

**Teignbridge District Council
Audit Scrutiny
29 August 2023
Part 1**

ANNUAL GOVERNANCE STATEMENT 2022-2023

Purpose of Report

To consider the Annual Governance Statement and recommend it to Council for approval.

Recommendation(s)

The Audit Scrutiny Committee RECOMMENDS to Council that the Annual Governance Statement is approved.

Financial Implications

None.

Legal Implications

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

Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

The Annual Governance Statement includes an overview of the Council's actions in relation to these issues.

Report Author

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. PURPOSE

To enable the Audit Scrutiny Committee to review the Annual Governance Statement for members' consideration, prior to recommending for full Council approval.

2. BACKGROUND

- 2.1 The preparation and publication of an Annual Governance Statement (AGS) is a mandatory requirement for local government. It describes the processes and procedures in place to enable the Council to carry out its functions and must be included with the Council's Financial Statements.
- 2.2 "Delivering Good Governance in Local Government" published by the Chartered Institute of Public Finance Accountants (CIPFA) and Society of Local Authority Chief Executives (SOLACE) is cited by CIPFA as the proper practice for production of an AGS.
- 2.3 The Audit Scrutiny Committee should consider whether the AGS fairly reflects the arrangements within the Council.

3. GOVERNANCE REVIEW

- 3.1 Existing processes have been compared to the CIPFA / SOLACE framework to determine whether the Council has systems in place to meet the expected governance principles. A and B provide the overarching requirements for acting in the public interest, while the remainder relate to the more detailed processes and achieving outcomes.

A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement

C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of leadership and individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability

3.2 The review is also informed by other assurance sources including:

- Internal and external audits, internal audit's annual assurance opinion
- Performance and risk management systems and reports
- Reports from other review functions such as the Ombudsman, and external consultants commissioned by management to review services and functions
- Review of contingent liabilities and legal cases to ascertain whether these were generated by governance weaknesses
- The key systems and processes that regulate, monitor and control the Council's activities
- Assurance Statements completed by the Council's senior managers certifying they have understood their managerial responsibilities and put procedures in place to ensure:
 - their service objectives were achieved,
 - legal requirements were met,
 - performance and risks were managed, and
 - budgets were controlled.

3.3 A diagram showing how the Assurance Framework in Teignbridge works is included at the end of this report.

3.4 The AGS must outline the arrangements in place for the 2022-2023 year, but also remain current up until the date it is published. It is therefore possible that further amendments may be necessary to reflect any required changes, for example if processes are amended, or if information comes to light that should be reflected.

4. CONCLUSION

4.1 The draft AGS is appended below. Members are asked to review this and if appropriate, recommend it to Council for approval.

5. MAIN IMPLICATIONS

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

5.1 Legal

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

5.2 **Resources**

There are no direct financial implications.

6. **GROUPS CONSULTED**

Strategic Leadership Team, Corporate Management Team and key officers have been consulted.

7. **ENVIRONMENTAL/CLIMATE CHANGE IMPACT**

None. However, the Annual Governance Statement includes information on the actions the Council has taken during the reporting period.

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

Not applicable.

Annual Governance Statement

Introduction

2022-2023

Teignbridge District 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 systems for 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.

We have measured ourselves against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework for Delivering Good Governance in Local Government. The following statement explains how Teignbridge District Council has complied with the principles and also meets the requirements of the Accounts and Audit Regulations (England) 2015 in relation to the publication of an Annual Governance Statement.

The Guiding Principles



The governance framework

The governance framework comprises the systems, processes, culture and values which direct and control our daily business, and includes the methods we use to engage, lead and account to the community. It enables 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.

The governance framework has been in place at Teignbridge District Council for the year ended 31 March 2023 and up to the date we approved the statement of accounts.

