

FULL ANNUAL GOVERNANCE STATEMENT

For the year 1st April 2008 to 31st March 2009

Scope of Responsibility

This Statement describes the process of maintaining and reviewing the effectiveness of the Council's governance arrangements and provides a thorough and comprehensive understanding of the results of the review. A summary version of this Statement has been produced and is available on our web site or can be obtained from the Council Offices, Knowle, Sidmouth EX10 8HL.

East Devon District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To facilitate this, the Council has ensured that there are sound systems of internal control underpinning its operations and functions. This includes a robust framework for corporate governance arrangements, including the management of corporate and operational risks.

The Council has revised its Local Code of Corporate Governance in line with the CIPFA/SOLACE Joint Working Group Guidance and framework entitled "*Delivering Good Governance in Local Government*". A copy of this code is on our web site or can be obtained from the Council Offices, Knowle, Sidmouth EX10 8HL.

The Council is committed to the six core principles set out in its Local Code and has undertaken a thorough review of its corporate governance arrangements; both as a precursor to the preparation of this Statement and at regular intervals throughout the year. Appended to this Statement is an action plan that highlights areas for improvement found both during the recent review of corporate governance and from the reviews throughout the year.

The Council's governance framework consists of the following:

- Corporate strategies and plans focussing on the main priorities of the Council in terms of delivering sustainable outcomes for the community; such strategies and plans are supplemented by lower-level policies and procedures.
- Internal working arrangements to ensure members and officers work together to achieve the Council's main priorities and that their roles and functions are clearly defined.
- Continuous promotion of the values of the Council and a demonstrable commitment to uphold high standards of conduct and behaviour.
- Transparent decision making which is subject to scrutiny and informed by effective risk management.
- A commitment to develop the capacity and capability of members and staff to ensure their continued effectiveness.
- Effective engagement with local people and other stakeholders to ensure robust public accountability.

The purpose of the Governance Framework

The Council views the maintenance and effectiveness of its governance arrangements as a high priority and has put the following measures into place to ensure its continued effectiveness:

- Developed and promoted its vision and core values, and aligned these to reflect the needs of the community.
- Ensured that its partnerships are underpinned with the same vision and values and that adequate corporate governance arrangements are maintained.
- Published its Corporate Business Plan which sets out the Council's priorities and describes how 'quality of service' for users is to be measured and maintained.
- Devised a methodology to measure its environmental impact upon the community and surrounding area.

The Council has ensured that its governance arrangements are thoroughly reviewed and inspected throughout the year and has:

- Established a Corporate Overview Committee which reflects the voice and concerns of the public and its communities so as to make an impact on the delivery of public services. The Scrutiny Committee takes the lead and owns the post decision scrutiny process (in its widest sense) on behalf of the public with a view to making and improving the delivery of public services.
- Formed an Audit & Governance Committee with wide-ranging terms of reference including the requirement to consider the effectiveness of the authority's governance arrangements, taking into account corporate risk management, the control environment and associated anti-fraud and anti-corruption arrangements.
- Arranged for a Standards Committee to promote and maintain high standards of conduct by members, to consider reports and make recommendations concerning the governance and ethical standards of the Council and advise on the adoption or revision of the Council's Code of Conduct for members, officers and any other related codes or protocols.
- Designated a Council director as Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with other directors and the Head of Paid Service, the Monitoring Officer will report to the full Council if they consider 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.
- Maintained an internal audit service which operates to the standards set out in the "Code of Practice for Internal Audit in Local Government in the UK". Internal audit are responsible for monitoring the effectiveness of systems of internal control. The Service operates to a 5-year audit plan which is approved by the Audit and Governance Committee and from which the annual audit coverage is identified. Reporting protocols require audit reports to be submitted to the relevant corporate director and the head of service. The report includes recommendations for improvements that are detailed on an action plan.

The Council's Internal Audit function is subject to regular inspection by the Council's external auditors.

This review of governance arrangements has been comprehensive and has taken into account the aspirations highlighted within the Audit Commission's Corporate Governance Key Lines of Enquiry and measures the Council's compliance with the KLoEs and provides a thorough and detailed representation of the Council's arrangements.

Affiliated work has also taken place within each service area of the Council with each Head of Service undertaking a "control risk self assessment" exercise culminating in the production of a 'compliance schedule'; these schedules allow Heads of Service to self-assess their systems and processes for actual or potential control deficiencies, ultimately the "compliance schedule" will highlight any deficiencies within the service area; a plan of action is agreed with the Head of Service to rectify any areas of concern.

This Governance inspection has taken into account the Corporate Governance Key Lines of Enquiry and hinges around 4 themes, each theme examines different aspects of corporate governance. These themes are:

Theme 1: Community focus – covering understanding of local needs, vision, access to services, communications and partnerships.

Theme 2: Structures and processes – covering democratic accountability, decision making and planning.

Theme 3: Risk management and internal control – covering financial, performance, risk and project management.

Theme 4: Leadership, culture and standards of conduct – covering community, political and managerial leadership, member-officer relationships, ethical standards and behaviour.

Each theme encompasses up to eight Key Lines of Enquiry focusing on each aspect of the Council's governance arrangements, including its organisation, aspirations and achievements in each of the theme areas.

The Council has made excellent progress in recent years to meet the challenges within the corporate governance Key Lines of Enquiry and this Corporate Governance Statement sets out the Council's stall in this respect.

This Corporate Governance Statement provides the following assurance:

1. That the Council's governance arrangements are adequate and operating effectively in practice, and
2. Where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future.

