

ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2016/2017

Scope of responsibility

Torbay Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Torbay Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Torbay Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the Council's website at <http://www.torbay.gov.uk/DemocraticServices/documents/s39334/32%20Code%20of%20Corporate%20Governance.pdf>. This statement explains how Torbay Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Torbay Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Torbay Council throughout the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

The Governance Framework

The Constitution

The Constitution sets out the main elements of the governance framework of Torbay Council, in particular how decisions are made and the procedures which are followed to ensure that these are efficient and transparent and that decision makers are accountable to local people. It explains that the Council is made up of the Elected Mayor and 36 Councillors who, together, are responsible for approving the Council's Budget and Policy Framework. The Mayor is responsible for decisions which are consistent with the Budget and Policy Framework and is supported by Executive Lead Members who oversee and advise on specific areas. Matters outside the Budget and Policy Framework are referred to the Council for decision.

The Constitution includes Standing Orders, Financial Regulations and the Scheme of Delegated Powers and is available on the Council's website. It is underpinned by Codes of Conduct for Members and Employees and a range of local protocols. The Constitution includes the Council's Code of Corporate Governance.

The Overview and Scrutiny Board is responsible for the overview and scrutiny function of the Council. It assists in the development of policy and holds decision makers to account. In addition, any five members of the Council can "call-in" executive decisions to the Overview and Scrutiny Board for further debate.

The Audit Committee is responsible for all internal and external audit matters, treasury management as well as monitoring the effective development and operation of performance and risk management and corporate governance in the Council. It meets on a bi-monthly basis.

The Standards Committee's remit includes the conduct of members and investigating complaints in respect of individual members. The Standards Committee promotes and embeds ethical standards for members.

Some regulatory functions remain the responsibility of the Council rather than the Mayor and most of these are delegated to a small number of committees appointed annually by the Council.

All members are inducted into the importance and processes of good governance and have informal and, if required, formal ways of raising governance issues with the Chief Executive, Monitoring Officer, Chief Finance Officer and the Senior Leadership Team.

The Corporate Plan and Decision-making

Included within the Policy Framework is the Council's Corporate Plan which is the main strategic document under which all other Policy Framework documents sit. During the course of the year, the Delivery Plans associated with the Corporate Plan were adopted. The Council also has a Medium Term Resource Plan which is reviewed on an on-going basis to take into account new information and changed

circumstances. Both of these documents provide a framework for planning and monitoring resource requirements.

The Corporate Plan and the Medium Term Resource Plan formed the basis of the Council's Efficiency Plan which was submitted to Government in October 2016. The Efficiency Plan sets out the details of the Council's Transformation Programme (as it was at that date).

The Mayor has established Policy Development and Decision Groups which (amongst other things) receive reports and make recommendations to the Mayor on Executive decisions. The Mayor then, in the majority of cases, takes those decisions at meetings of the Policy Development and Decision Group. All reports to members include sections on the financial and legal implications and the risks of the proposed decision. Prior to publication, these reports are cleared by the Chief Finance Officer and the Monitoring Officer or one of their senior staff.

All meetings are open to the public but a small number of matters are considered in private when the press and public are formally excluded from meetings. It is the Council's objective to keep these private matters to a minimum with only those elements of reports that are considered exempt from publication being included within appendices. This ensures open and transparent decision making is undertaken at all times.

The Member Development Programme provides a structured approach to member development to ensure all members are supported in their roles. In addition to the Personal Development Plans, Members have the opportunity to have a one to one Councillor Development discussion with their Group Leader/Mayor. The purpose of these reviews is to discuss each member's progress and how they can contribute in meeting the Council's priorities.

Community and Service User Engagement

There are also a number of Community Partnerships across Torbay which provide an opportunity for people who live or work in the different parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area.

In developing proposals for service change, consultation with service users and the public is undertaken. In particular, the impact on vulnerable groups and those with characteristics protected under the Equality Act 2012 is assessed and documented in Equality Impact Assessments which are considered by decision-makers prior to decisions being made.

Partnership Working

The Torbay Strategic Partnership has been re-established and the Council is scheduled to approve the Place Narrative which sets out the Partnership's vision for Torbay in the future.

The Health and Wellbeing Board and the Community Safety Partnership provide forums where multi-agency issues which impact on the Torbay population can be debated. Safeguarding Boards are also in place for both children and adults.

