

Annual Governance Statement(2022/2023)

1.0 Introduction

- 1.1 This is the fourth and final Annual Governance Statement for Somerset West and Taunton (SWT) Council with Local Government Restructuring in Somerset leading to the dissolution of the Council on 1 April 2023 with its functions and services transferring to and being delivered by a new unitary Somerset Council from that date onwards.
- 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 2023, 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.
- 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.

1.9 The Statement has been completed prior to the 31 March 2023, so that it can be reviewed and signed off by the Council's Audit and Governance Committee before the dissolution of the Council on 1 April 2023. Any exceptional events or changes to the Statement after this date will be reported to Somerset Council when it considers the SWT Statement of Accounts 2022/23.

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, efficiency 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 2023 and will be reviewed up to the date of the approval of the 2022/23 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, 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:

Our four strategic themes are:

Our expected outcomes are:



- 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 The Council's Annual Plan for 2022/23 was presented through a video, setting out what the Council aims to deliver by 31 March 2023. The key priorities for the Council in its final year are projects focusing on climate change, regeneration and economic development, delivery of homes and delivery of Taunton Town Council.
- 3.2.4 A video was also produced to highlight achievements from the 2021/22 annual plan. Both videos are publicly available on the Council website.
- 3.2.5 The Corporate Performance Report Quarter 4 and Outturn position for 2021/22 went to the Corporate Scrutiny Committee on 6 July 2022 and then to the Executive on 21 July 2022. Quarterly Performance Reports have gone to both the Corporate Scrutiny Committee and Executive during 2022/23. The Quarter 3 Corporate Performance Report is scheduled to go to the Corporate Scrutiny Committee on 1 March 2023 and Executive on 15 March 2023.
- 3.2.6 There is a Directorate Plan in place for each Directorate and which links to the Corporate Strategy 2020-2024 and Annual Plan 2022/23. The Directorate Plans are regularly reviewed to ensure that they are living documents and pick up and new and emerging priorities. In the 2022/23 financial year the Plans have focused on the preparation for Somerset Unitary Council as well as delivering the Annual Plan and business as usual.
- 3.2.7 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 In 2022/23 the Corporate Performance Board meetings were incorporated into Senior Management Team meetings monthly where performance indicators and budget monitoring reports are considered. The corporate risk register and project management overview also go to the Senior Management Team meetings monthly.
- 3.3.4 Each directorate also has its own Performance Board, and this

reviews 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 monthly.

3.3.5 Quarterly Performance Reports went before Members in 2022/23. These were taken to the Corporate Scrutiny Committee (Q1 on 07/09/22, Q2 on 07/12/22 and Q3 to go on 01/03/23) and Executive (Q1 on 21/09/22, Q2 on 21/12/22 and Q3 to go on 15/03/23).

3.3.6 ***The Internal Auditor 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 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 and regulatory compliance challenges.

3.4.5 In 2022/23, 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

3.3.5). 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.

3.5 Financial Management

- 3.5.1 The Assistant Director - Finance (S151 Officer) 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. More recently, increased financial pressures and operational requirements have arisen through the cost of living crisis and steep rise in energy costs. 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 2022/23 went to the Audit and Governance Committee on 14 March 2022 and Executive on 16 March 2022, before being approved by Full Council on 29 March 2022.
- 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 monthly to SMT and quarterly to the Leadership Forum and have been taken to Committees on a quarterly basis during 2022/23, setting out explanations for any variances and significant financial risks. These were taken to the Corporate Scrutiny Committee (Q1 on 07/09/22, Q2 on 07/12/22 and Q3 to go on 01/03/23) and Executive (Q1 on 21/09/22, Q2 on 21/12/22

and Q3 to go on 15/03/23). HRA budget monitoring reports were presented to Community Scrutiny Committee (Q1 on 31/08/22, Q2 on 30/11/22, Q3 on 22/02/23) before being considered by the Executive on the above dates.

- 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. 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, and this continues to be the case.

