

Corporate Governance Committee – 21 March 2016

Present: Councillor Mrs Stock-Williams (Chairman)
Councillors Mrs Blatchford, Coles, Hall, R Lees, Sully, Mrs Tucker and Ms Webber.

Officers: Bruce Lang (Assistant Chief Executive and Monitoring Officer), Shirlene Adam (Director – Operations, Deputy CEO and s151 Officer), Heather Tiso (Revenues and Benefits Manager) and Emma Hill (Democratic Services Officer)

Also Present: Councillor Berry
Peter Barber - Associate Director, Grant Thornton
Kevin Henderson – Audit Manager, Grant Thornton
Ian Baker - Director, South West Audit Partnership (SWAP)
Nick Hammacott – Investigation Manager, South West Counter Fraud Partnership (SWCFP)

(The meeting commenced at 6.15 pm)

1. Apologies/Substitutions

Apologies: Councillors Govier, Hunt, Ryan and Miss Smith.
Substitution: Councillor Gage for Councillor Ryan.

2. Minutes

The Minutes of the Meeting of the Corporate Governance Committee held on 7 December 2016 were taken as read and were signed.

3. Declaration of Interests

Councillor Coles declared a personal interest as a Member of Somerset County Council. Councillor Hall declared a personal interest as a Director of Southwest One.

4. The Proposed Changes to TDBC Constitution

Members considered the report previously circulated, concerning changes which were being proposed by the Constitutional Sub-committee to the Council's Constitution. The proposed changes would provide greater clarity to timescales by which certain motions/amendments/questions were to be submitted in advance of Council meetings and provide sufficient time for any relevant research/analysis to be undertaken prior to the meeting in question.

The present clauses were somewhat ambiguous and did not always allow sufficient time for the necessary preparation work to be undertaken by Officers.

The Constitutional Sub-Committee had a standing item on its agenda to consider any potential suggested changes to items in the Constitution that could improve/facilitate efficient and effective governance of the Council.

At a meeting held on 27 November 2015 the Constitutional Sub-Committee considered three detailed proposals. These proposed changes affected the following areas of the constitution:-

- Notices of Motion Clause 4 (2) – detailed the notice period required in order to have a Notice of Motion. This included in the summons to a Council meeting.
- Amendments, Clause 6 (6) – detailed the deadline for any proposed amendments to the proposed budget.
- Questions from Councillors Clause 14 (2) – detailed the deadline for Councillors to submit written notice of any questions they wish to ask at Full Council

The Members of the Sub-Committee took the view that, by agreeing to these changes, it would both provide greater clarity for those Members who wish to submit motions/amendments/questions and provided sufficient time for answers to be prepared, which should be of benefit to all parties concerned.

Members were provided with a table detailing the current wording with the Constitution and proposed changes to those sections as appendix with the covering report.

During the discussion of this item the following points were made:-

- Concerns were expressed over the short length of time taken to research and propose the changes to the sections of the constitution.

Resolved:-

1. The officer's report be noted.
2. The proposed amendments to the Constitution be recommended for approval by Full Council.

5. Electoral Review of TDBC

Members considered the report previously circulated, concerning the context for the process and timetable associated with the Electoral Review (ER) of the Taunton Deane Borough Council (TDBC) area, which was to be undertaken by the Local Government Boundary Commission for England (LGBCE).

The LGBCE agreed in 2013 that there should be an electoral review of TDBC. The review was triggered as 42% of wards, currently had 10% more or fewer electors in them than the average for the authority.

The last review of TDBC's electoral arrangements was undertaken in 2006 when it was agreed to increase the council size from 54 to 56 members and to make some adjustment to the warding patterns.

The first task for the Council in this process was to consider authorising an agreed submission to the LGBCE on the size of the Council.

Following an introductory meeting with LGBCE, they commenced their work with briefings for TDBC Members, officers and parish councils in February 2016.

The first formal stage of the process was for the LGBCE to make a proposal regarding the size of wards and number of Elected Members. This included an opportunity for TDBC to submit its own proposal for consideration. The deadline to do this was by 6 May 2016 and so the intention was for any recommendation to go from this Committee to full Council on 12 April 2016.

The LGBCE would consider all submissions on Council size and then issue their recommended option after 21 June 2016. Following this there would be a period of consultation from 28 June 2016 until 5 September 2016. There would be a further opportunity to submit proposals and it might be necessary to schedule a special meeting of council to meet this deadline.