Review of Effectiveness

East Devon District 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 Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Theme 1 - COMMUNITY FOCUS

- The Council can demonstrate a good understanding of local needs and has produced a Community Engagement Policy and Guide and holds regular Community Engagement Group meetings. The Council part funds and supports the East Devon residents' "Speak Now" panel which has 300 members, for engagement purposes. The Council has also initiated several general surveys of local citizens. Other surveys and Focus Groups include Council Housing Status Surveys, Environmental Health Focus Group, Development Control Agents Forum. The Leaders' 'transformation exercise' (as in previous similar budget reviews) has included independent reviewers. The Council uses a 'social inclusion tool' which promotes equalities between hard to reach groups within our community. The work to bring the Council into line with the Sustainable Communities Act planned for 2009 will also rely on public involvement.
- An effective strategic approach to research and consultation has been demonstrated and the Council has employed an Engagement and Funding Officer who facilitates various consultation groups. The Council also contributes to a multi-agency funded officer who seeks the views of hard to reach groups. The Council funds and liaises with the Devon Race Equality Council.
- Various youth groups throughout the district have been set up including a BMX Inline Skating event. The Council has funded the "Fun in the Sun" youth engagement project and funded the "Scene and Heard" youth panel. Details of research and consultation have been published on the Council's website. The Council takes part in the national 11 Million Day annually and invites 10-11 year olds into its offices to engage with members and officers.
- Shared learning can be demonstrated across services via monthly strategic management team meetings. The 'news and views' sessions for managers have a section on shared learning. Externally, shared learning can be evidenced by our work with our partners, in particular with the Local Strategic Partnership and joint work resolving issues in Honiton and Axminster.
- The Council's vision has been translated into organisational 'priorities' via its Corporate Strategy and Corporate Business Plan. It has identified its 'priorities' in a coherent way utilising a 'visioning' exercise. This exercise included public consultation and involvement
- The Council is pro-active in its engagement with the community in planning and designing services, especially when different criteria are available for selection, some good examples of this are the work we have done dealing with gypsies and the consultation process surrounding discussions and decision making. The Council has also funded an information and analysis officer working within the Housing and Social Inclusion Service. The Council has adopted a Participatory Budgeting approach to spending most Section 106 monies which involves community events.
- The Council attempts to promote participation in debate and decision-making and Council meetings are open to the public, and members of the public can now be more

involved in the determination of planning applications. A new initiative to allow public speaking at committee and council meetings has been enthusiastically supported.

- In an attempt to engage all Councillors, the Council arranges for parish, town and district Councillors to meet twice yearly to encourage debate and joined-up decision making.
- Partnerships are important to the Council and demonstrate a willingness to engage with other sectors of the business community including the third sector. The Local Strategic Partnership comprises representatives from the County Council, Primary Care Trust, the Police, voluntary sector, Enterprise Agency and Devon Association of Parish Councils and Chamber of Commerce. The Council also participates in the Crime and Disorder Partnership
- The Council has mapped its partnerships and has arranged a top-down review of its partnerships to ensure adequate and effective corporate governance arrangements exist within each one. The Council has a partnership policy and a partnership framework.
- Partnerships feature within the Council's Financial Regulations including procedures for working with the voluntary sector.
- We have been pro-active in seeking partners across key sectors of the community, examples include the regeneration schemes for Seaton, Exmouth and the West End, AONB, Housing Repairs, County-wide Home Improvement Agency and Devon Youth Association. The Council develops partnerships where appropriate to deliver and improve services and funds the CAB to give specific housing advice, a further example is the Council's partnership with Leisure East Devon (LED); a substantial grant is made available to LED to support health and sports activities in the area.
- The Council has taken steps to adequately monitor and review its partnerships and has engaged with outside review bodies to ensure continuous improvement in governance and outcomes.
- Equal access for all is encouraged throughout the Council's service areas, a range of access channels are available including housing benefit surgeries at locations where there is a proven need.
- The CSC (Customer Service Centre) has been implemented for just over two years and is constantly adding value to the service provided to the customer. As services have been migrated into the call centre the customer service advisor has become multi-skilled with training provided to answer any call presented to them on a 'one and done' basis.
- Constant telephone monitoring and coaching allows the Council to evaluate the call and provide feedback to the customer service advisors to enhance skills further which results in providing a better service to customers.
- A Customer Relationship Management system; 'Lagan', has been implemented as part of the Customer Service Centre. This is proving to be an effective method of dealing with many of the general customer enquires to the Council and also provides many one-stop-services at first point of contact.
- The Lagan system is linked to a powerful reporting tool; Business Objects, which enables any data stored within the Lagan system to be used for information. The use

of Business Objects as the Council's standard tool for reporting is being spread across the Council. This will start with a review of the production of Performance Indicators in 2009.

- The Council is continuing to develop its on-line facilities and provide a modern, useful and easily accessible website. All Council agenda and minutes are available for public inspection as are top-level policies, plans and strategies.
- The ICT Strategy was created with the assistance of an ICT Taff (Task and Finish Forum), which also reviewed the investment made by the Council in e-government to date and found it to be cost effective. The ICT Strategy was produced at the same time as the Corporate Strategy with the intention of cross integration between the two. The ICT Strategy also links into key policies, council strategies and service plans.
- While the e-government programme was in place the Council had e-Champions and a dedicated committee – the committee was wound up once the deadlines for e-government were met.
- The Council has now fully embraced the IT-Government agenda and is actively transforming its services to best meet customer needs. The “Vanguard, lean systems thinking” is being spread across the Council. Where ICT requirements emerge from this review, projects will be put into place to deliver what is needed.
- ICT resources have been applied to meet the Council's strategies, as identified in the latest ICT Service Plan (2009-2012). These plans are very likely to be modified as a result of the Leaders' 'transformation exercise' being carried out during the summer of 2009. Project resources are allocated as each project is approved by the IT Programme Board. Transformation is being actively carried out by teams lead by a corporate director.
- Reduction in the duplication of data and the ability to have common data sources across the Council is a key driver of systems design and integration.
- Councillors and staff have access to technology to enable them to communicate by email and to access council systems via the network. There are protocols governing misuse of the council's computer systems and an Information Security Policy has been rolled out with both officers and council members signing up to it.
- When new systems are required or improvements become necessary to existing systems, a business case is prepared that sets out the reasons for the change and the cost/benefits of making the change. All system procurements or system changes are carried out using the Prince2 project management tool. Post implementation reviews are part of the process. Each procurement or major change involving IT is monitored by the IT Programme Board.
- The Council now has a modern ICT infrastructure as a result of the e-government initiatives and includes a virtual server array and a storage area network. One of the last steps being completed is the change from Novell to Microsoft. Other changes are being considered, especially to keep pace with the changes in method of communication.
- The council has procedures in place to properly consider and evaluate alternative providers. However, ongoing contracts, especially high spending ones such as telecoms, are reviewed at contract renewal times or earlier as the market dictates.