The Governance Framework and how we comply:

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and being lawful

- The Council's Constitution, Councillor and Officer Codes of Conduct, and Vision and Values statement set out required standards of members and officers.
- The Constitution is reviewed on an ongoing basis to ensure it is fit for purpose.
- A Procedures Committee oversees operation of the Constitution including review of proposed amendments. Recommended improvements are pending Procedures Committee and Council approval.
- Registers of Interests are maintained to avoid conflicts, prejudice or bias.
- The designated statutory Head of Paid Service, Financial Officer and Monitoring Officer help ensure business is conducted lawfully.
- Internal and external audit scrutinise Council activities and report independently on the extent to which laws, policies and procedures are complied with.
- Audit Scrutiny, Standards Committee and the Monitoring Officer provide oversight.
- 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 2: Ensuring openness and comprehensive stakeholder engagement

- Our Consultation Toolkit sets out the principles of stakeholder engagement. We encourage all members of the community to contribute to and participate

in the work of the Council. Numerous consultations have been undertaken throughout the year, especially in respect of major projects.

- Our Modern 25 transformation programme involved focus groups to help us understand and improve customers' experiences when redesigning services.
- Members of the public have access to Council meetings, minutes and agendas.
- Most meetings are available to the public through the Council's YouTube channel and through Webcasting, which provides transparency in decision making.
- Our Residents' Newsletter is used to communicate Council activity weekly and other matters of interest.
- Plain English principles are used in publications and digital content meets accessibility standards with a 94.3% AA rating on our website (above the Government's industry benchmark of 88.1%). Our website has been continually improved based on what customers need.
- We have developed a Digital Strategy to guide the way services will be delivered with a digital first approach.
- We survey customers on a number of services for views to help shape future direction.
- A Statement of Community Involvement sets out participation and engagement processes for planning policy, and the revision of our Local Plan is currently underway. We are one of a small number of authorities nationally leading the way in terms of on line consultation, effectively harnessing modern methods of engagement in order to gather public views on proposals. Our Local Development Scheme sets out timescales for the various stages of the Local Plan, from inception to adoption.

Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits

- A Ten Year Council Strategy guides our work. This was implemented following extensive research and consultation with residents, business and partners, and is underpinned by ten "Super Projects" each having a widespread impact on the economy, community wellbeing, and environment. Following the local elections in May 2023 the Strategy is under review to support the new Council.
- Our elected members called a Climate Emergency in 2019 and we have since taken a series of steps to progress climate action across both Teignbridge and Devon as a whole. Through our membership of the Devon Climate Emergency, a consortium of public bodies, infrastructure providers, and academic institutions, we have supported development of the Devon Carbon Plan, which was finalised in August 2022 and endorsed by Council in December 2022. The Devon Carbon Plan contains a series of actions highlighting the changes that need to take place for Devon to reach net zero.
- Under our in-house Carbon Action Plan, we have progressed a series of heat decarbonisation projects across our four most carbon intensive buildings including two leisure centres, a public lido and our main offices at Forde House; these projects are in varying stages of completion and will collectively

reduce our demand for natural gas by up to 88% across the buildings we own and occupy as a local authority.

- We are also progressing a fleet decarbonisation strategy under our in-house carbon action plan to consider how we can transition to a low-carbon vehicle fleet, with the results expected to be relayed to elected members in 2023/24.
- Our Local Plan team have undertaken significant work to prepare our 2020 – 2040 Local Plan for inspection due later this year; the plan contains a dedicated chapter for Climate Change and details policies supporting sustainable development, site allocations for renewable energy, policies supporting battery energy storage, and policies setting standards for electric vehicle charging infrastructure.
- The emerging local plan also amalgamates a nationally significant line of enquiry to progress the Newton Abbot and Kingsteignton Garden Communities Project, which features climate change adaptation and mitigation as principle levers for change.
- Budgets, financial plan and capital programme direct financial resources to priorities.
- We have a Procurement Strategy in conjunction with other Devon Districts which defines our commitment to support local economies. A Sustainable Procurement policy sets out our approach to purchasing sustainably and with social value.
- An Economic Development Plan aids local businesses and the local economy, together with a Jobs Plan which was implemented in June 2021.
- We have been awarded £2.1M under the UK Shared Prosperity and Rural England fund and are defining projects to take forward under these levelling up schemes.
- A number of small grants and funding schemes are provided, which benefit local communities.
- We are working jointly with our neighbouring authorities Exeter City Council, Mid Devon and East Devon District Councils, and Devon County Council, to achieve joined-up decision making on planning and infrastructure matters, and we are members of the Heart of the South West Local Enterprise Partnership.