The LGBCE would issue their draft recommendations on 8 November 2016 and allow a period for consultation until 9 January 2017. The final recommendations would be made on 14 March 2017 with an order then being laid in Parliament with any new electoral arrangements coming into force for the May 2019 local elections.

It had been agreed that the sub-committee should lead on co-ordinating the work in TDBC to support this process and had already had progress reports at its November 2015 and February 2016 meetings. Officers had commenced work on providing the latest electoral data and developing electoral forecasts for the middle of 2022 as requested by the LGBCE.

There were two distinct parts to an ER:-

1. The consideration by the Council of its future size, which refers to the number of elected members required for effective conduct of council business corporately and by individual Members.
2. The consideration of new polling districts and, in turn, new ward boundaries.

All Group leaders were contacted and requested to submit any proposals or views in regard to the size of the council and a representation was received from the Conservative Group, which suggested that consideration be made to aiming for a figure in the early 40s, which would represent a reduction from the current figure.

This representation was generally considered to be in the right area and that there was merit in exploring an option in this quantum. This was then circulated to all political groups for comment and officers had continued to work on documenting current and proposed governance arrangements and fine tuning the electorate forecasts.

This work resulted in the draft submission, which was considered at the meeting of the sub-committee held on 4 March 2016 and following further refinement a draft submission was recommended for consideration by this Committee.

During the discussion of this item the following points were made:-

- Concerns were expressed about the percentage of the public and voters who did not have access to or wished to use a computer or the internet. Had this been taken into account? There would always be the need for the Council to take into account that a percentage of people would need help with or were

without computers. This would mean a minimum requirement for non-internet based Council Services to be available.

- Discussion took place relating to the percentage of contact Elected Members received from the residents within their Wards. It was felt by some Members with high levels of deprivation in their wards, that the contact from the public was more face to face rather than via email.
- Looking at Appendix Five, Corporate Scrutiny Committee was missing from the list.
- Discussion took place relating to what was included in the Electoral Review, the current proposed revised Elected Members numbers and what would happen if TDBC and WSC were to merge as Local Authorities. Members were given reassurance that they would be kept up to date with any progress made with Electoral Review and that the review was looking at TDBC current boundaries and did not include any possible merge with WSC.

Resolved that:-

1. The officer's report be noted.
2. Full Council be recommended to approve the draft submission with amendments be submitted to the LGBCE in respect of Council size.

6. Grant Thornton External Audit – Grant Claim Certification Report

Members discussed the letter previously circulated by email on 13 January 2016, which informed Members of the Corporate Governance Committee of the Council's Annual Audit Letter, which summarised the key findings arising from the work that had been carried out for the year ended 31 March 2015.

The key messages were:-

- The Housing Benefit claim for the financial year 2014/15 relating to subsidy of £32.3 million had been certified
- One other claim outside of the PSAA arrangements relating to the Pooling of Housing Capital Receipts return was certified. This claim was not referred to in this letter as it falls outside of the PSAA arrangements.
- A small number of issues arose from our certification work that resulted in an amendment to the claim and the issuing of a qualification letter.
- The External Auditors were satisfied that the Council had appropriate arrangements in place to compile a complete, accurate and timely claim for audit certification.
- The indicative Housing Benefit certification fee for 2014/15 for the Council was based on the final 2012/13 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer required certification had been removed.
- The final fee for 2014/15 of £10,390 was the same as the indicative scale fee set by the Audit Commission.
- The fee for the Pooling of Housing Capital Receipt was separately agreed with the management of the Council.

A copy of the letter sent to Member of the Committee was attached as part of the agenda.

During the discussion of this item the following points were made:-

- In response to a question on the length of time taken to complete this sort of Audit, the Committee was informed that Auditors were not able to give any detail of the precise length of time for this particular but it could take up to 40 days to complete.
- Auditors had very complex and detailed testing that must be completed during an audit. There were five modules to be worked through and the size of an audit might be affected by what had been found during the audit from the previous year.
- Discussion took place regarding the External Auditor's fixed fees, how these were set and that they were not affected by the amount of work or how long the work took to complete.

Resolved that the Auditor's Letter be noted.

7. Grant Thornton External Audit – Audit Update

Members considered the report previously circulated, concerning a regular update report for Members by our external auditors, Grant Thornton. Specifically the report provided an update in relation to their work for the 2015/16 financial year and also provided an update in relation to emerging national issues.