- The Council are aware of developments outside its area, and makes contributions to sub-regional work at District level. Analysis is made of the “Place Survey” undertaken in 2008/09 and reference is made to the “Tenants Status” survey and to our partners’ data to ensure that our knowledge base is up to date and adequately reflects the needs of our community.
- All this work is aimed at realising the potential of the area and addressing the needs of the sub-region. This is best illustrated by the work the Council is doing with the New Growth Point. We have established the New Growth Point Steering Board with Exeter City Council, Devon and the regional bodies, SWRDA, GoSW, The Assembly, the Housing Corporation, Natural England and the Environment Agency and Highways Agency. The Council’s Leader is chairperson and we provide the secretarial and officer support. The purpose of the New Growth Point Steering Board is to provide the leadership to meet the sustainable community needs of the growth area to the East of Exeter. These are initiatives aimed at meeting the regional and sub-regional agenda. The New Growth Point work also picks up intelligence at national level and uses this to secure funding and support to our sub-regional agenda.
- The Council supports the East Devon Business Forum, providing secretarial and officer support, as a vehicle for assessing and responding to the economic needs of the District. We fund business support through collaboration with Business Link and Business Information Point, West Devon. We are a partner (and the Council’s Leader is Chairman) of the Exeter and Heart of Devon Economic Partnership which is established to assess and respond to the economic needs of the four component district council areas and the sub region.
- Effective leadership and co-ordinated delivery structures have resulted in the Council achieving a BS Accreditation for its building control team and a Customer Excellence Award for environmental health.
- The Council has a wide range of policies ranging from equality and diversity to home energy and conservation which help address the district’s broader social, economic and environmental issues. The Council is actively working on producing a practical sustainability impact review and is taking steps to capture information relating to its carbon footprint. Individual service plans reflect the priorities contained within the corporate strategy but are dedicated to providing sustainable or improved service quality and value for money.
- The Council has a Communications Strategy (revised in April 2008) and a Communications Officer who ensures the scope and standards within the Strategy are adhered to. The Council has a Communications and Consultation Support Officer to assist with press releases and media statements and community engagement activities.
- Communication skills training is available for Councillors and members of staff and the Council has a Learning and Development Brochure which gives details of the wide range of training opportunities available to members of staff. All documents are written in plain language and the Council offers ‘Plain English’ training to those responsible for producing documents that may be read by members of the public.
- The Council publishes, or co-publishes a range of different literature for distribution either internally to staff, or externally to citizens, examples include ‘Housing News’, Tenants Newsletters, ‘East Devon Talk’, ‘The Knowledge’; a publication focussed on Councillors’ needs and ‘Team Brief’; a publication specifically for members of staff.

- The Constitution and the Corporate Business Plan communicates the Council's structures and processes, and both are published on the Council's website. Internal and external directories are available, including the Councillors' Year Book; Residents' Service Guide and the Council Tax booklet which is also on the internet.
- A Communications Task and Finish Forum (TAFF) has considered the Council's communications function, monitored its progress and produced an 'action plan' to ensure improvements were made with the Council's communications

Theme 2 – STRUCTURES AND PROCESSES

- The Council can demonstrate that its corporate and service planning processes are comprehensive and consistent by the following examples; The Council's performance management framework consists of the Corporate Strategy, Service Plans, performance indicators and individual Performance Excellence Reviews. These are monitored on a regular basis by the Executive Board, Scrutiny Committee and managers. The service planning cycle encompasses our key strategies, eg the Corporate Strategy and the Corporate Business Plan. A timetable exists for preparing plans for service delivery and financial management up to 2012. Specific standards for service plans are enforced by the adoption of a 'service plan template' and 'guidance notes'. Responsibilities for ensuring standards are applied and that they comply with the timetable rests with officers within the Council's Communications and Improvement Team.
- Quarterly monitoring and review of Performance Indicators and Service Plan actions have kept them in focus by staff and Council Members. The Scrutiny Committee examines any poor performance identified by performance indicators. The first services to be subjected to the "Vanguard, lean systems thinking" reviews were selected on the basis of poor performance.
- Cross-departmental planning can be evidenced by the plans drawn up between directorates and by both strategic management and corporate management. Cross-departmental working is encouraged by the formation of project groups, examples of these are the Equality Standard Steering Groups, Task and Finish forums and Think Tanks, all of which involve officers at all levels and Councillors. Some project groups also include stakeholder participants such as the Housing Review Board and the Community Engagement Group. The Council's staff newsletter 'Team Brief' contains articles relating to cross-department working to encourage shared learning.
- Procurement, taking into account partnerships and working with the third sector are included within the Procurement Strategy, and financial instructions relating to partnerships feature widely in the Council's Financial Operating Procedures.
- All Council plans, policies and strategies contain revision dates, the Council has a 'policy register', available to staff on the intranet, the policy register allows access to either the full document or provides a summary version for quick review.
- The Council is meeting its duties for improvement under the Local Government Act and has published information in the Council Tax Booklet and the Corporate Business Plan the latter of which is on the Council's website. Service improvements are monitored via Service Plan monitoring reports and associated action plans.
- The Council can evidence that it takes account of user data by reference to its Community Engagement Policy and service plans, it has also convened a Community Engagement Group to help develop council priorities.

