

NON-CONFIDENTIAL



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

21 June 2012

Dear Councillor

A Meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 28th June, 2012 at 6.00 pm.** Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. D. ...', written over a circular stamp or mark.

A G E N D A

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 1 - 4)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (personal and/or personal and prejudicial) in any matters which are to be considered at this meeting.

When Members are declaring a personal interest or personal and prejudicial interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a personal and prejudicial interest in respect of which they do not have a dispensation.

4 Communication With The Auditor

(To be presented by the Audit Commission)

5 Annual Governance Statement & Code of Corporate Governance (Pages 5 - 38)

(Report of the Head of Internal Audit Services)

6 Draft Statement of Accounts 2011/12 (Pages 39 - 50)

(Report of the Director of Finance)

7 Proposed Changes to the Constitution and Code of Conduct (Pages 51 - 60)

(Report of the Solicitor to the Council and Monitoring Officer)

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: M Gant, R Kingstone, S People, P Seekings and M Thurgood



MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 31st MAY 2012

PRESENT: Councillor M Gant (Chair), Councillors R Kingstone, S Peaple and M Thurgood

Officers John Wheatley (Executive Director Corporate),
Jane Hackett (Solicitor to the Council and Monitoring
Officer),
Stefan Garner (Director of Finance) and
Angela Struthers (Head of Internal Audit Services)

Visitors James Cook (Audit Commission)
Joan Barnett (Audit Commission)

1 APPOINTMENT OF CHAIR

RESOLVED: That Councillor M Gant be appointed as Chair.

(Moved by Councillor R Kingstone and seconded by Councillor M Thurgood)

2 APPOINTMENT OF VICE-CHAIR

RESOLVED: That Councillor R Kingstone be appointed as Vice-Chair.

(Moved by Councillor M Gant and seconded by Councillor M Thurgood)

3 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P Seekings.

4 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 29 March 2012 were approved and signed as a correct record.

5 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

6 STATEMENT ON THE ROLE OF THE CHIEF FINANCE OFFICER

The Report of the Executive Director Corporate Services providing members with information on the application of the Statement on the Role of the Chief Finance Officer, the benchmarking of existing arrangements and training for Members was considered. The Committee were invited to ask as the Executive Director Corporate Services for clarification on any matters.

RESOLVED: That the report be endorsed.

7 INTERNAL AUDIT QUARTERLY REPORT 2011/12

The Report of the Head of Internal Audit Services reporting on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 4th quarter of 2011/12 and providing members with assurance of the ongoing effective operation of an internal audit function and enabling any particularly significant issues to be brought to the Committee's attention was considered.

RESOLVED: That the report be endorsed subject to the agreed Audit Plan being circulated to Members.

8 FRAUD AND CORRUPTION UPDATE REPORT

The Report of the Head of Internal Audit Services seeking Member approval for the adoption of the revised Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes and Whistleblowing Policy and endorsement of the compliance with Counter Fraud best practice and to provide Members with an update of Counter fraud work completed to date.

RESOLVED: That:

- 1 The Protecting the Public Purse for those charged with Governance and the associated recommendations from the Protecting the Public Purse and Fighting Fraud Locally reports be endorsed, and;
- 2 The Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes be endorsed, and;
- 3 The Whistleblowing Policy and compliance with the Code of Practice be endorsed, and;

- 4 The Fraud Risk Register be endorsed
*(Moved by Councillor M Thurgood and seconded by
Councillor S Peuple)*

9 AUDIT & GOVERNANCE COMMITTEE SELF ASSESSMENT 2012

The Head of Internal Audit Services gave an update on Training.

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RESOLVED: That the information was circulated to Members.

10 UPDATE FROM AUDIT COMMISSION

James Cook advised the Committee on the new Audit arrangements coming into force later in the year.

RESOLVED: That the information be endorsed.

Chair

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28TH JUNE 2012

REPORT OF THE HEAD OF INTERNAL AUDIT SERVICES

ANNUAL GOVERNANCE STATEMENT & CODE OF CORPORATE GOVERNANCE

EXEMPT INFORMATION

None

PURPOSE

To inform Members of the Committee of the process followed in producing a Corporate Annual Governance Statement and revised Code of Corporate Governance in accordance with statutory requirements, and to approve the proposed draft Statement and Code of Corporate Governance.

RECOMMENDATIONS

- a) That the proposed Annual Governance Statement be agreed by the Committee as appropriate for presentation to the external auditor and for inclusion in the Annual Statement of Accounts ; and**
- b) That the proposed Code of Corporate Governance be agreed.**

EXECUTIVE SUMMARY

The Authority is required to produce a public Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations 2009 (as amended). The AGS must be published with the Authority's Annual Statement of Accounts. The AGS is a document which sets out the arrangements within the Authority for ensuring:

1. That there is a sound and robust governance framework, that the framework is regularly reviewed; and
2. It is expected that any instances of significant shortfalls in governance issues/arrangements are referred to within the AGS.

The Accounts and Audit (Amendment) (England) Regulations 2011 require that the Statement should be considered by a Committee of the Council – the Audit and Governance Committee are charged with this function.

Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) sets out the process by which the outcomes of the various arrangements within the Authority forming part of the governance framework should be brought together to inform the AGS. The guidance provides a model "Assurance Gathering Process" setting out the typical expected control arrangements and gives examples of the sorts of evidence which may be available within an authority to show that these controls are in place.

Relevant officers responsible for/involved in the main assurance processes have followed a process in accordance with CIPFA’s guidance to enable the model “Assurance Gathering Process” document to be completed. Members should also note that the AGS is informed by other processes such as the annual accounts closedown process, managers’ assurance statements, external audit reviews and inspections and the Head of Internal Audit Services Annual Audit Report.

In June 2009, CIPFA launched its “Statement on the Role of the Chief Finance Officer in Local Government” and during 2010 launched a similar document “The Statement on the Role of the Head of Internal Audit in Local Government”. Both statements support CIPFA’s work to strengthen governance and financial management across public services. Both of the CIPFA’s statement set out five principles that define the core activities and behaviours of the role of the Chief Finance Officer and that of the Head of Internal Audit and the governance requirements needed to support them. For each principle, the statement sets out the governance arrangements required within an organisation to ensure that Chief Finance Officers and Heads of Internal Audit are able to operate effectively and perform their core duties and responsibilities. CIPFA recommends that organisations should use these statements as a framework to benchmark their existing arrangements, and that they should report publicly on compliance to demonstrate commitment to good practice in both governance and financial management. In line with good practice, the Statement on the Role of the Chief Finance Officer in Local Government was presented to the Audit & Governance Committee on 31st May 2012. We have benchmarked our arrangements against those set out in the Statements . This compliance is reflected in the Annual Governance Statement.

The proposed Annual Governance Statement 2011/12 arising from these processes is attached as **Appendix 1** for Members’ consideration. It should be noted that the Annual Governance Statement only includes significant governance issues.

The significant governance issue identified is:

Issue	Proposed Actions
<p>Medium Term Financial Strategy</p> <p>The Council should continue vigorous monitoring and scrutiny of its financial position to ensure the savings plan can be delivered with the planned use of reserves; and that there is no impact on the quality and range of services provided.</p>	<p>The Medium Term Financial Strategy is under continuous review by CMT and the Executive Board to take account of current circumstances and that planned savings are implemented / achieved to enable minimum impact on service delivery.</p>

Other actions requiring attention have been identified through the assurance gathering process and as such will form an action plan (**Appendix 3**). These actions will be entered onto the Covalent Performance Management System to aid monitoring and review. Interim reporting of actions completed will be presented to the Audit & Governance Committee.

Actions arising from the Annual Governance Statement 2010/11 assurance process are identified in **Appendix 4** and show the current status of the actions. Where actions have not been fully completed, these have been forwarded to the current action plan at **Appendix 3** in order to monitor and review their implementation.

To achieve good governance, the Authority should be able to demonstrate that it is complying with the core and supporting principles contained in the guidance and should therefore develop and maintain a local code of governance appropriate to its circumstances and comprising the requirements for best practice as set out in the CIPFA/SOLACE guidance. As such the Code of Corporate Governance 2012/13 has been reviewed and is attached as **Appendix 2**.

The Authority can demonstrate that it complies with the core and supporting principles and complies with best practice.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS

Failure to produce an Annual Governance Statement would result in non-compliance with the Accounts and Audit (Amendment) (England) Regulations 2011.

There is a risk that failures in Governance would not be identified.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers

LIST OF BACKGROUND PAPERS

Managers Assurance Statements, Compliance with the Code of Corporate Governance review document, review of compliance to the Statements on the Role of the Chief Finance Officer in Local Government and the Role of the head of Internal Audit in Local Government, Code of Practice for Internal Audit in Local Government in the UK review document.

APPENDICES

- Appendix 1 Annual Governance Statement 2011/12
- Appendix 2 Code of Corporate Governance 2012/13
- Appendix 3 Action plan arising from the AGS 11/12 assurance process
- Appendix 4 Action plan arising from the AGS 10/11 assurance process – update June 2012

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ANNUAL GOVERNANCE STATEMENT 2011 - 12

1 SCOPE OF RESPONSIBILITY

Tamworth Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The 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 the Authority's functions and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.tamworth.gov.uk. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 (as amended) in relation to the publication of an annual governance statement.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2012 and up to the date of approval of the statement of accounts.

