

ANNUAL GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2019/2020

Explanatory Note

This Annual Governance Statement covers the Financial Year 2019/2020 during which Torbay Council's governance arrangements changed a number of times.

For the first month covered by this report, the Council operated an Elected Mayor model of governance. On 2 May 2019 the new Council was elected and moved to a Leader and Cabinet model of governance, with the Cabinet having collective decision making powers.

On 23 March 2020, as a result of the Covid-19 outbreak and in light of the Government's guidance on social distancing, all public meetings were cancelled. In addition, the Leader of the Council changed the delegation arrangements to enable him as Leader to make executive decisions rather than collectively by the Cabinet. However with the use of technology permitting virtual meetings, decisions reverted to being made collectively by cabinet as of 7 May 2020.

Whilst this Annual Governance Statement covers significant governance issues from 1 April 2019 up to the date of approval of the Statement of Accounts, the governance system described throughout is, in the main, that which was in place for the majority of the 2019/2020 municipal year (namely Leader and Cabinet, with collective decision making).

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*. The code is included in the Council's Constitution which is available on the Council's website at <http://www.torbay.gov.uk/DemocraticServices/ieListMeetings.aspx?CId=458&info=1>

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

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 (for the 2018/2019 financial and municipal years) and until 2 May 2019, the Council was made up of the Elected Mayor and 36 Councillors who, together, were responsible for approving the Council's Budget and Policy Framework. The Elected Mayor was responsible for decisions which were consistent with the Budget and Policy Framework and was supported by Executive Lead Members who oversaw and advised on specific areas. Matters outside the Budget and Policy Framework were referred to the Council for decision.

From May 2019 Torbay Council moved to a Leader and Cabinet model of governance. The Leader of the Council and the Cabinet are responsible for major decisions including key policy matters within the framework set by Full Council. These are referred to as "Executive Functions". When major decisions are to be discussed or made, these are published in the Forward Plan in so far as they can be anticipated. The Cabinet collectively takes decisions at meetings of the Cabinet and these meetings will generally be open for the public to attend except where exempt or confidential matters are being discussed.

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.

As the local elections in May 2019 left no party with overall control of the Council, the Liberal Democrat Group and Independent Group have signed a partnership agreement and have joined together to form the administration of the Council.

The Cabinet has to make decisions which are in line with the policies and budget set by Council. If they wish to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide. The Council has an overview and scrutiny process which provides a 'critical friend' challenge to cabinet policy makers and decision making.

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 five times per municipal year.

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 Cabinet 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.

As a result of the Covid-19 outbreak, Group Leaders reviewed the approach to the council's public meetings. In light of the Government's guidance on social distancing, from Monday 23 March 2020 all public meetings were cancelled.

For Cabinet decisions, the Leader of the Council changed the delegation arrangements to single decision making rather than collectively by Cabinet members. This enabled decisions to be taken remotely. The Leader of the Council consulted with the Cabinet and Group Leaders remotely, prior to making decisions. Associated officer reports for decisions were published in advance of decisions being made.

Any urgent Council decisions required to be made during this time were made by the Chief Executive in consultation with the Leader and Group Leaders.

For other decision-making Committees, in circumstances where decisions could not be delayed, officer delegations applied after consultation with relevant members. However with the use of technology permitting virtual meetings, from the beginning

of May 2020 where required, meetings have been arranged virtually and collective responsibility for decisions by Cabinet and Full Council has been re-instated.

The Corporate Plan and Decision-making

Included within the Policy Framework is the Council's Community and Corporate Plan, the main strategic document under which all other Policy Framework documents sit. Following the local elections in May 2019, a Community and Corporate Plan "One Torbay: Working for all Torbay" has been prepared by the Cabinet, and adopted by the Council, which sets out the ambitions and visions of the Council over the next four years and the principles within which the Council will operate.

The Delivery Plan associated with the Council's Community and Corporate Plan have been developed and are in the process of being agreed. Alongside this performance measures and risks are being identified. These will be monitored as part of the refreshed Corporate Performance and Risk Report.

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 Council's Transformation Programme continued to be delivered during 2019/2020. This aims to ensure that the ambitions within the Council's Community and Corporate Plan are met whilst seeking to maximise efficiencies, income and savings (in accordance with the requirements of the Medium Term Resource Plan) and create service resilience.