The report updated Members on the status, progress and completed work in relation to the auditor's planned schedule of work, year ending 31 March 2016. The Auditors completed risk assessments in the prescribed audit work areas. If any risks came out of the assessment process, the Auditor's would look into those risks and the area in further detail.

In addition, this report updated Members on any national headlines and issues that might have an impact upon the Council.

During the discussion of this item the following points were made:-

- In response to a question regarding when the Actuary's next review of the Council's Pension contributions and how the Council would deal with the any short would fall highlighted during that review, the Committee was informed that this was due to be complete by the Actuary this summer.

Resolved that the update provided be noted.

8. Grant Thornton External Audit – Audit Plan 2015/16

Members considered the report previously circulated, concerning the External Audit Plan for 2015/16. This was prepared by our external auditors, Grant Thornton.

The Auditor's report summarised their approach to the 2015/16 audit programme, provided information on the work already undertaken, the tasks yet to be completed, the timescales and the auditors view on risk.

The audit work required related to the preceding financial year (2015/16). Specifically this audit work focused on the provision of an audit opinion in relation to the accounts, value for money (VFM) and associated key risks.

A copy of the plan for 2015/16 was attached with the covering report.

During the discussion of this item the following points were made:-

- Concerns were expressed over what the auditors considered to be trivial amount when deciding not to report errors and the set amount of £80,000 would not be considered by the residents of Taunton Deane.
- Members were reassured that the Auditors understood that no amount of money was trivial but a level must be set for reporting errors concerning money.

Resolved that the External Audit Plan for 2015/16 received from Grant Thornton be noted.

9. SWAP Internal Audit – Internal Audit Plan 2015/16

Members considered the report previously circulated, concerning the 2015-16 Annual Audit Plan. This provided independent and objective assurance on TDBC's Internal Control Environment. This work would support the Annual Governance Statement.

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 the last report to the committee in December 2015 as well as 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.

A copy of the Internal Auditor's Progress Report for 2015/16 was attached as an appendix with the covering report.

During the discussion of this item the following points were made:-

- Concerns were expressed over those audits with a partial assurance at the end of Quarter four 2015/16 and that Member would be monitoring the updates going into 2016/17 to monitor their outcome. Members were reassured that those audits with a partial assurance would be included in next year's planned works and Members would be kept up to date on their progress.

Resolved to note the progress made in delivery of the 2015/16 internal audit plan and significant findings since the previous update in December 2015.

10. SWAP Internal Audit – Internal Audit Plan 2016/17 and Audit Charter

Members considered the report previously concerning the introduction of the Internal Audit Plan for 2016/17 and the incorporated Internal Audit Charter, which set out the operational relationship between TDBC and the South West Audit Partnership (SWAP).

The internal audit plan for 2016/17 was set out as an attached appendix with the covering and the Auditors confirmed that the plan focussed on key risks areas. This was a flexible plan that could be amended during the year to deal with shifts in priorities.

The Internal Audit Plans for TDBC had been discussed and supported by the Councils Joint Management Team.

SWAP, the Council's Internal Audit Service worked to a Charter, which defined its roles and responsibilities and the roles and responsibilities of the Borough's managers as they relate to internal audit. Best practice in corporate governance required that the Charter be reviewed and approved annually by the Committee. The Charter had been amended and approved by the Committee in March 2015.

A copy of the amended Internal Audit Charter was attached as an appendix with the covering report.

During the discussion of this item the following points were made:-

- In response to a question relating to when the listed follow up audits would be completed, the Committee was informed that these would be completed six months after the initial audit actions were raised with the service.

Resolved that:-

1. The Officer's report be noted
2. The Internal Audit Plan for 2016/17 be approved
3. The Internal Audit Charter be approved.

11. Update on Corporate Counter Fraud

The Committee considered presentation previously circulated, concerning an update on Corporate Counter Fraud by the South West Counter Fraud Partnership (SWCFP). The partnership provided an investigation service for South Somerset District Council (SSDC), Taunton Deane Borough Council (TDBC) and West Somerset Council (WSC).

The Investigation Manager from SWCFP gave an information presentation to Members detailing the work and progress of the partnership. Below was a summary of the information presented to the Committee:

- Service Level Arrangement with all partners
- Ongoing work in relation to Data Protection protocol and Investigation Work Plan.
- The partnership had two staff going through specific training for this position.
- Targeted financial savings across all partners at end of the year was £88.7k.
- The Council contribution was £20k and the financial based on the contribution were £44.3k
- There had been no financial savings achieved to date.
- There had been 20 allegations of fraud as well as six active investigations.