The Council owns (either in its own right or with partners) a number of companies, namely the Torbay Economic Development Company (TDA), TOR2, Careers South West and Oldway Management Company. The Council has representatives on the Boards of these companies together with a number of reserved matters which are set out in the Articles of Association and Memorandum of Understanding.

Appropriate performance and monitoring arrangements are also in place in respect of service specific partnerships such as the Torbay and South Devon NHS Foundation Trust and the Torbay Coast and Countryside Trust.

The Council is also pursuing other partnership opportunities such as the Plymouth and South West Peninsula City Deal and devolution across Devon and Somerset. In addition, the Council is working with partners on the Wider Devon Sustainability and Transformation Plan and the Better Care Fund.

Performance and Risk Management

The Council records performance information using performance-reporting software called SPAR.net. The Senior Leadership Team receive quarterly updates on performance and risk. These updates are also shared with the Mayor and Executive, Group Leaders and the Audit Committee. Any areas of concern are highlighted and appropriate corrective action will be considered, scrutinised and monitored. The Council also uses a range of benchmarking information to measure performance against comparators and to identify authorities from whom the Council could learn.

The Senior Leadership Team is responsible for the implementation and monitoring of the Performance and Risk Framework. A Strategic Risk Register is maintained which identifies strategic risks facing the Authority together with clearly identified measures for mitigation. Directors and Executive Heads are responsible for managing risk within their Business Units.

Senior Management

The **Head of the Paid Service** is the Chief Executive who is responsible and accountable to the Council for all aspects of operational management.

The Head of Finance is the **Chief Financial Officer**. He has direct access to all members, the Chief Executive and senior officers of the Council. He works with Directors and Executive Heads to identify any financial issues which may require management action. Regular discussions are held with the Mayor who is the Executive Member with responsibility for finance. The Chief Finance Officer has responsibility for ensuring the Council operates secure and reliable financial and accounting systems.

Members are briefed on key financial issues with revenue and capital budget monitoring reports being considered by the Overview and Scrutiny Board and the Council on a regular basis. The Council agrees the Treasury Management Strategy on an annual basis on the recommendation of the Audit Committee.

The Assistant Director – Corporate and Business Services is the **Monitoring Officer**. She is responsible to the Council for ensuring that agreed procedures and protocols are followed and that all applicable Statutes and Regulations are complied with.

The Head of the Paid Service, Chief Financial Officer and Monitoring Officer meet on a monthly basis to ensure that appropriate governance arrangements are in place.

Officers in politically restricted posts and those responsible for negotiating contracts are required to register their personal interests.

Training and Information

The Torbay Managers Forum meets on a quarterly basis enabling all managers to be briefed on current issues, reflect on achievements and engage in the development of action plans, ensuring that best practice across the Authority is shared and that plans for the future are collectively owned. Events known as “Connect” are routinely held which are open for all members of staff to attend to share their views with the Chief Executive and members of the Senior Leadership Team.

Internal communication approaches have been reviewed and enhanced to ensure all staff are aware of issues and new policies and practices. Newsletters and daily updates are sent to all staff to advise them of relevant information, HR policy and legislation changes. Learning and Development courses that are available and support for staff are also included within these.

There is a positive working relationship with Trades Unions through quarterly formal meetings and informal meetings with the Assistant Director – Corporate and Business Services and consultation where appropriate.

The Council’s intranet contains a range of policies, procedures and guidance for all staff including Human Resources (HR) Policies, i-Learn training modules, Information Governance Policies, Code of Conduct, Freedom of Information Policy, Data Protection Policy and the Corporate Plan and Constitution.

The Council has a Counter Fraud and Corruption Policy which is reviewed regularly and has been communicated to all staff and is available on the Council’s Intranet.

Corporate training needs are identified through the Senior Leadership Team. The Council has strongly supported staff development, particularly through programmes such as the Institute of Leadership and Management to develop Team Leaders and Managers.

Change management training has been communicated to all staff, including senior management, to support their understanding and implementation of change.

Coaching and counselling are also offered as an additional means of support to individuals.

