

Annual Governance Statement (2021/2022)

1.0 Introduction

- 1.1 This is the third 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 2022, 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 2022/2023 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).
- 1.8 The Statement has also been prepared taking into consideration the contents of the CIPFA Bulletin 10, dated April 2022 – closure of the 2021/22 financial statements which concerns:
 - the impact of the continuing Covid-19 pandemic on governance arrangements,
 - the need to focus and reflect on the weaknesses in governance to identify learning points and to mitigate the risk of similar issues arising,
 - compliance with the Financial Management Code adopted in 2021/22 and identify any outstanding areas for improvement or change.

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 Governance Framework has been in place at Somerset West and Taunton Council for the year ended 31 March 2022 and will be reviewed up to the date of the approval of the 2021/22 Statement of Accounts. 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 was last reviewed and approved by the Audit and Governance Committee on 22 March 2022.

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 A video has been produced to set out the Annual Plan priorities for the Council in 2022/23 and this will also highlight achievements from the 2021/22 annual plan.

3.2.4 The Corporate Performance Report, Quarter 4 and Outturn position for 2020/21 went to the Corporate Scrutiny Committee on 7 July 2021 and then to the Executive on 21 July 2021. Quarterly Performance Reports have gone to both the Corporate Scrutiny Committee and Executive during 2021/22. The Quarter 4 and Outturn position for 2021/22 is scheduled to go to the Corporate Scrutiny Committee on 6 July 2022 and Executive on 20 July 2022.

3.2.5 There is a Directorate Plan in place for each Directorate which links to the Corporate Strategy 2020-2024 and Annual Plan 2021/22. The Directorate Plans are regularly reviewed to ensure

that they are living documents and pick up and new and emerging priorities. In the 2021/22 financial year this included the Coronavirus Pandemic and the Unitary Councils in Somerset debate.

3.2.6 All Directors meet regularly with their Assistant Directors, Human Resources Business Partner and Finance Business Partner to review their directorate plans, budgets and people.

3.3 Evaluating Performance

3.3.1 The Council has a Performance Management Framework in place. This was refreshed and signed off in May 2021.

3.3.2 There is a Corporate Performance Scorecard in place, as well as a Performance Scorecard for each Directorate.

3.3.3 The Corporate Performance Board met monthly in the 2021/22 financial year and this includes the Senior Management Team and other appropriate officers. In September 2021, the terms of reference for the Corporate Performance Board were reviewed, and as a result some changes were made. Due to the pressures of Local Government Reorganisation, the decision was made that the Assistant Directors would attend the Corporate Performance Board.

3.3.4 The Corporate Performance Board meetings now focus on the standing items of:

- Performance Summary – Corporate Scorecard and Directorate Scorecards
- Budget Monitoring Reports

3.3.5 The Corporate Risk Register and Project Management overview now go to the Senior Management Team meetings on a monthly basis. Each directorate also has its own Performance Board and this includes reviewing budget, performance, risks and projects. The Audit actions are reviewed through the Directorate Performance Boards on a quarterly basis (if appropriate – i.e. if there are any audit actions relating to the directorate). Human Resources data relating to sickness and turnover goes to the Directorate Health and Safety Boards on a monthly basis.

3.3.6 Quarterly Performance Reports went before Members in 2021/22. These were taken to the Corporate Scrutiny Committee (Q1 on 01/09/21, Q2 on 01/12/21 and Q3 on 02/03/22) and Executive (Q1 on 15/09/21, Q2 on 15/12/21 and Q3 on 16/03/22).

3.3.7 The Internal Auditors carried out an audit of the Council's performance management arrangements in November 2021 and confirmed that the

arrangements give substantial assurance.

3.4 Managing Risk

- 3.4.1 The management of risk is key to achieving what is set out in the Corporate Strategy and Directorate Plans to ensure 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. The Risk and Opportunity Management Strategy is reviewed and updated on an annual basis and went before the Audit and Governance Committee on 22 March 2022. The Risk and Opportunity Management Strategy was updated for 2022/23 to include strategic risks relating to:
- the economy (inflation, interest rates, energy bills, supply chain disruption and people shortages);
 - Unitary Council for Somerset (impact on resources in 2022/23 and the knock-on impact this may have on service delivery);
 - Human Resources (impact of Covid-19, the recruitment and retention of staff due the Unitary and the number of jobs available in the UK)
- 3.4.3 The Key Business Risk Register is reviewed and challenged by the Senior Management Team on a monthly basis. 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 2021/22, the Key Business risk register was reviewed and challenged by Members as part of the Corporate Performance Report that went before the Corporate Scrutiny Committee and Executive on a quarterly basis (as per the dates set out in section 3.3.6). 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. A report was taken to the Corporate Scrutiny Committee and Executive in May 2021 giving an update on all risks and issues.
- 3.4.6 Whilst the Council's Risk Management arrangements were much more robust in 2021/22, work still needs to be done to embed risk management across the organisation. The Internal Auditors carried out an audit on the Council's Risk Management arrangements in October 2021 and confirmed that the arrangements give reasonable assurance. They recommended some low priority actions including:

- Moving the risk registers from an excel spreadsheet to Sharepoint. This has been completed.
- Risk Management training for Members. This is included as an action within the Action Plan at Appendix B.
- Risk Management training for staff. The Council is investigating an e-learning module for staff and this is also going forward as an action for the LGR work stream dealing with Risk Management. This is included as an action within the Action Plan at Appendix B.
- Job descriptions to outline in greater detail the responsibility for risk management. This is being picked up with the LGR work.

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 To fund the Corporate Strategy, the Council prepares a Medium Term Financial Plan. This 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. This covers how we will use our reserves, our investments, the approach to Council Tax, and how we will deploy our capital. It also looks over the medium term at the cost pressures we are likely to face and how these could be financed.
- 3.5.3 The COVID-19 pandemic led to a significant increase in financial risks and uncertainty, as well as significant additional costs for the Council and its services. The Senior Management Team have adapted the financial strategy and budget control regime flexibly through the year to mitigate risk and support the Council's priorities in response. We have managed the impact and maintained the Council's financial resilience through this turbulent time.
- 3.5.4 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. The Capital, Investment and Treasury Strategy for 2021/22 was approved on 17/03/21, and the Strategy for 2022/23 was approved on 16/03/22.
- 3.5.5 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.

- 3.5.6 Budget monitoring reports are made to the Corporate Performance Board on a monthly basis and have been taken to Committees on a quarterly basis during 2021/22, setting out any variances. These were taken to the Corporate Scrutiny Committee (Q1 on 01/09/21, Q2 on 01/12/21 and Q3 on 02/03/22) and Executive (Q1 on 15/09/21, Q2 on 15/12/21 and Q3 on 16/03/22). The Q4 and outturn position reports are scheduled to go to the Corporate Scrutiny Committee on 01/06/22 and Executive on 15/06/22.
- 3.5.7 All members and officers are responsible for ensuring that financial implications are considered in the decisions they take.
- 3.5.8 CIPFA issued a new Financial Management Code (the 'FM Code' in December 2019. The Council has operated within the principles of the Code through last year, for example with the S151 Officer being a member of SMT from the summer of 2020. A full assessment of compliance with the Financial Management Code was taken to the Audit and Governance Committee in September 2021. The self assessment set out that the Council was meeting all areas of compliance. There were some areas of improvement also highlighted in the assessment and any areas not actioned are included in the action plan (Appendix B). The current position is that there has been no step-down from the levels of controls and assessment practices employed across the Council, SMT, Member forums or audit. Audit assurances continue to substantiate the findings included in the September 2021 report. There has been no update to the Financial Resilience Statement. As stated in the September 2021 report, the preparations towards, and impact of, Local Government Reorganisation (LGR) continue to shape the Council's planned activities, longer-term sustainability and resource measures. Following the budget round reported and approved in February 2022, development of the MTFP will now be transferred to the development phases of the new Unitary Council.

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:

1 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 Somerset Climate Strategy and Somerset West and Taunton Carbon Neutrality and Climate Resilience Plan were approved by the Council on 26 October 2020.
- 3.6.4 The Action Plan set out that the focus would be on:

- District-wide retrofit
- New build and retrofit of existing Council Housing
- Renewable Energy
- Electric Vehicles
- Taunton Park & Ride and Town Centre Parking
- Active Travel
- Re-opening Wellington Station
- Working with Somerset County Council on transport projects
- Digital connectivity
- Growing a carbon neutral local economy
- Green and Blue Infrastructure
- Tree Planting
- Wildflower meadows and open space management
- Coastal change management
- Taunton Strategic Flood Alleviation Improvements Scheme
- Local Plan Review

3.6.5 Officers continue to work on delivering the Plan and projects are included in the relevant Directorate Plans.

3.6.6 A report on Carbon Neutrality and Climate Resilience Finance was taken to the Community Scrutiny Committee on 3 June 21. This report included details on expenditure to date, as well as which projects money would be spent on going forward.

3.6.7 The Community Scrutiny Committee also received the Annual Carbon Neutrality and Climate Resilience progress update report on 27 January 22. The action plan accompanying the report provided an update on progress in relation to Year One immediate actions.

3.6.8 In March 2022, the Council approved 'Climate positive planning: interim guidance statement on planning for the climate emergency'.

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

3.6.10 Climate Change and Environmental Training was rolled out across the organisation in April 2021 and was offered to officers and Members. The training was designed to help individuals to understand their impact on the environment and what they can do to have a positive impact on it.

