

# **ANNUAL GOVERNANCE STATEMENT 2013/14**

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### **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 [The Council's Constitution](#) or can be obtained from Governance Support. This statement explains how Torbay Council has complied with the code and also meets the requirements of regulation 4 (2) of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### **The purpose of the governance framework**

The governance framework comprises the systems and processes, and 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 31st March 2014 and up to the date of approval of the annual report and statement of accounts.

## **The Governance framework**

The key elements of Torbay Council's governance framework are summarised below:

### **(A) Arrangements for identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

- A Community Plan refreshed in Autumn 2011 sets out the Council's vision developed jointly with the Torbay Strategic Partnership which brings together representatives of the public, voluntary and business sectors
- A Corporate Plan revised in March 2013 to reflect the current priorities of the Council
- A medium term resource plan which is regularly and updated to support the achievement of the Council's corporate priorities
- A performance management framework which includes performance reports reported to the public
- A programme of consultation with the public through public meeting and other mediums on a regular basis
- As part of its budget setting process the Council co-ordinates a series of public events to gain an understanding of the communities views.
- The Council and the Care Trust, together with the Police and other partners have worked together to identify the needs of the area, including Health matters, and published a Joint Strategic Needs Assessment
- The Council's Communication Strategy, is communicated to staff, and all stakeholders via regular internal and external updates using promotional material, the web, the intranet
- Torbay Council 2013/14 Statement of Accounts for the year ended 31st March 2014
- Community Partnerships where local ward members and stakeholders can discuss concerns and issues with their constituents

### **(B) Arrangements for reviewing the authority's vision and its implications for the authority's governance arrangements**

- The authority has also kept under review other key initiatives such as the actions arising from the Joint Strategic Needs Assessment for Health and Well Being,
- Regular consultation events were also used to inform the development and review of the authority's vision. These have continued to be used to obtain feedback on both service delivery and proposed plans and developments
- The budget setting process includes detailed scrutiny of proposals and their links to the Council's vision, priorities and stakeholder views, together with equalities impact assessments
- The Council is also very mindful that staff are also key stakeholders and as such, senior officers and Members have taken part in road shows. Internal communication approaches have been reviewed to ensure all staff are aware of

all issues and new policies and practices. Positive working relationship with trades unions through monthly formal meetings and informal meetings with the Executive Director of Operations & Finance and consultation where appropriate

**(C) Arrangements for measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources**

- Surveys of users in service specific groups are used together Viewpoint surveys to assess quality of service and policy changes to be made in light of user feedback. All these surveys and results are publicly accessible on the Council website. In addition the Council also encourages user involvement in appropriate services areas, examples being Speaking out in Torbay (SPOT) within the learning disabilities
- The Council records performance information using performance-reporting software 'Service Performance and Risk' (SPAR) and action on areas of poor performance is closely scrutinised, by the senior leadership team and Overview and Scrutiny members. The performance reporting system is based on exceptions and where performance is identified as a concern, appropriate corrective action will be considered, scrutinised and monitored
- The Council uses a range of benchmarking information, including the Audit Commission comparative data set and National Health Service (NHS) data. It uses the data to measure performance against comparators and to identify authorities from whom the Council could learn, and to identify potential areas of focus for budget reductions
- There is also a range of consultation and feedback mechanisms for obtaining feedback from customers

**(D) Arrangements for defining and documenting the roles and responsibilities of the executive, non executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

- The Constitution sets out how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people
- This includes the publication of a monthly Forward Plan containing all key decisions
- The Constitution includes Standing Orders, Financial Regulations, Delegated powers, Contract Procurement rules and the budget and policy framework. These are underpinned by Codes of Conduct for officers and Members, Gifts and Hospitality rules, local protocols and by the Authority's Code of Corporate Governance
- The full Council of 37 elected Members, including the Mayor, is responsible for approving the Mayor's budget and the policy framework. The Mayor is responsible for decisions within this framework and has been supported by other Members who oversee and advise on specific areas
- Matters outside of the budget and policy framework are referred to full Council for decision, plus the full Council make recommendations to the mayor on executive decisions who normally makes his decisions at the full council