The Cabinet receive reports containing recommendations for decisions made at meetings of the Cabinet. 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 Executive, Chief Finance Officer and the Monitoring Officer or one of their senior staff.

All meetings of the council and its committees 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 aims to ensure open and transparent decision making is undertaken at all times.

Between 23 March 2020 and 7 May 2020, reports which the Leader of the Council considered ahead of making decisions were published on the Council's website and circulated to all members of the Council. Feedback was encouraged via electronic means before the Leader made his decision. Decisions were then published online (as would normally happen when meetings of the Cabinet were held).

The Member Development Programme provides a structured approach to member development and support them 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. 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 a number of Community Partnerships across Torbay which provide an opportunity for people who live or work in those parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area.

The partnership administration has made clear its wish to strengthen community engagement and empowerment and work is continuing to ensure that the Council can build on the existing arrangements across Torbay.

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 Council retains legal responsibilities for the provision of Adult Social Care in accordance with the Care Act 2014, the Mental Capacity Act 2005 and the Mental Health Act 1983, but these are delegated to Torbay and South Devon NHS Foundation Trust, an integrated organisation responsible for providing acute health care services from Torbay Hospital, community health services and adult social care for the people of Torbay and South Devon.

The Torbay Adult Social Care Risk Share 2020 to 2023 agreement under the powers outlined in S.75 NHS Act 2006 was agreed in March 2020 to continue integrated appropriate and well managed arrangements for Adult Social Care in Torbay.

The Torbay Strategic Partnership (known as Torbay Together) has continued to meet regularly throughout the year and the partnership, which consists of public, private and voluntary sector organisations, has continued to seek ways to deliver "Your Torbay, Your Future" 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), Careers South West and Torbay Housing Company Ltd. 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.

Our 10-year joint venture TOR2 contract with Kier ends in July 2020. Councillors voted in February 2019 to create a new wholly-owned company to continue the service and bring bin collections, recycling and other front line services back in house. The Council has since been considering options for the future delivery of the services currently delivered by TOR2.

Performance and monitoring arrangements are 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 a member of the Heart of the South West Joint Committee (a partnership across all of the local authorities in Devon and Somerset plus the national park authorities, the Local Enterprise Partnership and the Clinical Commissioning Groups) which will be delivering the Productivity Strategy for the region and maximising the opportunities for Government funding in Devon and Somerset. In addition, the Council is working with partners on the Wider Devon Sustainability and Transformation Plan and the Improved Better Care Fund.

A review of a joint arrangement between Plymouth and Torbay councils to share a Director of Children's Services concluded that each authority needs its own director to provide more strategic capacity and make the improvements that are necessary for our respective services. The arrangement of a Joint Director of Children's Services came to an end in January 2020. An Interim Director of Children's Services was agreed at council in December 2019 and a permanent Director appointed in mid February 2020.

Performance and Risk Management

The Council records performance information using performance-reporting software called SPAR.net.

The framework for Performance and Risk has been under review since the Local Elections in May 2019 and the subsequent adoption of the new Community and Corporate Plan "One Torbay: Working for all Torbay". As a result, new Performance and Risk Dashboards are in development to reflect the priorities of the Plan, measure the specific actions within the ensuing delivery plans and ensure current strategic or operational risks are identified, mitigated and monitored.

The Senior Leadership Team will monitor the Council's performance and risks. They will receive formal updates on a quarterly basis. These updates will be shared with the Leader and Cabinet at Informal Cabinet meetings and with Audit Committee. Any areas of concern will be highlighted and appropriate corrective action will be considered, scrutinised and monitored. The Council 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 Assistant Directors 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 Assistant Directors to identify any financial issues which may require management action. Regular discussions were held with the Leader of the Council and the Deputy Leader of the Council who is the Cabinet Member with responsibility for finance. The Chief Financial 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 Cabinet on a regular basis. The Council agrees the Treasury Management Strategy on an annual basis on the recommendation of the Audit Committee.

The Director of Corporate 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 regularly 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 at least 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.

A focussed forum for Managers called the Extended Leadership Team (ELT) has been established, so as to provide for even greater communication and opportunities for empowerment throughout the organisation.

