

## Corporate Governance Committee – 23 June 2014

Present: Councillor D Reed (Chairman)  
Councillor Coles (Vice-Chairman)  
Councillors Mrs Allgrove, Beaven, Hall, Hunt, Morrell, Mrs Lees,  
Miss Smith, P Smith, Mrs Stock-Williams, Mrs Waymouth and  
A Wedderkopp.

Officers: Catrin Brown (Senior Environmental Health Officer – Health and Safety),  
Paul Fitzgerald (Assistant Director - Resources), Jo Nacey (Finance  
Manager), Dan Webb (Performance Lead), Paul Harding (Corporate and  
Client Lead), Richard Sealy (Assistant Director - Corporate Services) and  
Emma Hill (Corporate Support Officer).

Also Present: Councillor Mrs Warmington  
Alastair Woodland (South West Audit Partnership)

(The meeting commenced at 6.15 pm)

### 27. Apologies/Substitutions

Apologies: Councillors Gaines and A Govier.

Substitution: Councillor Morrell for Councillor Gaines

### 28. Minutes

The minutes of the meeting held on 19 May 2014 were taken as read and were signed.

### 29. Declaration of Interests

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

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

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

Below was a summary of topics which included:-

- Accident and Incident data for the last complete financial year was as follows:-

<b>TDBC Totals – 1 April 2013 – 31 March 2014</b>					
Classification	Core Council	DLO	Crematorium	Public	Contractors
Reportable		<b>3</b>		<b>1</b>	
Non-reportable	<b>5</b>	<b>26</b>		<b>3</b>	
Near Miss	<b>1</b>	<b>4</b>			
<b>Period total</b>	<b>6</b>	<b>33</b>	<b>0</b>	<b>4</b>	

- There had been no significant accidents during the last three month period. However there was an increase in the number of accidents reported – 10 in 2014-2015, compared with three during the same period last year.
- A number of clarifications were submitted in connection with the proposed Health and Safety Strategy 2014-2015. It was proposed that the Strategy should now be adopted.
- Monitoring Health and Safety Performance – This was the first time KPI (Key Performance Indicators) had been set for the Health and Safety service.
- The South West Audit Partnership (SWAP) Audit had published their draft report on the Council's Health and Safety for discussion purposes. No overall opinion had been given as the Strategy needed to be embedded before meaningful assessment of it could be made.
- The Council's Health and Safety Committee had met on 24 April 2014 at which the accidents for the previous year and reporting procedures had been reviewed.
- The Council's Sharepoint site had been updated to allow employee access to the Display Screen Equipment (DSE) assessment process.
- The reviewed and updated Accident Book, reporting and investigation policy was now in place. The Health and Safety Advisor would be attending team meetings to inform Managers of the updated process.
- An audit had been carried out of the Voids Team within the DLO which had highlighted a number of points which would be relevant to many departments. These corporate matters would be progressed and monitored in the future.
- Health surveillance for at risk Deane DLO employees had been progressed with HR and Devon County Council as a service provider.

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

- Did the Council normally only respond to an accident after it had occurred or did the Council train its Managers to try and avoid accidents happening? *The Health and Safety Officer provided training to Managers when they started as well as attending team meetings to provide additional advice, training and support.*
- Looking at the pie charts within the report, there appeared to have been a high levels of slips, trips and falls as well as manual handling incidents. What were the Council doing to reduce these figures? *Not all the incidents reported were preventable but Deane DLO routinely completed training and refresher courses for Health and Safety and manual handling.*
- It was suggested that the Council should investigate the appropriateness of the work boot soles in relation to the surfaces Deane DLO staff worked on and whether this contributed or affected the number of incidents reported?

**Resolved that:-**

1. The report be noted;

2. The Health and Safety Strategy presented to the Committee on 10 March 2014 be adopted; and
3. The progress made on the implementation of the Health and Safety Strategy and the initiatives to improve our operating culture, be noted.