Principle 4: Determining the interventions necessary to achieve intended outcomes

- Performance measures track progress with delivery of our Strategy.
- A medium term financial strategy 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 facing the Council.
- Executive Key decisions are publicised in advance so they can be scrutinised in line with decision making and Overview and Scrutiny arrangements.
- Overview and Scrutiny review groups are appointed to look at Council policy, services, and particular issues of local concern.
- Our Modern 25 transformation programme has been developed and launched to modernise the way we work, looking at processes, structure and outcomes for customers.

- A digital transformation programme, digital strategy, and our annual business planning and review exercises “BETTER2022” drive service improvement and performance.
- A Partnership toolkit aids collaborative working and strong partnership governance.

Principle 5: Developing capacity including the capability of leadership and the individuals within it

- Recognised recruitment and selection procedures and induction programmes are followed for both staff and members.
- Training and development needs are tracked through annual personal development and performance interviews for staff.
- Member development needs are co-ordinated by the Democratic Services Team Leader with oversight from the Procedures Committee.
- HR policies aim to promote the health and wellbeing of the workforce, and the Investors in People accreditation is maintained.

Principle 6: 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 (SLT) and the Audit Scrutiny Committee.
- The 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.
- Some risks have inevitably increased as a result of the pandemic and economic climate, and these have been kept under review to ensure appropriate mitigations are in place.
- Robust performance monitoring using a basket of indicators is undertaken by the SLT and Overview and Scrutiny Committees.
- Work with services is ongoing to improve automated performance reporting through the use of the Power BI reporting tool.
- A programme of reviews (BETTER2022) help ensure value for money in services is scrutinised, for efficient service delivery.
- Our Head of Corporate Services is the designated officer responsible for the proper administration of the Council’s financial affairs.
- Managers are responsible for ensuring internal control systems are in place, and a programme of auditing reviews the effectiveness of these

Principle 7: 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 Key Decisions, and meetings are accessible with live stream and recordings on our website where appropriate.
- An internal audit function reports to the SLT and Audit Scrutiny Committee who also receive and consider the external auditors’ findings.

- Key data is published including Council spending and senior officer pay, and timely responses are given to information requests.
- Freedom of Information, Data Subject Access, and other information requests are dealt with fully and promptly.

How do we know our arrangements are working?

At least annually, we review the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance systems; the Audit Manager's annual report; and by comments made by external auditors, and other review agencies and inspectorates. Further assurance is provided by:

- Assurance statements completed by the Council's 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, the Audit Manager, and the Health and Safety 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 Standards Committee is available to support the Monitoring Officer on standards of conduct and probity issues.
- The Overview and Scrutiny process 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 Scrutiny Committee has reviewed arrangements for managing risk concluding that adequate risk management arrangements are in place.
- Counter fraud arrangements have been kept under review through a Fraud Risk Assessment and fraud controls are evaluated during internal audit work. Internal audit have delivered counter fraud assurance work over the numerous government support grants and payments distributed as a result of the pandemic, and for other government schemes such as the energy rebate.
- The Council's external auditor would have normally provided the Council with their opinion on the Council's accounts, but this work is delayed. However, the last Value for Money report received was positive.
- As a significant group relationship, our IT provider Strata Service Solutions Limited is audited by the Devon Audit Partnership (DAP), as the provider of its internal

audit services in 2022-2023. DAP have provided reasonable assurance on the soundness of the system of governance. Strata's performance has been monitored by the Council's IT Requirements Board, and by the Joint Executive and Scrutiny Committees. A governance review is in progress to ensure future arrangements are fit for purpose.