The Corporate Induction module on i-Learn signposts and informs new employees about the range of policies and procedures they need to be aware of, including the Code of Conduct, Information Governance, Acceptable Behaviour, Driver's Policy and Handbook and Whistleblowing Policies. Managers are responsible for local induction arrangements with corporate induction courses being run on a regular basis.

Customer Feedback, Whistleblowing and Prevention of Fraud

The Council has a customer feedback recording, tracking and reporting system to which all staff have access via the Intranet. The system captures compliments, complaints, queries, enquiries and Local Government Ombudsman complaints. Letters from Members of Parliament as well as enquiries made through local councillors are also recorded through this system.

The system enables all complaints to be recorded and tracked with root causes identified providing the Council with a useful analysis of why complaints are being received. It also enables the tracking of the implementation of recommendations and actions.

The Information Compliance Team report to the Senior Leadership Team on a quarterly basis, these reports include the type of complaint, service area, outcomes and any learning points. This results in further actions being identified and implemented.

The Council's Whistleblowing Policy was agreed in July 2013 and is available on the Council's website and intranet site. The Council has an established phone line that any whistleblowing call can be made to and which goes directly to Internal Audit which has responsibility for dealing with these issues in the first instance. The Probity and Ethics Group; comprising of the Monitoring Officer, the Chief Finance Officer, Internal Audit and the Head of Human Resources, continue to meet to consider and progress as appropriate all matters of concern.

The Council has a Fraud and Counter Corruption Officer who is accountable to the Head of Finance. The Council's website enables members of the public to report any suspicions of anyone committing fraud or corruption.

Information Management

The Council holds and processes a significant amount of information. It is critical that the information held is of good-quality, accurate and kept up-to-date to inform decision making. Equally important is the requirement to process personal and sensitive information in accordance with the Data Protection Act 1998. To support this, there is an Information Governance Forum which outlines the Council's approach to information management and sharing. Under this framework there are a number of operational policies and procedures including a suite of information

security policies. These policies are subject to regular review and updates communicated to all staff.

The Council is currently reviewing and updating its Information Asset Register which specifies the information assets held across all Council departments and allows the Council to understand the risks associated with different information assets.

Internal Audit

The internal audit service is provided by Devon Audit Partnership (DAP). This is a shared service arrangement between Torbay, Torridge District, Plymouth City and Devon County Councils and is constituted under section 20 of the Local Government Act 2000. Devon Audit Partnership undertakes the role of auditing the Council's systems to give assurance to the organisation.

The Council's Internal Audit Plan, which is risk based, is agreed annually by the Head of Finance, Senior Leadership Team and the Council's Audit Committee. This provides the basis for the review of internal control and governance within the Council and includes the following: -

- Annual reviews of the Council's key financial systems by Internal Audit against known and evolving risks.
- Reviews of internal controls in operation within each service area against known and evolving risks based on a detailed risk assessment. These reviews consider the strategic and operational risks identified in the Corporate Risk Register, as well as materiality, sensitivity and previous audit and inspection findings.
- Work in relation to the investigation of any potential irregularities identified either from audit work or through the Council's whistle-blowing policy.
- Advice and support to ensure future safeguards when implementing new systems.
- Value for money work in relation to assessing the efficiency, economy and effectiveness of the Council's operations and recommending improvements as necessary.

The Council also receives assurance from the NHS Internal Audit Confederation (Audit South West) over the controls in operation at Torbay and Southern Devon NHS Foundation Trust which covers the provision of adult social care services.

Achievement against the Audit Plan is reported to the Audit Committee on a twice yearly basis. This report also includes an opinion and assurance about the system of internal control throughout the Council.

Regular meetings are held between the Chief Finance Officer and a representative of the Devon Audit Partnership to discuss specific issues that have arisen.

Review of Effectiveness

Torbay Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of the Devon Audit Partnership's annual report, and also by comments made by the External Auditors and other review agencies and inspectorates. This review is demonstrated through the Annual Governance Statement.

As in previous years, Devon Audit Partnership undertook certain assurance work on behalf of the Council and to give assurance to the external auditors as part their audit opinion.

