

Teignbridge District Council
Audit Scrutiny
26 June 2024
Part 1

ANNUAL GOVERNANCE STATEMENT 2023-2024

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 The CIPFA / SOLACE framework was used as a benchmark 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, and internal audit's annual assurance opinion
- Performance and risk management systems and reports
- Reports from other review functions such as the Ombudsman, the Centre for Governance and Scrutiny, the Local Government Peer Challenge, and the Planning Advisory service
- 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 The AGS must outline the arrangements in place for the 2023-2024 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 in relation to this area.

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

Not applicable.

Annual Governance Statement (Draft) 2023-2024

Introduction

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 2024 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.
- An updated Member and Officer protocol, which clarifies roles and responsibilities, is due to be approved by Council in July 2024.
- The Constitution is reviewed on an ongoing basis to ensure it is fit for purpose.
- The Centre for Governance and Scrutiny have been assisting the Council with exploring ways to better support good governance.
- A Procedures Committee oversees operation of the Constitution including review of proposed amendments.
- Registers of Interests are maintained to avoid conflicts, prejudice or bias.
- The designated statutory Head of Paid Service, Financial Officer and the Monitoring Officer are responsible for ensuring 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 and Standards Committees, 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

- We encourage all members of the community to contribute to and participate in the work of the Council. Our Consultation Toolkit sets out the principles of stakeholder engagement.
- 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, and most meetings are available to the public through Webcasting, which provides transparency in decision making.
- Key decisions are published on-line and are subject to a "call in" process which enables non-Executive members to raise any concerns they may have.
- Our weekly 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 with a 93.4% AA rating on our website. Our website has been continually improved based on our customer's feedback.
- We have developed 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, and the Council is a frontrunner in trialling artificial intelligence and modern methods of engagement in order to gather public views on proposals.
- Our Local Development Scheme is kept up to date and on our website, setting out clear timescales for the various stages of the Local Plan, from inception to adoption. The Local Plan has been submitted to the Secretary of State and is being examined by independent inspectors who will be conducting public hearings later in 2024.

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

- The Council Strategy guides our work. The priorities are currently homes, jobs and climate change. Although the current Strategy runs until 2030, it is currently under review, incorporating extensive research, and consultation with residents, businesses and partners, to help shape future objectives.
- Our elected members declared a Climate Emergency in 2019 and pledged to do what is within our powers to become a net zero district. Through our membership of the Devon Climate Emergency, we are supporting the implementation of the Devon Carbon Plan through a host of activities including knowledge sharing, funding, collaboration, and place-based approaches to decarbonisation.
- We have progressed a series of projects under our in-house Carbon Action Plan. These include replacing fossil fuel heating with heat pumps and supporting measures within our top four most carbon intensive buildings. Two projects have been completed at Forde House and the Teignmouth Lido, with two in progress at Newton Abbot Leisure Centre and Broadmeadow Sports Centre. Under the same plan we are installing fleet electric vehicle charging

infrastructure at three sites including Forde Road Depot, ahead of receiving our first phase of electric vehicles in 2024.

- Through our Making Changes Study residents focus group, engagement with businesses and town and parish councils, and consultation with officers, we are currently working on a District Carbon Action Plan to transpose actions from the Devon Carbon Plan into a plan for Teignbridge representing the specific needs of our local communities and businesses. We intend to publish this plan alongside our Teignbridge Climate Hub communications engagement website later this year.
- 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, amongst further sustainability policies for specific site allocations.
- The submitted Local Plan also amalgamates objectives relating to the national Garden Community programme. It sets out policies to deliver the Newton Abbot and Kingsteignton Garden Communities Project, which features climate change adaptation and mitigation as principal levers for change, as well as wider social, economic and environmental objectives relating to the Garden Community, such as green infrastructure delivery and our Local Walking and Cycling Infrastructure Plan (LCWIP).
- Budgets, the financial plan, and the capital programme direct financial resources to priorities.
- A Task and Finish Group set up by the Overview and Scrutiny Committee has been tasked with reviewing the Medium Term Financial Plan with a view to closing the future predicted budget gap.
- 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 running projects under these levelling up schemes.
- Our successful Future High Street Fund award is anticipated to bring benefits to Newton Abbot in 2024 from enhancements to Queen Street and Market area. The decision was taken by members at an extraordinary council meeting in November 2022 to remove the Alexandra Cinema from the original plans, causing a delay in delivering this scheme.
- 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. A non-statutory Joint Strategy (called “Our Shared Coordinates”) sets out the shared challenges, future vision and shared objectives for the sub-region.