### **31. Approach to Corporate Fraud**

The Assistant Director - Resources updated Members regarding the Council's approach to Corporate Fraud. The following summarised the current situation:-

- Officers were working through and building a Business Case, looking at the best approach to tackling Corporate Fraud in both Taunton Deane Borough and West Somerset Councils.
- The Business Case was in its early stages, and the Council was investigating the possible outsource of this service or partnership working. The Council was talking with SWAP about engaging these services for us.
- Central Government had stated that Local Authorities were likely to receive some financial support towards the costs of tackling Corporate Fraud. Although, the Council did not know how we would receive it or whether we would have to apply for it.
- Currently, the majority of the Council's resources go on tackling benefit fraud but the Government was looking to nationalise this service in the future and this would be run by the Department for Work and Pensions as a new service.
- This new nationalised service included the Council transferring staff and funds to the DWP for this new service.

The next steps for the Council was to work with West Somerset, SWAP and other partners to build a business case for a Corporate Fraud service.

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

- What was the timescale surrounding receiving a report about this? *Hopefully, this would be submitted in September.*
- Did West Somerset Council (WSC) use the same software as Taunton Deane? *Currently the Councils were using two different softwares and systems although, there were some areas of similarity with data matching.*
- Some examples of Corporate Fraud were Fake C.V. information, gaining a Blue Badge when not entitled to one, collusion with contractors for personal gains and sub-letting a property. *The Assistant Director of Resources was the responsible officer for investigations and preventing fraud in a variety of areas across both Councils.*
- What were the HR implications for staff transferring to the Department of Work and Pensions' national service? *Staff had been made aware if they were affected by the changes. The transfer of staff between Government organisations did not fall under TUPE but contract conditions were being discussed.*

- In relation to staff spending time at both WSC and Taunton Deane, were appropriate cost sharing for teams being looked into? *The Council was working on the cost sharing for officer time.*

**Resolved** that the report be noted.

### **32. Significant Changes to the Accounting Requirements for the 2013/2014 Accounts**

Considered report previously circulated, concerning significant changes which were applicable to the Statement of Accounts 2013/2014 and the associated disclosures and restatements which had resulted.

Each year the Code of Practice on Local Authority Accounting was updated by a technical panel from the Chartered Institute of Public Finance and Accountancy (CIPFA) and communicated to authorities via publications and when necessary, workshops.

This year there had been two significant changes to the Code, which were:-

**1. Accounting for Pension Interest Costs in Relation to Current Service Cost and Pension Administration Costs** - The accounting standard IAS 19 – Employee Benefits had changed and because the change was reflected in various parts of the accounts it had been necessary to restate last year's figures to provide suitable comparatives. These were only presentational changes to meet the requirements of the Code. The "bottom line" had stayed the same. Full details of the change including the interest costs in relation to current service costs were set out in the report.

**2. Non Domestic Rates – Provision for Appeals against the Rateable Value of Business Properties** - The Local Government Finance Act 2012 had introduced a Business Rates Retention Scheme that enabled local authorities to retain a proportion of the Business Rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

The change had meant that billing authorities had to make a new provision for refunding ratepayers who had successfully appealed against the rateable value of their properties on the rating list. This would include amounts relating to non-domestic rates charged to businesses in 2012-2013 and earlier financial years.

After much deliberation and robust challenge the Council had included a provision of £1,979,731 in 2013/2014 as an estimated cost of outstanding appeals and refunds. This was a high risk estimate and fluctuations would impact directly on the "bottom line". In future years this provision would be determined by the financial effect of appeals submitted.

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

- How long would it take to get through the provision? *This was monitored on a monthly basis. The Valuation Office had been tasked to clear the back log by the middle of next year. There were 328,000 appeals dating back to 2005.*
- Had the Council been able to complete the benchmarking and was the provision adequate? *The percentage had been calculated using the Principal Revenues Office data and the Council had contacted other authorities as well. The Council was confident with the adequacy of the provision.*
- *It was confirmed that the Director of Operations and the Assistant Director of Resources would oversee this matter and the Director would be responsible for sign off. Grant Thornton would complete any appropriate audits. There were a lot of people involved in this process and a lot of data sharing had been completed. A quality assurance review was also being undertaken.*

**Resolved that:-**

- (a) The report be noted; and
- (b) The changes, which would be reflected in the accounts for 2013/2014, be also noted.

