

E-mail:

19 June 2026

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held on **Monday, 29th June, 2026** in the **Committee Room 2 Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**

PHIL SHEARS
Managing Director

Membership:

Councillors Morgan (Chair), Steemson (Vice-Chair), Clarence, Jackman, Purser, Ryan, Swain and K Smith

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

A G E N D A

Part I

9. **Draft Annual Governance Statement** (Pages 3 - 16)
Report to follow.

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**Teignbridge District Council
Audit Committee
29 June 2026
Part 1**

ANNUAL GOVERNANCE STATEMENT 2025-2026

Purpose of Report

To consider and approve the Annual Governance Statement 2025-2026

Recommendation(s)

That the Audit Committee approves the Draft Annual Governance Statement for inclusion in the Annual Statement of Accounts.

Financial Implications

None.

Legal Implications

The publication of an Annual Governance Statement is a statutory requirement.

Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

None. The Annual Governance Statement includes an overview of the Council's actions in these areas.

Report Author

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Executive Member

Councillor John Parrott – Executive Member for Finance and Corporate

1. PURPOSE

To present the Annual Governance Statement 2025-2026 for review and approval.

2. BACKGROUND

- 2.1 Local authorities are accountable to the public and other stakeholders for ensuring there is a sound system of governance in place, and they must publish an Annual Governance Statement (AGS) explaining how governance arrangements have operated during the year.
- 2.2 The AGS should cover the governance arrangements in place for the 2025-2026 year and for the period up until the date it is published. The results of a review of effectiveness of the Council's governance arrangements must also be included.
- 2.3 The principles of good governance are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance Framework (2016) and Delivering Good Governance Addendum (2025) ("the CIPFA Governance Framework").
- 2.4 The Council's governance arrangements have been reviewed against the CIPFA Governance Framework and a draft AGS has been prepared.
- 2.5 The Audit Committee should consider whether the AGS fairly reflects the arrangements within the Council and if it is commensurate with their own knowledge of these.

3. CONCLUSION

- 3.1 The draft AGS is appended below. Members are asked to review and approve this.

4. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

4.1 Legal

The Council is meeting its statutory obligation to publish an Annual Governance Statement (Accounts and Audit Regulations 2015).

4.2 Resources

There are no direct financial implications.

5. GROUPS CONSULTED

Strategic Leadership Team and key officers including Monitoring Officer.

6. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

None.

7. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Not applicable.

DRAFT Annual Governance Statement 2025-2026

Executive Summary

The Annual Governance Statement 2025-2026 provides an opportunity for Teignbridge District Council to review its governance arrangements and assess their effectiveness in relation to the standards expected.

The principles of good governance are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Delivering Good Governance Framework (2016) and Delivering Good Governance Addendum (2025) (“the CIPFA Governance Framework”).



This year has seen numerous improvements to the Council’s governance including reviewing the Constitution as part of a Member working Group, regular monitoring of governance improvement plans, governance arrangements for the Council’s One Teignbridge Strategy, and improved performance reporting. It is our opinion based on the information contained within our annual review and this Annual Governance Statement that the Council’s system of governance addresses the core areas identified in the CIPFA Framework. It is considered fit for purpose and provides a good basis for achieving planned outcomes and value for money in the delivery of Council services.

Looking ahead, the challenges of Local Government Reorganisation will impress upon our Members and Officers as we begin to implement new unitary authorities in Teignbridge and Devon.

Signed on behalf of Teignbridge District Council:

Managing Director

Leader of the Council

Background

The Council must ensure its business is conducted in line with the law and proper standards, and use public money economically, efficiently and effectively. It is the Council’s duty to put in place arrangements for the governance of its affairs, and effective delivery of services. To achieve good governance, we have arrangements for delivering services and managing and overseeing what we do. These arrangements are intended to ensure that we deliver intended outcomes while acting in the public interest at all times.

Our key priorities are:



The governance framework and how we comply

The framework comprises the systems, relationships, processes, culture and values which direct and control our daily business, and include the methods we use to engage, lead and account to the community. They enable us to monitor how we are doing and to consider whether our plans have helped us deliver appropriate services that are value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute protection. The management of risk is an ongoing process designed to identify, prioritise and manage risks to the achievement of the Council’s aims and objectives, and maximise opportunities.

We have measured ourselves against the principles of the CIPFA Governance Framework (opposite).

The following statements set out how the Council has complied with the principles and describe the arrangements we have in place which are core to good governance.