- A Scrutiny function with the Overview & Scrutiny Board which undertakes a range of reviews into policies and performance. The Board also has the facility to 'call-in' Mayoral decisions or Officer key decisions and makes recommendations as appropriate
- An Audit Committee is responsible for all internal and external audit matters along with some other Governance associated matters
- Some regulatory functions remain the responsibility of the Council rather than the Mayor and most of these are delegated to a small number of regulatory committees appointed annually by the Council
- All meetings are open to the public but a small number of confidential 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 papers to a minimum with only the confidential elements being kept exempt from the press and public. This ensures open and transparent decision making is undertaken at all times. Council officers provide appropriate advice at the points of consideration and decision, and report to Members on progress and outcomes of decisions taken
- The Authority has developed a number of Local Protocols (including in relation to Member and Officer Relations; Planning Matters and the role of the Monitoring Officer), all in line with good Corporate Governance
- A 'local' code of conduct dealing with what is expected of members and co-opted members of the authority when they are acting in that capacity

**(E) Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

- The Council's intranet contains a range of policies, procedures and guidance for all staff including Human Resources (HR) policies, I-learn training modules, Computer Security Policy, Freedom of Information Policy and Data Protection Policy and the Corporate Plan and Constitution
- Legislative changes are monitored and reported to Strategic Leadership Team (SLT) and communicated to staff as required.
- Corporate induction courses are run on a regular basis. Managers are responsible for local induction arrangements. Officers in politically restricted posts and those responsible for negotiating contracts are required to register their personal interests
- The Council has a Fraud and Corruption Policy which is reviewed regularly and has been communicated to all staff and is available on the Council's Intranet. That has been discussed and approved by the Council's Standards Committee
- 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

**(F) Arrangements for reviewing and updating Standing Orders and Financial Regulations, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

- The Council's Constitution is reviewed throughout the year by the Monitoring Officer, Section 151 Officer and Governance Support Manager in consultation with the Mayor and Group Leaders to ensure the Council's governance arrangements reflect best practice
- Directors and Executive Heads are responsible for managing risk within their departments
- The Executive Head Business Services is responsible for the implementation and monitoring of the risk management strategy
- A Strategic Risk Register which identifies strategic risks with clearly identified measures for mitigation
- The Council, when considering any matter, will have a risk assessment within the report
- The Council fully recognises the need to continue to manage risks in all projects and, where appropriate Prince II and MSP are applied

**(G) Ensuring the Authority's financial management arrangements conform with the governance arrangements of the CIPFA statement on the role of the Chief Finance Officer (CFO) in local government.**

- The Chief finance Officer (CFO) has direct access to the Executive Director of Operations & Finance on all matters and has direct access to all Members and senior officers of the Council
- The Council follows practices to ensure it makes best use of its resources. The CFO works with Directors and Executive Heads to identify any financial issues which may require management action. These are reported to the Overview and Scrutiny Board and Council on a quarterly basis, regular discussions take place with the Executive Member with responsibility for finance
- All reports to Members include a section on the resource implications, prior to publication these implications are cleared by the CFO or one of his senior staff. These reports also cover value for money and benchmarking implications where appropriate
- The full Council approves the Treasury Management Strategy on an annual basis and all Members are briefed on key financial issues
- The CFO has responsibility for ensuring that the Council operates secure and reliable financial and accounting systems. Devon Audit Partnership undertake the role of auditing these systems to give the assurance needed
- The Council has developed a Medium Term Resource Plan, which is reviewed on an on-going basis to take into account new information and changing circumstances, this is used to inform reports to members, detailed in year plans are produced as part of the annual budget process, these in year plans represent the business units individual business plans through which financial and operational performance are monitored

**(H) Undertaking the core functions of an Audit Committee, as defined in CIPFA's *Audit Committees – Practical Guidance for Local Authorities***

- A stand alone Audit Committee was established during 2008-09 and meets on a quarterly basis where reports from both Internal and External Audit are considered as well as risk and associated matters