- 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. Assurance has also been given in respect of cyber risk in deployment of the following: National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security, the Open Web Application Security Project (OWASP) website principles use of NCSC WebCheck, MailCheck, Protective Domain Name System security, and the Early Warning Vulnerability Service. Strata are also working towards the NCSC Local Government Cyber Assessment Framework.
- The May 2023 elections were held in line with the performance standards set by the Electoral Commission.
- Equalities performance has been self assessed against the Equality Framework for Local Government 2021.
- The Local Government Ombudsman received six cases in the year 2022-2023, none of which were upheld. Two further cases from the previous year were upheld and we have addressed the recommendations made.
- 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. This has a focus on financial resilience which is particularly important in current times.
- Based on the assurance work undertaken by internal audit, 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 - there have been no major reportable data breaches and average processing time for Freedom of Information and Environmental Information Regulation requests is above average compared to other organisations.
- Corporate governance arrangements Council-wide have been assessed against the requirements of the governance framework outlined in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government.

- Reviews have been commissioned to examine specific areas such as: Centre for Governance and Scrutiny, cyber governance, and a review of the Council's Operating Model, the outputs of which are being evaluated and addressed.

Conclusion

Our governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Set out below, are the challenges and actions highlighted by last year's Annual Governance Statement, and issues we will focus on during 2023-2024.

2022-2023 Challenges	Planned Action
<p><u>Financial Sustainability</u> Having successfully navigated the ongoing financial risks created by the pandemic and its subsequent lockdowns, we need to continue to monitor the Council's financial position closely for both revenue and capital programmes, given the ongoing uncertainty around future levels of costs and government funding.</p>	<p>The Chief Financial Officer will continue to produce frequent updates on the financial position and update the Strategic Leadership Team. Anticipated shortfalls for future years will need to be addressed as part of the budget setting and monitoring processes. Work with consultants "Ignite" on a future operating model for the Council, together with ongoing service plan reviews, will help meet the shortfalls currently anticipated.</p>
<p><u>Update and plans for 2023-2024</u> The risk of future financial sustainability remains due to high inflation rates, increasing interest rates, high energy and food costs and a likely recession. The work outlined above, including our Modernisation Programme M25, continues with the aim of addressing the anticipated shortfalls. Further detailed information is included in our Financial Plan. Future decisions on spending will be contentious and/or politically sensitive requiring members to make difficult choices.</p>	
<p><u>Cyber governance</u> An independent review was commissioned using funding from the Local Government Association. This has highlighted a number of areas for improvement.</p>	<p>An action plan is being formalised and prioritised for officers to implement.</p>
<p><u>Update and plans for 2023-2024</u> A new suite of policies has been developed for implementation, with further improvement actions, including a review of Business Continuity plans to be addressed in Autumn 2023. A new post has been created to assist with this work.</p>	