Internal communication approaches are in place 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 Director of Corporate Services, and consultation where appropriate.

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

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 issues are being received. It also enables the tracking of the implementation of recommendations and actions.

The Information Governance Team have now employed two complaint investigators whose job it is to investigate the majority of corporate complaints. The introduction of these posts has meant the Council has moved to a one stage complaints process. The aim of this new process was to improve timeliness of responses, consistency of responses and improved timescales for escalation to the Local Government and Social Care Ombudsman. In the first six months of this process, the Council's performance in complaint handling has increased from 40% of responses sent on time to 70%. Reports regarding complaints are provided to the Senior Leadership Team on a regular 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 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 legislation. To support this, there is an Information Governance Steering Group, which consists of the Head of Information Governance (who is also the Council's Data Protection Officer), the Senior Information Risk Owner (SIRO) and the Council's Caldicott Guardian. This Group reviews the Council's approach to information management and sharing. There is also an Information Security Group which is made up of operational staff to review and update policies and processes to ensure that the day to day handling of information is carried out in accordance with legislative requirements. 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 are communicated to all staff.

The Council's Information Governance Team are responsible for monitoring and reviewing compliance to data protection legislation across the Council. Part of this work is reviewing the 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 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 new Community and Corporate Plan "One Torbay: Working for all Torbay" was adopted in February 2020. The associated Delivery Plans which set out the challenges faced by the Council and the areas on which the Council would focus on were due to be considered in March, but with the outbreak of the pandemic, have been paused to ensure that they are focussed on how the Council will work in recovery. The subsequent Performance and Risk Dashboards which set out how the Council will measure its performance towards meeting the ambitions of the Corporate Plan and the actions in the Delivery Plans will be created as part of the current Performance and Risk Framework review. These will include progress against each action within the Delivery Plans and an identification of the priorities for the coming months.

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

The Council's Constitution was rewritten ahead of the change to the Leader and Cabinet model of governance in May 2019. It has also been continually reviewed throughout the year by the Monitoring Officer, Chief Financial Officer and Governance Support Manager in consultation with the Leader of the Council and Group Leaders whereby improvements and changes to the constitution were made and agreed.

A full Member Induction Programme was put in place immediately post the Local Elections in May 2019. Over the course of the year, the second phase of the Member Development Programme continued to build members' focus on the strategic issues.

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

The Standards Committee was re-appointed and met as required during 2019/2020. The Monitoring Officer continues to meet 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 Monitoring Officer had received complaints which were dealt with in accordance with the Assessment and Determination of Allegations of Breaches of the Member's Code of Conduct and were not progressed to the Standards Committee.

The Council's Code of Conduct, Information Governance, Whistleblowing and Acceptable Behaviour policies are available for all staff on MyView. 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, including the Chief Executive's Letter. 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 regularly to ensure that there is a 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.

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

Meetings of the Cabinet are well-established, enabling reports to be presented and considered ahead of decisions being made collectively in the public domain.

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

The Overview and Scrutiny Board has undertaken a range of work from reviewing draft Policy Framework documents to matters arising from budget monitoring reports. There has been one decision called-in since the start of the new administration.

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

The framework for Performance and Risk has been under review since the election of the new administration and the subsequent adoption of the new Community and Corporate Plan “One Torbay: Working for all Torbay”. As a result, new Performance and Risk Dashboards are in development to reflect the priorities of the Plan, measure the specific actions within the ensuing delivery plans and ensure current strategic or operational risks are identified, mitigated and monitored.

The Council’s Information Asset Register has been compiled and is subject to regular review as part of the Council’s GDPR project plan, this allows the Council to understand the information being processed across all departments, the lawful basis for processing and the security measures associated with the information asset.

Decisions taken by the Investment and Regeneration Committee, up to May 2019, and subsequently by the Cabinet in relation to the Council’s Investment and Regeneration Portfolio are taken in accordance with the Investment and Regeneration Fund Strategy. This Strategy sets out how the Council aims to improve its financial resilience through the purchase of a balance portfolio of investments which appropriately spreads the Council’s risk, as well as supporting the Economic Strategy by delivering economic growth, tackling inequality and creating change in the area that benefits everyone. The Strategy also sets the framework to ensure that appropriate due diligence is undertaken during the decision making process in relation to the Council’s investments.

