Taunton Deane Borough Council

Corporate Governance Committee – 10 December 2012

Corporate Governance Action Plan

Report of Performance Lead

(This matter is the responsibility of Executive Councillor Stock-Williams)

1.   Executive Summary

This report shows progress against the Corporate Governance Action Plan as at the end of November 2012.

2.   Background

2.1   Each year, the Council receives a number of reports and assessments which result in recommendations for improvement. These normally contain individual action plans which can prove challenging to manage and monitor. Therefore an aggregated plan provides the Council with details, in one place, of the scale of improvements required and progress against them.

2.2   The Corporate Governance Action Plan currently includes 27 actions, which have emerged from external audits (ie Audit Commission) – specifically, recommendations from the Annual Governance Report 2010/11 (Sept 2011), and more recently the Annual Governance Report 2011/12 (Sept 2012).

2.3   Actions progress monitoring is undertaken quarterly by the Performance Lead and a summary features in the Corporate Performance Scorecard. The Corporate Governance Officers Group is provided with an overview of the plan.

3.   Progress (as at end November 2012)

3.1   The Corporate Governance Action Plan currently lists **27 actions**. Progress monitoring against implementation by the target dates has revealed the following:

Priority	Total	On Target ☺	Some Concern 😐	Off Target ☹
High	9	7 (78%)	2 (22%)	
Medium	16	13 (82%)	2 (12%)	1 (6%)
Low	2	2 (100%)		
Total	**27**	**22 (81%)**	**4 (15%)**	**1 (4%)**

This indicates a slightly improved position compared to the previous report in June 2012, where 76% of actions were 'on target' or complete.

3.2   There are however 5 actions with 'some concern' or are off target. Two of these are rated as 'High priority', and the other three actions rated with 'Medium priority'. These are:

- Update the IT Strategies and ensure there are clear links from these to financial planning (High priority)
- Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income (High priority)
- Maintain a register of partnerships and prepare a protocol for establishing new partnerships (Medium priority)
- To fully review the Financial regulations (Medium priority)
- Develop benchmarking to support decisions in allocating resources (Medium priority)

Further detail is found in the table in Appendix A

3.3   The 9 actions that are now 'complete' are:

- Update the master data file for vendors (suppliers) to remove duplicate entries for the same vendor (supplier)
- Provide clear written instructions to the valuer to ensure that the Council meets the requirements of the Code
- Provide a full segmental analysis required by the Code for the Financial Statements for 2011/12
- Investigate and clear the unallocated cash balances
- Review how the cash flow statement is prepared to eliminate significant balancing items
- Review the process for recognising and accounting for rental income in advance

- The Council should review the accounting treatment and value for money arising from sale and leaseback proposals before they are approved
- The Council should review its bad debt provision for former tenants and ensure that the aged debt analysis for all debts is reconciled to the figures in the balance sheet
- Further improve the closedown process so that the draft financial statements are prepared in time to meet the statutory deadline of 30 June.

3.4   The other 13 'live' actions that are 'on track' are listed below.

- Complete Business Continuity (BC) and IT disaster recovery planning (including SW1 services)
- Update the Workforce Strategy (ensuring there are clear links to financial planning) and complete & agree a new workforce plan
- Improve control and monitoring of Section 106 Agreements
- All transactions on the SAP financial system should contain sufficient narrative to identify the purpose of the transaction, the timing and the source
- Strengthen the arrangements to ensure the accuracy of the whole of government accounts submission.
- In preparing its draft financial statements, the Authority should ensure that it has received a completed annual declaration from all members of any related party interests and those of close family
- Reconcile the information in payroll and the ledger for members' expenses
- Reconcile housing stock figures so that there is consistent disclosure in the accounts and business plan
- Review the method of calculating the impairment of debtors taking into account the aged of the debt and recovery rates.
- Ensure that income from investment properties is disclosed in the accounts for 2012/13
- Review the actual costs to support the basis of recharges from the HRA to the General Fund.
- Review the method to reconcile the year end NNDR position and ensure that this is in line with the Authority's contribution to the national pool.
- Update the HRA financial model for actual changes in housing stock - such as sales, demolitions and voids

4.   **Finance Comments**

Recommended improvement actions in relation to Managing Finances are included in the Corporate Governance Action Plan.