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 Committees.

- 3.7.2 From May 2021, the Council resumed holding Committee meetings back in the Chamber at Deane House, due to the fact that we were unable to legally hold virtual committee meetings after 04/05/21. All Members on the Committee were required to attend in person along with officers playing a key role in the meeting. Members of the public were given the option of attending the meeting to ask a question or read out a statement, or a member of the Governance Team could read out their question(s)/ statement. We continued to webcast our Committee meetings, so that as many people as possible were able to participate in the democratic process.
- 3.7.3 During the 2020/21 financial year, the Council reviewed its governance arrangements and resolved that the Council moved to a Committee system of governance from the Council AGM on 10 May 2022, unless a decision was made to set up a Unitary Council for the area from 2023. The decision was made by the Secretary of State to move to one Unitary Council for Somerset, so the Council continues with Executive arrangements until its end date on 31/03/23.
- 3.7.4 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.
- 3.7.5 The Articles and Terms of Reference within the Council's Constitution clearly define the roles and responsibilities of:
- Full Council
 - The Cabinet
 - Corporate Scrutiny Committee
 - Community Scrutiny Committee
 - Audit and Governance Committee
 - Planning Committee
 - Licensing Committee
 - Standards Committee
- 3.7.6 The Constitution is updated at least annually to take account of changing circumstances. Recent updates to the Constitution have included:
- A Member Champions Protocol
 - A Member Working Group Protocol
 - A protocol on speaking at Planning Committee Meetings
 - Planning Committee Members Code of Good Practice
 - Updated Financial Procedure Rules
 - Updated Committee Terms of Reference and Procedure Rules following changes to the governance structure (outlined in section

3.7.5).

3.7.7 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' (Assistant Director - Finance) 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 No petitions were presented to the Council in 2021/22.

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. Members of the public are also able to watch Committee meetings via the live webcast or watch the recording of the meeting at a time that suits them.

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 a Standards Committee which is responsible for promoting and maintaining high standards of conduct by Councillors.

3.9.4 The first edition of the Member's ethical newsletter was published in March 2022, and this will now be sent to Members on a quarterly basis. The next newsletter is scheduled for early June 2022.

3.9.5 A follow up on the Audit of ethical behaviour and conduct was carried out in 2021/22 and the outstanding recommendations

arising from the report have been included in the Action Plan in Appendix B.

3.10 Member Training and Development

3.10.1 In April 2021, the Executive approved a Member Training and Development Policy.

3.10.2 All Councillors were invited to have a one to one session to talk about personal development so that any training and development needs can be identified. This information is then used to inform training sessions for Members and the topics for Member briefing sessions.

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

3.10.4 Where possible and appropriate, Members have received specific training and development for their roles and any positions of special responsibility. Due to the Coronavirus Pandemic, most of the training in 2021/22 has continued to be held virtually.

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 five Corporate Equality Objectives for 2019-2023, which are:

1. Councillors and officers will fully consider the equality implications of all decisions they make.
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.
3. People with protected characteristics are able to access services in a reasonable and appropriate way.
4. Actions are taken to identify and reduce any inequalities faced by our staff or our potential employees.
5. Work with communities and voluntary sector groups to address inequalities experienced by low-income families and individuals

3.11.2 The Council is also a member of the Somerset Equality Officer Group (SEOG) which also have five Equality Objectives for 2019-2023, which are:

1. Work with Communities to improve the opportunities for integration and cohesion.
2. Improve understanding and reduce the stigma of mental health and Disability within and across communities
3. Work with the Gypsy and Traveller community to improve relationships and the provision of pitches
4. Create an Equality Working group for staff in the Public Sector in Somerset (to be revised to 'Review and where necessary improve recruitment practices to make them more inclusive')
5. Improve the consistency of Accessibility standards across the Public Sector for service users including the Accessibility Information Standard

3.11.3 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. This was last considered by the Audit and Governance Committee in September 21.

3.11.4 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 process.

3.11.5 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 Procedure Rules.

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.

3.13.3 The Whistleblowing Policy was updated in April 2021 and forms part of the Council's Anti-Fraud Framework.

3.14 Anti-Fraud Framework

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 Framework, which adopts a zero tolerance approach to fraud and corruption. This was updated in April 2021 and includes:

- Anti-Fraud and Corruption Strategy
- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy

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 2021/22 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.

3.15.3 The Internal Audit Outturn Report for 2021/22 and Internal Audit – Annual Audit Opinion for 2021/22 are both going to the Audit and Governance Committee meeting on 13/06/22.

3.15.4 There were four limited assurance Audits in 2021/22, relating to Corporate Health and Safety, Procurement Cards, Data Centre Review and Stores. The recommendations from each of these Audits have been added to the Audit recommendation tracker and this is monitored on a regular basis by the Business Intelligence Team and the Audit and Governance Committee. SWAP have also scheduled follow ups to be completed for each of these Audit areas in 2022/23 to provide assurance that control measures have been improved.