- SWCFP had created a proactive work plan, which was for resourcing purposes but would remain flexible throughout the year responding to service demand and need.
- The officers collected data sets from a variety of sources such as creditors, council tax, electoral roll and licensing.
- Analysis of the data allowed officers to identify peaks, troughs, anomalies and trends to investigate cases of fraud.
- SWCFP had completed Fraud Awareness sessions with Elected Members and staff.
- Council Tax Single Person Discount (CTAX SPD) - Currently the partnership is actively comparing data sets such as licensing, housing and electoral roll with those receiving CTAX SPD to investigate fraud in this area. This was currently done at SSDC but we were looking to introduce into TDBC.

During the discussion of this item the following points were made:-

- Discussion relating the specified partnership and individual authority financial savings as well as the partnership funding sources. The overall cost of the partnership was £112k with the majority funded by Department for Communities and Local Government (DCLG)
- In response to a question regarding the cost to the Council for this service, the Committee was informed that TDBC's contribution to the partnership was £20k per year and the Council financial savings target was £44.3k for the first year.
- Discussion relating to the cross referencing of data sets used at SSDC in the investigation of fraud within Council Tax Single Person Discount.
- In response to a question regarding whether or not the partnership investigate fraudulent sub-letting, the Committee was informed that they did investigate this.
- Discussion regarding other external sources for evidence gathering including credit history.
- In response to a question relating to the inclusion of a naming and shaming policy for those who commit fraud, the Committee was informed that it was included but the Council had to be mindful to pick the right cases to do this with.

Resolved that the SWCFP Information Update be noted.

12. Anti-Fraud and Corruption Policy and Strategy – Council Tax Penalties

Members considered the report previously circulated, concerning the refresh of the Anti-Fraud and Corruption Policy and Strategy to recognise South West Counter Fraud Partnership (SWCFP's) anti-fraud activities, as well as updating for procedural changes.

The policy now provided guidance on the available options to deal with those committing Council Tax or Council Tax Support fraud or those who negligently make incorrect statements, or fail to notify a change affecting their entitlement to a Council Tax discount, exemption or reduction.

Responsibility for benefit fraud passed to the Department for Work and Pensions through the formation of the Single Fraud Investigation Service, in June 2015. From August 2015, the South West Counter Fraud Partnership (SWCFP) had delivered a Corporate Anti-Fraud service, providing a full counter fraud function for

the Council.

Attached to the covering report for the Committee's attention were copies of the Revised Anti-Fraud and Corruption Policy and Strategy, Whistle-blowing Policy, Anti-Bribery Policy and Anti-Money Laundering Policy.

The revision and update of the Anti-Fraud and Corruption Policy and Strategy was in recognition of changes since its introduction in 2014 and to reflect current best practice and guidance. This was key in assisting in the on-going improvement of fraud prevention controls and in detecting and investigating fraud committed against the Council. The Whistle-blowing, Anti- Bribery and Anti-Money Laundering Policies had been updated where necessary.

This guidance would provide information to residents on when penalties would be imposed as well as ensuring consistency for officers imposing the penalties. It was therefore proposed to implement the power to impose penalties upon the approval of the policy.

During the discussion of this item the following points were made:-

- Members commented that the Council should consider mass prosecution of fraud cases similar to those prosecuted for a lack of TV Licence. Grouping together prosecution of those cases, I could save money .In response to a question relating to the inclusion of advertising the Council's new approach to dealing with those who commit fraud and including the penalties, the Committee was informed that the Council had issued information with the 2016/17 Council Tax bill to the residents of Taunton Deane concerning the new approach.

Resolved that:-

1. The Officer's report be noted.
2. The Executive Committee be recommended to approve the draft revised Anti-Fraud and Corruption Policy and Strategy.
3. The Executive Committee recommended to approve the introduction of penalty charges to assist in the prompt and accurate assessment of Council Tax liability.

13. Verbal Update on Corporate Risk Management

The Director for Operations updated the Committee stating that a full update report on Corporate Risk Management would be presented to Members at the Committee Meeting in May 2016.

Resolved that the change to the agenda and the forward plan be noted.

14. Corporate Governance Committee Forward Plan

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

The Director of Operations informed the Committee that the Report on the Review of the Financial Regulations would not be ready would need to be moved to the September 2016 meeting.

Resolved that the changes to the Corporate Governance Committee Forward Plan be noted.

(The meeting ended at 8.00pm).