



# Table of Contents

<b>Key Area</b>	<b>Page</b>
Executive Summary	3
Approval of the AGS	4
Identification of Key Governance Arrangements	5
Impact of the Cost-of-living Crisis on Governance Arrangements	8
Evaluation of the Effectiveness of Governance	9
- Role of Strategic Management Team	9
- Statutory Finance Manager	10
- Monitoring Officer	11
- Chief Executive Officer	12
- Role of Members – Scrutiny	13
- Role of Members – Audit & Governance	14
- Role of Internal Audit	15
- Role of External Audit	16

# Executive Summary

In delivering its services the Council is responsible for putting in place proper arrangements for the governance of its affairs. We remain committed to the principles of good governance as identified in 'Delivering Good Governance in Local Government Framework 2016'.

The Council has in place a comprehensive governance framework (see summary on page 7) and this framework provides a range of processes to continually review and challenge the effectiveness of the Council's governance arrangements.

The information in this document confirms that in 2023/24 an adequate framework existed within Torridge District Council to ensure that effective internal controls were maintained.

In response to the financial challenges faced by Torridge Council by inflation, the housing crisis and insufficient funding increases, a Member Budget Working Group (MBWG) was established to identify budgetary savings / increased source of income. The MBWG met over the Autumn and Winter of 2023/24 and produced recommendations to bring the Council's finances back towards balance.

In 2023/24 the key governance themes of the key were in inducting the new council and agreeing and establishing the new Strategic Plan. In financial terms they key activities were in agreeing the revenue and capital budgets. Significant effort has gone in to seeking external funding, developing capital schemes and completing schemes in Temporary Accommodation to increase capacity.

Throughout 2023/24 the Strategic Management Team ensured that wherever possible the Council's governance framework operated effectively. This report sets out in detail the roles of Senior Management, Members, and Internal and External Auditors, in delivering effective governance arrangements in 2023/24.

The **Statutory Finance Officer** has taken account of the requirements of the CIPFA Financial Management Code 2020 and reached the overall conclusion that Torridge District Council is compliant with the principles of the Code.

As part of our annual governance review, key officers have also been consulted for their views on the standards of governance within the Council – specifically:

- The Statutory Finance Officer,
- The Monitoring Officer,
- The Chief Executive Officer, and
- The Internal Audit Manager (DAP)

# Approval of the Annual Governance Statement

Our overall assessment is that this Annual Governance Statement is a balanced reflection of our governance environment and that an adequate framework existed within Torridge District Council to ensure effective internal controls were maintained in 2023/24.

**Signed:** .....

**Date:** .....

Councillor Hackett  
**Chair of Audit & Governance Committee**

**Signed:** .....

**Date:** .....

Gordon Bryant  
**Statutory Finance Officer**

**Signed:** .....

**Date:** .....

Steve Hearse  
**Chief Executive Officer**

**Signed:** .....

**Date:** .....

Councillor James  
**Leader of the Council**

# Identification of Key Governance Arrangements

Torrige District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, 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 responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including 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 Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. This statement explains how Torrige has complied with the code and also how we meet the requirements of the Accounts and Audit (England) Regulations 2016, which requires all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:



A copy of the Council's code is available on our website at [Governance | Torrige District Council](#)

or can be obtained from:

**Head of Legal & Governance**  
**Riverbank House**  
**Bideford**  
**Devon**  
**EX39 2QG**



## Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and outcomes.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level in accordance with our 'risk appetite' threshold. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

**The governance framework has been in place at Torridge District Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.**

## Code of Corporate Governance

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focussed upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Strategic Plan. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

**The local Code of Corporate Governance is reviewed annually through the Audit and Governance Committee.** Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Management Team (SMT) which is comprised of the Chief Executive Officer, the Section 151 Officer, the Head of Legal and Governance and Monitoring Officer, and the Head of Communities and Place.

To achieve its vision/objectives the Council has designed systems and processes to regulate, monitor and control its activities. The Code of Corporate Governance sets out the controls in full.