### **33. Draft Annual Governance Statement 2013/2014**

Considered report previously circulated, concerning the draft Annual Governance Statement (AGS) for Taunton Deane Borough Council before it was signed by the Leader of the Council and the Chief Executive.

Taunton Deane Borough Council had a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions were exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council was 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.

The Annual Governance Statement explains how Taunton Deane Borough Council had 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 2011 in relation to the requirement to prepare an annual governance statement which must accompany the Statement of Accounts.

The Corporate Performance Lead had led the 2013/14 review of the governance framework, supported by the Monitoring Officer (Assistant Chief Executive), the Deputy s151 Officer (Assistant Director – Resources), the Audit Manager, and other members of the Joint Management Team (JMT).

The draft Annual Governance Statement was included as an appendix to this report.

The conclusions from this review was that overall, the council's governance framework is robust and working effectively. This was further endorsed by the Group Auditor's annual opinion report 2013/14, which offers 'reasonable assurance' in respect of the areas reviewed during the year.

The Annual Governance Statement (AGS) described how the council complied with each of the six core principles of the Code of Corporate Governance, and additionally communicates significant governance issues and the steps that remain to be taken during 2014/15 to address these matters.

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

- Were minutes taken at the Chief Executive and Leaders meetings?  
*A response to this question would be provided to Members.*
- Many Members did not have Member Development Plans. This needed to be addressed, otherwise it should not be a Core Council principle.
- Core Council principal should be worded tighter and finer, rather than so wordy.
- The statement about shared services between the two Councils had no real meaning behind it. Was the document trying to do too much?
- What was the document's purpose and when would it end up coming back to the Committee? It needed to read clearer. *The Council would be re-visiting this document next year and the officers could make the amendments and circulate via email.*
- It was suggested that this item was brought to the Committee earlier in the year to allow Members to review it before it came back for sign off.

**Resolved that:-**

- (1) The report be noted; and
- (2) The draft Annual Governance Statement be approved and signed off by the Leader of the Council and the Chief Executive.

### **34. Corporate Governance Action Plan**

Considered report previously circulated, which provided details of the progress made against the Corporate Governance Action Plan as at the end of May 2014.

At the previous review point (December 2013) the Corporate Governance Action Plan had included eight 'open' actions. This included three actions carried over from previous years plus five new external audit recommendations (Grant Thornton audit findings 2012/2013).

The latest review process (April-May 2014) had revealed:-

- Four of these actions were now considered 'closed'; and

- Of the remaining four 'open' actions, two were 'Green' (on track), and two were 'Amber' (some concern).

Noted that the four recommendations that had been closed since December 2013 were:-

- a) To fully review the Financial Regulations;
- b) Reviewing the method for calculating the bad debt provision for housing debts;
- c) Working with Somerset County Council, Avon and Somerset Police and Southwest One to address the recommendations from the review of IT controls; and
- d) Ensuring that expense claims and supporting receipts were kept in accordance with the Council's Record Retention Policy.

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

- Looking at the reduction in staff sickness, how did the Council accomplish this? When the Council reached the target, would it be removed from the list? *The target for keeping staff sickness low would most likely not be removed. Our benchmark figures were based on national averages, which the Council was closer too. All managers had been trained on how to deal with staff absences. Staff had been made aware that help was available through CareFirst but it was still a key area for the Council.*
- What audits were coming up so that Members knew what to expect? If the JMASS project had superseded this, should it not be closed? *It was shown as an amber despite being superseded by the JMASS project but this was a continuing process. The External Audit Plan had been presented to the Committee at the May meeting.*
- Value for Money recommendations were made in 2011/2012 but work did not start until 18 months later. Could a copy of the data and results presented be made available to Members? *Yes.*

**Resolved** that the officer's report be scrutinised and noted.

### **35. Internal Audit Plan 2013-2014 Annual Report and 2014-2015 Quarter 1 Progress**

Considered report previously circulated, concerning the outturn position of the Internal Audit Plan for 2013-2014 and significant findings and recommendations that had been made since the last meeting of the Committee. A brief update on progress of the 2014-2015 Audit Plan was also provided.