3.15.5 All priority 1 and 2 Audit recommendations are included in an Audit tracker and this is considered at Directorate Boards, if appropriate. Reports on priority 1 and 2 audit actions also go to the Audit and Governance Committee on a regular basis, and during the 2021/22 financial year they were considered on 12/04/21, 14/06/21, 13/09/21, 13/12/21 and 14/03/22.

3.15.6 The Corporate Health and Safety Audit was completed in July 2021. Since receiving the final Audit Report, the Council has improved its Health and Safety arrangements, and is confident that a follow up audit would now class the arrangements as giving reasonable assurance. The changes that have been put into place are:

- Portfolio Holder for Resources is now the Member Champion for Health and Safety
- A three tier Health and Safety Governance Framework has been put into place. Tier 1 is quarterly reporting to the Audit and Governance Committee. Tier 2 is the Health and Safety Committee which meets monthly. Tier 3 is a Health and Safety Directorate Group for each of the Directorates and these meet monthly.
- Terms of Reference for each of the three tiers which include roles and responsibilities
- The Health and Safety Team has been strengthened to ensure that there is enough capacity within the organisation.
- The Health and Safety Policy has been updated
- The Health and Safety Action Plan is on the Intranet for all officers to view
- Service Risk Assessments are held on Sharepoint
- Health and Safety training has been rolled out, including through the e-learning system
- The lead officer for Health and Safety has taken quarterly progress reports to the Audit and Governance Committee from September 2021, which include information on Health and Safety performance and a summary of workstreams.

3.15.7 The Data Centre Review Audit was completed in September 2021 which gave limited assurance and listed 5 priority 1 and 2 recommendations. As at the end of April 2022, all but one of the actions has been completed. The Council is confident that if another review was completed now that this would now be classed as giving reasonable assurance.

3.15.8 The Audits for Purchasing Cards and Stores have just been completed (Quarter 4) and will be going to the Audit and Governance Committee in June 2022, as part of the Internal Audit Outturn report. Actions picked up in the Audit Action Tracker to be monitored and reported to the Audit and Governance Committee as

appropriate.

- 3.15.9 SWAP report regularly to the Audit and Governance Committee, highlighting any areas of concern.
- 3.15.10 During the 2021/22 financial year the Internal Audit team have been involved in supporting the preparation work for Local Government Reorganisation.
- 3.15.11 The Annual Opinion of the Internal Auditor for 2021/22 is that they are able to offer an opinion of Reasonable Assurance.
- 3.16 Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.
- 3.16.1 The Council's Internal Audit function is provided by SWAP. The Assistant Director from SWAP is the equivalent of the Head of Internal Audit (HIA). The HIA role is separate and independent of other roles within the Council. The Internal Audit function is independent of the external audit function.
- 3.16.2 SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The Council's Internal Audit function complies with the governance requirements set out in the CIPFA 'Statement on the Role of the Head of Internal Audit in Public Service Organisations' (2010)
- 3.16.3 The HIA:
- Ensures that SWAPs work programme (Audit Plan) is risk-based, is aligned to the Council's strategic objectives and supports the Internal Audit Annual Opinion
 - Identifies where SWAP assurance will add the most value or do most to facilitate improvement
 - Produces an evidence based annual internal audit opinion on the overall adequacy and effectiveness of the Council's governance framework including risk management and internal control
- 3.16.4 The HIA reports to management (SMT) and the Audit and Governance Committee in his own right, and reporting includes:
- Annual Audit Plan and Charter
 - Internal Audit – Progress Report (quarterly)
 - Internal Audit – Outturn Report (Annually)
- 3.16.5 The HIA submits an Internal Audit Plan to Management (SMT) and the Audit and Governance Committee for approval, setting out the recommended scope of work and which will be developed with reference to

current and emerging risks. The plan is reviewed on a quarterly basis to ensure it remains relevant and adequately resourced.

3.16.6 SWAP carry out the work as agreed, report the outcomes and findings both during and on completion of reviews, and make recommendations on action to be taken to the appropriate officers (including the relevant Director) and copied to the S151 Officer.

3.16.7 The HIA presents a regular summary of their work to Management (SMT) and the Audit and Governance Committee through the Internal Audit Progress Report, including assessing the organisation's implementation of previous recommendations along with any significant, persistent and outstanding issues.

3.16.8 Internal audit reporting comprises of a brief presentation to relevant officers and accompanied by an appropriately detailed written report, with the format tailored as necessary to the nature of the work. The detailed report is copied to the relevant Director and Section 151 Officer.

