

AGENDA

Audit and Governance Committee

Date: **Wednesday 28 January 2015**

Time: **10.30 am ***

Place: **The Council Chamber, Shire Hall, St. Peter's Square,
Hereford, HR1 2HX**

Notes: * Committee members, please note the following timings:

9.30 am - Member training session, Committee Room 1

10.30 am - Audit and Governance Committee, The Council Chamber

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Agenda for the Meeting of the Audit and Governance Committee

Membership

Chairman

Vice-Chairman

Councillor JG Jarvis

Councillor EMK Chave

Councillor CNH Attwood

Councillor WLS Bowen

Councillor PGH Cutter

Councillor MAF Hubbard

Councillor Brig P Jones CBE

Councillor PJ McCaull

Councillor NP Nenadich

Councillor DB Wilcox

AGENDA

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY) To receive details any details of members nominated to attend the meeting in place of a member of the committee.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by members in respect of items on the agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on 26 November 2014.	7 - 14
5. UPDATE FROM PIDA WORKING GROUP Further to minute 33 of the last meeting, to receive a verbal update in relation to the PIDA (Public Interest Disclosure Act) Working Group.	
6. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE To note progress made in delivering the annual governance statement action plan.	15 - 34
7. ANNUAL REPORT OF THE MONITORING OFFICER To inform the committee of performance in the areas within the remit of the monitoring officer for the municipal year 2013/14.	35 - 38

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Audit and Governance Committee held at Committee Room 1, Shire Hall, St Peter's Square, Hereford, HR1 2HX on Wednesday 26 November 2014 at 10.00 am

Present: Councillor JG Jarvis (Chairman)
Councillor EMK Chave (Vice-Chairman)

Councillors: CNH Attwood, WLS Bowen, BA Durkin, EPJ Harvey,
Brig P Jones CBE and J Stone

In attendance: Councillor TM James

Officers: Bill Norman (Assistant Director, Governance), Peter Robinson (Section 151 Officer), Phil Jones (Grant Thornton), Terry Tobin (Grant Thornton), Jacqui Gooding (South West Audit Partnership), Ian Baker (South West Audit Partnership)

28. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors PGH Cutter and MAF Hubbard.

29. NAMED SUBSTITUTES (IF ANY)

In accordance with paragraph 4.1.23 of the Council's Constitution, Councillor BA Durkin attended the meeting as a substitute member for Councillor PGH Cutter and Councillor EPJ Harvey attended the meeting as a substitute member for Councillor MAF Hubbard.

30. DECLARATIONS OF INTEREST

Councillor JG Jarvis wished it to be noted that for Item 6 of the agenda he would hand the chairmanship to Councillor EMK Chave as he was Leader of the Council between 2011 and 2013, which was the period the CRM system was put into place, although decisions concerning its implementation were made before this period.

31. MINUTES

A member raised a point of clarification on the minutes relating to item The Review of the Council's Audit Findings Report for 2013/14 concerning the Energy for Waste Plant part of the report. It was confirmed that the minutes were a correct record as the discussion on this matter had been limited due to the objection Grant Thornton have received from a member of the public.

A member pointed out a spelling mistake of Colwall School in item 23 of the minutes.

Resolved: That the minutes of the meeting held on 29 September 2014 be confirmed as a correct record and signed by the Chairman.

32. ANNUAL AUDIT LETTER 2013/14

The council's external auditors Grant Thornton UK LLP presented the committee with the statutory Annual Audit Letter (AAL) for 2013/14. The letter sets out the unqualified audit opinion on both the financial statements and Value for Money conclusion. This is an improvement on the position last year when a qualified opinion was given.

Grant Thornton UK LLP wished to thank all of the staff involved in the audit for their co-operation and hard work.

Grant Thornton UK LLP pointed out the key message referring to their Public Information Disclosure Act (PIDA) investigation and that important lessons need to be learnt from the project this refers to. They are pleased to note the committee are taking the matter seriously with its ongoing work.

