

# Annual Governance Statement (2019/2020)

The logo for Somerset West and Taunton Council, featuring the text "Somerset West and Taunton" in white on a teal background with a white swoosh.

## **1.0 Introduction**

- 1.1 This is the first Annual Governance Statement for Somerset West and Taunton Council.
- 1.2 Everything the Council does is focused around delivering our ambitious vision for Somerset West and Taunton and to ensure that we deliver the best possible services and outcomes for our Community whilst providing good value for our stakeholders
- 1.3 This statement provides an overview of how the Council's governance arrangements operate.
- 1.4 Corporate governance refers to the processes by which organisations are directed, controlled, led and held to account. It is also about culture and values - the way that Councillors and employees think and act.
- 1.5 The Council's corporate governance arrangements aim to ensure that it does the right things in the right way for the right people in a way that is timely, inclusive, open, honest and accountable.
- 1.6 This statement describes the extent to which the Council, has, for the year ending 31st March 2020, complied with its Governance Code and the requirements of the Accounts and Audit Regulations 2015. It also describes how the effectiveness of the governance arrangements have been monitored and evaluated during the year and sets out any changes planned for the 2020-2021 period.
- 1.7 The Statement has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

## **2.0 Key elements of governance**

- 2.1 Somerset West and Taunton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also has a duty to continuously improve the way that it functions, having regard to effectiveness, quality, service availability, fairness, sustainability, efficiently and innovation.

- 2.2 To meet these responsibilities, the Council acknowledges that it has a duty to have in place sound and proper arrangements for the governance of its affairs, including a reliable system of internal control, and for reviewing the effectiveness of those arrangements.
- 2.3 The key elements of the Council's governance framework are highlighted in Appendix A.
- 2.4 The Governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the strategic themes and expected outcomes as set out in our Corporate Strategy.
- 2.5 The Council's Local Code of Corporate Governance, which was last reviewed and approved in March 2020.
- 2.6 The document included a section on actions for 2020/21 to strengthen the Council's governance arrangements. These actions have been included in the Action Plan which can be found at Appendix B.

**Our commitment to good governance is made across the following core principles:**

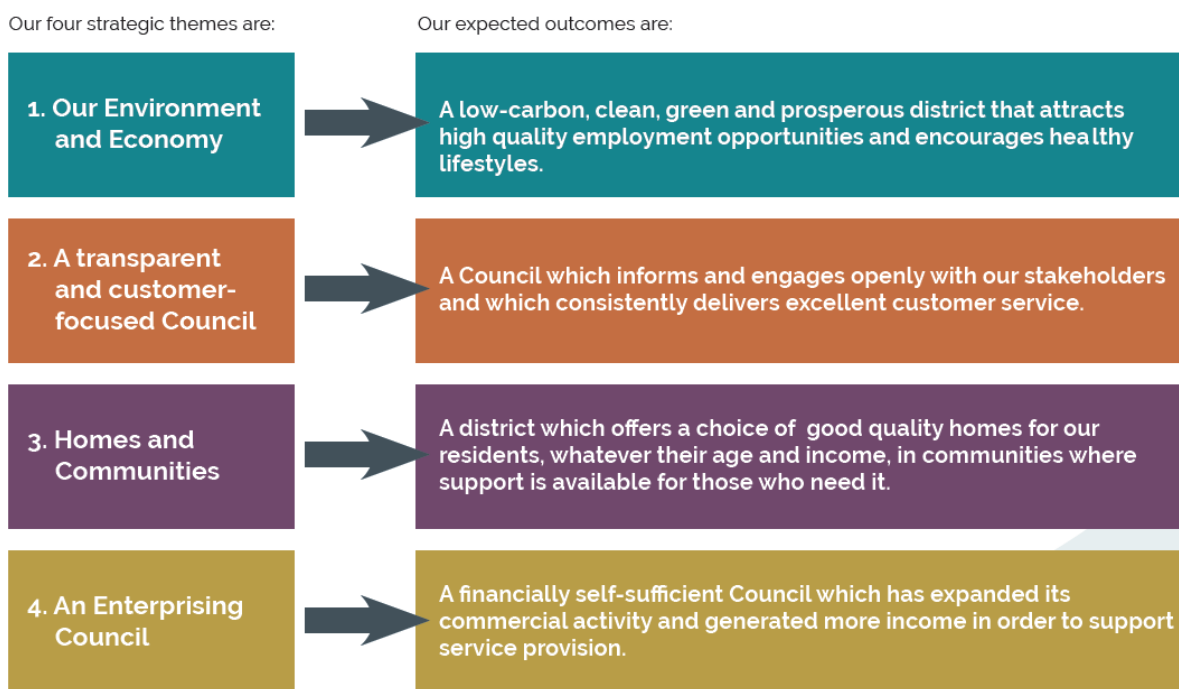
- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### 3.0 Evidence based opinion