- The Council uses a Consultation Calendar which helps to ensure all relevant documentation; such as reports, policies or strategies are available widely for consultation. The Council's research reports provide an understanding of the needs of different and diverse communities (recently conducted the 'Place Survey') and the Council has adopted an Equality and Diversity Policy.
- The services provided by the Council attempt to reflect the needs of citizens and meet their expectations; the Council has published service information such as leaflets and website 'information pages', and will produce documents in 'Braille' and 'large print' upon request. The Council offers many services directly to citizens in the form of 'home visits' applicable to residents and business premises visits to check health and safety and environmental compliance. The Council also provides a home safeguard facility for its elderly residents. This latter service has recently undertaken a thorough review of its 'disaster recovery' arrangements to ensure the continued well-being of our Home Safeguard users.
- Services are flexible and can be adjusted to accommodate changes in needs or legislation, Service plans ensure flexibility and/or that changes are made and that these changes are monitored.
- The Council has an Organisational Development and Workforce Strategy and many associated strategies and/or policies designed to support and enable the Council's Corporate Strategy. All have been ratified by the Council. There are also high-level 'managers' guides' outlining procedures for dealing with staffing issues.
- Legislative changes are picked up through professional journals, electronic updates, course attendance and alerts from the Institute of Personnel Managers. When legislation requires policy changes or new legislation, policies are drafted and agreed with the Staff Joint Forum and SMT and ratified by the Council. Recent new policies include changes to staffing policies such as Absence Management Policy, Flexible Working Policy, Discipline and Grievance Policy. Some legal changes are dealt with by updates in internal council processes.
- The Council monitors disability, gender and ethnicity of its workforce and attempts to monitor this information regarding applicants. However, this is not robust as people do not always provide this information. We are moving towards on-line Application Forms and these fields will become mandatory which will assist our monitoring.
- When advertising our situations vacant the Council uses the 'Disability' symbol to encourage applications from disabled people.
- The Council has robust procedures relating to capability, sickness and absenteeism, discipline and grievance. All are embodied in the Disciplinary Policy, Grievance Policy, Absence Management Policy, Acceptable Behaviour Policy, Dealing with Unsatisfactory Performance Policy and the Code of Conduct for Employees. There is also a 'Managers' Guide' dealing with discipline and grievances.
- Sickness data is captured on Return to Work forms and/or doctor's sickness certificates. On a regular basis, payroll staff compare sickness records against the Council's Interflex system (time recording system) to verify data. All sickness data is recorded in the Council's payroll system and is monitored monthly. A detailed report regarding sickness absence is provided to the Strategic Management Team on an annual basis.

- Staff turnover is monitored and a report is made available to both strategic management team and the Executive Board on a quarterly basis. Trends are summarised annually in the People Data Report which is made available to the strategic management team.
- A staff survey was carried out in 2008. Staff morale and satisfaction was also explored through the March 2009 Investor in People assessment which was very positive and led to successful retention of the IIP status.
- Health and safety guidance and training are provided as the Council has employed an Health & Safety Officer who runs various courses and refresher courses and implements appropriate health and safety policies. The legal service has an input in raising awareness on major changes, such as corporate manslaughter.
- The Council has robust personnel procedures relating to recruitment, staff pay records, secondment and contractors. All are embodied in the Employees Handbook, Policy on Local Government Pension and the Job Evaluation Policy. There is also a 'Managers' Guide' dealing with recruitment. There have been no referrals to industrial tribunal from EDDC staff.
- The Council takes steps to match staffing to current and planned needs and has an up to date Workforce Development Strategy. The Council also has a process for succession planning. The Council takes a broad approach to learning and development and has implemented a process of Performance Excellence Reviews which concentrate on both performance and areas for development. 'Back to the floor' sessions are encouraged for Directors, Heads of Service and Middle Managers as it is recognised that this helps managers stay in touch.
- The Council participated in the 'Best Councils to Work For' survey in 2007 and 2008. This survey is conducted by Best Companies, an independent and authoritative research company that specialises in Workplace Engagement and is sponsored by The Times and the IDeA. The results of the survey in 2008 led to a corporate improvement plan and service action plans
- "Happy, Healthy, Here" (Stress) Audits are conducted across the Council using the Health and Safety Executive model. Action plans are developed with the managers and teams to tackle any issues arising. The organisational development team monitor these action plans to ensure that actions are implemented.
- The Learning and Development Manager keeps records of staff that have taken up training / coaching / shadowing and/or secondment opportunities. The Council evaluates its training programmes by utilising a specific Training Evaluation form required to be completed by course attendees. These forms are monitored to ensure training needs are met and expectations satisfied.
- The Council has rigorous procedures for monitoring personnel strategies and all are reviewed on an annual or bi-annual basis. The review process is monitored by the Communications and Improvement Team who ensure reviews are completed. Any action plans arising from or emanating from the above policies are monitored either by individual directors or the Council's Strategic Management Team (SMT).
- The Constitution can demonstrate that the Council's structures are in line with the Local Government Act 2000 and are appropriately constituted, fit for purpose and Councillor and officer delegation has been defined. Corporate structures ensure that appropriate standards regarding performance management, internal controls and

communications are consistent and applied throughout the Council. This can be evidenced by SMT meeting minutes and from the Performance Excellence Reviews.