3.16.9 The HIA submits the Internal Audit – Outturn Report to the Audit and Governance Committee providing an overall opinion of the status of risk and internal control within the Council, based upon, and limited to, internal audit activity conducted during the previous year.

3.16.10 In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit and Governance Committee, the Council's Chief Executive Officer or the External Audit Manager.

3.17 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (2013)

3.17.1 The Council's Audit and Governance Committee undertakes the core functions as per the CIPFA guidance.

3.17.2 An appropriate committee structure has been selected, which excludes Executive Members. The Audit and Governance Committee consists of 11 Members. Members plus substitutes are provided with training as and when it is appropriate.

3.17.3 The Terms of Reference within the Constitution clearly set out the purpose of the Committee in accordance with the CIPFA position statement guidance. The Audit and Governance Committee provide independent assurance on the adequacy of the Council's governance framework including risk management and internal control. The Committee is also responsible for reviewing and approving the Annual Governance Statement and Annual Report and Accounts. The Committee also monitor the progress implementing recommendations from auditors.

- 3.17.4 The Committee raise significant concerns over controls with appropriate senior managers, and they are invited to update the Committee. The Committee is able to report directly to Council. During the 2021/22 financial year the Committee has monitored the Landlord Compliance Safety checks and progress against the Health and Safety Internal Audit Report and recommendations.
- 3.18 Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations
- 3.18.1 The Council's Finance Team work closely with the external auditors to ensure that they provide timely support, information and responses as and when appropriate.
- 3.18.2 Audit findings and recommendations are incorporated into the recommendation tracker and regular progress updates go forward to the Audit and Governance Committee. Any areas of concern are raised with senior managers, and appropriate updates given to the Committee.
- 3.19 Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures
- 3.19.1 The Council ensures that there are appropriate governance arrangements in place for any partnerships and joint working arrangements. This includes partnership agreements, client/contractor arrangements and reports going through the democratic process where appropriate.
- 3.19.2 The Council's major contracts include; Waste (Somerset Waste Partnership), Leisure (SLM), Street Cleaning and Public Toilets (Idverde), Building Control (Somerset Building Control Partnership), Fleet (SFS), Parking Partnership (SCC) and Legal Services (SHAPE).
- 3.19.3 Risks relating to major contracts are included in the risk register which has been reviewed by the Corporate Performance Board (and SMT from September 2021) on a monthly basis during 2021/22. During 2021/22 those risks scoring 15 or above were reported to the Corporate Scrutiny Committee and Executive as part of the quarterly performance report.

4.0 Reflecting on the challenges from the Coronavirus Pandemic

- 4.1 This section considers the impact that the Covid-19 Pandemic has had on the Council and its governance arrangements during the 2021/22 financial year.
- 4.2 The Council has taken action to play its part in dealing with the ongoing Coronavirus Pandemic during the 2021/22 financial year.

- 4.3 The MHCLG regulations relating to local authority and police and crime panel meetings only covered the period of meetings held between 4 April 2020 and 6 May 2021. From 7 May 2021, we were required to hold meetings back in the Chamber. A risk assessment was completed to ensure the safety of Members, staff and the public attending the meetings to ensure Covid safety measures were in place.
- 4.4 The Council has continued to live webcast all of our Committee meetings and then made them available on our website. We have also continued to see an increase in the number of members of the public that have watched via the webcast rather than coming into the Chamber.
- 4.5 We have continued to do Member briefings or training sessions virtually to encourage as many attendees as possible.
- 4.6 Mobile and flexible working has continued to be business as usual for many of our staff. This transition was achieved relatively early on during the first lockdown where all staff who could work from home were equipped to do so within the first few weeks. This involved the roll out of Teams in a very short space of time.
- 4.7 Messages have been issued by the Chief Executive and/or Internal Communications Team on a regular basis. This has ensured that all members of staff have been kept up to date with pertinent information and key messages. Sessions with the Chief Executive have also taken place via Teams.
- 4.8 A weekly newsletter continues to be produced, which has gone out to all District Councillors as well as Town and Parish Councils. This has kept them up to speed with the key information that they need to know. The newsletter has also included information from key partners, such as the County Council, Police and Fire and Rescue Service. It also has signposted people to sources of funding and information to assist during the Pandemic.
- 4.9 Newsletters were also produced for the Business sector and also the Community and Voluntary Sector.
- 4.10 To keep staff and residents safe, our reception areas have reopened but still have some Covid restrictions in place. All key services have remained available through a variety of other channels. Where essential, home visits and business inspections are still carried out under Covid-19 secure protocols.
- 4.11 For our customers we have worked hard to ensure they feel comfortable in using the new ways of accessing our services and website. Dedicated webpages were developed and updated with

relevant information to support residents and businesses throughout the pandemic.