3 THE GOVERNANCE FRAMEWORK

The Council operates a number of processes that constitute, or contribute to the operation of the governance framework, including:

- 3.1 The Tamworth Strategic Partnership (TSP) provides the leadership and strategic direction necessary to achieve the shared priorities and objectives for Tamworth. The TSP Executive Board is made up of Chief Officers and Elected Members of partner organisations. It functions as an outcome based Public Sector Commissioning Board with actions commissioned via an established Commissioning Framework and delivered via either Task & Finish Groups or commissioned service providers;
- 3.2 Based upon the corporate vision and priorities, the Council produces a Corporate Plan which in turn, informs annual business plans produced by each Service Area in order to identify and monitor strategic outcomes, performance targets and community impact;
- 3.3 Executive Board meetings of CMT and Cabinet are held on a regular basis;
- 3.4 Performance management arrangements are in place ensure that progress on business plans and achievement of corporate objectives are reported quarterly but managed on a reactive basis;
- 3.5 Annual financial statements are published in accordance with a prescribed timetable;
- 3.6 Council wide and service specific quality promises are in place and made available to the public through publication on the website and through publications available at all council establishments;
- 3.7 The Tell Us complaints procedures are available to all members of the public through council establishments and the website. Complaints are monitored and reported on, on a monthly basis;
- 3.8 The Counter Fraud and Corruption Policy Statement, Strategy and guidance notes and Whistleblowing Policy were revised in February 2009 and made available to staff and members through availability on the Intranet; staff were issued and accepted these policies through a computerised policy management system. Members of the public can access the documents through the Council's website. The Counter Fraud and Corruption Policy Statement, Strategy identifies the Council's commitment to Counter Fraud. The Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes and Whistleblowing Policy have been reviewed and updated and were approved by the Audit & Governance In May 2012;
- 3.9 Value for money is measured through participation in benchmarking exercises. A Corporate Change Programme is in place which is a fully integrated corporate project which looks at services, methods of working, systems and processes in order to establish where efficiencies can be gained and improvements made ;
- 3.10 The quality of services is measured through performance indicators and service delivery milestones all of which are based upon either best practice or service specific standards which are monitored through the Covalent performance management system;

- 3.11 The Constitution sets out a clear statement of respective roles and responsibilities of the executive, non executive, scrutiny and officer functions. The Constitution is reviewed on an annual basis;
- 3.12 The Scheme of Delegation is reviewed on an annual basis;
- 3.13 There is a code of conduct in place for members and a member/officer protocol;
- 3.14 Standing Orders, Financial Regulations and Financial Guidance were updated in March 2011 and are reviewed on a regular basis;
- 3.15 The Audit & Governance Committee undertakes the core functions of an Audit Committee as identified in *CIPFA's Audit Committee – Practical Guidance for Local Authorities*. The Audit & Governance Committee have completed a self assessment of their effectiveness during 2011/12;
- 3.16 There is a Governance Working Group in place which reviews Governance documents;
- 3.17 Compliance with the statutory officer roles, ie Head of Paid Service (the Chief Executive), Section 151 Officer (Executive Director – Corporate Services) and Monitoring Officer (Solicitor to the Council) to ensure compliance with laws and regulations. The Monitoring Officer's role is to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Section 151 Officer, the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered;
- 3.18 The Statutory Officers are members of the Corporate Management Team (CMT);
- 3.19 The financial management of the Authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and within Financial Regulations and Guidance. The Council has designated the Executive Director – Corporate Services as the responsible financial officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a four-year Medium Term Financial Strategy (Capital & Revenue), updated annually, to support the medium-term aims of the Corporate Plan;
- 3.20 The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010);
- 3.21 The Authority's internal audit arrangements conform to the requirements of the CIPFA Statement of the Role of the Head of Internal Audit;
- 3.22 The role of scrutiny is aligned to the Strategic Priorities i.e Aspire & Prosper Scrutiny Committee and Healthier and Safer Scrutiny Committee and their roles are continuously being developed;
- 3.23 Records of decisions made at Committee meetings are available on the website;
- 3.24 A Members register of interests is available to the public through the website;

- 3.25 A Members induction scheme is in place and individual training needs are identified. Frequent training sessions are provided for statutory committees in particular in response to legislative changes and policy reforms;
- 3.26 A local induction programme is completed for officers. Personal development reviews are completed annually and reviewed six monthly. Job descriptions and person specifications are in place with all job descriptions reviewed in 2005 as part of the Job Evaluation process. Job descriptions are regularly reviewed as part of the PDR process. An annual staff AGM takes place;
- 3.27 Training for Councillors is provided on Governance and other issues;
- 3.28 Committee meetings are open to the public unless there are confidential items;
- 3.29 Consultation Strategy 2009/2011 is in place;
- 3.30 There is a Standards Committee in place to promote and ensure high standards of conduct for members;
- 3.31 Tamworth Listens is an annual consultation process used to inform corporate priorities;
- 3.32 A Partnership Guidance Policy is in place;
- 3.33 The Regulation of Investigatory Powers Act (RIPA) Policy is in place which is regularly reviewed and updated;
- 3.34 There is a Safeguarding Children and Vulnerable Adults Policy in place which is regularly reviewed and updated;
- 3.35 A risk assessment of the impact of the Localism Act has been completed and working groups set up to monitor and review the impacts of the Act.
- 3.36 Freedom of Information requests are monitored and regularly reviewed by Corporate Management Team.

A review against the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010) has been completed and the Authority's financial management arrangements conform to this.

4 REVIEW OF EFFECTIVENESS

Tamworth Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and the comments made by the External Auditors and other review agencies and inspectorates.

This review is an ongoing process, and during the year various activities, including the following, have been undertaken as part of this review:-

- 4.1 The Local Code of Corporate Governance is reviewed on an annual basis and an action plan is adopted to deal with any issues;
- 4.2 The Solicitor to the Council (the “Monitoring Officer”) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting;
- 4.3 Review of existing policies as appropriate, production and approval of new or revised policies and procedures;
- 4.4 Further development and embedding of risk management;
- 4.5 The continued extension of management review processes (eg Corporate Change Programme, Senior Management Review and Support Services Review) by which the effectiveness of processes, resource use, and necessary improvement, is considered;
- 4.6 Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an audit plan which is approved by the Audit & Governance Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report on each audit to be submitted to the relevant service manager/Head of Service, and Director. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes follow-up within 6 months of the implementation of agreed actions to address recommendations;
- 4.7 The Head of Internal Audit Services provides a quarterly and annual opinion statement to the members charged with governance – the Audit & Governance Committee;
- 4.8 The Internal Audit Section is subject to regular inspection by the Council’s External Auditors who place reliance on the work and its quality carried out by the section;
- 4.9 The Authority has access to various Anti Fraud networks and participates in the National Fraud Initiative;
- 4.10 Managers are required to provide statements of assurance with regard to the adequacy of internal controls in their areas of responsibility, which are reflected in this Statement where necessary;
- 4.11 The Authority receives reports from the Audit Commission in relation to its governance and internal control, and considers and takes action on their recommendations as appropriate;
- 4.12 Internal Audit complete a self assessment against the CIPFA Code of Internal Audit Practice and comply with the Code;
- 4.13 An Annual Ombudsman’s report is presented to the Audit & Governance Committee;
- 4.14 CMT meet on a fortnightly basis and part of their remit is to address matters concerning performance;
- 4.15 The Corporate Change Programme is a fully integrated corporate project, a primary aspect of which looks at services, methods of working, systems and processes in order to establish where efficiencies can be gained and improvements made. Various services engage in benchmarking to aid performance improvement. The Audit Commission VFM profile tool is being used to allow high level analysis of comparative spend and performance;

- 4.16 The CMT is the Risk Management Group and risk management performance is reported to the Audit & Governance Committee;
- 4.17 The Civil Contingencies Working Group meets bi-monthly to develop the business continuity plan within the Authority. The Director Technology & Corporate Programmes is chair of the Group and liaises with other authorities within Staffordshire, co-ordinated through the Civil Contingencies Unit of Staffordshire Fire and Rescue Service which seeks to support all authorities in Staffordshire in having robust BCM arrangements and promote BCM to the Business and voluntary sectors in compliance with the Civil Contingencies Act;
- 4.18 A Security Management Group is in place which reviews security issues, IT policy and operating standards;
- 4.19 Treasury Management Strategy and Policies are presented to the Audit & Governance Committee for scrutiny.

5 SIGNIFICANT GOVERNANCE ISSUES

The Council is satisfied that the governance framework generally provides a reasonable assurance of effectiveness. However, there are a small number of issues that are significant enough to be highlighted, and will be subject to close monitoring until the Council is able to assure itself that the actions proposed to deal with them have been successfully concluded. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address these issues. Monitoring of the completion of these issues will be completed through reporting to the Audit & Governance Committee.

The significant issues and proposed actions are:

Issue	Proposed Actions
<p>Medium Term Financial Strategy</p> <p>The Council should continue vigorous monitoring and scrutiny of its financial position to ensure the savings plan can be delivered with the planned use of reserves; and that there is no impact on the quality and range of services provided.</p>	<p>The Medium Term Financial Strategy is under continuous review by CMT and the Executive Board to take account of current circumstances and that planned savings are implemented / achieved to enable minimum impact on service delivery.</p>

Signed:

D Cook, Leader

A Goodwin, Chief Executive

on behalf of the members and senior officers of Tamworth Borough Council

Date:

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email enquiries@tamworth.gov.uk

TAMWORTH BOROUGH COUNCIL

CODE OF CORPORATE GOVERNANCE 2012/13

Introduction

Governance is about how Local Government Bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The core principles of good governance are:

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of Members and Officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

Each of these core principles is strengthened by supporting principles.