Core Governance Arrangements

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and being lawful

- The Council's Constitution, Councillor and Officer Codes of Conduct, and Values and competencies statement set out required standards of members and officers.
- District Councillor Role Profiles have been created and agreed by Full Council to add further detail on the expectations of Members for a range of roles and responsibilities.
- An updated Member-Officer protocol, which clarifies roles and responsibilities, was approved by Council in May 2026.
- The Constitution is reviewed on an ongoing basis to ensure it is fit for purpose. Fundamental changes have been made to numerous sections since May 2025, which were as a result of work undertaken by a cross-party Constitution Review Working Group led by the Centre for Governance and Scrutiny (CfGS).
- The Council's Governance Committee oversees the operation of the Constitution and Member training and discharges the Council's duties regarding Standards and the Code of Conduct.
- Code of conduct complaints are dealt with robustly and in a timely manner. 34 Code of conduct complaints against District, Town and Parish Councillors were received in 2025/26, down from 61 complaints in the previous period.
- The Monitoring Officer maintains the Registers of Interests for District, Town and Parish Councillors and these are publicly available.
- The designated statutory Head of Paid Service, Section 151/Chief Financial Officer and the Monitoring Officer are responsible for ensuring business is conducted lawfully.
- Internal and external audit scrutinise Council activities and report on the extent to which laws, policies and procedures are complied with. The Audit Committee, the Governance Committee, and the Monitoring Officer oversee this.
- Anti-Fraud and Corruption and Whistleblowing policies are in place.
- Council services are led by trained and professionally qualified staff.
- Comments and complaints processes are in place and are publicised, including how to complain to the Ombudsman.
- Our commitment to equality and inclusion is incorporated in the work we do, and we publish our adherence to the Equality Act duties annually.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- We encourage all members of the community to contribute to and participate in the work of the Council. Our Consultation Guide sets out the principles of stakeholder engagement.
- Focus groups were held in person and online to inform both our Modern 25 transformation programme and our new Customer Engagement Policy and Service Standards.

- Members of the public have access to Council meetings, minutes and agendas, and most meetings are available to the public through Webcasting, which provides transparency in decision making.
- Decisions are published on-line as decision notices are generated from the Council's Committee management system.
- Executive decisions are subject to a "call in" process which enables non-Executive members to raise any concerns they may have. A revised call in procedure was agreed in May 2026.
- Our Residents' Newsletter, websites and social media channels are used to communicate Council activity and other matters of interest.
- Plain English principles are used in publications and digital content meets the required Government Digital Services accessibility standards.
- We have an annual workforce (people) survey for our employees, the results of which are shared with the Senior Leadership Team, our recognised trade unions, and the workforce. We also use this to benchmark ourselves with other public sector organisations.
- We have a Digital Strategy to guide the way services will be delivered with a digital first approach.
- A Statement of Community Involvement sets out participation and engagement processes for planning policy. We engage and consult our communities on-line and in person, using modern methods of engagement in order to gather public views on proposals.
- Our Local Plan timetable is on our website, setting out clear timescales for the various stages of the Local Plan, from inception to adoption. The 2020-2040 Local Plan was inspected in public and adopted in May 2026.
- A Town and Parish Charter ensures a good working relationship with Town and Parish Councils.
- Quarterly local leaders events for Town and Parish councillors enable us to share information including highlight funding opportunities.
- The Council conducts an annual budget survey with residents and the results reported to Members to assist them when setting the Budget and Medium Term Financial Plan.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- Our Council Strategy was formally adopted at Full Council in January 2025 following a series of community and stakeholder engagement events. Through this work, we have established an evidence base identifying community priorities and a framework setting out how we will engage with communities to deliver objectives covering five themes: Community, Economy, Environment, Homes, and Infrastructure. Through this overarching strategy, we are working to consider the environment in everything that we do and encourage others to do the same.
- The Council has declared a Climate Emergency and is a signatory and active member of the Devon Climate Emergency group; through this group and our endorsement of the Devon Carbon Plan, we have committed to a common goal of achieving net-zero emissions across Devon as soon as possible and by 2050 at the very latest.