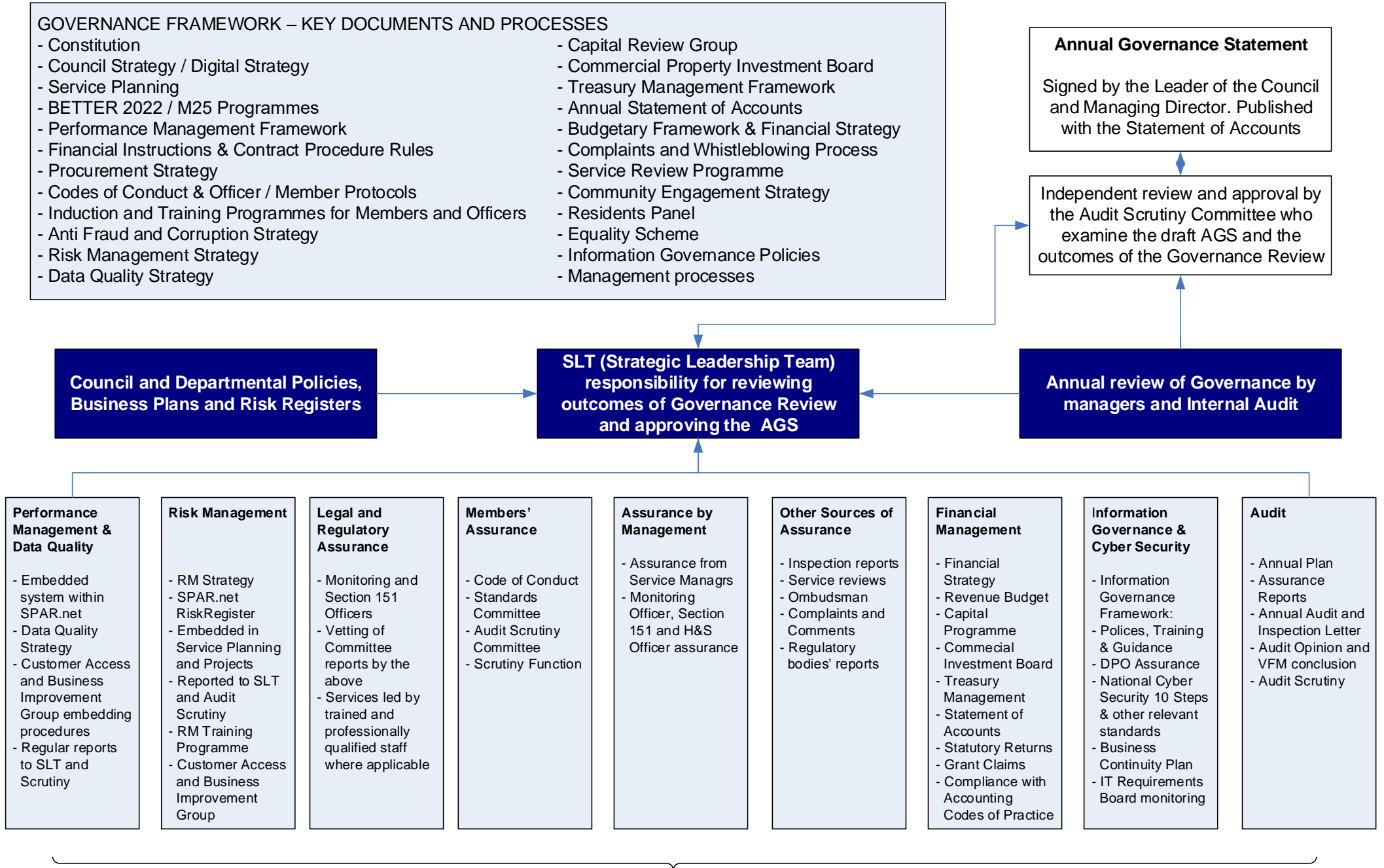
2022-2023 Challenges	Planned Action
<p><u>Member and Officer roles and relationships</u> The Centre for Governance and Scrutiny (CfGS) reviewed officer/member roles and responsibilities, including consideration of values, behaviours, and ethical issues, and the constitutional provisions supporting these.</p>	<p>Officers are working through improvement actions arising from this work.</p>
<p><u>Update and plans for 2023-2024</u> This is a continued area of concern, and some decision making has been delayed due to a failure to appreciate roles and professional responsibilities. A disregard for professional officer advice, and / or proposals put forward without such, has also resulted in increased risk in some areas, the Future High Street work being an example of this. A revised officer and member protocol, to give clarity of roles and aid decision making has been drafted. This protocol, together with previously recommended improvements to the Constitution proposed in July 2022, which are still pending Council approval, need to be taken forward and implemented as soon as practical.</p>	
<p><u>Anti-fraud and Corruption and Whistleblowing policies</u> These policies have not been reviewed for some time. It is good practice to review policies on a regular basis to ensure they remain fit for purpose and reflect best practice.</p>	<p>Anti-fraud and Corruption and Whistleblowing policies will be reviewed and updated in 2022-23</p>
<p><u>Update and plans for 2023-2024</u> Completed with revised policies approved by Council in May 2023. Further work to raise awareness of Whistleblowing is being undertaken.</p>	

Signed on behalf of Teignbridge District Council:

Managing Director

Leader of the Council

ANNUAL GOVERNANCE STATEMENT - ASSURANCE FRAMEWORK



Ongoing Assurance on adequacy and effectiveness of the arrangements for Risk Management, Internal Control and Governance