

Taunton Deane Borough Council

Corporate Governance Committee – 25 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 2011/12 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 Performance 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 2011/12.
- 3.2 Further financial controls were introduced in early 2011 around the effective working of 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 During 2011/12 Southwest One Finance Advisory was issued a warning notice and a remediation plan was agreed. The plan was progressed during the year and has now been closed. The s151 Officer still has concerns on the delivery of this service and will work closely with SWOne to ensure they are addressed.

- 3.4 In agenda item 10 of the Executive meeting on 16 November 2011 it was recommended that Project Taunton were moved “in house” To prepare the team for this move we have worked with Project Taunton, SWAP and the performance lead to ensure the full integration of Project Taunton into the Council’s governance arrangements.
- 3.5 Like all councils we are facing increased treasury management risks, mainly due to the Eurozone. Finding a safe place to invest any surplus cash is becoming harder. The investment strategy is to spread this risk wide with the preservation of cash at the heart of any investment decision.
- 3.6 During 2011/12 the council faced significant risk around the HRA reform. To respond to this risk and to shape the service for future years a new 30 year business plan was developed and agreed. Comprehensive consultation on the business plan took place to ensure that views and priorities of stakeholders were considered in developing the plan. The Business Plan contains a comprehensive Action plan and a dashboard is being developed that will be reported to our Tenant Services Management Board and to elected members.
- 3.7 On the agenda is the s151 Officer report on the Internal Audit Service- Review of Effectiveness. This is a review of the governance that underpins the partnership.
- 3.8 The Welfare Reform Act 2012 will bring in significant changes for the Council. We have formed a welfare reform project team that will review this change as well as the change to NNDR and Council Tax Benefit.
- 3.9 A Corporate Projects log is maintained and regularly reviewed by the Corporate Management Team. This document enables effective prioritisation of key corporate projects and other significant tasks, as well as resources planning; issues and risk management.
- 3.10 The Annual Governance Statement is included as an Appendix to this report.
- 3.11 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 2011/12

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 of the Accounts and Audit (England) Regulations 2011 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 2012 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.
- The Taunton Deane Partnership has refocused its activities following consultation with partners and the local community. Its main area of work is tackling deprivation through the Priority Areas Strategy (PAS) which focuses activity on both acute urban and rural deprivation. 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. The PAS has been adopted and will be delivered through partners from June 2012.

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 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 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.
- Portfolio holders and the shadow portfolio holders meet key officers on a regular basis to discuss relevant issues within their portfolio.
- 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 2011/12 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.

- During the year there was unfortunately a breach of confidentiality. As part of the budget setting process members were all given a pack of papers relating to various options to help balance the budget. The packs were distributed to members and all members had to sign an undertaking to keep the information confidential. Unfortunately one of these packs was leaked to the local press. Following the leak an investigation was undertaken. In addition restrictions were put in place limiting the circulation of confidential information until the investigation had been completed. The results of the investigation revealed that although there was circumstantial evidence pointing to a particular member it was not conclusive and therefore no formal action could be taken. During the investigation SWAP also reviewed the processes that the Council had undertaken when distributing the confidential pack of papers and stated that nothing further could have been done to have prevented the leak.
- The Council has updated its Corporate Debt Management Policy and this is has been shared with staff.
- 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 in place a Risk Management Strategy which ensures that Risk Management within the Council is 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 refreshed the Corporate Risk Register during the course of the year.

- The Council held several information meetings surrounding the HRA reforms to explain the changes and what it would mean for the Council. This allowed members to ask questions throughout the formation of the business plan and finance model. This enabled members to make an informed decision on a very important area for the Council.
- 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.
- Following the local elections a comprehensive induction programme was undertaken with members to ensure that they were given the relevant information in order to enable them to carry out their roles as quickly as possible. Comments received back following this training were very positive and supportive.
- 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.
- 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.
- Members of the Council's Corporate Governance Committee have undergone training in Risk Management during the year and 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.
- 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.
- Comprehensive consultation on the HRA 30 year business plan took place to ensure that views and priorities of stakeholders were considered in developing the plan.
- 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 2011/12 statement was led by the Deputy s151 Officer, supported by the Monitoring Officer, the Council's Group Audit Manager and Performance Manager. The review was informed by:

- Internal Audits annual opinion report for 2011/12
- The effectiveness of internal audit review
- 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 2011/12.

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

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

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