The Council has also established an Economic Growth Fund to help further deliver economic growth within Torbay. Applications for money from this Fund are determined in accordance with the Economic Growth Fund Criteria approved by the Cabinet, which is similar to the investment criteria but allows more flexibility in terms of income generated, as its main role it to enable growth and create jobs in Torbay. Such investments are also subject to appropriate due diligence.

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

The Senior Leadership Team has kept the operation of its meetings under review over the course of the year in order to increase their capacity to focus on those issues of strategic importance.

The Members’ Development Programme continues to be delivered including training on Planning, Information Governance and the Data Protection Act and Corporate Parenting and communication with councillors was supplemented by Councillor Conversations which take place to provide an informal opportunity to discuss forthcoming issues. Councillors learning and development is also supported with external training opportunities available from The Local Government Association, The Devon Shared Service and Peers from other authorities.

Key messages and information are communicated from the Senior Leadership Team directly to all managers at quarterly Managers Forums. This is then fed back in team meetings with an emphasis on the cascade of information to front line staff.

A number of staff volunteers from different areas across the Council have been recruited to become Wellbeing Supporters. They are a confidential point of contact for employees experiencing emotional distress or a mental health issue. This interaction could range from having an initial conversation to supporting and signposting the person to get appropriate help. Volunteers attended 'Connect 5' training to provide them with the right tools and knowledge to carry out their roles.

Induction events are periodically held for all new starters. These events form part of the formal induction programme and aim to; welcome new employees to the council, give new employees important information, enable a networking opportunity and enable new employees to meet the Executive Director and/or member of the Senior Leadership Team and ask questions.

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. This work has included consultation on the proposals for budget savings and income generation.

There continues to be good engagement from partners within Torbay Together Partnership and an independent Chairman continues to lead the partnership over the last year. The Partnership took time to reflect in February as to their progress to date, and how they can improve going forward. This reflection session was independently facilitated, and attended by the LGA and local MPs to gain their advice and insight. They have continued to meet virtually through the pandemic, and are more determined than ever to work together for the benefit of Torbay.

Torbay Council held its first Community Conference on 11 September 2020 to help develop a new and more engaged relationship between the Council, individuals and communities in Torbay. Community stakeholders and members of the public were invited to attend. Following the conference the Cabinet agreed a detailed action plan and made the following commitments to the community of Torbay:

- We will embrace the spirit of co-operation and partnership.
- We will be open with our communities about the challenges that the Council faces.
- We will work to empower and enable our communities.
- We will operate with openness and transparency.

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

The Statement of Accounts provides a Narrative Report which explains the Council's achievements against the Corporate Plan over the past year alongside the Council's financial performance.

The Council carried out the planned second phase of a Community Governance Review to determine whether changes should be made to the existing local governance arrangements, including whether or not to establish new town or parish councils for parts of Torbay where they do not currently exist.

This phase of consultation featured a series of events including roadshows, Facebook live sessions, attendance at a range of community meetings and an open public event held at the Riviera Centre. A series of information videos was made available and a questionnaire hosted on the Council's website that attracted over 1, 700 responses. The second stage of community engagement ended in October 2019.

In light of the wishes of the significant majority of respondents, who did not support any of the proposals for change, Cabinet's recommendation was that there be no change to existing community governance arrangements in Torbay. This recommendation was accepted by Council at its meeting on 9 January 2020.

A public consultation on the Community and Corporate Plan "One Torbay: Working for all Torbay", took place between November 2019 and January 2020. The aim of the consultation was to ensure that residents, business owners, stakeholders and groups were aware of the proposed new Community and Corporate Plan and to encourage them to provide feedback via an on-line questionnaire.

This consultation and that of the Draft Housing Strategy and Draft 2020/21 Budget proposals were promoted in a press release, on our social media and using posters in public offices and libraries as well as in key community locations. A number of Facebook live question and answer sessions were held, in order to attempt to achieve a greater reach. Community Partnerships and key stakeholders were contacted directly to ensure they could get involved in the conversation and share awareness within their communities. Links to the on-line questionnaires were sent to just over 400 Viewpoint panel members and all Council staff. The draft plan was considered by members of the Overview and Scrutiny Board.