3.1 Some of the key pillars of the Council's governance framework are:

#### 3.2 Corporate Strategy & Business Planning

3.2.1 The Council's Corporate Strategy for 2020-24 contains the four priority strategic themes and outcomes, as follows:



3.2.2 The Corporate Strategy helps us to focus our resources and drive improvement, and sets out where we will focus our energies and our increasingly limited resources and how we will measure our success.

3.2.3 An annual plan has been produced which focuses on what the Council has delivered in the 2019/20 year and also to outline the key priorities and areas of focus for the 2020/21 financial year.

3.2.4 Directors are currently working on producing Business Plans for their directorate. Once this work has been completed it will be rolled out across the organisation.

3.2.5 A number of recommended actions are included within the Action Plan to strengthen and improve the Council's governance arrangements in this area

#### 3.3 Evaluating Performance

3.3.1 The Business Intelligence and Performance Manager is working with each Director to draw up a Directorate Performance Scorecard. Once this work has been completed it will be rolled out across the organisation.

3.3.2 Two Performance Reports went before Members in 2019/20.

3.3.3 There are a number of actions relating to Performance Management within the Action Plan (attached as Appendix B), which will strengthen the Council's arrangements in respect of Performance Management.

3.3.4 A Performance Framework has been drafted. An Improvement, Performance and Risk Board has been set up and this involves the Senior Management Team, Assistant Directors and other appropriate officers meeting monthly to consider performance amongst other things.

### 3.4 Managing Risk

3.4.1 The management of risk is key to achieving what is set out in the Corporate Strategy and to ensuring that we meet all of our responsibilities.

3.4.2 Our Risk and Opportunity Management Strategy is fundamental to the system of internal control and forms part of a sound business operating model. It involves an ongoing process to identify risks and to prioritise them according to likelihood and impact.

3.4.3 The Key Business Risk Register is reviewed and challenged by the Senior Management Team on a regular basis, and new and emerging risks are added to the Register.

3.4.4 All members and managers are responsible for ensuring that risk implications are considered in the decisions they take. This is especially important in meeting the Council's financial challenges.

3.4.5 In 2020/21, the Key Business register will be reviewed and challenged by Members as part of the Performance and Risk Report that will go before Committee on a quarterly basis. This is to ensure that, as far as possible all significant risks have been identified and that the controls manage the risks efficiently, effectively and economically.

3.4.6 There are a number of actions relating to Risk Management within the Action Plan (attached as Appendix B), which will strengthen the Council's governance arrangements in respect of Risk Management.

3.4.7 The South West Audit Partnership have recently completed a Health Check review of the Council's Risk Management arrangements and have confirmed that the items in the Action Plan are appropriate actions to strengthen our governance arrangements.

3.4.8 As outlined above, an Improvement, Performance and Risk Board has been set up and this also considers risk including the key business risks.