Tamworth Borough Council is committed to ensuring that the principles of good corporate governance are embedded within its culture and applied within a defined management process which is transparent to all stakeholders. By making explicit our high standards of self-governance we aim to provide a lead to potential partners, to the public, private or voluntary services and to our citizens. In order to meet this commitment we aim to observe the Code (attached **Appendix A**).

Core Principle 1: Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.

Supporting principle 1.1: Exercising strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users.

We will

- Develop and promote the Authority's purpose and vision through robust performance management mechanisms which will be clearly articulated and disseminated;
- Review on a regular basis the Authority's vision for the local area and its implications for the Authority's governance arrangements;
- Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners;
- Publish an Annual Report or similar documentation a timely basis to communicate the Authority's activities and achievements, its financial position and performance. The Annual Report will include statements explaining our responsibility for the financial statements, confirming that we will comply with relevant standards and codes of corporate governance and on the effectiveness of our system of good governance;
- Put in place proper arrangements for the independent review of our financial and operational reporting processes;
- In developing our business ensure services are sustainable and meet the needs of our citizens.

Supporting principle 1.2: Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.

We will

- Set standards and targets for performance in the delivery of services on a sustainable basis and with reference to equalities policies;
- Put in place sound systems for providing management information for performance measurement purposes;
- Monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans;
- Put in place arrangements to allocate resources according to priorities;
- Foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors, and consider alternative means of service delivery where it is efficient and effective to do so, to

Reviewed June 2012

Appendix 2

meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice;

- Respond positively to the findings and recommendations of external auditors, statutory inspectors and any other peer reviews or assessments and put in place arrangements for the effective implementation of agreed actions.

Supporting principle 1.3: Ensuring that the Authority makes the best use of resources and that tax payers and service users receive excellent value for money.

We will

- Decide how value for money is to be measured and make sure that the Authority or any Partnership has the information needed to review value for money and monitor performance effectively;
- Measure the environmental impact of policies, plans and decisions;
- Ensure services are reviewed and waste eliminated where it is identified.

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Supporting principle 2.1: Ensuring effective leadership throughout the Authority and being clear about Executive and Non-executive functions and of the roles and responsibilities of the scrutiny function.

We will

- Have in place clearly documented protocols of the respective roles and responsibilities of the Executive and of the Executive's members individually and the Authority's approach towards putting this into practice;
- Ensure that the respective roles and responsibilities of other Authority Members, Members generally and of Senior Officers are clearly defined;
- Work together to provide clear leadership and direction for the authority and its partners.

Supporting principle 2.2: Ensuring that a constructive working relationship exists between Authority Members and Officers and that the responsibilities of members and officers are carried out to a high standard.

We will

- Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically

Reviewed June 2012

Appendix 2

reserved for collective decision making of the Authority, taking account of relevant legislation, and ensure that it is monitored and updated when required;

- Make the Chief Executive responsible and accountable to the Authority for all aspects of operational management;
- Develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained;
- Make the Executive Director – Corporate Services (the S151 Officer) responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control to ensure compliance with all applicable statutes, regulations and relevant statements of best practice and to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with the statutory and other authorities that govern their use;
- Make the Solicitor to the Council (Monitoring Officer) responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Supporting principle 2.3: Ensuring relationships between the Authority, its partners and the public are clear so that each knows what to expect of the other.

We will

- Develop protocols to ensure effective communication between Members and Officers and their respective roles;
- Set out terms and conditions for remuneration of Members and Officers and an effective structure for managing the process, including an effective remuneration panel;
- Ensure that effective mechanisms exist to monitor service delivery;
- Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated;
- When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the Authority;
- When working in partnership:
 - ensure that there is clarity about the legal status of the partnership
 - ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their

Reviewed June 2012

organisation to partner decisions.

Core principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Supporting principle 3.1: Ensuring Authority Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.

We will

- Ensure that the Authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect;
- Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Authority, its partners and community are defined and communicated through codes of conduct and protocols;
- Put in place arrangements to ensure that Members and Employees of the Authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice;
- Provide the necessary training and development to all Officers and Members to ensure that the behaviours and values of the Authority are adhered to.

Supporting principle 3.2: Ensuring the organisational values are put into practice and are effective.

We will

- Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with Members, staff, the community and partners;
- Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice;
- Develop and maintain an effective standards committee;
- Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority;
- In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively;
- Provide training on those values to ensure they are fully understood and that Members and Officers can demonstrate competence in those areas.

Reviewed June 2012

Core principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Supporting principle 4.1: Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.

We will

- Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall and that of any organisation for which it is responsible;
- Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- Put in place arrangements to safeguard Members and Employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice;
- Develop and maintain an effective Audit & Governance Committee which is independent of the Executive and Scrutiny functions;
- Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.

Supporting principle 4.2: Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

We will

- Ensure that those making decisions whether for the Authority or any partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications;
- Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.

Supporting principle 4.3: Ensuring that an effective risk management system is in place.

We will

- Ensure that risk management is embedded into the culture of the Authority, with members and managers at all levels recognising that risk management is part of their jobs;
- Ensure that effective arrangements for whistle-blowing are in place and that officers, staff and all those contracting with or appointed by the Authority have access;

Reviewed June 2012

Appendix 2

- Provide training, guidance and support in risk management to all officers where appropriate.

Supporting principle 4.4: Using their legal powers to the full benefit of the citizens and communities in their area.

We will

- Actively recognise the limits of lawful activity placed on us by, for example, the ultra vires doctrine but also strive to utilise our powers to the full benefit of our communities;
- Recognise the limits of lawful action and observe both the specific requirement of legislation and general responsibilities placed on authorities by public law;
- Observe all specific legislation requirements placed upon us, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into our procedures and decision-making.

Core Principle 5: Developing the capacity and capability of Members and Officers to be effective

Supporting principle 5.1: Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.

We will

- Provide induction programmes tailored to individual needs, and opportunities for Member and Officers to update their knowledge on a regular basis;
- Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Authority;
- Make available training and development opportunities where gaps in knowledge and skills are identified.

Supporting principle 5.2: Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.

We will

- Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively;
- Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed;

Reviewed June 2012

Appendix 2

- Ensure that effective arrangements are in place for reviewing the performance of the Executive as a whole and of individual members, and agreeing an action plan which might aim to address any training or development needs.

Supporting principle 5.3: Encouraging new talent for membership of the Authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

We will

- Ensure that effective arrangements are in place which are designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority;
- Ensure that career structures are in place for Members and Officers to encourage participation and development.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

Supporting principle 6.1: Exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

We will

- Make clear to ourselves, all staff and the community to whom we are accountable and for what;
- Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required;
- Produce an Annual Report on the activity of the Scrutiny function.

Supporting principle 6.2: Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning.

We will

- Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively;
- Hold meetings in public unless there are good reasons for confidentiality;
- Ensure that arrangements are in place to enable the Authority to engage with all sections of the community effectively. These arrangements will recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands;

Reviewed June 2012

Appendix 2

- Establish a clear policy on the types of issues we will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result;
- On an annual basis, publish a performance plan giving information on the Authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period;
- Ensure that the Authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Supporting principle 6.3: Making the best use of human resources by taking an active and planned approach to meet responsibility to staff.

We will

- Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email enquiries@tamworth.gov.uk

Reviewed June 2012

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APPENDIX 3

Action plan arising from the AGS 11/12 assurance process



Report Type: Actions Report
Report Author: Angela Struthers
Generated on: 20 June 2012

Action Code	Action Title		Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS1 1112 AC	Valuation & Impairment Reports	Priorit y 2		<div style="width: 80%; background-color: #4F81BD; height: 15px;"></div> 80%	30-Jun-2012		Stefan Garner
Description	The Council should ensure that all signed valuation and impairment reports are provided at the beginning of the audit						
Desired Outcome	A signed valuation and impairment report will be provided at the beginning of the Audit.						
All Notes							

Action Code	Action Title		Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS2 1112 AC	Component Accounting	Priorit y 2		<div style="width: 100%; background-color: #4F81BD; height: 15px;"></div> 100%	12-Jun-2012	12-Jun-2012	Stefan Garner
Description	The Council should annually review whether the application of component accounting would make a material difference to the estimated depreciation charge to the accounts.						
Desired Outcome	An annual review will be completed in liaison with the external auditors at audit planning meetings.						
All Notes							

Action Code	Action Title		Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS3 1112 AC	Financial Monitoring	Priorit y 1		<div style="width: 100%; background-color: #4F81BD; height: 15px;"></div> 100%	12-Jun-2012	12-Jun-2012	Stefan Garner
Description	The Council should continue vigorous monitoring and scrutiny of its financial position to ensure the savings plan can be delivered with the planned use of reserves; and that there is no impact on the quality and range of services provided.						
Desired Outcome	Continual monthly monitoring in place						
All Notes							

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS4 1112 AC	H & CT Subsidy Claims Administration		<div style="width: 100%; height: 15px; background-color: #0070C0; border: 1px solid black;"></div> 100%	12-Jun-2012	12-Jun-2012	Karen Taylor
Description	Ensure the controls put in place to mitigate the risk of similar errors arising in Housing and Council Tax subsidy claims administration are effective.					
Desired Outcome	Review to be undertaken of the impact of extra quality checking of claims processing					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS5 1112 MA	Internal Audit Recommendations		<div style="width: 0%; height: 15px; background-color: #0070C0; border: 1px solid black;"></div> 0%	31-Mar-2013		Tina Mustafa
Description	-- enter action details here --					
Desired Outcome	Progress and track existing Internal Audit Recommendations					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS6 1112 MA	Business Continuity		<div style="width: 0%; height: 15px; background-color: #0070C0; border: 1px solid black;"></div> 0%	31-Mar-2013		Tina Mustafa
Description	Business Continuity plans need to be tested and reviewed on a regular basis					
Desired Outcome	Review of Business Continuity to be undertaken					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS7 1112 PR	PDR's		<div style="width: 20%; height: 15px; background-color: #0070C0; border: 1px solid black;"></div> 20%	30-Jun-2012		Stefan Garner
Description	PDR's have not been completed for all staff within Finance					
Desired Outcome	PDR's to be completed for Finance staff					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS8 1112 MA	Procedures and Controls		<div style="width: 0%; height: 15px; background-color: #0070C0; border: 1px solid black;"></div> 0%	31-Aug-2012		Paul Weston
Description	Process, procedures and controls for Capital Works Programme require complete overhaul to reflect the contracts and method of operation. Capital Programme due to commence June 2012					