# Key Components of Our Governance Framework

## Annual Governance Statement

(Confirms that the Council Meets Account & Audit Regulations and is published with the Annual Accounts)

### Audit & Governance Committee

(Challenge the draft AGS and supporting evidence. Approve the AGS)

### Chief Executive & Strategic Management Team

(Challenge the draft AGS and supporting evidence)

### Internal Audit

(Annual Audit Opinion)

### S151 Officer

(Promote & Deliver Good Financial Management)

### Monitoring Officer

(Legal & Ethical Assurance)

## Code of Corporate Governance

(The Council's commitment to good governance based on the principles of the CIPFA/SOLACE framework)

Constitution  
Code of Conduct  
Scheme of Delegation  
Complaints Process  
Equality & Diversity

Standards Committee

Public Consultations

Complaints Summary Reports

Local Government Ombudsman Report

Strategic Plan  
Policies & Procedures  
Business Planning  
Business Continuity  
Performance Results

Manager's Assurance Statements

Committee Reports

Scrutiny Committee (External)

Quarterly Business Report

Annual Audit Opinion (Int)

Scrutiny Committee (Internal)

Financial Management Framework  
Budget Monitoring Process  
Compliance with CIPFA Guidelines

Medium Term Financial Strategy

Statement of Accounts

Treasury & Investment Strategy

Annual Audit Letters (External)

Financial & Contract Procedure Rules

HR Policies  
Pay Policy  
Risk Management

Corporate Risk Register

Service Risk Registers

Personal Appraisals

Whistleblowing Policy

Bribery, Anti-Fraud & Corruption Policy

The council has faced severe inflationary pressures during 2022/23 and 2023/24, with inflation exceeding 10%. With particularly high inflationary pressures being faced with regards to staff costs, fuel, utilities and construction inflation. Furthermore, the lack of affordable privately rented properties has resulted in the Council struggling to find sustainable tenancies for its residents at risk of homelessness. Consequently, the Council has incurred increased costs placing residents within temporary accommodation whilst it attempts to find affordable substantial tenancies.

This cost pressure has been offset to some extent by additional receipts from Treasury Management and external grants.

The Council established a Member Budget Working Group (MBWG) during 2022/23 to aid with the identification of savings options to enable balanced revenue budgets to be set. Members of all of the political groupings were invited to join this working group. The MBWG was tasked with reporting back to Full Council during 2022/23 with saving suggestions. This work continued in 2023/24 to aid with the latter year's budget setting.

In 2023/24 the work of the MBWG covered charging, external grants, support to Council Tax and Business Rate payers and the Capital Programme. As a consequence of the group's work, budgeted external income is due to keep pace with inflation and support to Council Tax payers increased.

In response to the Cost-of-living crisis Central Government introduced various schemes to assist households facing difficulty meeting their household bills. In addition to administrating various support schemes on behalf of Central Government, Torridge also provided household support from its own resources. Some of the schemes administrated by the Council include Household Support, Support for Ukrainians and the Energy Rebate Schemes. For all these schemes the Council had to create an application process to ensure funds were distributed in a timely and effective manner. The Council had to recruit and train new staff in order to deliver these enhanced responsibilities.



# Evaluation of the Effectiveness of Governance

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control and those of group entities. This Annual Governance Statements reports the outcomes of this review. Our review of effectiveness is informed by:

- ✓ The work of the Strategic Management Team who have responsibility for the development and maintenance of the governance environment;
- ✓ The Annual Internal Audit Assurance opinion, as provided by the Devon Audit Partnership;
- ✓ Comments made by the External Auditors and other review agencies and inspectorates;
- ✓ The Audit & Governance Committee which reviews that the elements of the governance framework are in place and effective, to ensure compliance with the governance principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2023/24.

## Role of Strategic Management Team

The Council's Senior Managers have completed governance assurance statements for each operational service within their control. Each statements verifies for 2023/24:

- ✓ *My service is aware of and is fulfilling its statutory duties;*
- ✓ *I have accurately maintained all service performance information;*
- ✓ *Decisions taken are with due regard for the Council's business objectives; value for money and service improvement; legality; financial implications; community safety implications; property implications; and business risk;*
- ✓ *All officers in my service have a copy of or access to the Council's organisational rules;*
- ✓ *I understand my duties and obligations with regard to maintaining the health, safety and welfare of my staff, suppliers, partners, third parties, and have implemented and maintained procedures to minimise the risk of death, injury or accident;*
- ✓ *All agreed actions arising from any formal review of the service have been, or are in the process of being implemented;*
- ✓ *I have evaluated the effect of any significant changes that have been made to this service and/or its systems and assessed and addressed any new risks that have emerged;*
- ✓ *I am aware of the risks associated with the delivery of my service objectives and I have put mitigating actions in place to counter risks and kept these under review;*
- ✓ *I am not aware of any fraud or irregularity (proven or suspected) that I have not already raised with either Internal Audit or the Chief Executive;*
- ✓ *I have regularly monitored my budgets and maintained oversight of those delegated to members of my team. Areas of concern have been highlighted at the earliest opportunity;*
- ✓ *All resources at my disposal are deployed in the achievement of the Council's business objectives. Use of resources is kept under review, seeking continuous improvement;*
- ✓ *For any aspects of my service delivered in partnership, roles and responsibilities are clearly understood. Governance and performance reporting arrangements are clearly set out and monitored;*
- ✓ *Strategies and policies within my service area have been reviewed as necessary.*
- ✓ *I have reviewed the ICT Security Policy and all Officers & Members have signed up to it.*

## Statutory Finance Officer

Torrige's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2015)* as set out in *Delivering Good Governance in Local Government Framework 2016*.

In 2023/24 the **Statutory Finance Officer**:

- ✓ Ensured that the Council had in place regular reporting arrangements on its financial affairs. The budget for 2023/24 was agreed by Full Council in February 2023 and financial performance was reported on a quarterly basis to Members.
- ✓ Managed the Council's Risk Management arrangements. This included: chairing the Risk Management Group, maintaining the Corporate Risk Register, and reporting on risk management arrangements to the Audit & Governance Committee. Internal Audit carried out an audit of the Council's Risk Management arrangements for 2023/24 and provided '*Reasonable Assurance*' concluding that *there was generally sound system of governance, risk management and control in place*.
- ✓ Managed the payment of household support payments to local residents with an overall value of approximately £500k. The Council is required to retain supporting evidence of eligibility for all instances of funding provided.
- ✓ Reported any instances of non-compliance with the financial/contractual procedure rules and waivers that had been approved to members. The number of waivers in 2023/24 was 6.
- ✓ Monitored the completion of the Internal Audit plan (by the Devon Audit Partnerships). Audits of the main accounting functions received a rating of substantial assurance, the highest rating available.
- ✓ Ensured timely submission of data files to support the National Fraud Initiative as part of the Council's ongoing commitment to preventing fraud and corruption.

In 2023/24 the **Statutory Finance Officer** has taken account of the requirements of the CIPFA Financial Management Code, and he has acknowledged the new approaches to Value for Money and the Council's financial resilience. A significant amount of the Code governs the Finance team's current activities, and he has reached the overall conclusion that Torrige District Council is compliant with the principles of the Code.

The **Statutory Finance Officer** has identified the Council's long-term financial viability as the key risk area regarding future compliance with the Code and this is being assessed through a combination of: the budget setting process; the Medium-Term Financial Strategy; regular reviews of the Council's Capital Programme; and the provision of clear and regular financial updates to Members.

## Monitoring Officer

The **Council's Monitoring Officer** has a legal responsibility of looking into matters of potential unlawfulness within the Council. In 2023/24 the Monitoring Officer:

- ✓ Ensured that effective data protection processes remain in place across the Council: that officers/Members are updated on any new requirements (e.g., sharing links to data protection webinars with all staff), maintaining a breach register, and reported any information breaches to the Information Commissioner's Officer (ICO).
- ✓ Updated Council's Data breach Policy.
- ✓ Rolled out on-line data protection training for staff.
- ✓ Amended new starters induction list to include Data Protection.
- ✓ Arranged standards training for the standards committee.
- ✓ Updated Safeguarding Policy.
- ✓ Responsible for roll out of mandatory Cyber Security Training.
- ✓ Completed the Section 11 Audit and published the declaration of compliance.
- ✓ Reviewed entries made in the Register of Members' Interest.

