Act are identified and mitigated wherever possible	Paul Harding	Completed

Signed:

Cllr John Williams

Signed:

Penny James