The unqualified Value for Money conclusion is taken on the view that the proper arrangements are in place to secure efficiency, effectiveness and economy. They have noted the review of the Energy to Waste Plant (EfW), the latest Ofsted report and the financial control systems in this conclusion.

Concerning the EfW issue Grant Thornton UK LLP confirmed their work is still continuing following the receipt of an objection from a member of the public concerning this issue. The ongoing consideration of the objection means they are limited to the answers they can give the committee on this subject as they do not want to affect the ongoing work.

Following a member's enquiry Grant Thornton UK LLP confirmed they are unable to give a timescale for the work around the objection due to the complexity of the history of the subject and the level of detailed work required but the committee would be kept informed of the progress of the work.

In reply to a member's enquiry about the nature of the work Grant Thornton UK LLP are doing concerning the objection it was confirmed further detail concerning this can be found in the Audit Findings Report, which was presented to this committee on the 29 September 2014. Grant Thornton UK LLP is looking at a decision taken in 2009 and the governance surrounding how an expert option was accepted.

Following a member raising concern as to if this committee would need to look at the matters concerning the EfW plant in future the Chairman confirmed this matter would be included in the ongoing agenda planning.

In answer to a member's enquiry about their recommendation concerning property valuations Grant Thornton UK LLP advised they are not strongly critical of the valuation process as it is, but the Chartered Institute of Public Finance and Accountancy (CIPFA) has updated its guidance concerning the valuation of assets. This recommendation has therefore been made to most Local Authorities in light of the change in guidance. Grant Thornton UK LLP added that CIPFA recommend valuations are done every 5 years, but checked each year to ensure the valuation at the end of the 5 years will be accurate. It was further confirmed the policy referred to in the report to be agreed by 1 November 2014 was now in place.

A member asked for further clarification of the recommendation concerning commitment accounting. Grant Thornton UK LLP confirmed this is a system where rather than waiting for an invoice to put on the system an order is committed to the service at the point it is raised. The Section 151 Officer went on to advise that orders are placed on the system each month for goods and services, essentially accrued. However, this is not done for residential and nursing care, where a forecast is done to the end of the financial year based on current occupancy levels.

In answer to a member's query about issues surrounding payments going over the year end process the Section 151 Officer confirmed that since 1 April 2014 payments are not issued without an order, therefore the commitment to the payment is already in the system.

Concerning the accounting of projects, the Section 151 Officer confirmed nothing is added to the accounts without an order being in place. However, he did confirm further work is being done around capital projects where the system could be improved upon.

A member pointed out the importance of clear information to members concerning savings schemes, as this would lead to a better debate on subjects where savings are being made. The Section 151 Officer confirmed more detail on savings would be included in the budget monitoring report that will be going to Cabinet in December 2014. An Audit and Governance Committee task group is meeting to review this information in advance of its dispatch to Cabinet. Grant Thornton UK LLP advised they are aware of other Local Authorities that have tackled this issue well and will pass on the details to officers.

Resolved: That the Audit & Governance Committee discuss and take note of the content of the Annual Audit Letter for 2013/14 attached to the report.

33. FOLLOW UP TO OUTCOME OF PUBLIC INTEREST DISCLOSURE ACT INVESTIGATION

The Assistant Director, Governance presented members with his report, as a follow up to the PIDA report investigation carried out by Grant Thornton UK LLP, giving details of what is done differently with major projects in the organisation since the Customer Relation Management (CRM) system was implemented.

It was explained that text had been lifted from the Grant Thornton UK LLP report to ensure the original meaning of the words remained. The text in bold writing in the report was to highlight what, in his opinion, had changed.

The report was based on the Grant Thornton UK LLP report as the focus of this was a criticism of a major procurement exercise. It was not, in the time frame required of the report, on wider governance issues.