3.6 Climate Emergency

- 3.6.1 The Council declared a Climate Emergency in March 2019 and appointed a Portfolio Holder for Climate Change.
- 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 Somerset Climate Strategy priority areas are:
- The **Energy** we use, the emissions produced from its use and the types of energy we will look to harness in the future
 - Our **Transport** networks – when and where we travel, and the means we choose to make these journeys
 - The **Built Environment** – where and how we live and work, the types of homes we live in, our commercial and industrial buildings and what we want for buildings in the future
 - Our local economy – specifically our **Business, Industry and Supply Chains**
 - Our **Natural Environment** – how we can protect it and utilise it to reduce the harmful effects of Climate Change
 - Our **Farming and Food** – what, where and how we produce our food and crops, vital to the rural economy of Somerset
 - Our **Water** resources – how they are managed to minimise the impacts

- of flooding and drought on our residents, buildings and landscapes
- The management of our **Waste and Resources** – how we handle and treat our waste

3.6.5 The SWT Carbon Neutrality and Climate Resilience Action Plan set out the priority areas of:

- 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

3.6.6 In October 2020 the Council declared an Ecological Emergency, and in July 2022 the Council approved the Ecological Emergency vision and action plan.

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

3.6.8 The Community Scrutiny Committee received the annual update on the progress of the Carbon Neutrality and Climate Resilience Plan on 25 January 2023. The report included updates on progress against each of the workstreams.

3.6.9 All members and officers are responsible for ensuring that climate change and ecological 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 Committees.

3.7.2 From May 2021, the Council resumed holding Committee meetings back in the Chamber at Deane House, because we were unable to legally hold virtual committee meetings after 04/05/21. All Members on the Committee are 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. Our committee meetings continue to be webcast so that as many people as possible can participate in the democratic process.

3.7.3 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.

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

- Full Council
- The Executive
- Corporate Scrutiny Committee
- Community Scrutiny Committee
- Audit and Governance Committee
- Planning Committee
- Licensing Committee
- Standards Committee

3.7.5 The Constitution is updated at least annually to take account of changing circumstances and was last updated in September 2022. Recent updates to the Constitution have included:

- Approval of the Articles and Terms of Reference for all Committees at the Annual Council meeting
- Scheme of delegation to officers
- Somerset wide Members Code of Conduct
- Somerset wide procedure for dealing with Standards allegations
- Audit and Governance Terms of Reference
- Amendment to the powers of the Chief Executive Officer

3.7.6 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 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 Two petitions were presented to the Council in 2022/23.

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 can 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 behaviour and conduct that are required. They are regularly reviewed and updated as necessary and both groups are regularly reminded of the requirements.

3.9.2 In September 2022 the Council approved the Somerset Wide Code of Conduct for Members, which is based on the Local Government Association Model.

3.9.3 The Members Code of Conduct includes the 7 Nolan Principles of Public Life and the requirement to register and disclose interests.

3.9.4 The Monitoring Officer has established and maintains a register of Members Interests. There is also an Officer register of interests which includes details of outside commitments and personal interests.

3.9.5 The Monitoring Officer has established and maintains a register of gifts and hospitality for Members and officers. The annual review of the gifts and hospitality registers will be presented to the Standards Committee on 23 February 2023.

3.9.6 The Standards Committee is responsible for promoting and maintaining high standards of conduct by Councillors. The Standards Committee has met twice in 2022/23 and has considered Committee on Standards in Public Life reports, the Somerset Wide Members Code of Conduct and procedure for dealing with Standards allegations, what the Standards arrangements look like for the new Somerset Council, updates on ethical awareness training, updates on the registers of interest and gifts and hospitality, and the register of complaints for 2022/23.

3.9.7 Three editions of the Member's ethical newsletter have been produced in 2022/23. The newsletters have included information on pre-election period guidance, committee meeting etiquette, promotion of the new Somerset wide Code of Conduct, Member's personal safety, reminders to update register of interest and gifts

and hospitality, case studies outlining examples of poor behaviour and conduct and the implications, and examples of feedback that has been received about SWT meetings.

3.9.8 Ethical awareness training has been carried out in 2022/23. The Monitoring Officer did a Member Briefing session on ethical awareness on 11 January 2023. Sessions have also been taking place for Town and Parish Councillors, with sessions taking place on 26 January, 9 February and 8 March 2023.

3.10 Member Training and Development

3.10.1 The Council has a Member Training and Development Policy which was approved by the Executive in April 2021.

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

3.10.3 Member Briefings have taken place to update Members on corporate projects including Local Government Reorganisation, Taunton Garden Town, the Innovation Centre, phosphates, low carbon retrofit our council houses, community governance review for Taunton, town centre health check report, place plan for Wellington and Firepool.

3.10.4 Member Briefings have also taken place covering training relating to safeguarding, information management and ethical awareness.