A drop-in Cabinet Conversation was held on 14 January 2020 where members of the public could ask questions about the Budget, Draft Community and Corporate Plan and the Draft Housing Strategy. The consultation was rounded off by a public event organised by Torbay Community Development Trust (CDDT).

The partnership have introduced drop-in Cabinet Conversation events to enable people to talk to members about issues that matter to them. These are held with the aim of involving communities more in the work carried out by the Council to improve Torbay.

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 approach to managing and reporting corporate performance and risk is being reviewed and updated as part of the framework of new policies stemming from the adoption of the new Community and Corporate Plan and its delivery plans. Corporate performance and risk reports will be reviewed regularly by the Senior Leadership Team, Leader of the Council and Cabinet, Group Leaders and the Audit Committee. This will enable any areas of concern to be highlighted and recovery plans to be prepared, scrutinised and monitored. The Audit Committee will refer matters by exception to the Overview and Scrutiny Board if it is felt that further investigation is required.

A tracking system to ensure that actions to address areas identified by Internal Audit as requiring improvement are monitored by the Joint Operations Management Team, has been reviewed and is in development.

Ofsted re-inspected our children's social care services in June and July 2018 and concluded that overall they remained inadequate. Ofsted carried out monitoring visits to our children's social care services in April and October of 2019 and January of 2020.

Although the current Ofsted rating of inadequate has not changed since 2015, the January 2020 Ofsted letter acknowledges the progress that is being made, and that the DfE have appointed a commissioner to support Torbay going forward. They stated that leaders have a sound understanding of the key priorities for improvement and recognise the immense challenges they face. Leaders are highly visible and accessible, inspiring increased confidence with the workforce. It is vital that these early signs of progress are secured and sustained.

A review of a joint arrangement between Plymouth and Torbay councils to share a Director of Children's Services concluded that each authority needs its own director to provide more strategic capacity and make the improvements that are necessary for our respective services. The arrangement of a Joint Director of Children's Services came to an end in January 2020. An Interim Director of Children's Services was agreed at council in early December 2019 and a permanent Director appointed in mid-February 2020.

The Draft Annual Audit Report for 2019/2020 set out that the Head of Internal Audit's opinion was one of "Substantial Assurance" on the adequacy and effectiveness of much of the Council's internal control framework. The exception to this is the Children's Directorate where they were only able to provide "Limited Assurance" at this time however the Directorate is showing a positive direction of travel and is currently driving significant change through a service programme, including a complex migration to a new IT system. The Local Authority's Children's Services, is under a Government appointed Commissioner and Adult Social Care is

delivered through the Integrated Care Organisation, which has its own scrutiny function.

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

A new partnership agreement changed the way that two key services for children and young people are run. The Torbay Youth Service and the Young Carers Service are now delivered by Torbay Youth Trust. This arrangement will result in more opportunities to creatively support young people in Torbay to be happy, healthy, safe and to achieve, than would be available if the services were delivered solely by the local authority.

As part of the work of developing the Community and Corporate Plan, a new Housing Strategy for 2020-2025 was approved by Council in February 2020. This strategy and four other associated strategies set out the Cabinet's plans toward meeting its priority of improving the delivery, affordability and quality of housing in Torbay.

Significant governance issues

Covid-19 measures have resulted in a significant level of challenge to the Council and put pressure on the expected control environment; the need for prompt and urgent action by officers has required changes to some procedures and control arrangements. The level of impact this had in 2019/20, and continues to have in 2020/21, is changing as the situation develops. In respect of this statement it has not been possible to fully quantify the additional risk that may have arisen from such emergency and short-term measures or fully determine the overall impact on the framework of governance, risk management and control.

In response to the COVID19 outbreak Torbay Council has had to adapt significantly but is able to continue delivering a mostly normal service to our community. The vast majority of staff are able to work productively from home with agile working kits and via video meetings. Where possible, those who are not able to work from home, and many volunteers, have been redeployed to services delivering our response to the outbreak, without any need to furlough any staff. Staff wellbeing is being supported through weekly wellbeing updates and dedicated web pages covering a range of issues affecting staff in and outside of work.