The effectiveness of the governance framework has been evaluated over the course of the year against the seven core principles within Torbay Council's Code of Corporate Governance. Details of the evaluation is included in the sections which follow. Whilst some governance issues have been identified (and are detailed below), the Council believes that its arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area

The Council's Corporate Plan was adopted in September 2015 with the associated Delivery Plans adopted in May 2016. The Delivery Plans set out the challenges faced by the Council, where it aims to be in 2019 and the areas on which the Council will focus. The Performance and Risk Dashboards set out how the Council will measure its performance towards meeting the ambitions of the Corporate Plan and the actions in the Delivery Plans. This will include progress against each action within the Delivery Plans and an identification of the priorities for the coming months.

The Council has established a Strategic Partnership for Torbay and developed "Vision: Torbay" which sets out the long term aspirations for Torbay. It is proposed that this will form an Annex to the Council's Corporate Plan.

Discussions are taking place, in the context of wider public sector financial constraints, as to how the Council's relationship with the Integrated Care Organisation will be financially supported moving forward.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council's Constitution has been continually reviewed throughout the year by the Monitoring Officer, Chief Financial Officer and Governance Support Manager in

consultation with the Mayor and Group Leaders whereby improvements and changes to the constitution are made and agreed. During the course of the year, the Council's Financial Regulations and Contract Procedures were reviewed and expanded.

The Members' Development Programme has been refreshed and is supplemented by Councillor Conversations which take place to provide an informal opportunity to discuss forthcoming decisions. The Mayor and Group Leaders meet monthly to discuss a range of issues aimed at working better together.

In November 2015, Torbay Council welcomed a Local Government Association review team to undertake a Corporate Peer Challenge to specifically challenge the financial viability of the Council and the effectiveness of its leadership and governance arrangements. In response to the recommendations, the Council implemented an action plan.

The LGA's Principal Advisor and Challenge Manager, along with several members of the original peer team, have visited the Council on a number of occasions since the action plan was produced to help, advise and review progress directly with the Council. As part of this process, it was agreed that a follow-up day would be arranged and this took place in September 2016.

The report from the follow-up day shows that the LGA found some positive member and officer relationships but that there were also some tensions. The LGA's clear advice was that there needs to be "a consistent political purpose which officers can then put their collective energy into delivering" with clarity as the roles and responsibilities. To address this finding, senior officers are focussing on supporting the Executive and Council to develop the Policy Framework so as to set a clear strategic direction. Further, the action plans associated with the Policy Framework provide clarity to officers in implementing Council policy.

As a result of the follow-up day, a finance review was commissioned and undertaken in November 2016. The recommendations from the review have been incorporated in the action plan which continues to be delivered.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Standards Committee has been re-appointed and met twice during 2016/2017. The Monitoring Officer continues to meet regularly with the Independent Person (appointed to assist the Standards Committee in the Member Complaint Process) to hear their views and opinions on various matters relating to Members' conduct. The Independent Person assisted with a number of complaints and provided views throughout an investigation that was subsequently considered by a Standards Hearing Sub-Committee.

The Council's Code of Conduct, Information Governance, Whistleblowing and Acceptable Behaviour policies are available for all staff on the HR intranet page. They are also referred to within employees' terms and conditions of employment

and are binding upon employees during the course of their employment with the Council. Reminders are sent out to staff via newsletters and internal communications. The Council's induction programme also signposts to the above policies for new starters.

The Head of the Paid Service, the Chief Financial Officer and the Monitoring Officer continue to meet on a monthly basis to ensure that there is a regular forum to ensure that the values of the authority are promoted and that good governance is demonstrated.

Business ethics, values and culture are an important part of improving an organisation's governance process and we continue to place great importance on this. The Council will be furthering its work on culture and ethics as part of its response to the Staff Survey.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The process for taking informed decisions has been reviewed over the course of the year with a clearer decision making process in place with the establishment of the Policy Development and Decision Groups. These Groups receive reports and make recommendations to the Mayor on Executive decisions. The Mayor then, in the majority of cases, takes those decisions at meetings of the Policy Development and Decision Group.

The Overview and Scrutiny Board has met throughout the year to hold the Mayor and Executive to account, and the Audit Committee has also met regularly. This aims to provide assurance within the decision making process.

The Audit Committee has received the Internal Audit Plan together with updates on the progress against the Plan. The Committee have received the Council's Statement of Accounts and Treasury Management Strategy.