The Monitoring Officer has overall responsibility for reporting on the Council's Governance arrangements and reporting any governance risks to Members. In 2023/24:

- ✓ A supporting evidence database was maintained to provide current examples of how Torridge meets the governance requirements set out in the Code of Governance. The A&G Committee regularly review and challenge sections of the supporting evidence database.
- ✓ Received a substantial assurance rating from the Devon Audit Partnership with respect to Governance arrangements.
- ✓ This Annual Governance Statement has been prepared to confirm the effectiveness of the Council's governance arrangements. It will be challenged by the External Auditor and the A&G Committee and will then be signed off alongside the 2023/24 Financial Statement.
- ✓ The Code of Governance and AGS were published on the Council's website.

## Chief Executive Officer

In 2023/24 the **Chief Executive** ensured:

- ✓ The implementation of any further changes to the Council's governance arrangements in response to the cost-of-living-crisis and support to Ukrainians.
- ✓ That the Council's Performance Management Framework operated effectively during the year. Monitoring information on key areas of performance was collated, reviewed and actioned. Performance management outputs were reviewed by the Strategic Management Team and the Overview & Scrutiny (Internal) Committee. This included the implementation of agreed changes to ensure the directly reporting on progress towards the achievement of the actions identified and agreed in the Strategic Plan.
- ✓ The effective management of formal complaints received by the Council. In 2023/24 the Council received 45 stage 1 and 14 stage 2 formal customer complaints. The Council aims to respond to complaints within 28 days and the Council responded to 98% of Stage 1 complaints and 62.5% of Stage 2 complaints within this timeframe. The average response time for Stage 1 complaints was 17 days and the average response time for Stage 2 was 29.2 days. Staff turnover in some service areas has meant there were fewer trained personal to deal with what can often be complex cases. Fourteen staff members from across the Council took part in LGO training in September which has increased capacity and improved capability. In 82% of cases, it was determined that the Council was not at fault, with 9% where either fault or partial fault was found. Learning from the 10 cases where the Council was found to be at fault or partial fault has been fed back to services but were singular isolated incidents of poor communication and an error in decision-making. Only three cases were investigated by the Local Government Ombudsman (LGO) and no fault was found.
- ✓ That the Strategic Management Team regularly reviewed and mitigated the major risks facing the Council and identified/mitigated any emerging risks.
- ✓ That Torridge were aware of Public Interest Reports issued concerning governance weaknesses and lessons learned from interventions undertaken by the Department for Levelling Up, Housing and Communities at other Councils (Nottingham City Council, the London Borough of Croydon, Northampton Borough Council, Pembrokeshire Council, Sandwell Borough Council and Liverpool City Council).

## Role of Members – Scrutiny

The Internal Overview & Scrutiny Committee exercises its functions in respect of the Council's policies, decisions, performance framework and actions with an "inward facing" emphasis. The External Overview & Scrutiny Committee exercises its functions in respect of the performance of partners and external public sector bodies and Council services with an "*outward facing*" emphasis on the district.

Throughout 2023/24 the Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance. Lead Members have also kept issues under review during meetings with managers. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

**Officer reports on the following were reviewed and challenged during 2023/24, with recommendations made to C&R where required :**

- ✓ Capital Programme
- ✓ Social Value
- ✓ 2030 Carbon Neutral target
- ✓ MTFS
- ✓ Review of QBR process
- ✓ Homelessness Strategy
- ✓ Staff Recruitment & Retention
- ✓ Census & Statistics Update
- ✓ Quarterly Business Reports
- ✓ Northern Devon Economic Strategy

**Monitoring Reports from Key Partnerships and other External Bodies including:**

- ✓ Lendology
- ✓ Devon Healthcare Trust
- ✓ Petroc
- ✓ Southwest Water (sewage/water quality)
- ✓ Devon County Council
- ✓ Community Safety Partnership
- ✓ Active Torridge
- ✓ Natural Devon
- ✓ Play Strategy Update

**The Internal Overview & Scrutiny Committee concluded their review of the Council's Quarterly Business Review process. This resulted in:**

- ✓ A survey was undertaken of councillors and senior managers to assess the support to the existing practice and reporting structure.
- ✓ The results of this survey showed widespread support for the existing practice.
- ✓ Respondents were not inclined to see the structure of the report changed.
- ✓ The Finance Manager is committed to continuing to simplify financial reporting within the QBR process.