The Assistant Director, Governance, explained he felt the reasons for the failure of the CRM project were the failure of the project team to engage with all of the departments affected by the new system, therefore failing to get buy in from them, and consequently the projected savings were not achieved. The current senior management team is harmonious in nature and able to discuss matters openly in a collegiate manner. The current financial environment also means there is no room for unrealistic projections.

Concern was raised by a member concerning the timing of the CRM implementation, with the key decision being made in March 2011, during the purdah period, and the contract for the software being signed 10 days after the election in that year. Questions were raised about whether rules should be in place concerning the timing of decisions and contracts around elections.

The Assistant Director, Governance, advised there had been no points raised in the Grant Thornton report, or the complaint made, concerning the political timing of the decision. However, he went on to say the pace at which the decision had been made had meant there had been no time to prepare for and gain cross organisation take up; and it was this lack of corporate buy in had led to the projected savings not being fully

delivered. It was also pointed out that, with the rules used today the decision taken would now be a member decision rather than an officer decision.

A member raised concerns about the wider governance issues and pointed out that if good governance is in place, even without a collegiate atmosphere, good work will still be achieved. The Assistant Director, Governance agreed it is important that good organisational working is carried forward as administrations, or committee membership changes.

As part of the work of the Task and Finish Group members made the following suggestions as areas of its work. It was concluded that members of the group will meet on the 4 December 2014 to decide what areas it is going to concentrate on and what areas it will recommend to pass onto the next administration.

- The management and monitoring of savings schemes.
- Concerns about the timing and pace of decisions; the level at which decisions are made; and decision-making during the purdah period.
- Collective working of members and officers to be embedded into the governance structure.
- Reports and statistical data concerning staff issues such as bullying, harassment and whistleblowing.
- Request the Digital Strategy Task and Finish Group review the way forward for the CRM system, and whether any further value for money be saved.

Resolved: That

(a) This report be noted; and

(b) Following the discussions held at the meeting, the Task and Finish Group meet on 4 December 2014 to decide on the scope of its work and what it will recommend be passed to the Audit and Governance Committee following the elections in May 2015.

34. PROGRESS REPORT ON 2014/15 INTERNAL AUDIT PLAN

The council's internal auditors, the South West Audit Partnership (SWAP) presented members with an update of their internal audit work with a summary of the work completed up to 7 November 2014. For the audits completed to this date none have been assessed as partial or no assurance. As further reports come through they will be reported on to the committee.

It was confirmed that all of the audits for quarter 2 are in progress and the work in quarter 3 will include key financial controls. It was confirmed the draft report on a special review mentioned on page 6 of their report was now finalised and its recommendations agreed with officers. The 2015/16 audit plan will include follow up work concerning some issues identified as part of the review.

Following a member's query SWAP confirmed the grant money for troubled families is paid both by results and when troubled families are identified.

In reply to a member's query on the details of the income collection audit area that currently is at the drafting stage, SWAP confirmed the details of the area the audit is looking at will be reported to the member.

The Section 151 Officer went on to say that charging is reviewed on an annual basis with the two main areas of Council Tax and car parking being those focussed upon. He

confirmed the income charging guidelines from 2012 are being adhered to. SWAP went on to add that they can add this area to next year's work programme.

SWAP confirmed the items not yet started will be completed. Some items may move onto next year's plan where, unless other areas become of a higher importance, they will take place. Meetings in January 2015 will take place to confirm the ongoing programme.

Resolved: That subject to any comments the committee wishes to make the report be noted.

35. DRAFT ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY 2014

SWAP presented members with the draft Anti-Fraud, Bribery and Corruption policy for their comment. The draft document will need to go through the council's governance process, so a timescale for its implementation could not be given.

The draft policy is an updated version of the current policy and SWAP pointed out the main amendments. The priorities at paragraphs 1.4 and 1.5 are additions to the existing policy and section 9 concerning the recovery of losses has been re written.

SWAP confirmed the document is still to be formatted and the intention at the end of the document is to have a section explaining how it links to other policies.