Principle 4: Determining the interventions necessary to achieve intended outcomes

- Performance measures track progress with delivery of our Strategy.
- 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 facing the Council. As above, a Task and Finish Group also monitors this.
- 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 to modernise the way we work, looking at processes, structure and outcomes for customers. Working with consultants, Ignite, we have undertaken strategic alignment review and developed a new target operating model which is in the process of implementation.
- A digital transformation programme, digital strategy, and our annual business planning and review exercises, also 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, including a comprehensive induction training programme for members. Staff inductions include mandatory training in key areas such as Data Protection, Safeguarding and working safely.
- Training and development needs are tracked through annual personal development and performance interviews for staff.
- Periodically, managers' conferences are held to help build resilience and support the transformation and change processes the Council is undertaking.
- Ongoing member development needs are co-ordinated by the Democratic Services Team Leader with oversight from the Procedures Committee. The Council is working towards obtaining member development charter status.
- 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. Risks have been kept under review to ensure appropriate mitigations are in place.

- 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 consultants Ignite, CIPFA, and LGA inform is used to benchmark cost and productivity across services.
- A programme of service reviews 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 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, and a scheme of delegation and accountability.
- A Medium Term Financial Plan is in place and updated regularly with Revenue and Capital budget planning based on corporate priorities undertaken by Corporate and Strategic Managers, and approved by full Council.
- Revenue and Capital budget monitoring reports are produced and scrutinised on a regular basis.

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 undertakes an annual programme of audits and reports to both the SLT and Audit Scrutiny Committee who also receive and consider the external auditors' findings.
- The Audit Scrutiny Committee are appointing an independent member in 2024 to strengthen independence.
- The Council has published its draft Financial Statements for 2021-2022, and 2022-2023, however, in line with national backstop legislation, brought in to address a recognised national issue with delayed external audit across the public sector, these have not been audited by the external auditor. The external audit of the 2023-2024 accounts should commence in October 2024.
- Key data is published including Council spending and senior officer pay.
- Freedom of Information, Data Subject Access, and other information requests are dealt with fully and promptly with above average performance in processing times.

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.
- 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. Plans are in place to address external audit's recommendations from the recently completed audit of the 2020-2021 financial statements and value for money opinion. As already mentioned above, across the sector there is a significant number of audits not completed, resulting in our previous 2 year's financial statements remaining unaudited, however we expect 2023-2024 to be back on track with an audit commencing Autumn 2024.

- As a significant group relationship, our IT provider Strata Service Solutions Limited is audited by the Devon Audit Partnership, as the provider of its internal audit services in 2023-2024. Strata's performance has also been monitored by the Council's IT Requirements Board, and by the Joint Executive and Scrutiny Committees.
- 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 2024 elections were held in line with the performance standards set by the Electoral Commission.
- We have reviewed our delivery on equality and inclusion against the Equality Framework for Local Government and are working through an action plan to implement areas of improvement identified through the self-assessment.
- The Local Government Ombudsman contacted us regarding 13 cases in the year 2023-2024. 7 cases were not investigated after initial enquiries, 2 cases were premature / temporarily closed, 2 cases were upheld and 2 are ongoing. 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, which helps ensure financial resilience.
- 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 – the Council self-reported just one data breach to the Information Commissioner's Office and notified the affected data subjects.

Although it was low risk and below the threshold for notifying, in the interests of transparency it was decided to inform people affected. Average processing time for Freedom of Information and Environmental Information Regulation requests is above average compared to other similar 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 including:
 - Centre for Governance and Scrutiny review: to help us improve our governance framework
 - an assessment of cyber governance by an independent external consultant
 - a review of the Council’s Operating Model by consultants Ignite
 - an independent review of our Development Management service commissioned from the Planning Advisory Service
 - [Local Government Association – Corporate Peer Challenge](#): a team of expert peers comprising senior local government councillors and officers, reviewed how the council operates and made suggestions for improvement which are being addressed in an action plan developed with members and partners.