- The Council keeps its organisational and officer structures under review, having last been reviewed in 2007 a further review is scheduled for 2009. Improvements have taken place with the allocation to the Council of a BS accreditation and a Customer Excellence Award. The Council also secured a 'Good' CPA score.
- Executive, scrutiny and regulatory functions are supported with effective work planning and officer briefing, this can be evidenced by the Council's forward programmes with Overview/Scrutiny Committees and Executive Board pre-meetings all commonplace. Licensing and Enforcement Committee receives a quarterly report so service delivery and strategy outcomes may be monitored.
- Councillors are supported by the Monitoring Officer and her deputy and know that they can readily seek advice from them and from the Democratic Services team on Code of Conduct matters.
- The Council uses internal and external audit and other inspection agencies to support scrutiny activity; this is reported through the Audit and Governance Committee. The Overview/Scrutiny Committees (including Housing Review Board) pro-actively support the Council's strategic objectives and this can be evidenced by the annual reports considered at the annual meeting of the Council.
- The Council's Asset Management Forum is made up of senior officers and council members and has developed the Asset Management Strategy. This document contains the council's Corporate Property Asset Management Plan 2009/12. The Asset Management Plan seeks to ensure that council assets are used in the most effective way to support the delivery of the corporate strategy. It also provides an overview of the Council's property portfolio and provides an illustration of how the property assets owned by the Council support its corporate priorities.
- Consultants have been instructed to carry out a review of the Council's main administrative centre at the Knowle and to suggest possible alternative locations. This study is linked to the 'Accommodation Review' where services have been asked to consider their present and future accommodation requirements which will feed into the Asset Management Plan.
- This process will provide an assessment of the use, suitability, condition, and occupation of council property supporting each of the council's services, and will form the basis of an Accommodation Strategy and will project future trends. The Accommodation Strategy will highlight future funding and workforce development plans which will need to be taken account of when considering our future property requirements.
- The council has commended a property review which will challenge asset ownership through an assessment of efficiency, effectiveness and affordability.
- Responsibilities have been assigned for maintaining the Council's non-housing assets to the Property Services team. This team also maintains the Council's Planned Maintenance System. The team carries out a rolling programme of surveys on Council property to ensure all assets are in reasonable condition and responds to essential works and maintenance where necessary.

Theme 3 – RISK MANAGEMENT AND INTERNAL CONTROL

- A strategic approach to the Council's performance monitoring and management is in place, adequate resources are available for its delivery and lead responsibility has been assigned to a corporate director, who actively monitors the performance management framework and ensures that the performance of services is reported regularly to the Council's Executive Board.
- Performance monitoring and management covers key areas of the Council's activity. Significant documents contributing to the process are the corporate strategy, service plans, performance indicators and performance excellence reviews. These documents demonstrate the link from the highest priorities of the Council, through its service plans to individual staff performance reviews. The Corporate Strategy is monitored quarterly, service plans and performance indicators are monitored quarterly, with additional scrutiny of poorly performing PIs.
- The Council has a bespoke computer system designed to provide PI information, this system is administered by the Council's Communications and Improvements Team. There is a timetable for preparing plans for service delivery and financial management up to 2012.
- Staff are fully engaged in the performance management process; service planning days are designed around operational plans, teams and individuals have an opportunity to contribute on several levels. Staff awareness seminars and specific corporate and middle management meetings are held regularly to inform all levels of staff of the Council's performance and to engage them in any corrective action that may be necessary.
- The Council has made its performance information available to a range of different stakeholders from members of the public to individual staff members. Performance monitoring reports are presented to members and are available on the Council's website. The Corporate Strategy and other key documents are also on the Council's website.
- The Council has a staff appraisal scheme in the format of 'Performance Excellence Reviews'. These reviews allow managers and staff to monitor individual objectives and to highlight any training needs. The performance excellence reviews have been universally applied throughout the Council, compliance is monitored by the human resources team. The targets for staff are linked to service plans, and clearly show the link to the Council's priorities and to its corporate strategy.
- The performance excellence reviews are followed up in regular one-to-one meeting where progress is monitored against individual targets. Good performance is celebrated and the Council has introduced Bouquets in its Team Brief and a Staff Recognition Scheme. Poor performance is dealt with during one-to-one meetings and if necessary through the Council's disciplinary procedures.
- The Council has procedures in place to monitor feedback from consultation and complaints and has a Complaints Officer who with directorate complaints officers, deals promptly and efficiently with complaints received from the public, These are monitored and any lessons learned disseminated to staff during corporate and/or middle management team meetings. The Audit and Governance Committee also receives a quarterly report of any complaints that involve a failure in the Council's policies and procedures. The Local Government Ombudsman's Annual Report on the Council is considered by the Executive Board.

- The Council has defined the roles and responsibilities for Councillors, directors and the Section 151 officer in respect of stewardship of the Council's resources in its financial regulations; these financial regulations are complemented by detailed financial operating procedures and contract standing orders. All three documents were revised during 2007, follow best practice and are modelled on CIPFA Guidelines. They are to be further revised during 2009.
- The status of the Council's financial regulations is made clear within the documents, they are supported by a range of ethical policies, including anti-fraud, theft and corruption and the whistle blowing policy.
- All financial policies are available to staff on the intranet, but in addition to this, the financial regulations, financial operating procedures and contract standing orders have been communicated to staff via dedicated training sessions within each directorate of the Council.
- Following their revision in 2007, the Council's financial regulations and financial operating procedures contain information relating to partnerships and contracting with the third sector.
- The Section 151 officer approves all financial policies, strategies and plans and is a member of the Strategic Management Team.
- Although the Council has established a systematic strategy, framework and process for managing risk the Risk Management System is not up to date and does not adequately identify and manage corporate risk. Neither has the corporate risk register been formally updated and reported to the Audit & Governance Committee. This is the subject of an officer/member working group chaired by the Risk Management Champion, the terms of reference of which are to procure a new corporate risk register and revive the corporate risk management process. This will be rolled out during 2009.
- Notwithstanding the above concerns, the corporate risk management process is still fairly well embedded within the Council; routine decisions placed before committees include a risk assessment, and corporate initiatives such as the Council's recycling arrangements and its regeneration schemes at Seaton and Exmouth have all been informed by risk assessments.
- The Council has appropriate protocols in place for the approval and management of key projects by means of the IT Programme Board which meets regularly to agree new ICT projects and monitor progress of the implementation of existing projects.
- Changes to the live ICT infrastructure are formally managed through an ITIL-based change management process which is continually evolving to optimise control.
- The Council has robust procedures in place for project management and utilises the Prince2 project management methodology. Each project follows the basic PRINCE2¹ processes and include a Project Initiation Document (PID) and risk assessment. Most Project Managers have been trained to Practitioner level and may run several projects concurrently.