4.12 This Statement does not attempt to capture all of the additional work the council has undertaken in the 2021/22 year in response to the pandemic. In many cases, the response has required setting up completely new services or processes. Among the many measures implemented since restrictions were announced SWT has:

- Distributed a further £18.5m of Covid business support grants during 2021/22, bringing the total to in excess of £80m since the start of the pandemic.
- Continued to deliver the government's 'Everyone In' mandate, by providing a range of accommodation and support for rough sleepers in our District. During the latter part of the financial year we started to taper down provision at our main facility at Canonsgrove in readiness to return this to the college in 2023 and therefore have also been undertaking a significant move-on project to ensure that all of the residents staying there are assessed and appropriate accommodation and support is provided to them to move into.
- Awarded 1,808 Test and Trace Support payments to those on low incomes who were told to self-isolate.

The funding and logistical consequences of delivering the local government response

4.13 The continuing Covid-19 pandemic has had a significant impact on local council finances, the effects of which continued through the 2021/22 financial year. The financial impact is due to both unforeseen but necessary expenditure and reduced income from fees and charges, Council Tax and Business Rates.

4.14 The impact varies by area, dependent on factors such as geography, demographics, services delivered and the nature of the local economy. However to a large extent, it will depend on if and how quickly the national and local economies return to normal levels of activity. The impact for SWT was summarised in the Financial Outturn report to Executive 21 July 2021 and the ongoing impact for 2021/22 will be in the outturn report in July 2022.

4.15 To offset the additional financial pressures being faced by Local Government, the Government has provided the following support:

- **Additional grant funding** - additional general funding protection through the 2021/22 Finance Settlement through Lower Tier Services Grant and COVID Pressures Grant

- **Sales, fees and charges scheme** - compensation for reductions in income in first three months of 2021/22
- **Local Council Tax Support Grant** - a grant for 2021/22 to compensate authorities for the expected additional cost of Local Council Tax Support schemes in 2021/22

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic

- 4.16 It is essential that the Council focuses on the likely impact that the crisis, and its aftermath, will have on income levels both now and potentially into the future.
- 4.17 The Covid-19 crisis is likely to be long-lasting and far reaching, affecting more than one financial year. It could be difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially if the local economy is in recession.
- 4.18 This means that the assumptions underlying later years in the MTFP will almost certainly need to change, making the 'funding gap' for 2021/22 and beyond larger. Contingencies have been included in the 2021/22 budget and the Council's reserves increased to provide additional mitigation for the increased risk.
- 4.19 In terms of the impact of the Coronavirus pandemic on the Council's Corporate Strategy Annual Plan, the Corporate Performance Report shows that during 2021/22, the Council has performed well against its targets. The Quarter 4 and outturn report will go to the Corporate Scrutiny Committee on 01/06/22 and then on to the Executive on 15/06/22,
- 4.20 In overall summary, the Council and its governance framework were able to be agile to deal with the Covid-19 pandemic. This is confirmed by a recent customer survey where the public and businesses were very positive about the services provided by the Council.

5.0 Local Government Reorganisation in Somerset

- 5.1 As set out in section 3.4.2, Local Government Reorganisation (LGR) to One Unitary Council for Somerset, was a risk to Somerset West and Taunton (SWT) Council in 2021/22 and remains a risk in 2022/23.
- 5.2 The Secretary of State, and Parliament have approved the Statutory Change Order for Somerset, which states that 'on or after 1 April 2023 the Somerset Council is the sole principal authority for Somerset.' Somerset County Council is classed as a continuing authority, in that they will become the Unitary Authority on 1 April 2023 and take on the functions, powers and duties of the County Council and District Councils. On 1 April 2023 the

district Councils of Somerset West and Taunton, Sedgemoor, Mendip and South Somerset are abolished i.e. wound up and dissolved.

- 5.3 The key risks relating to LGR, and its impact on SWT are:
- Capacity and resources – if SWT staff are involved in the preparatory work for the Unitary Authority this has the potential to impact on being able to deliver business as usual and the Council's priorities.
 - Recruitment and retention – staff may find jobs elsewhere due to the uncertainty around jobs in the new Council. SWT may also find it hard to recruit staff to backfill positions where staff are working on LGR projects.
 - SWT may have to use consultants if recruitment is problematic, and this could have an impact on the Council's budget.
- 5.4 In terms of managing these risks, SWT has:
- Worked with the Executive to ensure that the Annual Plan for 2022/23 is challenging but realistic in terms of the risks to the Council
 - Directors have reviewed their Directorate Plans to ensure that they are realistic in terms of what can be achieved by their teams
 - The Corporate Performance Board have been, and will continue to monitor the Council's performance against the Annual Plan and Performance Indicators
 - SMT have been and will continue to monitor the key business risks of the Council. They will also pick up any new or emerging risks relating to service areas across the Council and the impact of LGR work on delivering the Annual Plan
- 5.5 In terms of managing resources during the transition period the LGR Joint Committee, comprising lead Members for all five Councils, agree a joint (non-binding) Finance and Assets Protocol. This sets out an agreed set of principles through which all five councils will consider and safeguard the interests of the new council and future tax payers, by not entering new financial commitments above those agreed in approved budgets, or dispose of assets of material value, or spend Council reserves without the consent of the LGR Implementation Team. This protocol becomes effective from 1 April 2022 and applies to the 2022/23 financial year. The principles apply to:
- Increasing revenue costs by more than £100,000 above current approved budget
 - Acquiring, disposing or transferring assets valued above £1,000,000
 - New contracts not included in budget or service plan with annual revenue costs more than £100,000 or capital costs more than £1,000,000
 - Allocating general, earmarked or capital reserves not already included in the approved revenue or capital budgets