Following a query concerning whistleblowing it was confirmed the policy concerning this is being re written and will be presented to the committee in January 2015. It was pointed out that 4.2 of the draft policy gives details of the actions members should take.

With regard to the use of telephone numbers and job titles used within the report, members suggested a front sheet could be used with this information that could be updated without the need to change the policy document.

Members asked for further information concerning part 7 of the report which details investigations. SWAP confirmed that it depends of the nature of the allegations as to when, or if, during an investigation the matter is passed to the Police. They took on board comments concerning the decisions going through senior management at the council but felt they had confidence in the governance process that would lead to a police referral.

Concerning the Police and Criminal Evidence Act (PACE) SWAP confirmed that not all of its officers are trained as PACE interviewers but have other levels of qualifications such as being ACFE qualified or have had forensic training. Concerning the PACE training, they have found that as long as the evidence to the Police is of the required standard this is sufficient.

Resolved: That the Audit and Governance Committee comment on the draft update of the Anti-Fraud, Bribery and Corruption Policy.

36. BUDGET MONITORING REPORT

The Section 151 Officer presented members with the Budget Monitoring Report setting out the financial position up to the end of August 2014. This was the same report that went to Cabinet on the 9 October 2014. It confirms that although there were additional pressures in Adult and Wellbeing and Children's Wellbeing the forecast was a break even position.

The Section 151 Officer confirmed this position was unchanged as at the end of October 2014. This would be reported to Cabinet in December 2014 along with additional

information concerning savings monitoring. In reply to a member's question about the cost of maintaining old buildings the Section 151 Officer confirmed choices had been made about which older buildings to make investments in and which to dispose of. The Town Hall does have a maintenance backlog which does cause additional budget pressures.

Members raised concerns about the over spend against budget by the Adult and Wellbeing and Children's Wellbeing teams. The Section 151 Officer confirmed that the policies agreed by council had not changed in these departments. The base budget, being an estimate of spend, had been robust in its assumptions. However both of these teams do have particular difficulties as they are demand led.

Following a member's query about the cost of the new wheelie bins the Section 151 Officer advised that savings in this area will not just come from the additional recycling, but also from the change to fortnightly collections. The council had bought the wheelie bins as it was financially advantageous to do so; however the cost of replacing stolen or damaged bins was within the waste contract. Concerning the pay back loan, the revenue saving is net against borrowing against the bins for a number of years.

A member questioned if the extra funding put into highways improvements and Pot Hole Funding had been spent, or if there was money still in the fund. The Section 151 Officer will report back to the member with the answer to this, but advised the amounts had been approved by Cabinet and 700 pot holes had been repaired in the county.

Following a member's question about the income received by pre planning applications the Chairman of the Task and Finish Group looking at Planning procedures advised he would supply this information.

Resolved: That the Audit and Governance Committee note the report and the forecast position.

37. RECORDING OF MEETINGS

The Assistant Director, Governance, presented a report to note the technical amendments to the constitution and a draft protocol for the recording of public meetings following the changes made to regulations by the Local Audit and Accountability Act 2014.

The protocol had been designed to ensure any recording is done in an unobtrusive way and for notices to be displayed meetings. The balance has to be made between the rights of people who wish to record the meetings and the members of the public who may not want to be recorded.

A member pointed out that the regulations do not say that a person has to give prior notice to Governance Services of their intention to record the meeting.

The Assistant Director, Governance, confirmed this is the case, but prior knowledge of the filming would allow organisation of placing of any filming and would limit any disruption or concern felt by people attending the meeting.

It was agreed it would be best for an announcement to be added to the Chairman's script at the beginning of meetings to ask for anyone who is intending to record meetings to let them know, and to inform other members of the public that they might be filmed.

Resolved: That

- (a) The amendment of paragraph 4.1.24.1 of the constitution being undertaken by of the Assistant Director Governance to comply with legislation is noted; and
- (b) The draft protocol (at appendix 1) for recording of public meetings of the council be approved with amendments to the Chairman's script at the beginning of meetings to include an announcement of filming.