- Our commitment to decarbonisation objectives is reflected within our inhouse and district carbon action plans, which support priorities of the Devon Carbon Plan and are embedded in the Environment theme of our new Council Strategy. Since declaring a climate emergency, we have reduced our natural gas demand by approximately 85% by replacing gas boilers with air source heat pumps on four of our most energy intensive buildings; we have also committed £1 million of funds for energy efficiency measures and have recently replaced twenty vans with electric vehicles.
- Further to our in-house decarbonisation work, we have adopted a new local plan containing energy efficiency and carbon reduction policies for new housing and commercial buildings, as well as policy encouraging appropriate development of solar and wind energy generation within the district. Through the UK Shared Prosperity Fund and Rural England Prosperity Fund, we have also engaged with businesses to develop decarbonation plans and encourage sustainable agricultural practices amongst other initiatives to encourage sustainable growth and resilience.
- A Newton Abbot Town Council master plan has been prepared in collaboration with the Town Council, Devon County Council, Chamber of Commerce, involving extensive engagement with the public through roadshows, visiting schools and youth clubs and working with other community and voluntary groups.
- Budgets, the financial plan, and the capital programme direct financial resources to priorities.
- A Task and Finish group of the Overview and Scrutiny Committee keeps the Medium-Term Financial Plan under review to identify savings. This delivered tangible changes to the approved budget and council policies.
- We have a Procurement Strategy aligned with other Devon districts which defines our commitment to support local economies. Our sustainable procurement policy sets out our approach to purchasing sustainably and with social value.
- Economy is a theme within our One Teignbridge Strategy which includes projects aimed at supporting local businesses and the local economy. We continue to run projects approved by full Council following successful awards under the UK Shared Prosperity fund and the Rural England Prosperity Fund.
- Our successful Future High Street Fund award is anticipated to bring benefits to Newton Abbot from enhancements to Queen Street and the Market area. Queen Street work are complete with the Market Hall and Square project completing in 2026.
- A number of small grants and funding schemes are provided, which benefit local communities, for example through the Teignbridge Lottery and Community Infrastructure Levy Community Match Fund.

Principle D: Determining the interventions necessary to achieve intended outcomes

- Corporate performance monitoring is aligned with our One Teignbridge (Council Strategy) Action Plan which was adopted in October 2025.
- A series of performance dashboards enable us to monitor progress delivering the strategy, and trends and patterns. One Teignbridge Ambassadors will be responsible for co-ordinating risk and performance data associated with each of the six themes during 2026.
- Our Modern 25 transformation programme has been ongoing through 2025-2026 and is now in the process of being closed down. It has modernised the way we work following a strategic alignment review and a new operating model. It has involved review of processes, structure, and outcomes for customers. A summary of work will continue under the scrutiny of the Project Assurance Board.
- A Medium Term Financial Plan outlines how we intend to raise and manage the resources needed to deliver our services and priorities over the medium term. This is constantly under review to address the ongoing financial challenges we face. A member led Task and Finish Group helps this.
- Executive Key decisions are publicised in advance in line with statutory requirements, so they can be scrutinised in line with decision making and Overview and Scrutiny arrangements.
- Committee work programmes for Full Council, Executive, Audit and Overview and Scrutiny committees are published to allow the public and Members to view upcoming items for discussion or decisions.
- Overview and Scrutiny review groups are appointed to look at Council policy, services, and particular issues of local concern.
- Our digital and IT requirements are included in our IT provider's (Strata) Business Plan. Requirements are informed by our internal business planning process.
- During 2025-2026 we set up an AI (Artificial Intelligence) working group for strategic oversight, governance and ethical adoption of AI. It aims to ensure AI activities are aligned to wider strategic work, and it is used responsibly and ethically within our AI Acceptable Use policies.

Principle E: Developing capacity including the capability of leadership and the individuals within it

- We have a clear People and Culture Strategy which has three key themes:
 - Recruiting, Retaining and Rewarding
 - Developing Potential
 - Healthy, Well and Engaged
- Managers have clear recruitment guidance within a corporate SharePoint hub and timely HR advice.
- New employees have both a local and corporate induction programme.
- Mandatory training on key areas such as Data Protection, Cyber Security, Safeguarding, and working safely are covered.
- Training and development needs are identified pre-induction, during probation, in regular 1:1s, through surveys and annual personal development meetings.

- Managers and Heads of Service are supported by experienced Human Resources, Organisational Development, and change professionals.
- Ongoing member development needs are co-ordinated by the Monitoring Officer with oversight from the Governance Committee. The Member Development Strategy and training programme was agreed in October 2025 and has been operational in 2026.
- There are significant wellbeing policies and support including a free Employee Assistance Programme, a new Occupational Health service provision, and a wellbeing workgroup. There is also clarity on the range of support we can offer disabled staff.
- We have been awarded Disability Confident Employer status, Mindful Employer status, and Investors in People accreditation.
- We are signed up to the Armed Forces Covenant.