### 3.5 Financial Management

- 3.5.1 The Assistant Director for Finance is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972, and our financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's 'Statement on the Role of the Chief Financial Officer in Local Government' (2016).
- 3.5.2 The Medium Term Financial Plan sets out the Council's strategic approach to the management of its finances and outlines some of the financial issues that we will face over the next three years.
- 3.5.3 Our Treasury Management arrangements, where the Council invests and borrows funds to meet its operating requirements, follow professional practice and are subject to regular review.
- 3.5.4 The Reserves Strategy enables the Council to meet its statutory requirements and sets out the different types of reserve, how they may be used and the monitoring arrangements.
- 3.5.5 Budget monitoring reports have been taken to Committees on a regular basis in 2019/20 and have set out any variances.
- 3.5.6 All members and officers are responsible for ensuring that financial implications are considered in the decisions they take.
- 3.5.7 The Action Plan includes actions relating to strengthening the Council's financial arrangements as well as delivering on actions arising from Internal Audit reports.

### 3.6 Climate Emergency

- 3.6.1 The Council declared a Climate Emergency in March 2019.
- 3.6.2 The Council's Corporate Strategy includes the priority strategic theme of 'Our Environment and Economy' and has the objective of:

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Work towards making our District carbon neutral by 2030 - deliver projects based on a Carbon Neutrality and Climate Resilience Plan that work toward this goal (for example installing electric vehicle charging points across the District) .

- 3.6.3 The Council has set up a Members Working Group on Climate Change and officers are working with this Group on the Somerset West and Taunton Carbon Neutrality and Climate Resilience Plan. This document will set out the actions that the Council will deliver in terms of Climate Change.
- 3.6.4 The Action Plan has now been drafted and officers are now working on the delivery of the actions.

3.6.5 Member representatives are on Countywide Groups working on the Somerset Climate Change Strategy.

3.6.6 All members and officers are responsible for ensuring that climate change implications are considered in the decisions they take.

### 3.7 Decision Making and Responsibilities

3.7.1 The Council consists of 59 elected Members, with an Executive consisting of the Leader and nine Portfolio Holders who are supported and held to account by the Scrutiny Committee.

3.7.2 Our Constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business, and a section on responsibility for functions, which includes a list of functions which may be exercised by officers. It also contains the rules, protocols and codes of practice under which the Council, its Members and officers operate.

3.7.3 The Articles and Terms of Reference within the Council's Constitution clearly define the roles and responsibilities of:

- Full Council
- The Cabinet
- Scrutiny Committee
- Audit, Governance and Standards Committee
- Planning Committee
- Licensing Committee

3.7.4 The Constitution is updated at least annually to take account of changing circumstances. A Member Working Group has been set up to review the Constitution and any recommendations for change will be made to the Audit, Governance and Standards Committee and then Full Council.

3.7.5 The Constitution sets out the functions of key governance officers, including the statutory posts of 'Head of Paid Service' (Chief Executive), 'Monitoring Officer' (Governance Manager) and 'Section 151 Officer' (Strategic Financial Advisor and S151 Officer) and explains the role of these officers in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also for providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.

### 3.8 Openness and Transparency

3.8.1 Article three of the Council's Constitution sets out citizens' rights in respect of:

- (a) Voting and petitions;
- (b) Information;
- (c) Public Participation; and
- (d) Complaints

3.8.2 A number of petitions have been presented to the Council in 2019/20.

3.8.3 Agendas and papers for all Committee meetings are published at least five clear working days before the meeting and members of the public are able to participate in meetings through Public Question Time.

### 3.9 Ethical Behaviour and Conduct

3.9.1 Our Codes of Conduct for Members and for Officers set out the standards of conduct and behaviour that are required. They are regularly reviewed and updated as necessary and both groups are regularly reminded of the requirements.

3.9.2 These include the need for Members to register personal interests and the requirements for employees concerning gifts and hospitality, outside commitments and personal interests.

3.9.3 The Council also has an Audit, Governance and Standards Committee which is responsible for promoting and maintaining high standards of conduct by Councillors.