38. ROSS-ON-WYE COMMUNITY GOVERNANCE REVIEW

The Assistant Director, Governance presented members with a report asking them to recommend to council the second draft order of the Ross-on-Wye Community Governance Review.

Council originally passed the order on the 26 September 2014; however, consent should have been sought from the Local Government Boundary Commission for England before the order was made. That consent has now been obtained. Therefore, the original order is to be revoked and a new order recommended to council for approval.

Resolved: That the Audit and Governance Committee recommends to Council that:

- (a) **The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) Order 2014 be revoked with immediate effect; and**
- (b) **The Assistant Director, Governance be given delegated authority to execute The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) (No. 2) Order 2014 (to be substantially in the form set out in Appendix 2 to this report, subject to any necessary typographical and/or technical amendments) and publicise the outcome of the community governance review in accordance with section 96 of the Local Government and Public Involvement in Health Act 2007.**

The meeting ended at 12.10 pm

CHAIRMAN



Meeting:	Audit and Governance Committee
Meeting date:	28 January 2015
Title of report:	Annual governance statement action plan update
Report by:	Chief financial officer

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

Countywide

Purpose

To note progress made in delivering the annual governance statement action plan.

Recommendation(s)

THAT:

- (a) the progress update at appendix 1 be noted.**

Alternative options

- 1 The progress update is for information; the committee may identify issues to be included in the future work programme.

Reasons for recommendations

- 2 To enable the committee to be assured that the agreed action plan is being implemented.

Key considerations

- 3 The council has a responsibility for conducting at least annually a review of the

Further information on the subject of this report is available from
Annie Brookes Governance Manager on Tel (01432) 260605

effectiveness of the governance framework including the system of internal control. This is reported through the annual governance statement which also provides commentary on how the council's governance framework including the system of internal control can be improved. The committee approved the statement at its meeting on 29 September 2014; appendix 1 provides an update on progress in implementing the agreed action plan which is monitored through the corporate performance processes; it is too soon to assess whether the actions have achieved the intended outcome.

Community impact

- 4 The council has agreed a set of corporate values which includes a commitment to being open transparent and accountable; the agreed action plan seeks to deliver improvements which support achievement of this commitment.

Equality duty

- 5 The content of the report has no impact on equality and diversity.

Financial implications

- 6 This report is for information purposes; none identified.

Legal implications

- 7 This report is for information purposes; none identified.

Risk management

- 8 This report is for information purposes; none identified.

Consultees

- 9 None.

Appendices

Appendix 1 - updated annual governance statement action plan.

Background papers

- None identified.

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
Principle 1: Provide the best possible service to the people of Herefordshire					
1.	<p>Safeguarding</p> <p>In early 2014/15 Ofsted undertook a follow up inspection of children's safeguarding and re-graded the service from 'inadequate' to 'requires improvement' but given the improvements required the current intervention arrangements remain in place.</p> <p>Health & Social Care Overview & Scrutiny Committee undertook a review of scrutiny arrangements for children's safeguarding and identified a number of improvement areas.</p> <p>The impacts of reductions in council finances combined with growing demand in both adults and children's services</p>	a) Development of protocol governing arrangements between HSCB and Children's Improvement Board	JD	As set out in OFSTED action plan	Protocol established and approved by the HSCB and the Improvement Boards at their respective meetings on 22 nd October. This action is therefore fully discharged.
		b) External peer diagnostic of HSCB and development plan	JD		The peer diagnostic took place between 15-17 th November 2014; the outcome has been considered by the HSCB and is being monitored through the monthly performance process.
		c) Clear forward plan for Boards and Scrutiny to assure sufficient oversight of safeguarding matters	JD	November 2014	The Boards and Scrutiny have clear forward plans for the remainder of the financial year, except in the case of the Improvement Board which it is hoped will be able to handover to the HSCB during 2015, subject to lifting of DfE intervention notice.
		d) Agreement through Group Leaders and constitution changes to secure mandatory training elements for	BN	March 2015	Agreement in principle reached with group leaders; the Independent Remuneration Panel (IRP) report to Council on future