Desired Outcome	Revise documented procedures and controls in line with new process				
All Notes					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS9 1.1.12 MA	HR Policies Priorit 2 y		<input type="text" value="0%"/>	30-Jun-2012		Christie Tims
Description	Not all HR Policies are up to date					
Desired Outcome	Finalisation and publication of key policies. Review programme following audit					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS10 1.1.12 MA	Volunteers Priorit 2 y		<input type="text" value="0%"/>	30-Jun-2012		Christie Tims
Description	Volunteers Policy requires finalisation and training has not been provided					
Desired Outcome	Following the Volunteers audit, the policy will be finalised and training delivered so that the website can be published					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS11 1.1.12 MA	Partnerships roles and responsibilities Priorit 2 y		<input type="text" value="0%"/>	30-Jun-2012		Christie Tims
Description	Roles and responsibilities need to be reviewed with regard to the LGPS					
Desired Outcome	Review of procedures and agreement with the LGPS. Update risks and agree mechanisms					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS12 1.1.12 PR	Satisfaction Survey Priorit 3 y		<input type="text" value="0%"/>	31-Mar-2013		Jane Hackett
Description	Satisfaction surveys are not issued to service users of Member Services and Legal Services					
Desired Outcome	A satisfaction survey to be completed for user of Member and Legal Services					
All Notes						






Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS13 1.1.12 PR	Succession Planning		<input type="text" value="0%"/>	31-Mar-2013		Anica Goodwin
Description	Career structures are not in place for officers and members to encourage participation and development					
Desired Outcome	Succession planning to be discussed with the Head of Organisational Development					
All Notes	Angela Struthers 13-Jun-2012 Birmingham City Council are sharing their training solution for talent management and succession planning. to be completed September 2012					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS14 1.1.12 PR	Community Engagement		<input type="text" value="50%"/>	31-Dec-2012		John Day
Description	Improve insight about customer/residents needs by developing solutions with partners/neighbouring authorities					
Desired Outcome	Council's Insight Strategy to be developed					
All Notes	Angela Struthers 12-Jun-2012 The development of a Customer Insight strategy will follow and be produced by September/October 2012.					
Description	Mosaic data purchased in October 2011. The data has been used to inform some projects i.e. Customer Services Communications, Mucky Pup campaign, 4 localities, Tinkers Green/Kerria demographics, Tamworth Castle, electoral registration.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS15 1.1.12 PR	Business Continuity		<input type="text" value="50%"/>	31-Mar-2013		Jane Eason
Description	Business continuity plans are not tested on a regular basis within PR and Communications					
Desired Outcome	Test to ensure that web continuity can be maintained by remote update by TBC and Unified/Alterian					
All Notes	Angela Struthers 12-Jun-2012 Currently we cannot update the website remotely. We can currently contact Unified to make a change for us out of hours however there is a cost associated to doing this, based on their day rate of £900.					
Description	Our solution to this for non priority remote updates is to update the website homepage via twitter and directly to the blog via a number of platforms, including phones and tablets. Remote access will be a key feature of the new website, which is a corporate project and now underway.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IARAGS16 1.1.12 PR	Customer Satisfaction		<input type="text" value="0%"/>	31-Mar-2013		Jane Eason
Description	Satisfaction surveys are not issued to service users of Public Relations					

Desired Outcome	Customer satisfaction monitoring mechanism with PR service to be implemented
All Notes	Angela Struthers 12-Jun-2012 This has not been completed. It is hoped to be carried out by October 2012 in conjunction with the new cabinet role on reputation and engagement.

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

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Action plan arising from the AGS 1011 process - update June 2012



Report Type: Actions Report
Report Author: Angela Struthers
Generated on: 18 June 2012

Action Code	Action Title	Priorit	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS1 1011	Medium Term Financial Strategy	1 Y		<div style="width: 100%; background-color: #4F81BD; height: 15px;"></div> 100%	29-Feb-2012	06-Jun-2012	Stefan Garner
Description	Keep the medium term financial strategy under continuous review to ensure it addresses the changing economic circumstances						
Desired Outcome	The Medium Term Financial Strategy is under continuous review to take account of current circumstances and that planned savings are implemented/achieved						
All Notes	Stefan Garner 06-Jun-2012 Quarter 4 financial healthcheck reported to Cabinet 13 June 2012 / MTFS approved by Council on 28 February 2012 Stefan Garner 16-Apr-2012 Quarter 2 financial healthcheck reported to Cabinet 23 November 2011 / Updated 5 year budget considered by CMT/BRG/Cabinet 23 November 2011 Stefan Garner 16-Apr-2012 Quarter 3 financial healthcheck reported to Cabinet 22 February 2012 / Updated MTFS approved by Council 28 February 2012 Stefan Garner 08-Sep-2011 Quarter 1 financial healthcheck reported to Cabinet 21 September 2011 / Updated high level MTFS considered by CMT/BRG 15 September 2011						

Action Code	Action Title	Priorit	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS10a 1011	Satisfaction Survey	3 Y		<div style="width: 0%; background-color: #4F81BD; height: 15px;"></div> 0%	31-Jan-2013		Jane Hackett
Description	Satisfaction surveys are not issued to service users of Member Services and Legal Services						
Desired Outcome	Satisfaction surveys to be completed for users of Member Services and Legal Services.						
All Notes	Angela Struthers 11-Jun-2012 Postponed until January 2013						

Action Code	Action Title	Priorit	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS10b 1011	Satisfaction Survey	3 Y		<div style="width: 0%; background-color: #4F81BD; height: 15px;"></div> 0%	30-Oct-2012		Jane Eason
Description	Satisfaction surveys are not issued to service users of Public Relations.						
Desired Outcome	Customer satisfaction monitoring mechanism with PR service to be implemented						

Appendix 4

All Notes	Jane Eason 12-Jun-2012 This has not been completed. It is hoped to be carried out by October 2012 in conjunction with the new cabinet role on reputation and engagement.				
	Jane Eason 13-Sep-2011 The survey will be put back until January as since the departure of the P&CR Head of Service we have changed some of our processes and want to give these time to bed in before testing satisfaction of our users/				

Action Code	Action Title	Priorit y	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS11a 1011	Business Continuity	2		100%	31-Oct-2011	11-Jun-2012	Jane Hackett
Description	Business continuity plans are not tested on a regular basis within Democratic Services						
Desired Outcome	Business Continuity testing to be completed						
All Notes	Angela Struthers 13-Sep-2011 Work is progressing in this area - plans to be tested by 31/10/11						


Action Code	Action Title	Priorit y	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS11b 1011	Business Continuity	2		60%	31-Dec-2011		Jane Eason
Description	Business continuity plans are not tested on a regular basis within PR and Communications.						
Desired Outcome	Test to ensure that web continuity can be maintained by remote update by TBC and Unified/Alterian						
All Notes	Jane Eason 12-Jun-2012 Currently we cannot update the website remotely. We can currently contact Unified to make a change for us out of hours however there is a cost associated to doing this, based on their day rate of £900. Our solution to this for non priority remote updates is to update the website homepage via twitter and directly to the blog via a number of platforms, including phones and tablets. Remote access will be a key feature of the new website, which is a corporate project and now underway.						


Action Code	Action Title	Priorit y	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS12 1011	Asset Inventory	2		100%	31-Dec-2011	13-Sep-2011	Jane Hackett
Description	An asset inventory is not maintained within Legal and Democratic Services.						
Desired Outcome	Asset inventory to be completed.						
All Notes							


Action Code	Action Title	Priorit y	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS13a 1011	PDR's	2		100%	30-Nov-2011	17-Apr-2012	Anica Goodwin
Description	PDR's are have not been completed for those with direct report to the Assistant Chief Executive.						

Appendix 4

Desired Outcome	To complete PDR's	
	Anica Goodwin 17-Apr-2012 Jane Hackett PDR completed Oct 2011	
	Anica Goodwin 17-Apr-2012 Tracey Yeomans PDR completed 1 nov 2011	
All Notes	Anica Goodwin 17-Apr-2012 Christie Tims pdr completed 17 oct 2011	
	Anica Goodwin 17-Apr-2012 Jane Eason PDR completed 17 oct 2011	
	Anica Goodwin 17-Apr-2012 John Day PDR completed 18 Oct 2011	
	Angela Struthers 12-Sep-2011 ACE PDR completed 4/8/11 - Heads of Service to be completed by 30/11/11	





Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS13b 1011	PDR's	 Priorit 2 y	<div style="width: 20%; background-color: blue; height: 15px;"></div> 20%	30-Sep-2011		Stefan Garner
Description	PDR's have not been completed for all staff within Finance, Exchequer & Revenues					
Desired Outcome	To complete PDR's					
All Notes	Stefan Garner 17-Apr-2012 PDRs to be scheduled for late June 2012					
	Stefan Garner 15-Sep-2011 Managers PDRs within Revenues have been completed - remaining to cascade during October. Corporate Finance & Exchequer Managers / Staff PDRs to be completed during October following Deputy Director's PDR scheduled for 27 September 2011.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS14 1011	Performance Management	 Priorit 2 y	<div style="width: 100%; background-color: blue; height: 15px;"></div> 100%	31-Dec-2011	05-Jan-2012	John Day; Jane Eason
Description	Performance measure are not defined and implemented within the PR & Communication Service.					
Desired Outcome	Performance measure to be defined and implemented					
All Notes	John Day 05-Jan-2012 Performance measures defined and recorded on Covalent for Performance and Consultation.					



Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS15 1011	Partnerships	 Priorit 2 y	<div style="width: 0%; background-color: blue; height: 15px;"></div> 0%	31-Aug-2011		John Day; Jane Eason
Description	Partnerships are not reviewed to Partnership Guidance Policy within the PR & Communication Service.					
Desired Outcome	Review partnership working in line with Partnership Guidance Policy.					
All Notes	Angela Struthers 12-Sep-2011 There are currently no partnerships within PR & Communications Service					


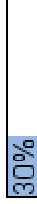
Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To



Appendix 4



IAR AGS16	Project Management	Priorit y 2		<div style="width: 100%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 100%	06-Jul-2011	06-Jul-2011	Jane Eason
Description	Not all senior staff trained in Steps to Success training within the PR & Communication Service.						
Desired Outcome	Steps to Success training to be arranged for Senior PR Officer.						
All Notes							
Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To	
IAR AGS17 1011	Agreed Management Actions		<div style="width: 100%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 100%	31-Mar-2012	18-Apr-2012	Sarah McGrandle; Paul Weston	
Description	Improvements required as noted in the agreed management actions identified from internal audit reports within the Asset Management and Environmental Management Services.						
Desired Outcome	Services Managers to implement agreed management actions identified from internal audit reports.						
All Notes							
Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To	
IAR AGS18 1011	Succession Planning		<div style="width: 0%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 0%	31-Mar-2012		Anica Goodwin	
Description	Career structures are not in place for officers and members to encourage participation and development.						
Desired Outcome	Succession planning to be discussed with the Head of Organisational Development						
All Notes	Angela Struthers 13-Jun-2012 Birmingham City Council are sharing their training solution for talent management and succession planning. to be completed September 2012						
Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To	
IAR AGS19 1011	Community Engagement		<div style="width: 50%; height: 10px; background-color: #4F81BD; border: 1px solid black;"></div> 50%	31-Mar-2012		John Day	
Description	Improve insight about customer/residents needs by developing solutions with partners/neighbouring authorities						
Desired Outcome	Council's Insight Strategy to be developed						
All Notes	John Day 03-Apr-2012 The development of a Customer Insight strategy will follow and be produced by September/October 2012. John Day 19-Mar-2012 Mosaic data purchased in October 2011. The data has been used to inform some projects i.e. Customer Services Communications, Mucky Pup campaign, 4 localities, Tinkers Green/Kerria demographics, Tamworth Castle, electoral registration. Angela Struthers 06-Jul-2011 Partially completed – Acorn software has been purchased with Staffs Connects Partnership for Insight purposes.						
Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To	

Appendix 4

IAR AGS2 1011	Shared Services	Priorit y 2			31-Mar-2012	06-Jun-2012	Corporate Management Team
Description	Assess the opportunities for closer working with neighbouring Councils, including shared staff and services where appropriate.						
Desired Outcome	Part of an on-going process of delivering efficiencies and improving service transformation.						
All Notes	Angela Struthers 06-Jun-2012 This is a continuous process Angela Struthers 12-Sep-2011 This is part of a continuous on-going process of delivering efficiencies and improving services. Projects underway include Transforming Tamworth, Service Reviews which should highlight any potential areas for working with others/good practice areas etc. Due date moved to reflect on-going process						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS20 1011	Procurement Manual			31-Mar-2012		David Onion
Description	Procurement manual requires revision and to be available to staff.					
Desired Outcome	The Procurement Manual to be revised and made available on the Intranet					
All Notes	Angela Struthers 06-Jun-2012 The requirement for a procurement manual is no longer required due to the amended financial guidance (to be approved by Audit & Governance Committee in Sept 2012) and guidance notes to be placed on the intranet Angela Struthers 06-Jul-2011 Some work has been completed as part of the review of Financial Guidance					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS21 1011	Councillor Training and Development			31-Mar-2012	17-Apr-2012	Zoe Blake
Description	There is no training and development programme for Councillors.					
Desired Outcome	A training and development programme for Councillors to be devised and rolled out.					
All Notes	Zoe Blake 17-Apr-2012 meetings have taken place with the leader of the council and opposition throughout the year. Needs identified were around information giving as opposed to skill development and as such many seminars have been delivered. A skills development need was identified in March 2012 for public speaking skills. Due to time frame and election process it was agreed to hold this after elections. Angela Struthers 06-Jul-2011 Partially completed – meeting with Leader of the Council and agreed in principle initial training needs.					

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS3 1011	Financial Statements			06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Include the matters arising from the 2009-10- audit in the quality assurance checks on the accounts in future years					
Desired Outcome	To be included in the final accounts working process					
All Notes						

Appendix 4

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS4 1011	Human Resources Priorit 2 y		<div style="width: 100%; height: 10px; background-color: #4a86e8;"></div> 100%	06-Jul-2011	06-Jul-2011	Anica Goodwin
Description	Ensure that payroll details are properly checked to HR records on a regular basis and that evidence of the check is being properly maintained.					
Desired Outcome	Independent review to be carried out by Human Resources					
All Notes						


Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS5 1011	Fixed Assets Priorit 2 y		<div style="width: 100%; height: 10px; background-color: #4a86e8;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Introduce a systems control to require service managers to confirm continued existence and responsibility for assets					
Desired Outcome	Assets to be signed off by Service Managers as at 31 March 2011					
All Notes						






Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS6 1011	Depreciation of CCTV Cameras Priorit 2 y		<div style="width: 100%; height: 10px; background-color: #4a86e8;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Review the asset lives used to depreciate the CCTV cameras					
Desired Outcome	To be completed as part of the final account process as agreed with the Audit Commission					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS7 1011	Amortisation of Government Grants Deferred Priorit 2 y		<div style="width: 100%; height: 10px; background-color: #4a86e8;"></div> 100%	06-Jul-2011	06-Jul-2011	Stefan Garner
Description	Ensure that the amortisation of the Government Grants deferred account is consistent with the asset lives being used to calculate depreciation.					
Desired Outcome	To be completed as part of the final accounts process as agreed with the Audit Commission.					
All Notes						

Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date	Assigned To
IAR AGS8 1011	Value for Money Priorit 2 y		<div style="width: 100%; height: 10px; background-color: #4a86e8;"></div> 100%	31-Mar-2012	06-Jun-2012	Corporate Management Team
Description	Consider whether any of the good practices from the recent developments in refuse collection and housing repairs arrangements can be applied to other areas of the Council.					

Appendix 4

Desired Outcome	To be completed as part of the efficiency improvement agenda				
All Notes	Angela Struthers 06-Jun-2012 This is a continuous process Angela Struthers 12-Sep-2011 This is part of a continuous on-going process of delivering efficiencies and improving services. Projects underway include Transforming Tamworth, Service Reviews which should highlight any potential areas for working with others/good practice areas etc. Due date moved to reflect on-going process				
Action Code	Action Title	Current Status	Progress Bar	Due Date	Completed Date
IAR AGS9 1011	Value for Money		<div style="border: 1px solid black; background-color: #4F81BD; width: 100%; height: 15px; display: flex; align-items: center; justify-content: center;">100%</div>	31-Mar-2012	06-Jun-2012
Description	Assess whether there are further opportunities to share staff costs and expertise with neighbouring Councils to achieve further efficiencies				
Desired Outcome	To be completed as part of the on-going process of delivering efficiencies and improved service transformation.				
All Notes	Angela Struthers 06-Jun-2012 This is a continuous process Angela Struthers 12-Sep-2011 This is part of a continuous on-going process of delivering efficiencies and improving services. Projects underway include Transforming Tamworth, Service Reviews which should highlight any potential areas for working with others/good practice areas etc. Due date moved to reflect on-going process				

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

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AUDIT & GOVERNANCE COMMITTEE

28th June 2012

Report of the Director of Finance

DRAFT ANNUAL STATEMENT OF ACCOUNTS & REPORT 2011/12

EXEMPT INFORMATION

None

PURPOSE

To receive the Draft Statement of Accounts (the Statement) for the financial year ended 31st March 2012.

RECOMMENDATION

That Members review the Annual Statement of Accounts 2011/12.

EXECUTIVE SUMMARY

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires the Council to prepare a Draft Statement of Accounts by 30th June each year (approved by the Chief Finance Officer), a Committee of the Council to approve the Statement by 30th September and for the Council to publish the Statement together with the Auditors opinion by 30th September 2012.

The draft accounts, once signed by the Executive Director Corporate Services, will be issued to the External Auditor on or before 30th June in compliance with the regulations, and are subject to the normal External Audit review by the Audit Commission.

Although there is now no formal requirement for this Committee to approve the accounts prior to audit, it is considered best practice that members have the opportunity to review the accounts. The Draft 2011/12 Statement of Accounts (subject to audit) are being prepared and will be circulated prior to the meeting.

This Committee will be required to formally approve the final Statement of Accounts by the 30th September 2012, following the receipt of the External Auditors 'Report to those charged with Governance' on the accounts.

Key issues affecting the 2011/12 accounts / accounting process are detailed within the report.