As mentioned earlier in this statement, alternative arrangements were made to accommodate social distancing and public meetings were cancelled. The Leader of the Council changed the delegation arrangements to enable him as Leader to make executive decisions rather than collectively by the Cabinet. All councillors were trained in the use and etiquette of video conferencing for formal meetings, in advance of the start of virtual committee meetings and collective responsibility for decisions by Cabinet and Full Council has been re-instated.

The Council endeavoured to provide regular, timely and relevant communications of official Information and guidance as well as changes to our services to the Torbay community, through our website and social media channels. Along with partners, a special edition of the local newspaper, Torbay Weekly, was delivered to every household. The newspaper provided vital information and contact details for our response services and those of partners and community organisations.

The Council worked to support the community by providing many more Covid-19 related services, such as the Community Hub which is distributing PPE and food parcels, the new Shielding Call Centre which is making thousands of calls to our most vulnerable residents. We are allocating business support grants and funding for community groups who are responding to the coronavirus outbreak. Financial support is also being offered to individuals experiencing financial hardship.

At the moment there is uncertainty over how the outbreak will fully affect our finances. It is clear that the coronavirus will have an impact on our savings proposals. There will be additional costs in some areas, savings for some departments and it will have a big impact on the amount of income we can generate this year. The government's funding to support the extra costs we have incurred for the services we have put in place as part of our COVID response and to mitigate some of the impact it's had on our overall financial position is not expected to cover the loss in income that we are experiencing. We will continue to work with neighbouring authorities and our local MPs to seek an urgent response from the government on this matter. Alongside our local members, and through engagement with Devon's MPs and government, we are doing all we can to make sure the region's voice is heard and that our concerns are discussed at the highest level. Our recovery from the economic and social impact will also continue long after the more obvious health response.

As outlined in an earlier section, Ofsted re-inspected our children's social care services in June and July 2018 and concluded that overall they remained inadequate. Ofsted carried out monitoring visits to our children's social care services in April and October of 2019 and January of 2020 and concluded that overall they remained inadequate.

Although the current Ofsted rating of inadequate has not changed since 2015, the January 2020 Ofsted letter acknowledges the progress that is being made, and that the DfE have appointed a commissioner to support Torbay going forward. They stated that leaders have a sound understanding of the key priorities for improvement and recognise the immense challenges they face. Leaders are highly visible and accessible, inspiring increased confidence with the workforce. The letter also recognises the considerable political support here at Torbay Council to improve our children's services. It is vital that these early signs of progress are secured and sustained.

Audit's Draft report on Children's Services Contracted / Commissioned Services in March 2020, identified a Lack of consistent compliance with Financial Regulations and Contract Standing Orders in relation to procurement practices. Although there

are some properly procured suppliers and supplier framework arrangements in place, there is a notable proportion of engagement with suppliers and value of spend that is not compliant with statutory and regulatory requirements, including failure to update the Contracts Register appropriately. Greater strategic level oversight of procurement is needed with less devolvement to, and less spot purchasing by, service teams.

Audit identified control issues in relation to authorisation of spend outside of the framework and have made recommendations that must also be reflected in Liquid Logic which will replace the PARIS system. Similarly, control weaknesses around payments were noted, suggesting either inaccuracies in recording in PARIS or errors in payments made. These issues could be addressed through properly recorded schedules of charges and intended payments in PARIS. Similarly, a lack of effective monitoring of supplier service and reporting to senior management for spend outside of the framework arrangements was noted. The Corporate Procurement Manager is currently temporarily overseeing procurement in Children's Services and reviewing practices including driving a culture change in relation to procurement. Children's Services has had oversight from the Deputy Head of Finance from August 2019. A number of Sufficiency Strategy Workstreams were created to develop the services for children who may need care, or who are on the edge of care and as such, business cases have been developed which address some of the recommendations made by Audit. These were submitted to Cabinet and the recommendations in the accompanying report were agreed by the Leader of the Council on 21 April 2020.

The internal audit report on Better Care Fund (BCF) (March 2018) found insufficient information available to undertake testing as to whether BCF, and Improved Better Care Fund iBCF, monies have been spent in line with approved Plans. A follow up review report (November 2019) was still unable to provide assurance that monies have been spent in line with approved plans. It found that monitoring systems were being set up and projects are ongoing but some individual programmes/projects had a number of issues resulting in a lack of transparency, accountability and governance. The audit opinion is that improvement is required.