[Appendix 1] Annual Governance Statement Action Plan 2014/15

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	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
	<p>need to be better understood to enable effective planning and demand management.</p> <p>Adults Safeguarding Board has not produced an annual report for 2013/14 or a business plan for the current year.</p> <p>The speed within which adult safeguarding investigations are completed has been identified as needing improvement.</p> <p>The evolving health and social care governance structures require clarity regarding accountability for ensuring safeguarding improvements for both adults and children are achieved.</p>	<p>members of the new Council</p>			<p>member allowances will include a recommendation that allowances will be withheld pending completion of mandatory training. Convening the IRP has been delayed pending recruitment of additional members.</p>
		<p>e) Monitoring the effectiveness of services with a focus on retaining a strong front line. Focus service investment where it can be most effective whilst meeting statutory obligations.</p>	<p>JD/HC</p>	<p>March 2015 & ongoing</p>	<p>Children’s Wellbeing: the OFSTED inspection of safeguarding services in May 2014, judged that the council and its partners had made sufficient improvement to be no longer deemed inadequate. The performance monitoring shows that progress is continuing to be made in strengthening the front line services and a further review by the Department for Education took place in December 2014; the outcome will be received during January.</p>
		<p>f) Ensure that robust Information sharing protocols are in place to support the partnership arrangements (IG toolkit)</p>	<p>CT</p>	<p>March 2015</p>	<p>Agreements have been sent to our key partner strategic Partners in Health and the Police, and signed</p>

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					<p>off by management board.</p> <p>Local agreements being drawn up with partners. CWB partners and information flows identified and local agreements in place;</p> <p>AWB a work in progress for identifying partners an audit plan is in place and on target for March 2015. Local information sharing protocols are being drawn up and will be in place by March 2015</p>
		<p>g) Adults Safeguarding Governance and Operational Arrangements require reviewing and an action plan put in place for improvement and compliance with the Care Act</p>	<p>HC</p>	<p>December 2014</p>	<p>Review completed and the Council has signed up to implementing Making Safeguarding Personal (MSP) a national programme. An improvement action plan is in place with a new process implemented from December 2014 and ensure compliance with Care Act 2014</p>
		<p>h) Adult Safeguarding Performance monitoring mechanisms put in place and a safeguarding adults peer challenge will be commissioned in 2015</p>	<p>HC</p>	<p>March 2015</p>	<p>Safeguarding Adults Board and Steering Group now receive regular performance report</p> <p>Safeguarding Performance is now</p>

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					reported as part of council wide Quarterly Performance Meeting .
2.	Public health/integration – the quality of data existing in relation to contracts/services novated under the recent national health reforms has been inconsistent and in some cases absent. Insufficient focus has been given to ensuring staff transferring to the local authority have a full understanding of local government governance requirements and processes.	<p>a) Due Diligence is carried out on all novated contracts and where appropriate contracts are transferred onto local authority terms and conditions within 14/15</p> <p>b) Introduction to Local Authority Governance Workforce Development session undertaken by all Public Health Staff</p> <p>c) Ensure that processes are in place regarding Information governance and that the Local government IG toolkit is implemented</p>	<p>HC</p> <p>HC</p> <p>CT</p>	<p>March 2015</p> <p>March 2015</p> <p>March 2015</p>	<p>In progress, with all contracts reviewed and a planned approach to transferring them onto council terms and conditions</p> <p>Two sessions have been delivered to ensure coverage of all public health managers.</p> <p>We are now doing a joint Information governance Tool kit which focus across the board not just on public health. We have recruited a fixed term post to</p>