¹ Project Management Methodology

- Selection of external project managers follows the normal staff selection procedure, Project managers from third party suppliers always work alongside the Council's staff.
- To ensure that Equality and Diversity is taken into account within projects an appropriate section has been introduced into the PID.
- Progress and outcomes are reviewed during and after the project and can be demonstrated by reviewing the IT Programme Board minutes and post implementation reviews of major IT systems. Plans are in place to disseminate all project information more widely via the intranet
- The Council has defined the nature and frequency of financial reporting within the Council's financial regulations and financial strategy, Monthly monitoring reports are considered by SMT and the Executive Board. The Monthly Monitoring Reports seek to forecast the year-end balances and, where appropriate, the action to be taken to correct variations.
- The Monthly Monitoring Reports take into account any budget revisions and identify and monitor budgetary risks. An annual report is made in January / February outlining any new budget proposals to the Executive Board and then approved through Council.
- Budget holders are given reports of their budgets on a monthly basis together with written instructions of year end processes and budget preparation. Financial Regulations contain additional information. The Council presents its Revenue and Capital Out-turn Report to the Executive Board annually in June.
- In addition to monthly monitoring the Council identifies over and under-spends at year end and these are contained within the Capital and Revenue Out-turn Report.
- Key Councillors have received training on interpreting the Council's Statement of Accounts. The Council's financial regulations and associated procedures also attempt to clarify and explain the budgetary and financial arrangements of the Council. Lower level procedures have been written to further explain the Council's financial processes.
- The Capital and Revenue Out-turn Report and the Council's Statement of Accounts are reviewed by external audit and the year-end position is broadly in line with their expectations. The Council produces annual statements to statutory deadlines and has received no adverse comment from the audit commission.
- Information reported to the public and other stakeholders is accessible via the website. The Council publishes summary financial information in the Council Tax booklet distributed to all households in the district. It also produces a summarised version of its Statement of Accounts.
- In producing the 2009/10 budget the Council engaged constructively with Councillors to agree the budget setting process.
- The current Medium Term Financial Strategy (MTFS) forms part of the Financial Strategy. The MTFS covers the period 2009/10 to 2013/14 and identifies for each year the cost of providing services compared with the resources available. The Financial Strategy sets out in detail the assumptions and estimates involved in producing the MTFP and outlines the actions the Council needs to take in order to meet its objective of setting a balanced budget whilst delivering its services and achieving its priorities.

- The MTFFS links with the Corporate Strategy and the Corporate Business Plan and contains a summary of the Council's 'General Fund' position, together with various models of capital expenditure. Milestones and resource needs have been identified within the MTFP.
- The Financial Strategy should ensure that finances are used in the most appropriate way in terms of funding activities. For example it questions whether the Investment Strategy is still appropriate, it considers options for leasing or buying equipment, and the use of the Prudential Code to borrow for capital purposes,
- The Council attempts to make realistic assumptions about service demand, inflation and efficiency savings, modelled at corporate and individual service levels and uses the previous years' budget (in this case the 2008/09 budget), to reflect the current cost of services. This budget is taken as a base indicator of spend. Additions or reductions are applied to reflect any 'one off' items included in 2008/09 budget or any supplementary estimates agreed by the Council since the original budget was approved in respect of any forecast variances identified through budget monitoring.
- Each year the Council strives to achieve efficiency savings to provide the current level of service at less cost, or an improved level of service at current cost. For example, this may include better, or more appropriate use of IT.
- The Corporate Business Plan, which incorporates the Council's Financial Strategy links with other key strategies of the Council including its Service Plans (2007/08 to 2009/10), the Asset Management Plan, Treasury Management and the Capital Strategy.

Theme 4 – STANDARDS OF CONDUCT

- The Executive Board and Overview and Scrutiny arrangements have evolved to ensure Councillors and senior officers are aware of their leadership responsibilities. The Council's Constitution contains a clear remit on the role of the leader and the chief executive in setting the culture and direction both for staff and the wider community. The Council has taken steps to distinguish appropriately between the roles of Councillors and officers.
- The Council can demonstrate that its leadership of the Council, the community and partnerships are shared between the executive and other Councillors and Council inspections have endorsed this (CPA inspection reports and the Annual Audit letter from the Audit Commission for example).
- The Council has a partnership policy. The expertise of non-Executive councillors has been harnessed through the development of the role of Member Champion, which is set out in the Council's Constitution. These councillors work in specific areas such as Procurement, Risk Management and Culture, and make annual reports to Council, and in developing these areas further.
- Councillors understand the link between corporate governance and service quality. They receive induction on Ethics, Standards and Corporate Governance when they are elected and as follow up training. A comprehensive Member Development programme is now in place, and the Council is seeking Member Charter status.
- The leadership demonstrates that it can take difficult decisions and an example is the transformation of services using the "Vanguard, lean systems thinking" methodology.

The leadership remains focused on strategy and the Council's priorities and receives reports of progress on the outcomes and measures within the Council's Corporate Strategy.

- The Sustainable Community Plan, Customer Access Strategy and Service Plans demonstrate that the Council's vision acknowledges both community priorities and the Council's corporate priorities.
- The Council's Staff Joint Forum provides challenge where appropriate. Unison is the Council's recognised trade union association.
- Council leadership is open to self-criticism, challenge and review and takes seriously any recommendations made for improvement in audit and inspection letters, CPA inspection reports and action plans or peer reviews. The results of a recent Place Survey suggested that many of the Council services are performing well although confirmation is awaited with the delayed publication of the results for all councils in England. Investment in consultancy support to help refocus services and the organisation on the customer during 2008/09 shows an openness to challenge and change.
- Managerial leadership is demonstrated by the wide array of policies, procedures and strategies in use within the Council, including Codes of Conduct for both Councillors and staff and a Code of Corporate Governance.
- The SMT works collaboratively and attends both corporate management team and middle manager forums to give direction to staff. The Council publishes its "Team Brief" and arranges staff awareness sessions delivered by the Council's Chief Executive. The atmosphere for staff is open and supportive, various initiatives are in place including staff suggestion and staff recognition schemes.
- Service managers have received core management training to help them engage openly and honestly with their staff. Fraud Awareness training is available for all staff and an up-to-date Anti-Fraud, Theft and Corruption Policy and Whistle Blowing Policy has been widely circulated. There are also provisions concerning corruption and separation of roles during tendering in the Code of Conduct for Employees. The Council has a confidential reporting system in the form of a telephone based "fraudline" for staff and members of the public.
- The Council has provided a range of training opportunities for staff including sessions on equal opportunity and diversity. There is also a functional 'Equality Group' This Group is the Council's forum for discussion and progression of equalities issues corporately. There are representatives from each service area and Councillors. The Group is currently making progress towards the Local Authority Equalities Standard Level 2.
- The Council has three separate directorates, two facilitate front-line services and the other provides support and corporate direction. There is evidence of joined up working between directorates including collaboration between financial services' (revenues and housing benefits) with planning and housing functions. The Council's CSC also demonstrates collaborative working. The legal team works on a range of corporate projects, including delivering planning gain and affordable housing, transferring council assets, and in supporting a range of enforcement functions including noise nuisance, anti-social behaviour and licensing.