The internal audit report on the Brixham Express Ferry (March 2018) identified fundamental weaknesses as there was a lack of documentary evidence available to provide assurance that the all-year round ferry project, and the related contract with Brixham Express Ltd, were managed and monitored effectively. Audit were unable to revise this opinion in their follow up report in November 2019 as there has been little progress in establishing a methodology to ensure that documentation for future projects is retained appropriately. Officers are aware of the need for this and will be exploring options.

In 2018, the internal audit report on the compliance of Tor Bay Harbour Authority with the Port Marine Safety Code found that improvements were required and reported that there was a lack of compliance against the requirements of the Code. However the internal audit report on the Port Marine Safety Code (November 2019) subsequently found that Tor Bay Harbour Authority is currently compliant but there

remain concerns in relation to land-based Health and Safety (H&S), however these concerns are outside of the scope of the Code and are being investigated, managed and resolved through the Council's Health and Safety Team in conjunction with the Tor Bay Harbour Authority.

Devon Audit Partnership conducted a follow-up of its 2015-2016 audit of Sports Pitch Leases and the report was published in March 2018. The audit opinion remained as improvements required as it did in the second follow up report in November 2019. Progress has been limited. In some cases, this is due to changes in operational priorities, the inability to make changes to existing lease agreements, and general ongoing capacity issues. The risk therefore remains that income from sports pitch leasing is not maximised and remain, in some cases, detrimental to the Council. In relation to some outstanding rental income, recovery is now being progressed.

A follow-up of the 2014-2015 audit of Section 106 Agreements was also undertaken and report published in November 2019. The initial audit opinion had been one of "Fundamental Weaknesses" this was revised to "Improvements Required" in the follow up of July 2018. A project to implement a s106 and CIL Monitoring system has made significant progress with live implementation planned for early 2020. This will provide means for effective monitoring, and minimise previously identified associated risks. A s106 and CIL Monitoring Officer has been appointed and regular meetings to monitor progress have been put in place. As the solution had yet to go live, Audit were unable to revise their opinion at the time of the November 2019 follow up.

The Audit review of Health and Safety found improvements were required as there had been a failure to set clear H&S direction for the organisation to follow, and a fundamental weakness to identify and manage H&S risks. However the team have now made significant progress and are having a positive impact on corporate H&S with limited resources. SLT are promoting a cultural shift in relation to H&S, and this includes a clear strategy and robust action plan to address the issues raised by an external review. This included additional resources for training, a new Corporate H&S Officer, and the procurement of an electronic H&S management system, all of which have been delivered.

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 most cases management actions plans have been put in place and these will be monitored on a regular basis via the Joint Operations Management Team. 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.

Conclusion

Overall, during the course of the year we have ensured that we are delivering against our agreed action plans in order to maintain our robust corporate governance arrangements. Our decision making processes are understood by members and officers and the mechanisms which support those processes operate effectively.

We have recognised where there are areas for further improvement as outlined within this Statement. We propose, over the coming year, to take the steps detailed in the action plan below to address these areas 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

Councillor Steve Darling
Leader of the Council

Councillor Robert Loxton
Chairman of Audit Committee

DRAFT

Action	Responsible Officer	Deadline
Review of lessons to be learned from Torbay Council's Covid19 response	Senior Leadership Team	31 March 2021
Continue to deliver the Children's Services Ofsted Improvement Plan	Director of Children's Services	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on Children's Services Contracted / Commissioned Services	Director of Children's Services	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on the Better Care Fund	Director of Adult Services	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on the Brixham Express Ferry	Director of Place	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on the Port Marine Safety Code	Director of Place	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on Sports Pitch Leases	Director of Place	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on Section 106 Agreements	Director of Place	31 March 2021
Deliver the Action Plan in response to the Internal Audit report on Corporate Health and Safety	Senior Leadership Team	31 March 2021
Develop the Community and Corporate Plan Delivery Plans	Senior Leadership Team	31 March 2021
Implement and monitor the Performance and Risk Framework	Senior Leadership Team	31 March 2021