RESOURCE IMPLICATIONS

For 2011/12, a revenue budget underspend for the General Fund of £0.9m is reported with an increase in General Fund closing balances of £210k. The Housing Revenue Account reports an underspend of £79k with a reduction in Housing Revenue Account closing balances of £0.6m.

It should be noted that the Medium Term Financial Strategy identified required balances of £4.2m (at 1st April 2012) compared to the draft actual closing balances of £4.7m - additional balances of £509k. For the HRA balances of £4.7m were forecast at 1st April 2012 compared to the actual balances of £4.5m - fewer balances of £221k. Balances above the minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

The outturn for the 2011/12 capital programme identifies an underspend of £1.604m against the approved budget of £6.769m (actual spend £5.165m - no change since Provisional Outturn). However, it has been approved that £1.489m of scheme spend be re-profiled into 2012/13. This will result in an overall underspend of £115k for the 2011/12 capital programme.

LEGAL / RISK IMPLICATIONS

Current legislation, detailed in Accounts and Audit (England) Regulations 2011, requires a Committee of the Council to approve the Statement by 30th September 2012 and for the Council to publish the Statement together with the Auditors opinion by 30th September 2012.

REPORT AUTHOR

Stefan Garner, Director of Finance

LIST OF BACKGROUND PAPERS

Capital Outturn Report 2011/12 - Cabinet, 13^h June 2012
Provisional Outturn Report 2011/12 - Cabinet, 13th June 2012

BACKGROUND INFORMATION

Prior to 2010/11 Local Authorities were required to prepare their accounts using accounting policies based on UK Generally Accepted Accounting Practice (UK GAAP) and in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the SORP) prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA). It was announced in the 2007 Budget (as amended) that International Financial Reporting Standards (IFRS) would be used for the production of accounts from 2010/11 onwards following a transition period.

The SORP was based on UK Generally Accepted Accounting Principles (GAAP) but modified for local government where legislative requirements demand different treatments to UK GAAP. This was to ensure that there were arrangements in place to mitigate the potential effect upon Council Tax of certain transactions and to recognise the unusual nature of local authority funding.

From 2010/11 there is no longer a Local Authority SORP produced by CIPFA. Instead, there is a Code of Practice on Local Authority Accounting prepared by CIPFA under the guidance of the Financial Resources Advisory Board (FRAB), which is the independent body responsible for overseeing the development of financial reporting within the UK public sector.

An updated Code of Practice applicable for 2011/12 was issued by CIPFA in January 2011 and the changes reflected in this review must now be incorporated into the Council's 2011/12 accounts, together with relevant changes to accounting policies.

The Code is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/LASAAC Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2011. It supersedes the 2010/11 Code.

The CIPFA/LASAAC Code Board overseen by the Financial Reporting Advisory Board also issued a mid-year update to the Code to provide accounting guidance on regulations issued and on other legislative developments since the original code was issued.

In England and Wales, the Code is part of the 'proper practices' requirements governing the preparation of an authority's Statement of Accounts referred to in section 21(2) of the Local Government Act 2003. All English authorities to which section 21 applies and that are required to prepare a Statement of Accounts by the Accounts and Audit Regulations under section 27 of the Audit Commission Act 1998, therefore have a statutory duty to comply with the Code's requirements.

The 2011/12 Code introduces some changes in accounting practice which the council needs to comply with. These changes are detailed in below.

CHANGES IN ACCOUNTING POLICY FOR 2011/12

The need for changes in accounting policy can arise from:

(i) changes that are mandatory under the annual IFRS based *Code of Practice on Local Authority Accounting* and require a new or revised accounting policy to be adopted by all local authorities;

(ii) changes within the overall framework of the *Code of Practice* but where the policy to be adopted is discretionary and is dependent upon interpretation of local circumstances.

The changes required to the Council's accounting policies for 2011/12 therefore arise from an updated IFRS based *Code of Practice on Local Authority Accounting* issued by CIPFA in January 2011.

In addition a code update to this was subsequently issued to reflect a number of developments to statutory accounting or disclosure requirements which have taken place since the 2011/12 Code was published.

Many of the changes reflected in the 2011/12 code & code update do have to be incorporated into the Council's accounts but do not necessarily impact on its accounting policies. This is because the changes are principally around additional or changed disclosure notes, points of clarification and additional guidance etc.

Changes to the *Code of Practice* that impact on Council's Accounting Policies in 2011/12 are therefore minimal and relate to Heritage Assets.

Main changes to the Code of Practice on Local Authority Accounting Code (The Code) for 2011/12

Following the significant changes in Local Authority Accounting last year, 2011/12 is a year of consolidation with relatively few new requirements. The new requirements are summarised below:

- Heritage Assets
- Exit Packages
- Community Infrastructure Levy and Business Rates Supplements
- Related Party Disclosures
- Financial Instruments

1. Heritage Assets

The only change to the Council's accounting policies necessitated by the changes to the accounting framework relates to heritage assets.

FRS30 has now been adopted in the Code and there is a new chapter 4.10 in the Code. There is a new class of assets to be disclosed called Heritage assets, to be shown (at valuation - with exceptions) on the balance sheet for the first time.

The impact was already assessed and disclosed as part of the 2010-11 Accounts. A new category will be included in the financial statements & assets have been reviewed against the criteria of heritage assets. This is a change in accounting policy and as such will need to be treated retrospectively and lead to a need to restate the 10/11 Balance Sheet.

Heritage assets are assets which are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Examples include; historical buildings such as the Castle, archaeological sites, military and scientific equipment of historical importance, civic regalia, medals, museum collections and works of art.

Community assets, (including parks (excluding archaeological sites); cemeteries and crematoria (land only); and allotments where there are restrictions on alternative uses) are not heritage assets, but are accounted for as property, plant and equipment.

The Code also permits, but does not require, authorities to adopt the measurement and disclosure requirements within FRS 30 for community assets.

Heritage assets should be carried at valuation but may be carried at historical cost where it is not practicable to establish a valuation and historical cost information is available.

Where there is no information available on either cost or value, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, there is no requirement to recognise heritage assets on the Balance Sheet. There should, however, be appropriate disclosure of the types of heritage asset held.

Officers have compiled a comprehensive an inventory, based on the historical cost or historic valuations of heritage assets. Whilst the Council was reluctant, at a time of budget pressures, to engage the services of a professional valuer to update the required information, it was considered appropriate to seek updated valuations for the significant assets held (under a value for money approach). Therefore, the Assay office were requested to value the significant items of Civic Regalia and an external valuer engaged to provide replacement cost values for statues within the borough.

Such assets need to be valued, depreciated (where the Heritage Asset has a finite useful economic life) and reviewed on a regular basis for evidence of impairment losses.

A disclosure has been included which shows the value and type of Heritage Assets held by the Authority, together with a balance sheet movement reconciliation.

An accounting policy for the acquisition, preservation, management and disposal of Heritage Assets is required.

A review of our current assets held has taken place to re-categorise assets that meet the definition for a heritage asset. Discussions have also taken place with various service managers to ensure all assets that could be captured under the definition have been identified and are included on the Council's balance sheet.

Identified heritage assets will be held on the Council's balance sheet using uplifted insurance valuations. This has resulted in a significant increase in the non current assets value held on the balance sheet for 2011/12.

As this is a retrospective change in accounting policy, the comparative figures for the 2010/11 Statement of Accounts have been restated.

2. Exit Packages

The 2011/12 Code introduces a requirement to report summary information in relation to exit packages (e.g. redundancy).

A new note has been included on the number of staff exit packages agreed (grouped in rising bands of £20,000 up to £100,000, and bands of £50,000 thereafter), analysed between redundancies and other departures.

The note also discloses the total cost of packages agreed in each band.

Bands have been combined where this is necessary to ensure that individual exit packages cannot be identified (except where disclosure of payments to the individuals is required elsewhere under regulations).

Exit packages include compulsory (where applicable) and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

3. Community Infrastructure Levy and Business Rates Supplements

The 2011/12 Code provides guidance on accounting for income from the Community Infrastructure Levy (CIL) and Business Rate Supplements.

The Council has not exercised the power to charge supplemental business rate charges (this power was introduced 1 April 2010).

The Council do not currently have a CIL in place (this power was introduced 6 April 2010).

4. Related Party Disclosures

There has been some clarification and change to the definitions of 'related party' and 'close members of the family' of a related party.

Related party transactions are ones which are not arm's length due to one party to a transaction being able to control or exert significant influence over the other.

The 2011/12 Code amends the related party disclosures required in respect of central government departments, government agencies, NHS bodies and other local authorities. Additional guidance on the definition of a related party is also included. New definitions of IAS 24 are included - this is extra guidance and does not represent a change.

The disclosure for government is reduced and the normal disclosure requirements do not apply. For central government departments, government agencies, NHS bodies and other local authorities, the Council has disclosed: The name of the government (i.e. UK Government) and the fact that the government exerts significant influence through legislation and grant funding. The following information in sufficient detail enables users of the entity's financial statements to understand the effect of related party transactions on its financial statements: a) the nature and amount of each individually significant transaction, and b) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

5. Financial Instruments

The 2011/12 Code incorporates minor changes to the disclosures of the nature and extent of risks arising from financial instruments. Additional disclosures are also required where the level of soft loans granted by an authority is material.

Soft loans are loans advanced by the Council to third parties at interest rates below the prevailing market rate. The Council does not have any soft loans.

The 2011/12 Code clarifies that financial instrument disclosures are required in respect of leases and PFI, PPP and similar schemes.