3.10.5 Where possible and appropriate, Members have received specific training and development for their roles and any positions of special responsibility.

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 has 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 terms of equalities, officers are working on:

- The new Somerset Council is already considering its Equality objectives through the work of the Somerset Equalities Officer Group, which has wider participation from partner agencies.
- The Elected Member group has met to be updated on and discuss the Local Government Reorganisation proposals in respect of Equalities.
- The Elected member equalities group has also met to discuss proposals for the new site at Firepool on the Southern Boulevard and make recommendations.
- Equality Impact Assessments for all new or changed areas of the business are being undertaken as they are known and before they come online.

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 Council's Procurement Strategy was approved by the Executive on 17 March 2021. 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 on 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

3.14.3 The Audit and Governance Committee is responsible for approving the Council's Annual Fraud Plan, and for monitoring and reviewing performance against the Plan. It approved the 2022/23 Plan on 13 June 2022.

3.14.4 The Audit and Governance Committee considered the Internal Auditor's Baseline Fraud Maturity Report for 2022 on 12 September 2022. The Report recognised that most of the actions from the 2021 report had been implemented, therefore improving fraud maturity across the organisation.

3.15 Audit and Audit Assurances

- 3.15.1 South West Audit Partnership (SWAP) provides the Council's Internal Auditor function with one of its Assistant Directors fulfilling the role of Head of Internal Audit (see 3.16 below).
- 3.15.2 During the 2022/23 financial year, SWAP carried out a number of audits across the Council and given its opinion on the level of assurance as well as risk and priority in terms of taking action to address any recommendations.
- 3.15.3 The Internal Audit Outturn Report for 2022/23 and Internal Audit Annual Audit Opinion for 2022/23 are both going to the Audit and Governance Committee meeting on 13 March 2023.
- 3.15.4 In the 2021/22 Outturn report there were four limited assurance audits 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 has also scheduled follow ups to be completed for each of these audit areas in 2022/23 to provide assurance that control measures have improved.
- 3.15.5 All priority 1 and 2 audit recommendations are included in an Audit Recommendations 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 2022/23 financial year they were considered on 12 September 2022 and 12 December 2022 and will also be considered on 13 March 2023.
- 3.15.6 The Corporate Health and Safety Audit was completed in July 2021 giving limited assurance. A follow up audit was completed in August 2022. Since receiving the final Audit Report, the Council improved its Health and Safety arrangements. In the follow up audit, the Internal Auditor recognised that considerable progress had been made with 7 actions now complete, 3 in progress and 1 superseded by Local Government Reorganisation. The actions not yet completed relate to minor areas.
- 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 July 2022, all actions had been completed.
- 3.15.8 The audit for Purchasing Cards was completed in April 2022. This was a limited assurance audit with 3 actions listed as priority 1 (fundamental and require immediate attention) and 4 actions listed as priority 2 (important and need to be resolved). As at the 31 December 2022 all Priority 1 and 2 actions had been completed.

- 3.15.9 The audit for Stores was completed in May 2022. This was given limited assurance with 1 Priority 1 action and 4 priority 2 actions. At the Audit and Governance Committee meeting in December 2022 officers confirmed that work was in progress to complete the physical count of stock levels and the introduction of van inventory was expected to be completed by 31 December 2022.
- 3.15.10 To date there has only been one limited assurance audit in 2022/23 relating to Information Security Policy and Awareness. This was completed in September 2022. There audit listed 1 Priority 1 action and two Priority 2 action. The update provided in December clarified that the Council had undertaken activity to address the key findings and that this was in part due to the work on Local Government Reorganisation.
- 3.15.11 During the 2022/23 financial year the Internal Audit team has been involved in supporting the preparation work for Local Government Reorganisation.
- 3.15.12 The Internal Auditor has provided an overall opinion of Reasonable Assurance for 2022/23.
- 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 SWAP's 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 carries out the work as agreed, reports the outcomes and findings both during and on completion of reviews, and makes 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 monitors the progress of implementing recommendations from auditors.