**(I) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

- The system of internal financial control is based on a coherent accounting and budgeting framework including Financial Regulations, Contract Standing Orders, Scheme of Delegation and accountability
- Medium-term resource plans covering both revenue and capital spend which provides a framework for the planning and monitoring of resource requirements. These also link in with the business development proposals which are fed by the Strategic Plan
- Operation of the Capital Strategy aims to ensure that investment is linked to Strategic Objectives. Bids for capital and other asset management funding require an effective 'business case' linked to Strategic Objectives, and progress in delivering projects is formally monitored by the Capital Asset Management Team, Councillors and Commissioners' Management Teams. Linked in with this is the Asset Management Plan which ensures that assets are only retained for effective business purposes
- Financial stewardship in respect of both capital and revenue is reported to Overview and Scrutiny and Council quarterly, and is considered regularly by the Strategic Leadership Team. Management Teams also consider their respective budgets on a regular basis. This is supported by an established budget monitoring process by managers and Finance staff and the electronic distribution of budget monitoring reports to all managers
- Directors and Executive Heads are required to produce an annual statement of Internal Control for their areas which includes statements about risk and the internal control framework. This is supported by Internal Audit who help embed risk management by cyclical audits and other management initiatives

**(J) Arrangements for Whistle-blowing and for receiving and investigating complaints from the public**

- The **Fraud & Corruption Policy, Fraud Response Plan and Whistle Blowing Policy** were reviewed and updated in 2008. A further review was undertaken during 2012/13 with an updated Whistle Blowing policy being agreed on 20 March 2013. The Policy is available on the website, intranet and direct from the Information Governance team. The Authority also subscribes to Public Concern at Work which provides a staff helpline
- The Council has an established phone line that any whistle blowing call can be made to and which goes directly to the area which has responsibility for dealing with these issues in the first instance. These are recorded and passed on to the appropriate part of the organisation to investigate and the outcomes are monitored
- The Council has procedures for dealing with customer complaints and provides the means for customers to feedback concerns or issues. Complaints are analysed and reported back to Members and Managers along with the actions

taken. An Annual Report is produced outlining the complaints and compliments handled by the Council and Ombudsman during the previous financial year. This is reported to the Overview & Scrutiny Board. Customer Care standards have been agreed and published. The complaints procedures are regularly reviewed.

**(K) Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training**

- All members have personal development plans, corporate training needs are identified through the Strategic Leadership Team
- The Member Development Policy provides a structured approach to member development to ensure all members are supported in their role. The majority of training delivered through the Devon member development shared service
- The Council has strongly supported staff development, particularly through programmes such as Institute of Leadership and Management

**(L) Arrangements for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

- Regular consultation events are held with public and voluntary services plus regular business forum meetings. Other consultation and feedback surveys are also undertaken throughout the year
- Torbay Council operates a Call Centre which is based in Torquay and deals with a wide variety of calls from residents and visitors over an expanding range of issues as more services are included in those dealt with in the first instance by the centre
- All customer contact received via our Call Centre or our Connections offices is documented to ensure the information is actioned by, or forwarded to, the relevant department, as necessary. The Council also uses its libraries as initial contact points from which enquiries can also be dealt with
- The Consultation and Engagement framework is available on the website indicating mechanisms and groups and how the Consultation and Engagement Group effectively manages engagement with the public and voluntary sector. There are also a number of Community Partnerships across Torbay. Councillors have also been encouraged to produce their own means of communication and, for example a number have created their own websites

**(M) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements**

- The Council's Code of Corporate Governance is available on its website. There is a robust Constitution established for the local Community Partnerships



- Appropriate arrangements in respect of service specific partnerships such as the Torbay & Sothern Devon Care Trust and the Torbay Coast & Countryside Trust, TOR2 and English Riviera Tourist Company and Economic Development Company are in place