Changes include reduced disclosures in respect of financial assets that are neither past due nor impaired, and clarification of the disclosures required in respect of collateral and other credit enhancements obtained.

6. Accounting for Joint Ventures

The Code gives clarification that where an Authority is a party to a joint venture, does not have joint control of that joint venture but does have significant influence, the interest in the joint venture should be accounted for as if it were an associate in line with IAS 31. It also includes additional guidance on the accounts of transfers of functions between public sector bodies. The Council does not have any joint ventures.

7. Code Clarifications

The 2011/12 Code clarifies the requirements in a number of areas where uncertainty was identified in the 2010/11 Code.

SIGNIFICANT TRANSACTIONS IN 2011/12

The following major transactions have occurred during the year that will have significant impact on the Financial Statements:

1. HRA Self Financing

With effect from 1st April 2012 the HRA subsidy system was abolished and replaced with a new system of self financing. Under the new system the council was required to take on additional debt totalling £44.668million. This payment was made to central government on 28th March 2012 and has been shown as an extraordinary payment in the HRA accounts for 2011/12 in accordance with guidance issued in Local Authority Accounting Panel (LAAP) Bulletin 92. The debt will appear in the balance sheet.

2. Municipal Mutual Insurance (MMI)

Contingent Liability: Following a Supreme Court decision handed down on 28th March 2012, if Municipal Mutual Insurance (MMI) are unable to foresee a position in which future investment income net of operating expenses would be adequate to achieve payment of agreed claims in full then appropriate alternative arrangements, which might involve the triggering of the Scheme of Arrangement (SOA), would be made. Under the SOA, the Council could be liable to pay a levy up to the value of claims paid since 1993. The value of claims paid amounts to £250k.

3. The Impact of the Recession

Impairment of Investments

The accounting requirements for impairing investments (such as investments placed with Icelandic Banks) have been made in line with CIPFA guidance with the change in impairment included in the surplus or deficit on the Income and Expenditure Account in line with advice and information from the administrators.

Following a capitalisation direction of up to £4m approved by the Government which allowed the Council to capitalise £3.386m in 2009/10 relating to the impact of the impairment of investments on the General Fund, an improvement in the recovery rates for two of the banks (KSF & Heritable) is anticipated which has led to a fall in impairment levels.

With regard to the investment with Glitnir, On 28 October 2011 the Icelandic Supreme Court ruled that UK local authorities' claims in the administrations of Glitnir qualified as priority claims under Icelandic bankruptcy legislation, confirming the earlier decision of the Reykjavik District Court.

The position as to the status of interest on UK local authorities' deposits maturing between 6 October 2008 and 22 April 2009 has also been fully resolved for Glitnir depositors meaning that the value of the Councils' claims is equal to the value of the original deposit plus interest accrued to 22 April 2009 or, if earlier, the maturity date.

After the decision of the Icelandic Supreme Court had been delivered, the Winding Up Board of Glitnir made a distribution proposal to priority creditors. This was accepted by all UK local authorities and implemented on 16 March 2012. Under the terms of the distribution proposal, payment of each claim (measured in ISK terms as at 22 April 2009) was made in a basket of currencies with conversions made using Central Bank of Iceland selling rates as at 22 April 2009. The distribution currencies were Icelandic kroner, Euros, US dollars, pounds sterling, and Norwegian kroner. The weightings for the distribution currencies were determined based on the currencies of the adjusted assets held by Glitnir as at 30 September 2011.

The amounts received by the Council in currencies other than Icelandic kroner were converted into sterling when received – with the Council receiving £2.6m directly into its bank account on 16 March 2012 (from an anticipated £3.2m). The Council has therefore accounted for the final amount of any impairment charge by comparing the carrying value of the impaired deposit with the sum of the amount actually received in sterling and from conversion of Euro, US dollar and Norwegian kroner receipts.

The balance (c. £0.6m) is held in Icelandic kroner amounts that have been distributed by the Glitnir Winding Up Board but held in an escrow account in Iceland because, under the applicable currency controls operating in Iceland, the permission of the Central Bank of Iceland is required to release Icelandic kroner payments held within the Icelandic banking system. The money held in the Glitnir Winding Up Board escrow account is, however, earning interest for the benefit of local authorities at a rate of 3.4%.

4. Changes to the Accounts

Whenever changes to accounting principles are made it is necessary to produce comparable figures for the previous year on the new basis – therefore changes to the 2011/12 accounts have been mirrored in re-stated accounts for 2010/11 to allow for like for like comparisons.

The changes have had a material impact on individual figures within the Balance Sheet and the associated disclosure notes. However, the changes mean that the Movement in Reserves Statement, Comprehensive Income and Expenditure Account, Cashflow Statement and level of opening balances remain unaffected.

The Council's accounts for 2011/12 consist of the following:

- **Core Financial Statements:**
 - **Movement in Reserves Statement:** shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.
 - **Comprehensive Income & Expenditure Account:** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
 - **Balance Sheet:** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.
 - **Cash Flow Statement:** shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- **Supplementary Statements:**
 - **Housing Revenue Account:** reflects the statutory requirement to maintain a separate account for Council Housing.
 - **The Collection Fund:** shows the non-domestic rates and council tax income collected on behalf of Staffordshire County Council, the Police Authority, the Fire & Rescue Authority and this Council's General Fund.

These accounting statements are supported by appropriate notes to the accounts including the Statement of Accounting Policies - this provides details of the framework within which the Council's accounts are prepared and published.

GENERAL FUND, HOUSING REVENUE ACCOUNT & CAPITAL OUTTURN

Below are details of the outturn fund balances for the General Fund and the Housing Revenue Account together with a summary of the outturn position on Capital Expenditure for the year.

GENERAL FUND

When compared to the final approved budget (which reflects decisions made by members during the financial year) an under-spend of £0.9m is reported, £195k more than reported in the provisional outturn report.

Closing General Fund balances as at 31st March 2012 were £4.7m:

General Fund Balances Movement 2011/12	Final Outturn £'000	Projected Outturn £'000
Balances B/fwd.	4,511	4,511
Approved Budget transfer To / (From) balances	(699)	(699)
Approved Budget Changes during year	0	0
Outturn variance - Surplus	909	714
Balance C/fwd.	4,721	4,526

The main changes since the provisional outturn was prepared are due to:

- Net additional income arising from the reduced impairment of Icelandic deposits following an improvement in the forecast financial position and repayment of the funds held with Icelandic Bank Glitnir, £342k; offset by
- A reduction in recharges to the Housing Revenue Account following finalisation of year end costs, £82k;
- The inclusion of costs associated with the pensions liability for West Midlands Councils staff, £42k.

In addition to these, the remainder of the favourable outturn variance of £909k is mainly attributable to savings made in the following areas:

- write back of unspent/redundant reserves, £156k;
- a net reduction in the joint waste management arrangement of £146k (including unexpected income from bulky waste of £27k);
- vacancy allowance & IFRS Contingency budget not required to be released, £75k
- vacant posts within Environmental Health, £92k

It should be noted that the Medium Term Financial Strategy identified balances of £4.2m (at 1st April 2012) compared to the draft actual closing balances of £4.7m - the additional balances of £509k above this minimum will be required to provide additional funds for uncertainties regarding future Government funding arrangements.

Members should be aware that any unplanned call on the above balance could adversely affect the Authority's ability to resource activity within the Medium Term Financial Strategy period.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) is underspent against the approved budget for the year by £79k, £232k less than reported in the provisional outturn report. The Housing Revenue Account balances as at 31st March 2012 were £4.5m.

HRA Balances Movement 2011/12	Final Outturn £'000	Projected Outturn £'000
Balances B/fwd.	5,087	5,087
Approved Budget	(679)	(679)
Approved Budget Changes during year	0	0
Outturn variance - Surplus	79	311
Balance C/fwd.	4,487	4,719

The change since the provisional outturn was prepared is mainly due to:

- An increase in the pension costs associated with the conclusion of the Housing Repairs contract, £300k (total cost of £569k); offset by
- A reduction in recharges to the Housing Revenue Account following finalisation of year end costs, £82k;

In addition to these, the remainder of the outturn variance surplus of £79k shown above is mainly attributable to the following areas:

- Higher payments Under Subsidy System, £158k; offset by :
 - Lower Debt / Capital Charges from the General Fund, £339k;
 - Council House Rents income higher than budget due to a quicker turnaround of void properties reducing overall void levels, £139k;
 - Savings in Repairs & Maintenance costs across multiple contracts, £78k.

It should be noted that the Medium Term Financial Strategy identified balances of £4.7m (at 1st April 2012) compared to the draft actual closing balances of £4.5m, means fewer balances of £221k.

CAPITAL OUTTURN

The outturn for the 2011/12 capital programme identifies an underspend of £1.604m against the approved budget of £6.769m (actual spend £5.165m - no change since Provisional Outturn). However, it has been approved that £1.489m of scheme spend be re-profiled into 2012/13. This will result in an overall underspend of £115k for the 2011/12 capital programme.

Full details are contained within the Capital Outturn Report reported to Cabinet on 13th June 2012.

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Agenda Item 7

Audit and Governance Committee

28 June 2012

REPORT OF THE SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

Proposed Changes to the Constitution and Code of Conduct

EXEMPT INFORMATION

None

PURPOSE

To consider (1) the proposals put forward as amendments to the Constitution at Council on 17 May 2012 in terms of Article 15 paragraph 15.02 and
(2) the sanctions available when a member fails to comply with the Code of Conduct

RECOMMENDATIONS

It is recommended that the Committee

- (1) consider the four proposals for amendment to the Constitution and whether to propose to Council that they be approved and
- (2) consider the sanctions available when a member fails to comply with the Code of Conduct and propose to Council that they be approved

EXECUTIVE SUMMARY

Article 15 of the Constitution provides *inter alia* that changes to the constitution will only be approved by the full Council after consideration of the proposal by the Solicitor to the Council and the Audit and Governance Committee. Under the Localism Act the Authority remains under a duty to promote and maintain high standards of conduct for its elected members accordingly the Audit and Governance Committee has been asked to recommend to full Council the actions to be taken where a member is found to have failed to comply with the Code of Conduct.