- In the main, the seven priorities in the new Corporate Strategy developed through the 'Vision 2011' during summer 2007 were a more refined and focused expression of the priorities that the Council was previously working to. There were, however, three priorities on which Members had expressed the wish to see clear improvement and which led to the reallocation of the Corporate Directors' responsibilities in November 2007 to make sure that greater progress was made than had previously proved to be the case. The changes in the Directors' responsibilities had a significant impact on the three priorities during 2008/09:
 - The Deputy Chief Executive (and former Corporate Director – Central Services) was freed up to drive a step change in providing 'excellent service for our customers', notably through Systems Thinking reviews.
 - The non-strategic planning responsibilities of the former Corporate Director – Environment meant that he was better able to champion the 'recycling' priority.
 - The former Corporate Director – Environment was joined by the Planning Policy, Property and Economic Development and New Growth Point Delivery teams to support him to ensure delivery of the Council's aspirations for a 'thriving economy'
- The Council's Corporate Strategy demonstrates a strategic approach to its principles and aspirations for its own culture and values and this has been communicated to staff. There are 'End of Year' Reports for both the Corporate Overview Committee and the Scrutiny Committee which are considered by the full Council meeting at its first meeting in each new civic year.
- The Council promotes its ethical standards across the Council and attempts to ensure compliance throughout its operations. Ethical standards are contained within the Terms of Reference of the Standards Committee. The Audit & Governance Committee focuses on risk and governance and the Council's Financial Regulations and Contract Standing Orders appear within the Constitution. Legal challenges against the processes of council decision-making are very rare. Councillors regularly take advice about ethical issues from the Head of Legal, Licensing and Democratic Services and her staff, the Monitoring Officer and the Chief Executive.
- The Council has an up-to-date Code of Conduct for Councillors and the Standards Committee is responsible for oversight of the Code, amongst other ethical and propriety issues. The Council also has a protocol on 'relationships between members and officers' to guide both members and officers on how best to discharge their various roles. There is also a Code of Good Practice on planning matters for members and officers, again in the Constitution.
- The Council can demonstrate that arrangements exist for sanctions and redress with regards Councillor conduct. Two new Standards sub-committees have been set up to deal with local hearings and reviews, and has dealt with several local investigations. The Standards Committee specifically deals with Councillor conduct and will consider any complaints brought against any Councillor or other issues brought to the attention of the Committee by the Monitoring Officer. The Committee will determine whether there has been any breach of the Code of Conduct, the Council's Standing Orders or Financial Regulations. The Committee will resolve what further action should be taken (if any) including deciding any training for or sanction on the Councillor concerned and may decide that a Councillor be removed from a committee or suspended for a period of time. The Council put in place an increased number of independent members on a voluntary 'good practice' basis, well before the law required it.

- The Standards Committee and Monitoring Officer have mechanisms in place for referral and joint working with an informal agreement with Mid-Devon and Exeter that enable each to undertake investigations if current workloads are heavy. If these officers are unavailable, the Council may approach an ex Monitoring Officer working locally in the private sector. There is also a good link with the Audit and Governance Committee and attendees will be invited to a Standards Committee later in the year when the Council reviews its ethical governance issues.
- Training is mandatory for Councillors and consists of training on their Code of Conduct and on the planning, audit and governance, licensing and standards committees. The Democratic Services Manager takes responsibility for Councillor training and follows up non-attendance. For example, in the last year the Standards Committee has received training on Local Assessment and a refresher on conducting hearings. Training arrangements are made for those councillors who join regulatory committees mid-term.
- The Council website demonstrates the Council's openness and transparency in that access is available to committee agendas, minutes and reports together with a wide array of other documentation including plans, strategies and policies. Public speaking has been introduced at all council committees. Councillors and parish Councils are kept regularly updated on Code of Conduct requirements and Standards Board guidance through the Democratic Services' weekly publication the Knowledge. The Council has both a Data Protection Policy and a Freedom of Information Policy and a Regulation of Investigatory Powers policy.
- Ethical principles have been acknowledged in working practices and every report to committee contains a requirement for a legal and financial comment from an expert in that field. A new committee template is being introduced which flags up consideration of a wider range of ethical issues, including promoting diversity duties.
- The Register of Interests is up to date and regular reminders are sent to Councillors reminding them to register or update any interests they may have. This is the responsibility of individual Councillors, since officers cannot know what their individual interests are. This is also part of the election process, and details of how to register interests was sent out for the May 2007 elections. Councillors elected mid-term, or co-opted members are also subject to the code of Conduct and register of interest requirements.
- The Council has robust procedures covering the use of Council resources for Councillors, these are contained within the Members' Yearbook which also contains information on members' allowances and travel expenses, together with guidance on the Code of Conduct and I.T. equipment. There is an ICT Equipment and Services for Members policy and an Information Security policy
- The Council's procurement policy has been reviewed, but further updating will ensure that it contains advice for contractors with regards ethics. Ethics for contractors are also contained within the Financial Regulations, Financial Operating Procedures and Contract Standing Orders. The Council is undertaking a separate exercise to ensure the Council's significant partnerships have adequate corporate governance arrangements including ethics and values and that these are regularly monitored There is a Contract Tendering policy and a Code of Data Matching and an Anti-Money Laundering Policy.