Conclusion

Our governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Set out below, are the most significant challenges and actions we need to focus on during 2024-2025.

Issue	Planned Action
<p><u>Financial Sustainability</u></p> <p>The risk of future financial sustainability remains due to high inflation having an impact on business cases, relatively high interest rates, and low growth. Ongoing uncertainty around future levels of government funding also cause concern.</p> <p>It is recognised that there is a significant deficit in our Medium Term Financial Plan. Consultants “Ignite” were appointed to assist us in developing a new operating model for the Council. (continued)</p>	<p>The Chief Financial Officer will continue to produce frequent analysis of the financial position and update the Strategic Leadership Team.</p> <p>Our Modernisation Programme M25, is ongoing with the aim of addressing the anticipated shortfalls. A re-structure of the Corporate Management Team was launched in May 2024 in order to realign the (continued)</p>

Issue	Planned Action
<p>(continued)</p> <p>This has now become the Council's Modern 25 Programme which aims to deliver a proportion of the required savings.</p> <p>We have also updated our Strategic Asset Management Plan, following officer and members workshops, which will provide direction and clarity in the way we manage our land and buildings.</p>	<p>(continued)</p> <p>management structure to the target operating model.</p> <p>A Task and Finish Group set up by the Overview and Scrutiny Committee has been charged with reviewing the Medium Term Financial Plan with a view to closing the future predicted budget gap. Further detailed information is included in our Financial Plan.</p>
<p><u>Member and Officer roles and relationships</u></p> <p>Good working relationships are crucial to good governance. The Centre for Governance and Scrutiny (CfGS) were commissioned to review officer/member roles and responsibilities, including consideration of values, behaviours, and ethical issues, and the constitutional provisions supporting these.</p> <p>The Peer Review completed in January 2024 has also made recommendations around enhancing communication and collaboration, strengthening trust and moral, and implementing methods for effective decision making.</p> <p>Planned development of the new Member and Officer protocol , and the Constitution review, which are essential components of the governance framework have been delayed.</p>	<p>Work is ongoing to implement the recommendations from both reviews. Specific actions relevant to this issue, remaining to be addressed in 2024-25 include:</p> <ul style="list-style-type: none"> - Completing the Constitution Review. Workshops have been held on various topics and feedback from these will be used to inform a revised Constitution. - Finalising the Member and Officer protocol. This will give clarity of roles and aid decision making. A draft protocol will be reviewed by the Procedures Committee in July 2024 before presenting full Council for approval. - Continuing the enhanced member training programme. - Delivering the new Council Strategy which is currently in progress. Member and other stakeholder working groups are being held, to ensure they are full engaged with this . The Strategy will help give clarity and direct the work of the Council when it is completed.

Issue	Planned Action
<p><u>Planning Performance</u></p> <p>Our Planning service was under threat of being placed in special measures by the Department for Homes, Communities and Local Government (DHLUC) in December 2023 due to poor performance processing non major planning applications. Our compliance rate was 67% against a government target of 70%.</p>	<p>We commissioned a review from the Planning Advisory Service and brought in a planning performance specialist. An action plan was agreed and implemented, and using funding secured from the planning skills delivery fund, additional support was commissioned. This has resulted in an improved application processing time of above 70% in quarter one 2024-2025, increasing to 73% at the end of June 2024.</p> <p>We continue to work through the action plan to ensure sustainable changes are embedded and dependency on temporary resources is reduced. Processes have been streamlined, performance reports are produced in real time and used to drive performance, training has been increased, including a town and parish forum.</p> <p>By the end of June 2024 we aim to be in a position to formally request release from the threat of special measures by DHLUC.</p>
<p><u>Cyber Security and Resilience</u></p> <p>External cyber attack is an ever present threat and although we have numerous mitigations in place to protect our infrastructure and systems, there is a continuing need to ensure we are in a state of preparedness.</p>	<p>Key user policies have recently been reviewed and updated. These will be finalised and released to staff during Summer 2024.</p> <p>A Business Continuity lead has been appointed and work is underway to ensure our BC Plans are reviewed and up to date. A management workshop is taking place in June 2024.</p>

Signed on behalf of Teignbridge District Council:

Managing Director

Leader of the Council