### **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
- Overall responsibility for the governance framework including the system of internal control rests with the Mayor and Executive Director of Operations & Finance and they receive regular reports from the Section 151 Officer on financial issues and the Monitoring Officer on legal issues as and when appropriate. This includes regular budget monitoring information and the Medium Term Resource Plan
- This is supported by an annual review of Internal Audit by the Section 151 Officer which reviews compliance with the CIPFA Code of Practice and the effectiveness of the audit service. 2013-14 saw the fifth year of operation of the Devon Audit Partnership which was the amalgamation of the three Internal Audit functions of Devon County Council, Plymouth City Council and Torbay Council and has continued during this year. As in previous years the service undertook certain assurance work on behalf of the Council and to give assurance to the external auditors as part their audit opinion. The external auditors raised no concerns about the standard of work performed by the Devon Audit Partnership. No major issues were identified and the service has maintained the level of assurance it is able to provide to management
- Torbay operates a mayoral system of governance and the Council's Constitution is continually reviewed throughout the year by the Monitoring Officer, Section 151 Officer and Governance Support Manager in consultation with the Mayor and Group Leaders whereby improvements and changes to the constitution are made and agreed. The Constitution defines the relative responsibilities of the Council, the Mayor, Overview and Scrutiny and Senior Officers. This also includes the Schemes of Delegation, and also the Officer Scheme of Delegation
- 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 monitoring officer, executive director, section 151 Officer and the senior leadership team
- Since the May 2011 elections the Mayor has chosen to make the majority of his decisions at council meetings to ensure they are taken in public both full council decisions (part of the policy framework) and Mayoral decisions are taken in public with full questions by council in order to further introduce further transparency and public accountability
- The Audit Committee and Overview and Scrutiny Board operate to provide assurance and call the executive to account, through decisions in the forward plan, performance management and risk and the use of 'call in' where appropriate

- Risk is embedded in performance management and can therefore be challenged and has oversight through the Executive, Audit Committee and Overview and Scrutiny Board
- The standards committee continue to be part of the successful operation of the council's governance,
- There is also the whistle blowing mechanism which can be used to raise concerns which can include governance matters. Standards also provide independent feedback to members in their public duties through observing conduct at Council, and Overview and Scrutiny. This has allowed members to improve their performance individually and collectively, in addition to the 1-1s of member performance management
- The Council continues to challenge itself in governance and includes governance 'days' for all members to refocus when required
- The council's section 151 officer holds regular meetings with the Head of the Devon Audit Partnership (DAP) with responsibility for Torbay to discuss all on-going and planned work and any issues which arise. The Head of Internal Audit reports 6 monthly to the Audit Committee setting out work undertaken and the planned work for the year. This will include reporting on audits and work undertaken where there are concerns over practice or systems of internal control and sets out how these will be addressed

### **Internal Audit**

- The internal audit services is provided by Devon Audit Partnership (DAP). This is a shared service arrangement between Torbay, Plymouth and Devon councils and is constituted under section 20 of the Local Government Act 2000
- Public Sector Internal Audit Standards – Collaboration between the Institute of Internal Auditors, CIPFA and International Audit Standards Setters has resulted in the first set of public sector internal audit standards (PSIAS) for the UK. The PSIAS, which came into force on 1 April 2013, have been developed to create consistent standards for the practice of internal audit across the public sector. An independent review of DAP was completed in November 2012 and confirmed that DAP were "ready" for the planned changes in approach
- The Council's Internal Audit Plan, which is risk based, is agreed annually with Commissioners 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
  - Cyclical reviews by Internal Audit of internal controls in operation within each service area against known and evolving risks based on a detailed risk assessment which considers the strategic and operational risks identified in the Corporate Risk Register and Business Plans and also includes consideration of materiality, sensitivity and previous audit and inspection findings;
  - Work in relation to the prevention of fraud and corruption and an allowance for 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 receive reliance from the NHS Internal Audit Confederation over the controls in operation at Torbay and Southern Devon Health and Care NHS Trust. The controls cover the provision of the adult social services
- Achievement of 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 were also held between the Section 151 Officer and a representative of the Devon Audit Partnership to discuss specific issues that have arisen

### **Significant governance Issues**

- No significant governance issues have been identified. Overall, and based on work performed during 2013/14, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.