The Performance and Risk Dashboards have been reviewed by the Committee on a regular basis. The Committee have also been invited to a number of informal meetings with service managers in order to understand the derivation of the performance indicators. The Committee continue to have the ability to refer suggested areas for further investigation to the Overview and Scrutiny Board.

The Overview and Scrutiny Board has undertaken a range of work from reviewing draft Policy Framework documents to matters arising from budget monitoring reports. The Mayor has also referred matters to the Board for its comments. Three decisions of the Mayor have been called-in over the course of 2016/2017.

At the start of the year, overview and scrutiny liaison meetings were held between senior officers and Overview and Scrutiny Lead Members. The liaison meeting for the Joint Commissioning Team has now been replaced with two Monitoring Working Parties – one for Children's Services and one for Adult Services and Public Health.

These meetings provide an informal opportunity to discuss forthcoming decisions, issues arising, and performance and financial monitoring information.

Overview and Scrutiny Briefings are held to which all members of the Council are invited to attend. This provides an opportunity to share information and identify issues which should be formally considered by the Overview and Scrutiny Board.

The Council's Information Asset Register has been reviewed and will be updated in line with policy developments and guidance but also to ensure links are made to relevant business continuity plans.

The Performance and Risk Management Framework was reviewed as part of the LGA Corporate Peer Challenge in 2015 with a recommendation 'to ensure that the framework is effectively rolled out, and adding to the 'business' of the authority'. The subsequent internal audit report on Risk Management and Risk Recording (dated January 2017) found that Councillors and Senior Managers take the lead to ensure that approaches for addressing risk are being developed and implemented. It also found that the Framework, as a methodology, was effective, well-structured and integrated with performance monitoring.

However, the report also identified a number of areas that needed further development:

- current risk registers do not make the link between the strategic risks and service / operational risk.
- there is a lack of focus when identifying risks with significant risks to the achievement of key objectives needing to be fully understood so as to aid decision making and to help ensure that limited resources are effectively targeted.
- There are inconsistencies in terms of monitoring and recording at strategic level along with a lack of integration with operational practices and risks.

An improvement plan has been developed in response to the internal audit report and this is continuing to be implemented.

Developing the capacity and capability of members and officers to be effective

A full Member Induction Programme was put in place immediately post the Local Elections in May 2015. Over the course of the year, the second phase of the Member Development Programme continued to build members' focus on the strategic issues. Following the LGA Peer Review and follow up visit, the Council devised an Action Plan which would assist the Council to embrace the opportunities and improvements identified. A wide range of member development has been made available supported by the LGA.

The Senior Leadership Team have kept the operation of their meetings under review over the course of the year and changed how they manage their agendas in order to

increase their capacity to focus on those issues of strategic importance. An Organisational Development Plan (including an SLT Development Plan) is in place.

Workforce planning has been introduced for managers to assist them in identifying the learning and development requirements within their service areas. Training for all staff on key policies, procedures and legislation is available through i-Learn, the Council's online learning portal.

The Council undertook a Staff Survey in September 2016. Work has been undertaken with managers and staff to develop an action plan which will be delivered throughout Summer 2017.

Engaging with local people and other stakeholders to ensure robust public accountability

Consultation and service user engagement has continued to take place in relation to service change. The majority of this work has been related to the proposals for budget savings.

The Action Plan associated with the Communication, Consultation and Engagement Strategy has been implemented aimed at improving the way that the Council communicates, consults and engages with the residents of Torbay.

The Torbay Strategic Partnership has been re-established. There has been good engagement from partners, supported by resources from the Local Government Association. There is a desire and intent to work together to develop plans to deliver the Partnership's ambitions.

The Annual Report of the Overview and Scrutiny Board has been published and considered by the Council.

The Council has published as an appendix to this Statement its Review of the Year which describes the how it has achieved against the Corporate Plan and provides information on its financial statements. The document also sets out the priority areas for the coming year. The Statement of Accounts provides a Narrative Report which explains the Council's achievements over the past alongside the Council's financial performance.

Securing continuous improvement in service delivery and ensuring that its agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of its user and in the most effective way

The Performance and Risk Dashboards (including progress against each action within the Corporate Plan Delivery Plans) have been reviewed every two months by the Senior Leadership Team, Mayor and Executive, Group Leaders and the Audit Committee. This has enabled any areas of concern to be highlighted and recovery plans to be prepared, scrutinised and monitored.