This report summarised the work of the Council's Internal Audit Service and provided:-

- Details of any new significant weaknesses identified during internal audit work completed since March 2014; and
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

Noted that there were some high priority recommendations (4 or 5) identified since the March update. These would be followed-up by Internal Audit to provide assurance that risk exposure had been reduced.

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

- Could a copy of the report undertaken in respect of Project Taunton be made available to Members? *Yes.*
- With regard to Gas Service Inspections, the Council had not been meeting the appropriate timescales. *Since the review/audit, measures had been taken and the corporate risk had been migrated. Contractors had been made aware of their obligations.*
- Referring to the introduction of measures to prevent Corporate Fraud, why had this not been started? *This was due to commence within the next couple weeks.*

**Resolved** that the report be noted.

### **36. Review of Effectiveness of Internal Audit**

Considered report previously circulated, concerning the findings of the recent review of the effectiveness of internal audit carried out by Director of Operations. The review found the service to continue to operate at a “satisfactory” level.

Internal audit formed a part of the corporate governance and internal control framework that provided accountability to stakeholders on all areas of the Council Plan. Their opinion on the adequacy and effectiveness of the Council’s internal control framework formed a part of the evidence used in preparing the corporate Annual Governance Statement (AGS) for 2013-14, which would be published as part of the Council’s Statement of Accounts in September 2014.

Reported that the 2006 CIPFA Code of Practice for Internal Audit had been superseded by the Public Sector Internal Audit Standards (PSIAS) and a Local Government Application Note on the 1 April 2013 that set out how an internal audit function should be fulfilled. The new Standards covered:-

- Purpose, authority, and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality Assurance and Improvement Programme;
- Managing the Internal Audit Activity;
- Nature of Work;
- Engagement Planning;

- Performing the Engagement;
- Communicating Results; and
- Monitoring Progress.

All aspects of the Standards would be covered by the South West Audit Partnership (SWAP), through the previously approved Audit Charter, and reviewed and approved by the Audit Committee on an annual basis.

Details of the review which had been undertaken by the Council's Section 151 Officer, Shirlene Adam, were submitted.

The review had found that overall the team performed well and that this view was supported by the comments of external auditors and client satisfaction. Details were provided which showed some of the overall performance of the service during the year compared to the previous three years.

The number of audit projects undertaken within the days available had declined slightly from the previous year from 39 to 37.

There were no new high priority recommendations in 2013/2014.

The outturn position showed that each year the partnership continued to make a surplus from operations. This would give some room for reinvestment in the business which was managed via the Board of Directors for SWAP.

As SWAP was now a company limited by guarantee the Directors of the company would be required to act in the interests of the company. Noted that the Section 151 Officer still had access to the SWAP Management Team to influence service delivery and priorities from a customer's perspective.

In assessing SWAP's performance it was seen as important to review the standards of service and that each authority was afforded the same standards and also senior officer time. The report outlined the minimum standards to be introduced and whether they would have been delivered for Taunton Deane had they been in place.

Further reported details of progress that had been made in respect of the 2013/2014 Action Plan. The following comprised the Action Plan for 2014/2015:-

- To improve the information flows between the SWAP MKI System and the Council, to reduce the manual intervention currently required to maintain up to date records of audit recommendations;
- To further develop the audit universe work started during 2013/2014 with the Section 151 Officer and team – creating a database of knowledge to be used to manage risk across the Council;
- To look for further efficiencies in delivering audit work across Taunton Deane and West Somerset to benefit both Councils;
- To improve on the current 2013/2014 delivery times with regard to moving from draft to final audit reports; and
- To work with the Council on improving the reporting of key audit information to the Audit Committee.

It was the opinion of the Section 151 Officer that the system of internal audit was effective.

**Resolved** that the findings of the review of the effectiveness of Internal Audit for 2013/2014 be noted.

**37. Corporate Governance Committee Forward Plan**

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

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

**Resolved** that the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 8.18pm).