RESOURCE IMPLICATIONS

The amendments as required to the Constitution and the decided hearing processes arising from alleged breaches of the Code of Conduct will be carried out as part of the duties of the Monitoring Officer and have no additional resource implications for the Authority.

LEGAL/RISK IMPLICATIONS BACKGROUND

To have a Constitution that is not fit for purpose could lead to the Council making decisions that would be *ultra vires*. In addition an effective Standards regime will provide the mitigating action necessary to ensure that the Council's obligations under the Localism Act 2011 are met.

EQUALITY IMPLICATIONS

An Equalities Impact Assessment is not required in this instance. In approving the recommendations it is envisaged that the Citizens of Tamworth will benefit from a robust Constitution and an open and transparent Standards regime.

BACKGROUND INFORMATION

At the Council meeting on 17 May 2012 the Portfolio holder for Core Services and Assets put forward for adoption into the Constitution four changes to the following articles of the Constitution namely :

Article 6 Paragraph 6.03 (iv)
Article 10A,
The Council Procedure Rules Paragraph 11.2 and
The Executive Decision Rules paragraph 1.8.

The changes were approved at the said meeting and incorporated into the Constitution. At the Council meeting on 19 June 2012 the Leader of the Opposition objected to the aforesaid changes made at the meeting on 17 May as the correct procedure to make changes to the Constitution had not been followed. It was agreed in terms of Article 15 paragraph 15.02 that the proposed changes had to be first considered by the Solicitor to the Council and the Audit and Governance Committee. Accordingly the proposals are attached at **Appendix 1** for discussion and consideration by the Committee. The Solicitors comments are attached at **Appendix 2**.

At the Council meeting on 19 June 2012 the new Code of Conduct and regime to deal with member's failure to adhere to the code were amongst the matters discussed and approved. The sanctions to be imposed where a member has been found to have failed to comply with the Code of Conduct are attached at **Appendix 3**.

REPORT AUTHOR

Jane M Hackett Solicitor to the Council and Monitoring Officer Tel 709258 if you would like further information or clarification prior to the meeting

LIST OF BACKGROUND PAPERS

Local Government Act 1972
Localism Act 2011

APPENDICES

Appendix 1: Proposed changes to the Constitution as tabled at the Council meeting on 17 May 2012.

Appendix 2: Solicitor to the Council's comments in relation to the proposed changes in **Appendix 1**.

Appendix 3: List of proposed sanctions available in relation to Member's failure to comply with the Code of Conduct.

Proposed Changes To The Constitution As Tabled At The Council Meeting On 17th May 2012

1. The following amendment be made to 6.03 **Specific functions:**

- (iv) question members of the executive and committees and chief officers about their views on issues and proposals affecting the area; and

Be removed and replaced with:

- (iv) question members of the executive and committees and chief officers about their views on issues and proposals affecting the area and receive a reply/progress statement from the responsible body or member within 3 calendar months, relating to any recommendations accepted by full council or cabinet which have been referred from the scrutiny process; and

2. The following be amended at Article 10A – Nominations Committee:

Article 10A – Nominations Committee

The Council will establish a standing committee of five members to:-

1. Consider nominations to be made to the Council pursuant to section 249(1) of the Local Government Act 1972 for conferring the title of honorary aldermen or honorary alderwomen on persons who have, in the opinion of the Council, rendered eminent services to the Council **as past members of the Council but who are not at that time members of the Council.**(delete)

2. Consider nominations to be made to the Council pursuant to section 249(5) of the Local Government Act 1972 to admit to be honorary freemen or honorary freewomen of the Borough of Tamworth persons of distinction and persons who have, in the opinion of the Council, rendered eminent services to the Borough.

The Committee shall be attended by the Monitoring Officer or the Deputy Monitoring Officer.

CHANGE TO

Article 10A – Nominations Committee

10A. 01 The Council will establish a standing committee of five members to:-

1. Consider nominations to be made to the Council pursuant to section 249(1) of the Local Government Act 1972 for conferring the title of honorary aldermen or honorary alderwomen on persons who have, in the opinion of the Council, rendered eminent services to the Council.
2. Consider nominations to be made to the Council pursuant to section 249(5) of the Local Government Act 1972 to admit to be honorary freemen or honorary freewomen of the Borough of Tamworth persons **who are (added)** of distinction and who have, in the opinion of the Council, rendered eminent services to the Borough.

The Committee shall be attended by the Monitoring Officer or the Deputy Monitoring Officer.

10A. 02 **Composition**

(a) **Membership.** The nominations committee will be composed of at least:

- five Councillors
- one person who is not a councillor or an officer of the Council;

(b) **Chairing the Committee.** The Chairman and Vice-Chairman will be appointed in accordance with Council Procedure Rules;

(c) **Independent members.** Independent members will be entitled to vote at meetings.

10A. 03 **Role and Function**

The Nominations Committee will have the following roles and functions:

1. Consider nominations to be made to the Council pursuant to section 249(1) of the Local Government Act 1972 for conferring the title of honorary aldermen or honorary alderwomen on persons who have, in the opinion of the Council, rendered eminent services to the Council;
2. Consider nominations to be made to the Council pursuant to section 249(5) of the Local Government Act 1972 to admit to be honorary freemen or honorary freewomen of the Borough of Tamworth persons who are of distinction and who have, in the

opinion of the Council, rendered eminent services to the Borough;

3. Maintain a publicly accessible application process for the two above honours;
4. Any approved applications are referred to Full Council for Full Council approval;
5. Act as a sponsor to a new application, make referral to, or support an existing application that nominates a Tamworth resident to any outside bodies' awards or recognition scheme;
6. Seek nominations from the Tamworth public, persons worthy of public recognition for their service or work for the Borough of Tamworth.

3. The following amendment be made to

11.2 Questions on notice at Ordinary Meetings of the Council:

Subject to Rule 11.4, a member of the Council may ask:

- a member of the executive;
- the chairman or vice-chair of any committee or sub-committee;
- a question on any matter in relation to which the Council has powers or duties or which affects Tamworth.

Be removed and replaced with

11.2 Questions on notice at Ordinary Meetings of the Council

Subject to Rule 11.4, a member of the Council may ask:

- any member in receipt of a Special Responsibility Allowance, except the Mayor and Deputy Mayor;
- a question on any matter in relation to which the Council has powers or duties or which affects Tamworth.

4. The following be added:

1.8 Decisions to be taken by the executive

- (c) The executive are to reply recommendations accepted from Full council or the scrutiny Committees within a 3 month period;

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Solicitor to the Council comments in relation to the proposed changes in **Appendix 1**.

Article 6 paragraph 6.02(a) iv)

It is not clear what the intention of this addition is meant to achieve. It seems to relate to the proposed addition at paragraph 1.8 of the Executive Procedure Rules
Further clarification will be sought and brought to the Committee meeting for discussion

Article 10A Nominations Committee

10A.01 paragraphs 1 and 2 are worded according to the Local Government Act 1972 the proposed changes deviate from the legislation, which should not occur.

10A.02 At the Governance Review Group it had been agreed that the composition of this committee would be five elected members of the Borough Council. There was no proposal to include an independent member, nor has there been any discussion on how such an independent member will be appointed.

10A.03 Paragraphs 1 and 2 should follow the same wording as Paragraphs 1 and 2 of 10A.01 which is statutory wording as previously indicated. Paragraph 3 the preceding paragraphs provide for nominations. Paragraph 4 is not required it is only the Council, who by resolution convened for that purpose alone, that can confer such a title. Paragraph 5 and 6 these roles and functions are not part of the purpose of this Committee, which is contained in 10A.01.

As Solicitor to the Council I consider that Article 10A remain as proposed to Full Council without the additional proposals and that the remit of this Committee be considered as part of the Governance review in this municipal year.

Council Procedure Rule 11.2

The intention of this proposal is clear however should the amendment be approved it will result in less questions being able to be put to other members as not all vice chairs of Committees receive a special responsibility allowance. This could lead to accusations of less transparency and accountability.

Executive Procedure Rules Paragraph 1.8

It is not clear what the intention of this addition is meant to achieve. It seems to relate to the proposed addition at paragraph Article 6 paragraph 6.02(a) iv).
Further clarification will be sought and brought to the Committee meeting for discussion.

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**List Of Proposed Sanctions Available In Relation To Member's Failure
To Comply With The Code Of Conduct**

The Committee **should**

- Report its findings to Council for information **and may**;
- Recommend to the Member's Group Leader (or in the case of un-grouped Members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- Recommend to the Leader of the Council that the Member be removed from the Cabinet, or removed from particular Portfolio responsibilities;
- Instruct the Monitoring Officer to arrange training for the Member;
- Remove the Member from all outside appointments to which he/she has been appointed or nominated by the Authority;
- Withdraw facilities provided to the Member by the Council, such as a computer, website and/or email and Internet access; or

Excluding the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

Appeals

There is no requirement to put in place any appeals mechanism against such decisions. The decision would be open to judicial review by the High Court if it was patently unreasonable, or if it were taken improperly, or if it sought to impose a sanction which the authority had no power to impose.

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