The Council will monitor these aspirations through:

- Defining procedures and practices which together create the framework for good corporate governance as described in the CIPFA/SOLACE Joint Working Group Guidance and framework “Delivery Good governance in Local Government:
- Nominating a lead officer who will be responsible for assessing the Council's governance arrangements and producing the Annual Governance Statement (and action plan) and subsequent reporting to the Audit and Governance Committee.

The key policies and procedures that will compose the core of this process are listed below:

- The Council Constitution
- Community Plan and Corporate Strategy.
- Financial Regulations, Contract Standing Orders, and other financial guides.
- Human Resources Policies including a comprehensive ‘Managers’ Guide’
- Members and Officers Codes of Conduct and Member / Officer Protocols
- Anti-Fraud Theft and Corruption Policy and Quick Guide, Whistle blowing Policy
- Risk Management Policy, Strategy and Toolkit
- Performance Management Framework
- Information Security Policy and affiliated ICT Policies to protect Council data
- Partnership Policies
- Communication and Consultation Strategies for engaging with stakeholders
- Planning – Code of Guidance

We propose over the coming year to take steps to address the issues raised in the action plan to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signatures:

29th September 2009 **Leader of the Council**

29th September 2009 **Chief Executive**

Governance and Control Issues Identified

Council Members and Officers have been continually updated and advised on the implications of reviews of the effectiveness of the Council's systems of internal control. Plans have been devised and put in place to ensure continuous improvement. The Council's annual review of the governance framework, including the system of internal controls and associated reviews during the year, identified some areas where action is appropriate to enhance the governance and internal control environment and ensure continuous improvement. These are listed below, along with the proposed actions to remedy or improve the position.

Area for Improvement	Suggested Action	Officer Resp.
<p>Disaster Recovery Plans and Business Continuity Planning is not adequate to protect the Council or its assets.</p>	<p>The first IT service continuity test was carried out successfully in 2007. An additional set up and test has been carried out for Home Safeguard and was successful. The ICT infrastructure has changed significantly as a result of the new Microsoft infrastructure and the IT Service Continuity process has now reverted to tape back-up and recovery.</p> <p>The back up and recovery process will be improved to enable a better window of operation for live services and a DR test conducted of the new processes in 2009.</p>	<p>CP</p> <p>CP</p>
<p>The Council's Corporate Risk Management System is not up to date and does not adequately identify and manage corporate risk. The corporate risk register has not been formally updated and reported to the Audit & Governance Committee since March 2008.</p>	<p>The Corporate Risk Management Member group will drive this forward including a new corporate risk management system, training for Heads of Service and an updated Corporate Risk Management Policy Strategy and Toolkit.</p>	<p>DP</p>
<p>The Council's Internal Audit Service has suffered from a lack of resources and does not have adequate resources to monitor the governance arrangements of the council</p>	<p>The Council to consider the long-term provision of an internal audit service.</p>	<p>DP</p>

Area for Improvement	Suggested Action	Officer Resp.
<p>There is a need to review Health and Safety compliance throughout Street Scene services.</p>	<p>Review Health and Safety compliance and include in service objectives for this year and in PERs..</p> <p>These duties were part of the Performance Officer post (now deleted) existing staff need to find the capacity to move this forward at the expense of other works.</p>	MR
<p>Failure to develop Flood Alleviation and Coast Protection Strategy</p> <p>The Strategy links to both national and regional plans and would draw down funding for protection schemes. Due to lack of resources in Street Scene, (Engineering) the capacity of the staff to deal with these issues is limited.</p>	<p>The post of Principal Engineer is currently on hold pending the outcome of local government review and service transformation.</p> <p>This has serious work capacity issues in the delivery of Engineering services in particularly those associated with Land Drainage, Flood Alleviation and Coastal Defence works. Failure to fill this post will mean a work will need to be prioritised with some work areas not being carried out.</p>	KH
<p>LED Budgets – Planned Maintenance budgets affected by the shortfall in revenue received from LED (mismatch identified between work undertaken and amount of money received from LED – problem compounded as figures have been entered into the signed contract). Continuing to provide a service to LED will mean other maintenance work will remain outstanding.</p>	<p>Asset Management Forum will be reporting to the Asset Management Group to resolve some of the contractual issues on maintenance for LED .</p>	KH/DB

Area for Improvement	Suggested Action	Officer Resp.
<p>A programme of data quality checking was carried out by Internal audit during 2009 which found most NIs were either incorrect or needed remedial action. The NIs requiring internal audit recommendations were NI 156 – Housing NI 182 – Environmental Health / Licensing NI 185a/b CO² Emissions NI 194a/b Air Quality NI 196 – Street Scene</p>	<p>Report produced by Internal Audit & Governance to be presented to the Audit & Governance Committee on 29th September 2009.</p>	<p>SMT</p>
<p>An audit in 2007/08 highlighted the areas of weakness with regards the Council's Licensing functions, in that there are two which do not operate consistently or use the same computer system. Internal Audit recommended that the two Licensing functions be amalgamated, and this recommendation appeared on the 2008/09 Governance Action Plan but has not been implemented. The issues highlighted in the review of NI 182 are likely to have been exacerbated by the inconsistent methodologies and systems.</p>	<p>During 2008 Internal Audit were assured that a timetable for data transfer from Environment Health was being discussed with ICT; however this had been delayed because of the problems associated with the protracted migration of the Environmental Health Computer System from M3 to CAPS. We were also assured that the Licensing Manager was preparing for handover and had been liaising with his counterpart in Mid Devon where they have a similar set up in readiness for the transfer.</p> <p>The current position is that all the important cyclical licences have now been transferred and the remainder are progressing well. The transfer will be completed in time for this year's round of licence renewals.</p>	<p>SMT</p>

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