The joint Finance and Assets Protocol is due to be superseded on 16 June 2022 by the requirements of a S24 Direction issued by the Secretary of State, which states that SWTC (and the other 3 district Council's in

Somerset) may not without the consent of the County Council’s executive:

- Dispose of any land if the consideration for the disposal exceeds £100,000
- Enter any capital contract under which the consideration payable by SWTC exceeds £1,000,000 or which includes a term allowing the consideration payable by SWTC to be varied
- Enter any non-capital contract under which the consideration payable by SWTC exceeds £100,000 where (i) the period of the contract extends beyond 1 April 2023; or (ii) under the terms of the contract, that period may be extended beyond that date.

The County Council’s executive may consider arrangements for providing a General Consent enabling disposals or contracts that fall within these parameters to proceed. Where the General Consent does not enable this a Specific Consent will be required before a disposal or contract may be lawfully entered.

The aims of the supporting principles is that district councils may continue to deliver services without disruption, and the S151 Officers of the five councils will work together to implement an efficient process to support decision making.

LGR Process and Governance

- 5.6 There are six workstreams looking at transition and how the new Somerset Council will work. These six workstreams have sub-workstreams, which are looking at more detail (see the table below).
- 5.7 Each workstream has been asked to identify what needs to be done before Vesting Day on 1 April 2023 to make sure that the new council is ‘safe and legal’ in its operations. This means what absolutely has to be in place on 1 April 2023 for the new authority to be able to operate legally and safely.
- 5.8 Workstreams and sub workstreams are being asked what high-level things that each service area will need to deliver – known as products:
- Must Have – Non-negotiable products that are mandatory for Vesting Day (to be safe and legal)
 - Should Have – Important products that are not vital, but will add significant value if delivered on Vesting Day
 - Could Have – Nice to have products that will have a small impact if left out.
 - Won’t Have – products that are not priority for delivery on Vesting Day
- 5.9 The Workstreams and sub workstreams are, as follows:

Workstream	Sub-workstreams
Governance	Constitution Contract Standing Orders Code of Conduct(s) Governance and Democratic Arrangements

Workstream	Sub-workstreams
	<p>Programme Legal advice and support Members Allowances, appointment and training Electoral arrangements and election to new council Taunton Town Council Democratic Services Structure New Operating Model Corporate Planning? Corporate Performance Commercial Information Management</p>
People	<p>Behaviours and Culture Organisational Development Organisational Design Payroll/HR system Recruitment (including senior recruitment) Terms and Conditions and Policies TUPE and organisational change Wellbeing and Ways of Working Diversity and Inclusion Health and Safety</p>
Property Asset Optimisation	<p>Asset management plan and Policy Asset rationalisation – customer delivery points Asset rationalisation – depots and operational properties Commercial property management Consolidated management of surplus property and asset disposals Facilities, printing and staff services Land and property management system Office accommodation and strategy and blue-print Property Asset records Valuation function, policies and process</p>
Technical Asset Optimisation	<p>Applications Roadmap and Contracts review, integration strategy and systems architecture CAPITA contract plan Consolidated management of Inflight Projects Cyber Security strategy and Framework End User Hardware and services GIS system integration including Local Land & Property Gazetteer Hybrid Meeting / Committee Facilities ICT compliance and assurance ICT Disaster Recovery and Business Continuity system ICT service alignment and improvement including a) Operating Model for ICT function b) ICT traded</p>