5. Legal Comments

Recommended improvement actions in relation to legal / Corporate Governance issues are included in the Corporate Governance Action Plan.

6. Links to Corporate Aims

The Corporate Governance Action Plan supports all aspects of the Council's corporate aims and operations.

7. Environmental and Community Safety Implications

Recommended improvement actions in relation to Climate Change are included in the Corporate Governance Action Plan.

8. Equalities Impact

Recommended improvement actions in relation to Equalities & Diversity are included in the Corporate Governance Action Plan where relevant.

9. Risk Management

The Corporate Risk Register includes the risk:
There is a risk of failure to comply with key internal controls & corporate governance arrangements (ie compliance with audit recommendations).

The Corporate Governance Action Plan is a key control measure, however there are a number of risks associated with not completing the recommended actions within the Corporate Governance Action Plan (eg External Audit opinion, reputation, financial).

10. Partnership Implications

Recommended improvement actions in relation to partnership working, are included in the Corporate Governance Action Plan.

11. Recommendations

It is recommended that Members scrutinise progress of the Corporate Governance Action Plan.

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CORPORATE GOVERNANCE ACTION PLAN 2012/13

APPENDIX A

Nov-12

Item	Improvement / recommendation	Proposed / Planned activities	Priority (H,M,L)	Target date	Responsible Officer	Source	Success criteria	Progress	Status
2	**Update the IT Strategies and ensure there are clear links from these to financial planning.**	Establish an IT work group	H	Apr-12	Shirlene Adam	2009/10 VfM conclusion report Sept 2010	Fit for purpose IT strategy	Significant progress since the last update in June 2012. New TDBC Strategic ICT Forum (attendees from CMT and SW1) met in July and October, the latter meeting receiving from SW1 ICT the first draft of an ICT Strategy for 2012-2014 linked to the Council's Business Plan. Second draft to be discussed in late November so that the planned outcomes from the (draft) Business Plan can be encorporated. Target completion end December 2012 for approval in January 2013.	😐
4	**To fully review the Financial regulations**	To complete review of the financial regulations	M	Apr-12	Shirlene Adam	Annual Governance Statement 2008/09	A new financial regs document produced	Financial Regs have been received and are still fit for purpose. Financial Procedures have been drafted by the Strategic Finance Officer and presented to the S151 Officer for review and sign off. This will be completed by end of March 2013.	😐
5	**Maintain a register of partnerships and prepare a protocol for establishing new partnerships**	1. Compile comprehensive partnership register. 2. Confirm involvement and they meet authority's aims and objectives. 3. Introduce protocol for establishing membership prior to commitment. 4. Establish framework and categorisation of partnerships. 5. Widen scope of Members Task & Finish Group re membership on outside bodies	M	Sep-11	Tonya Meers	2009/10 VfM conclusion report Sept 2010	Partnerships adequately controlled and managed	Unfortunately this has not yet been completed. A new completion date of December 2012 should be inserted.	☹️
16	**Determine spending priorities and reduce expenditure to ensure that future budgets are balanced by closing the gap between expenditure and projected income**		H	Mar-12	Shirlene Adam	Annual Governance Report 2010/11 (Sept 11)		The Business Plan will be presented to members for approval (FC Jan 13). The prioritisation exercise will then start - with support from LGA - and we aim to complete this and have a sustainable financial plan agreed by July 2013.	😐
27	**Develop benchmarking to support decisions in allocating resources**	1. Collate available VFM & benchmarking data to help inform service profiling / prioritisation work (with Members) 2. Somerset Strategic Housing Programme - cost & performance analysis project	M	Feb - March 2013	Dan Webb	Annual Governance Report 2011/12	TDBC understands the Value for Money of all it's services, and is able to demonstrate the right balance between economy, efficiency and effectiveness (spending less, spending well and spending wisely)	1. Illustrative modelling of future service budgets produced in Corporate Business plan - based on 'Gold / Silver / Bronze' service rankings (resulting from Members' survey summer 2012). VFM data needs to be collated where available to inform service prioritisation workshops (being planned for Members early 2013). 2. County-wide Housing services cost & performance data has been submitted and is currently being analysed by a project team - findings to be reviewed & discussed by relevant Housing managers from the Somerset Districts early 2013.	😐