3.9.4 An Audit of ethical behaviour and conduct is currently taking place and this includes a survey which has gone out to Officers and Members.

### 3.10 Member Training and Development

3.10.1 Following the District Council elections in May 2019, a programme of Induction Training was rolled out for all Councillors.

3.10.2 All Councillors have been invited to have a one to one session to talk about personal development so that any training and development needs can be identified. A Member Training Plan will then be produced.

3.10.3 Regular Member Briefings are held to keep them updated on matters of importance.

### 3.11 Equality

3.11.1 The Council is committed to delivering equality and improving the quality of life for the people of the District. We have nine Corporate Equality Objectives for 2019-2023, which are:

**Objective 1:** Councillors and officers will fully consider the equality implications of all decisions they make.

**Objective 2:** Those with protected characteristics feel empowered to contribute to the democratic process and any Council activity that affects them; their input is used to inform the planning and delivery of services.

**Objective 3:** Communities with protected characteristics are able to access services in a reasonable and appropriate way.

**Objective 4:** Actions are taken to identify and reduce any inequalities faced by our staff or our potential employees.

**Objective 5:** Work with communities and voluntary sector groups to address inequalities experienced by low incomes families and individuals.

**Objective 6:** Improve the opportunities for integration and cohesion.

**Objective 7:** Improve understanding of mental health and access to support.

**Objective 8:** Work with the Gypsy and Traveller community to improve the provision of pitches.

**Objective 9:** Create an Equality Working Group for Staff in the Public Sector in Somerset.

3.11.2 In order to meet these objectives, the Council has a Corporate Equalities Action Plan, which sets out what we are already doing to support each objective as well as actions we will take to deliver against the equality objectives.

3.11.3 Any new Council policy, proposal or service, or any change to these that affects people must be the subject of an Equality Impact Assessment to ensure that equality issues have been consciously considered throughout the decision making processes.

3.11.4 All members and officers are responsible for ensuring that equality implications are considered in the decisions they take.

### 3.12 Procurement of goods and services

3.12.1 The Council recognises the value of considering different service delivery options in delivering our Council Plan. The effective commissioning and procurement of goods, works and services is therefore of strategic importance to our operations, while robust contract management helps to provide value for money and ensure that outcomes and outputs are delivered.

3.12.2 Operational procedures for tendering, contract letting, contract management and the use of consultants are included in the Contract Procedure Rules which form part of the Council's Financial Regulations.

### 3.13 Whistleblowing

3.13.1 People who work for or with the Council are often the first to realise that there may be something wrong within the Council. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation.



3.13.2 The Council has a Whistleblowing Policy that advises staff and others who work for the Council how to raise concerns about activities in the workplace. Full details are provided on the Council's website.

### 3.14 Counter Fraud

3.14.1 We recognise that as well as causing financial loss, fraud and corruption also detrimentally impact service provision and morale, and undermine confidence in the Council's governance and that of public bodies generally.

3.14.2 The Council has an Anti-Fraud and Anti-Corruption Policy which adopts a zero tolerance approach to fraud and corruption.

### 3.15 Audit and Audit Assurances

3.15.1 South West Audit Partnership (SWAP) are the Council's Internal Auditors.

3.15.2 During the 2019/20 financial year, SWAP have carried out a number of Audits across the Council and given their opinion on the level of assurance as well as risk and priority in terms of taking action in terms of any recommendations, as follows:

Assurance Definitions	
<b>None</b>	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Reasonable</b>	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Substantial</b>	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks		Categorisation of Recommendations	
<b>Risk</b>	<b>Reporting Implications</b>	In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.	<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.	<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.	<b>Priority 3</b>	Finding that requires attention.

3.15.3 SWAP report regularly to the Audit, Governance and Standards Committee, highlighting any areas of concern.

3.15.4 Any overdue Priority one recommendations are also reported to the Audit Committee.

3.15.5 As well as delivering the Audit programme in 2019/20, SWAP carried out a review of the Transformation Programme, focusing on lessons learnt, that was carried out by Taunton Deane and West Somerset District Councils. This report was discussed by a joint Scrutiny and Audit, Governance and Standards Committee and then Executive in early 2020.