Principle F: Managing risks and performance through robust internal control and strong public financial management

- Our Risk Management Strategy outlines our approach to managing risk and risk management reports are reviewed by the Strategic Leadership Team, Corporate Governance Group, and the Audit Committee.
- The Risk Management Strategy requires risks to be managed at all levels including service, strategic, and project levels, and risk must be identified and considered in all decision making. Risks have been kept under review to ensure appropriate mitigations are in place. A strategic risk workshop for Heads of Service took place on March 2026.
- Performance against the Council Strategy is monitored through annual business plans with performance monitoring reports to the SLT and Overview and Scrutiny Committees.
- Service managers use automated performance reporting through the Power BI reporting tool, which produces a suite of dashboards linked to a data warehouse. This is supplemented by reporting from service specific systems.
- Data from various sources including consultants, CIPFA, and LGA inform is used to benchmark cost and productivity across services.
- Service reviews and process mapping have helped ensure value for money in services is scrutinised for efficient service delivery from which projects have evolved to implement recommendations.
- Our Director of Corporate Services is the designated officer responsible for the proper administration of the Council's financial affairs and advises the Council on financial matters.
- Managers are responsible for ensuring internal control systems are in place, and a programme of internal auditing reviews the effectiveness of these.
- Internal financial control is based on a framework of Financial Instructions, Contract Procedure Rules, system and administrative procedures, together with a scheme of delegation and accountability.
- A Medium Term Financial Plan is updated regularly with Revenue and Capital budget planning based on corporate priorities. This is undertaken by Managers, and approved by Full Council.
- Revenue and Capital budget monitoring reports are produced and scrutinised on a regular basis.

Principle G: Being transparent, with good practices in reporting and audit, to deliver effective accountability

- Agendas, reports, and minutes of Council meetings are published, along with a forward plan of decisions, and meetings are accessible with live stream and recordings on our website where appropriate.
- Committee membership is published on the website as well as declarations of interests, register of interests and training undertaken for all members.
- An internal audit function undertakes an annual programme of audits and reports to the Corporate Governance Group and Audit Committee.
- External auditors attend Audit Committee to present findings.
- The Audit Committee includes an independent member and updated its terms of reference in 2025-2026 in line with best practice.
- Financial statements are published on the website including an annual report.
- External challenge is welcomed and results of reviews and external assessments including recommendations and actions are published.
- Our complaint procedures have been audited to ensure they are compliant with the Local Government and Social Care Ombudsman's Complaint Handling Code. A new system has been implemented which will enhance learning and improvement from complaints.
- Key data is published in line with (and beyond) the requirements of the Local Government Transparency Code, including Council spending and senior officer pay.

Assessment of the Governance Framework and our effectiveness

At least annually, we review the effectiveness of our core governance arrangements. The review of effectiveness is informed by an assessment against the requirements of the governance framework outlined in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government.

Further assurance is provided by:

- Assurance statements completed by the Council's Senior Management Team, which cover their areas of control, acknowledge accountability for risk management and internal control, and certify their satisfaction with the arrangements in place throughout the year.
- Key officers' views on the standards of governance within the Council – specifically the Section 151 Officer (responsible for the Council's financial affairs), the Monitoring Officer, and the Audit Manager. The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. The Monitoring Officer also reviews the operation of the Constitution, to ensure it is up to date, and reflects best practice and legal requirements.
- The Governance Committee which is available to support the Monitoring Officer on standards of conduct and probity issues. The Governance Committee reviews the overall operation of the Constitution, the Code of Conduct and Member Complaints Procedures with the Monitoring Officer.