- 3.17.4 The Committee will raise significant concerns over controls with appropriate senior managers, who are invited to update the Committee. The Committee can report directly to Council.
- 3.17.5 During the 2022/23 financial year the Committee has monitored the Landlord Compliance Safety checks relating to the key areas of asbestos management, electrical safety, fire safety, gas safety, passenger lift and stairlift management, water safety, non-gas heating safety, Radon safety, street lighting, and smoke and Carbon Monoxide alarms. Update reports were taken to the Audit and Governance Committee on 13 June and 12 December 2022.
- 3.17.6 During the 2022/23 financial year the Committee has monitored progress against the Health and Safety Internal Audit Report and recommendations. Updates were provided to the Committee on 13 June, 12 September, and 12 December 2022. The Committee received an update on the performance scorecard and progress in terms of the improvement programme and implementation of the new Health and Safety system.
- 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) monthly during 2022/23. During 2022/23 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 2022/23 financial year.
- 4.2 The Council has taken action to play its part in dealing with the ongoing Coronavirus Pandemic during the 2022/23 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. This continues to be reviewed on a regular basis.
- 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.

The funding and logistical consequences of delivering the local government response

- 4.12 The Covid-19 pandemic placed substantial strain on local councils and significantly impacted their finances. In response, the Government issued special grants through local councils to support their service delivery and to support local businesses and communities. Whilst the impact of Covid-19 and those targeted streams of Government support have tailed off, the Council's service delivery and responsibilities continue to rely on innovative and tailored adjustments to support people and businesses. So, whilst the special grant funding mechanisms have dropped out of this Council's budget, some ongoing consequences and fall-out from Covid-19 should be expected to remain, which the Council will continue to respond to.

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

- 4.13 The Covid-19 crisis is likely to be long-lasting and far-reaching. The Council focuses on the lasting impact that the crisis and its aftermath will continue to have on income levels, resulting from fundamental changes in social movements, behaviours and preferences.
- 4.14 It could remain difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially given the new challenges brought about by the local and national economy being in recession.
- 4.15 With the transformation to the new Somerset Unitary Council, the assumptions made for later years in the new council's MTFP continue to reflect the current shape of pressures. At the forefront of this, SWTC has retained contingencies within the Council's reserves to provide additional mitigation for the increased risk.

4.16 In overall summary, the Council and its governance framework have remained agile in dealing with the Covid-19 pandemic. This is confirmed by the outcomes from a customer survey at the height of the pandemic in which 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 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 it 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 – SWT staff are involved in the preparatory work for the Unitary Authority which 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 monitors the Council's performance against the Annual Plan and Performance Indicators
- SMT monitors 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, initially agreed 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 taxpayers, 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 was 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

5.6 The joint Finance and Assets Protocol was 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.

5.7 The County Council's Executive approved General Consent criteria enabling disposals or contracts that fall within agreed 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.

5.8 The aims of the supporting principles are 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

5.9 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).

5.10 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 must be in place on 1 April 2023 for the new authority to be able to operate legally and safely.

5.11 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

5.12 The Workstreams and sub workstreams are, as follows:

Workstream	Sub-workstreams
Governance	Constitution Contract Standing Orders Code of Conduct(s) Governance and Democratic Arrangements 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
People	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
Property Asset Optimisation	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
Technical Asset Optimisation	Applications Roadmap and Contracts review, integration strategy and systems architecture CAPITA contract plan Consolidated management of Inflight Projects

Workstream	Sub-workstreams
	<p>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 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</p>
Service Alignment and Improvement	<p>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</p>
Finance	<p>LGR Savings Budget setting and Medium-Term Financial Plan for new authority Commercial Investment Implementation costs Insurance and risk arrangements</p>

Workstream	Sub-workstreams
	Existing budgets Finance function Revenues Housing Benefit and subsidy Housing Revenue Account Treasury Management Exchequer Finance Web profile 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 took place on 25 May 2022 when Cllr Bill Revans became the Leader of the Council. The Executive Councillors cover the areas of:

- Deputy Leader of the Council and Lead Member on Finance and Human Resources
- Lead Member for Children and Families
- Lead Member for Adult Social Care
- Lead Member for Transport and Digital
- Lead Member for Public Health, Equalities and Diversity
- Lead Member for Local Government Reorganisation and Prosperity
- Lead Member for Environment and Climate Change
- Lead Member for Development and Assets
- Lead Member for Communities

5.12 Duncan Sharkey was appointed as the Chief Executive and commencing in post on 3 October 2022. The Tier 2 appointments to Executive Director posts were made in January 2023. The Tier 3 appointments to Service Director positions will be made in March 2023. The structure of the services sitting under each Service Director will be considered post vesting day.

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.

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 2022/23.

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.

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