## Role of Members – Audit & Governance

The purpose of an Audit & Governance Committee is to provide assurance of the adequacy of the risk management framework and the associated control environment, scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

Highlights of the work role the Audit & Governance Committee in 2023/24 include:

### **Approving the Council's Annual Accounts**

- ✓ Reviewed and approved the annual statement of accounts. They also considered the External Auditor's report on issues arising from their audit of the accounts.
- ✓ Considered the External Auditor's annual letter and other specific reports.

### **Monitoring Governance Arrangements**

- ✓ Considered the Internal Audit Manager's annual report and opinion, a summary of Internal Audit activity, and the level of assurance it provided over the Council's corporate governance arrangements
- ✓ Received a report on any agreed waivers to the rules during the previous financial year.
- ✓ Carried out a self-assessment to provide positive confirmation that the Audit & Governance Committee continues to meet expected standards and best practice.
- ✓ Undertook Extraordinary Committee to monitor and report on the delays to the final accounts on 2021/22 and 2022/23.

### **Ensuring Effective Risk Management**

- ✓ Received regular updates from the Finance Manager on the Council's Corporate Risk Register, and challenged the information held where appropriate. Reviewed and challenged a report from the Internal Audit Manager on the effectiveness of the Council's anti-fraud and corruption arrangements.
- ✓ Received and challenged reports of the works undertaken by Internal Audit and on progress on the completion of audit recommendations to mitigate any identified control weaknesses.

## Role of Internal Audit

Despite the disruptions caused to work arrangements due to the ongoing Covid-19 pandemic, the Devon Audit Partnership (DAP) have continued to deliver the agreed Internal Audit Plan.

The audit work that has been completed in 2023/24 has mainly been achieved via remote working. In 2023/24 DAP published 18 Internal Audit reports to Members of the A&G Committee:

### Substantial Assurance

- ✓ Governance
- ✓ Risk Management
- ✓ S106 Planning Obligations
- ✓ Register of Interests
- ✓ Community Safety Partnership

### Reasonable Assurance

- ✓ Communications and Social Media
- ✓ Risk Management
- ✓ Procurement
- ✓ Refuse and Recycling
- ✓ Main Accounting System
- ✓ Business Rates
- ✓ Business Continuity
- ✓ Freedom of Information
- ✓ Debtors
- ✓ North Devon Plus

### Limited Assurance

- ✓ Homelessness
- ✓ Conservation
- ✓ Active Torridge

Where weaknesses or areas for improvement have been identified, management have generally agreed these findings and have either agreed the recommendations or accepted the associated risks. Agreed management actions are monitored by the Section 151 Officer who reports progress to the Audit & Governance Committee. DAP undertake any appropriate follow up work to ensure identified risks are mitigated.

Based on the assurance work undertaken by DAP in 2023/24, the Audit Manager has provided an opinion on the overall adequacy and effectiveness of the Council's control framework which concluded that this was **Reasonable**.

The Cost-of-Living Crisis has resulted in the Council being charged by Central Government to deliver various support pressure funding for individuals experiencing difficulty in meeting their household bills. Some actions taken by the Council such as the payment of household support payments have had to be made quickly. Therefore, system and control design of such decisions may not have been subject to the normal level of control. In our work we have sought to confirm that key controls continue to operate effectively.

## Role of External Audit

The Council's External Auditor (Grant Thornton) are required to report on the Council's financial statements and provide an opinion that they:

- give a true and fair view of the financial position of the Council and the Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014

In November 2023 Grant Thornton:

- ✓ Reported to an Extraordinary Audit & Governance committee that the audit of the financial statements was expected to be concluded in the near future, and that an unqualified audit opinion should be expected. Also that the:
  - The value for money audit was still ongoing; and
  - Presented the Audit Findings Report for the year to 31<sup>st</sup> March 2023.

In January 2023 Grant Thornton reported that

- ✓ An unqualified audit report had been issued and that the Value For Money Work was ongoing.

In February 2024 Grant Thornton presented the Auditor's Annual Report for 2021/22 and 2022/23 having completed the VFM work.

Torridge District Council received the Certificates of Closure of the 2021/22 and 2022/23 Accounts.

Grant Thornton also provided:

- ✓ Update reports to each A&G meeting, providing a summary of emerging national issues and development that may be relevant to the Council.
- ✓ Housing Benefit Certification.