- The Overview and Scrutiny Committee which has monitored the Council's policies and performance on an ongoing basis. Executive Members have also kept issues under review during meetings with managers.
- The Audit Committee received risk monitoring reports during the year reviewing risks and their mitigations.
- Counter fraud arrangements have been kept under review through a Fraud Risk Assessment and fraud controls are evaluated during internal audit work.
- The Council's external auditor reviews the Council's financial statements and arrangements for value for money. The Council has worked to address a number of external auditor statutory and key recommendations from previous audits.
- As a significant group relationship, our IT provider Strata Service Solutions Limited is audited by the Devon Assurance Partnership, as the provider of its internal audit services. Strata's performance has also been monitored by a Performance Board, comprising the three partner councils, and by the Joint Executive and Scrutiny Committees.
- The Council, working with Strata, have received a very positive assessment under the Cyber Assessment Framework for local government. Strata has maintained compliance with the Government PSN (Public Services Network) Code of Connection, which is a mandatory set of security standards Councils must meet in order to connect to this secure network, which also provides wider assurance as the PSN controls cover the complete Council network.
- We have reviewed our delivery on equality and inclusion against the Equality Framework for Local Government. An action plan following updated self assessment against the framework will be reviewed by the Executive in November 2026.
- The Local Government and Social Care Ombudsman assessed and closed ten complaints and investigated two in 2025-20256. Of the two investigated, none were upheld and no recommendations were made. This is also reported to the Governance Committee.
- CIPFA guidance on the role of the Chief Financial Officer in public service organisations was used to benchmark the Council's arrangements, showing how these standards are met.
- Financial Management was assessed against CIPFA's Financial Management Code with positive findings, which helps ensure financial resilience.
- The Audit Manager has provided an opinion on the control environment which concluded that this was adequate and effective. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute.

- Information Governance – reports reviewed by the Corporate Governance Group showed no data breaches met the reporting threshold for notification to the Information Commissioner’s Office. Average process time for statutory information requests fell below target during quarters two and three in 2025-2026, but performance was back on track and consistently exceeding 90% of requests on time from December 2026.
- The Council’s ability to use and manage data was assessed under the Local Government Association’s Data 360 maturity pilot, and a number of recommendations are being addressed in terms of strengthening data governance.
- The Council’s Statutory Officers, Senior Leadership Team and Audit and Information Governance Manager meet quarterly as part of the Corporate Governance Group to oversee governance.

Taking account of all of the above, governance arrangements continue to be regarded as generally fit for purpose in accordance with the governance framework. Improvements carried out during year, and planned for 2026-2027 are set out below.

How Governance has been improved over the year

- The Constitution Review Working Group continued to meet until 16th April 2026 when it was formally wrapped up. The work of the group contributed to 13 proposals to change to Constitution and a number of changes to working practices.
- A Member Conduct Review was commissioned, conducted by a suitably qualified expert to investigate the underlying causes of member behaviours. This reported to Full Council in May 2026 and was agreed.
- The Audit Committee’s Terms of Reference were updated in July 2025 to ensure it complies with best practice.
- The Audit Committee appointed an independent member to provide additional assurance to Members.
- The Standards and Procedures Committees were combined in July 2025 to form the Governance Committee.
- An Internal Audit of Register of Interests highlighted where Members needed to update their details and ensure legal compliance.
- Overview and Scrutiny, Governance and Audit Committee Annual Reports were agreed and presented to Annual Council in May 2026, highlighting the work of those Committees and reporting those publicly to Members and residents.
- Concerns over the uncertainty of government funding have reduced to a certain extent with a three-year financial settlement. Service savings have been delivered which has reduced the budget gap, but further savings are required in order to close it.

Areas of Governance requiring improvement

There are no significant governance failures identified for 2025-2026 but some areas need strengthening. These include:

- Improving data governance in preparation for LGR and in line with the recommendations from the LGA Data Maturity pilot assessment.
- Reviewing the need for a Local Code of Governance as recommended by the CIPFA Framework.
- A review of the Governance arrangements and process for the 2027/28 Budget initiated by the Director of Corporate Services, to allow for earlier Member involvement in the Autumn of 2026 and based on best practice.
- Improving the frequency of financial performance reporting both to SLT and to Members.

A forward look to Governance

Local Government Reorganisation will impact on the Council's resources and priorities. The Council will need to continue operating as an organisation whilst preparing to become a Unitary Authority alongside other Councils in Devon in May 2028. Work programmes are being developed to address the different work streams required.

A revised Report Template will ensure decision makers are aware of additional considerations including potential implications for LGR, how decisions link to the One Teignbridge Strategy and what benefits residents will have from decisions. This will also be complemented by additional guidance and training to report writers and Senior Management.

Confirmed changes to the Planning Process and Planning Committees resulting from the Planning and Infrastructure Act 2025 are due to commence on 31st October 2026. This will result in a wholesale change to the Planning Scheme of Delegation and the Terms of Reference for the Planning Committee and impact upon how we determine planning applications.

The Council will continue to monitor the governance framework and implementation of any required improvements to ensure governance remains sound.