The Performance and Risk Group has continued to meet to encourage greater ownership of performance and risk generally.

The Audit Committee review the Dashboards Performance every two months with the Committee referring matters by exception to the Overview and Scrutiny Board where it was felt that further investigation was required.

Operational performance and risk continues to be monitored in business units with issues of concern being escalated through the Performance and Risk Group to the Senior Leadership Team. This will be an area of focus for the coming year.

The Children's Improvement Board has continued to meet over the course of the year to ensure that the action plan in response to the January 2016 Ofsted Inspection of services is implemented. Ofsted undertook a monitoring visit in December 2016 and the findings were that the Council was making appropriate progress in improving services for children and young people in need of help and protection in Torbay.

The Government-appointed Children's Commissioner has made recommendations to the Minister on the future operation of Children's Services in Torbay and work will be undertaken during 2017/2018 on this issue.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Significant governance Issues

The internal audit report on Sports Pitch Leases (dated January 2017 (although commenced during 2015/2016)) identified that improvements were required as there were a number of instances where controls and procedures did not adequately mitigate the risks identified. Existing procedures needed to be improved in order to ensure that they are fully reliable. The overall opinion of "Improvements Required" was given following improvements made after the conclusion of the audit.

As noted within the internal audit report, since the conclusion of the audit, progress has been made through identifying an asset management lead role who has intervened in many of the sports pitch leases reviewed during the audit and clarified instruction arrangements with the TDA. As such, the issues and associated risks identified are now better mitigated. In addition, a review of the Corporate Asset Management Plan is currently underway to ensure that it meets the intentions of the Corporate Plan.

The internal audit report on Risk Management and Risk Recording (January 2017) gave an opinion of "Happening" with councillors and senior managers taking the lead to ensure that approaches for addressing risk are being developed and implemented.

As detailed earlier in the Annual Governance Statement, an improvement plan is in place to ensure that:

- there a links between the strategic and service/operational risks.
- significant risks to the achievement of key objectives are fully understood
- there is consistency in monitoring and recording risk at a strategic level (including integration with operational practices and risks).

The draft internal audit report on Emergency Planning and Business Continuity (February 2017) found of 'Fundamental Weaknesses' in relation to corporate business continuity arrangements. Whilst it was recognised that some progress had been made in this area, arrangements were not consistently robust, and have not been subject to full testing. Therefore the report deemed that the arrangements were insufficient to ensure continuity of service corporately across all the Council's critical functions should an incident occur. An action plan to address the recommendations within this draft internal audit report is in the process of being prepared and implemented.

The draft internal audit report on TOR2 Commissioning (April 2017) has found that there were "Improvements Required". The Joint Venture Company (JVCo) provides over £10 million of services to the Council. The draft report is currently being considered and an action plan will be prepared.

In addition to the above, there were a number of reviews undertaken by internal audit during the course of the year which found that improvements were required. In a number of cases management actions plans have been put in place and these will be monitored on a regular basis through discussions between the Chief Executive and appropriate Director or Assistant Director. In those cases where management action plans have yet to be agreed, the Chief Executive will ensure that plans are developed as a matter of urgency.

A tracking system to ensure that actions to address areas identified by Internal Audit as requiring improvement will be developed over the coming months and will be monitored by the Senior Leadership Team.

Following the Ofsted Inspection of services for children in need of help and protection, children looked after and care leavers (January 2016) which judged services to be inadequate, the Council was subject to a Statutory Direction in May 2016. The direction appointed the Chief Executive of Hampshire County Council as Commissioner for Children's Services in Torbay and requires the Council to co-operate with the Commissioner in relation to the improvement of Children's Services. An Improvement Board chaired by the Commissioner with representatives from the Council and local partners has been formed to oversee the improvement process. The Commissioner also reports on a quarterly basis to the Secretary of State on progress and work undertaken to develop an alternative delivery model for future service provision. The direction will remain in place until such time as it is revoked by the Secretary of State. Children's Services are also subject to ongoing monitoring by Ofsted.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the issues identified and we will monitor their implementation and operation as part of our next annual review.

Steve Parrock
Chief Executive

Gordon Oliver
Elected Mayor of Torbay