#### **4.0 New and Emerging issues since March 2020**

- 4.1 The Council has taken action to play its part in dealing with the Coronavirus Pandemic.
- 4.2 The Council's continuing priorities during the Coronavirus outbreak are to:
- Preserve critical services;
  - Safeguard the public; and
  - Ensure our most vulnerable residents are supported.
- 4.3 Regular weekly meetings take place to discuss Risks, Actions, Issues and Decisions and these have been recorded in one document. Resources have been diverted to focus on delivering the priorities above.
- 4.4 The Council website has a Coronavirus information and advice page for members of the public and weekly newsletters have been going out to District Councillors, Town and Parish Councils, the Business Sector and the Voluntary and Community Sectors. Officers have also been kept up to date with regular internal communications and a staff page on the Sharepoint site.
- 4.5 Since the end of April, the Council has held virtual Committee meetings to ensure that the business of the Council can continue. These meetings are live streamed so that members of the public can watch at home.

#### **5.0 Significant governance issues**

- 5.1 At the current time, there are no significant governance issues but a number of recommendations for improvement are set out in Appendix B. The action plan details the governance issues that have been identified, the proposed action, the responsible officer and the target date for completion.
- 5.2 The work of Internal Audit identified 6 systems that were classed as giving partial or no assurance – Payroll, Information Management Project, Bank Arrangements, Treasury Management, Main Accounting System and Debtors.
- 5.3 Three follow up audits were carried out in 2019/20 due to partial or no assurance for these areas in 2018/19 – Fire Safety Management, Supplier Resilience and Bereavement Services.
- 5.4 The Audit, Governance and Standards Committee will continue to review progress against any audit recommendations classed as Priority 1 or 2.

#### **6.0 Conclusion**

- 6.1 Currently we can provide partial assurance that the Somerset West and Taunton Council's governance arrangements are fit for purpose.

6.2 However, addressing the issues set out in the Action Plan (Appendix B) will bring the Council's arrangements up to being substantially fit for purpose.

**Signed**

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James Hassett  
Chief Executive Officer  
Date:

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Cllr Federica Smith-Roberts  
Leader of the Council  
Date:

## APPENDIX A - CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

### Key Documents: Annual Review/Production:

- Annual Governance Statement
- Annual Statement of Accounts
- Business Plans
- Committee report procedure
- Constitution
- Corporate Plan
- Performance Report
- Corporate Risk Register
- Delegations from/to Senior Management Team
- Equality Information
- Medium Term Financial Plan
- Members Allowances Scheme
- PSIAS Checklist
- Treasury Management Strategy
- Annual Investment Strategy

### Key Documents: Ad-hoc Review/Production:

- Corporate Strategy 2019-2023
- Anti-Fraud and Corruption Policy
- Business Continuity Plans
- Community Engagement Framework
- Declarations of Independence
- Financial Regulations
- Contract Procedure Rules
- Health and Safety Policies
- Information Governance Framework
- Member/Officer Relations Protocol
- Members' Code of Conduct
- Officer Employment Procedure Rules
- Officers' Code of Conduct
- Record of Decisions
- Risk & Opportunity Management Policy
- Whistleblowing Policy

### Contributory Processes/ Regulatory Monitoring:

- Audit, Governance and Standards Committee
- Budget Monitoring Process
- Corporate Governance Officer Group
- Corporate Health & Safety Committee and processes
- Corporate Intranet
- Council Tax leaflet
- Customer feedback process
- External Audit
- Joint Independent Remuneration Process
- Internal Audit
- Job Descriptions
- Job Evaluation Process
- Law & Governance
- Member Training Scheme
- Monitoring Officer
- Partnership Arrangements
- Schedule of Council meetings
- Scrutiny Framework
- Staff Induction
-