Workstream	Sub-workstreams
	services, c) Solution and approach agreed for hosted partnerships ICT Service Management Function – Priority Products Mobile Telephony Network & Telephony Single platform / domain for new unitary & Single Identity Management Solution Technology adoption and change plan Technology Strategy and Transition planning
Service Alignment and Improvement	Housing 1 – Housing Landlord Functions Housing 2 – Operational Housing Services Housing 3 – Private Sector / Universal Provision Building Control Growth 1 – Prosperity & Economic Development Growth 2 – Planning & Enabling Infrastructure Delivery & Active Travel Highways Traffic Management Commissioning Environment & Climate Change – Sub-Group 1 (Climate Change and Water) Environment & Climate Change – Sub-Group 2 (Waste & Neighbourhood Services) Environment & Climate Change – Sub-Group 3 (Environmental Health, Licensing and Coastal Services) Environment & Climate Change – Sub-Group 4 (Sports, Leisure & Countryside) Culture & Universal Community Services Community & Family Safety Business Intelligence Civil Contingencies & Emergency Planning Communications
Finance	LGR Savings Budget setting and Medium-Term Financial Plan for new authority Commercial Investment Implementation costs Insurance and risk arrangements Existing budgets Finance function Revenues Housing Benefit and subsidy Housing Revenue Account Treasury Management Exchequer Finance Web profile

Workstream	Sub-workstreams
	Internal and External Audit Statement of Accounts Fees and Charges Grant support to voluntary sector Reconciliations Community Infrastructure Levy and Section 106's Pensions Capital Programme VAT and Taxation
Community, Customer and Partnerships	Digital Leadership and Strategy Website Customer Engagement Platform Telephony Face-to-Face Enhancing Partnerships Local Community Networks Customer Strategy Digital Services Information Governance & Data Management Digital Services Information Governance & Data Management

- 5.10 A significant amount of work has already been carried out in the various workstreams.
- 5.11 The Elections took place on 5 May 2022, and 110 Councillors have been elected to Somerset County Council (until 1 April 2023)/ Somerset Unitary Council (from 1 April 2023). New Member Induction commenced on 9 May 2022. The Annual Meeting of SCC will take place on 25 May when the Leader of the Council will be elected. He/she will then provide details as to who the Executive Councillors will be.
- 5.12 The advert for the recruitment of the Chief Executive for the Unitary Council has gone out and the recruitment and selection process will continue in due course.
- 5.13 Governance arrangements have been put in place to oversee the transition to the Unitary Authority. This includes:
- **The LGR Joint Committee** - The purpose of the Board is to ensure that LGR in Somerset is delivered effectively and with appropriate stakeholder engagement and involvement (including elected Members from all 5 Councils). This was in place until the Structural Change Order was approved in March 2022.
 - **The Implementation Executive** - This replaces the LGR Joint Committee. The Implementation Executive included the five existing council leaders and four cabinet members of the county council, will maintain oversight of

the new council's development until the new administration is appointed following the 5 May Elections. After that date the Executive of the newly elected Council will be responsible for managing the implementation of the transition to the new unitary council for Somerset.

- **The LGR Joint Scrutiny Committee** – This Committee allowed the Constituent Councils to scrutinise the LGR Joint Committee in an effective and timely manner in relation to the preparation for the establishment of the unitary council in Somerset. It ensures that all Councils can play an important role in helping shape the direction of the implementation process but without leading to duplication and delay. Following the approval of the Structural Change Order, this will become a Scrutiny function of the newly elected Council, holding the Implementation Committee to account.
- **Chief Executive Programme Board**, comprising the five councils' Chief Executives, the lead authority's Monitoring Officer and Finance Director and the LGR Programme Director. It drives the programme forward to deliver the agreed outcomes and benefits and provide assurance to the LGR Joint Committee that the programme is on track.
- **The LGR Advisory Board**, comprising eight elected county and district members and representatives from Somerset Association of Local Councils, Somerset Society of Local Council Clerks, health, police, education and voluntary/community sector (Spark Somerset).

6.0 Significant governance issues

- 6.1 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.
- 6.2 The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated. The review highlighted no areas as representing a significant weakness in Governance or Internal Control during 2021/22.

7.0 Conclusion

- 7.1 Currently we can provide reasonable assurance that the Somerset West and Taunton Council's governance arrangements are fit for purpose.
- 7.2 However, addressing the issues set out in the Action Plan

(Appendix B) will further improve the Council's arrangements.

Signed

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Andrew Pritchard
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
- Directorate Plans
- Committee report procedure
- Constitution
- Corporate Plan
- Annual Plan
- Performance Report
- Corporate Risk Register
- Delegations from/to Senior Management Team
- Equality Information
- Medium Term Financial Plan
- Members Allowances Scheme
- PSIAS Checklist
- Capital, Investment and Treasury Management Strategy

Key Documents: Ad-hoc Review/Production:

- Corporate Strategy 2019-2023
- Anti-Fraud Policy Framework
- Business Continuity Plans
- Community Engagement Framework
- Declarations of Independence
- Financial Procedure Rules
- 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 Performance Board
- 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 & S151 Officer
- Partnership Arrangements
- Schedule of Council meetings
- Scrutiny Framework
- Staff Induction