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	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					support this work to insure that processes are in place. Currently we are at 54% of the IG tool kit and we need to get to 66% to be satisfactory by March 2015 we have a work programme in place and are on track.
3.	Commissioning/contract management – whilst processes for commissioning are established there is evidence to suggest that they are not consistently followed eg high number of contract procedure rule exemption requests to extend existing contracts	a) Corporate Governance and compliance with the formal decision making process is reflected in the revised Contract Procedure Rules due to be implemented as part of the review of the constitution.	BN	March 2015	The review of the constitution has, with agreement of group leaders, been delayed pending consideration of the governance model to be adopted by Council post May 2015. A separate report on the contract procedure rules will be brought forward for AGC consideration in advance of that wider review.
	Contract management is not consistently focused on achievement of contracted outcomes e.g. ongoing high value contract dispute (see 10 below)	b) In addition, decision approval is a key step in the pre-procurement planning stage within the Commercial Procurement pipeline and so Category Managers check that stakeholders have secure this as part of major projects procurement.	RB	Training October 14	Commercial Services has carried out contract management training with a cross section of staff involved from across the organisation. Two days training course was hold using external training expertise

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					which covered these actions.
		c) These requirements also feature within the internal procurement awareness sessions due to start in Sept and therefore aim to increase awareness in the requirement.	RB		Category managers within commercial services are now in place to work across directorates to plan the pipe line of procurement which is successfully reducing the number of exemption requests through improved planning.
		d) Ensure Equality considerations are incorporated into commissioning process	CT		Equality considerations are incorporated into our decision making process through the Equality Impact assessment process for reports that go to Cabinet or councillor decision. They are also incorporated into our procurement and contract process. These have been reviewed and amended and are now consistently implemented into new contracts. .
Principle 2: Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness					
4.	There is an identified lack of clarity amongst members (and officers) re roles/and	a) Constitution (including Codes & Protocols) to be reviewed in conjunction with cross-party Constitution Working	BN	End March 2015	See 3a above.

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
	processes – as evidenced by budget debate at Council in February 2014.	Party.			
	HSCOSC has identified the need for greater member training and development re safeguarding and corporate parenting	b) Improved clarity to be one outcome of 2014/15 review of Constitution.	BN	End March 2015	See 3a above
		c) Induction Programme for May 2015 intake of Members to be developed in conjunction with Member Development Group	BN	End March 2015	Survey of all members undertaken in November/December. A very low response was given and follow up work is underway. In the meantime proposals for induction for all new and returning members will be considered by the Member Development & Training Group in early February.
		d) Review of Constitution to consider introduction of mandatory training (and sanctions for non-compliance)	BN	End March 2015	See 3a above
		e) Managers receive monthly reports re compliance with mandatory training requirements	BN	ongoing	Reports are produced on a monthly basis that the performance leads in each directorate disseminate to the respective managers. This report is at individual level so managers can identify those individuals who have not complied so appropriate

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					action can be taken.
		f) Ongoing programme of Governance awareness training with management teams.	BN	ongoing	All directorate management teams have received training and periodic refreshers/updates are scheduled.
		g) Ongoing programme of Equality awareness and training for decision makers and report writers to comply with Equality duties (PSED)	BN	ongoing	
		h) Increased use of modern.gov, including better version controlling of emerging reports.	BN	End December 2014	Progress on this element has been delayed by a lack of capacity; additional resources are being identified to support this work.
5.	Staff reductions of around 20% in 18 months have placed a new level of work pressure on staff and on particular departments. This has had an impact on staff morale alongside wider public sector confidence levels. The use of interim staff in key roles provides a further	a) Continue and further develop staff engagement with the council's programme of change. Ensure staff are clear about the direction of change.	AN	Ongoing	1.A December Leadership Group session focussed on these issues, using the staff feedback. 2.Introduction of the major new C-PiP (Continuous Performance Improvement Programme) across all staff groups, focussed on staff priority proposals for how we can improve is now bedding in, with excellent cross directorate staff

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
	challenge to workforce cohesion during a long period of continuing restructuring.				take-up (over 60 staff).
		b) Review staffing needs in any areas of significant pressure.	AN	February 2015	This is kept under regular review, and has featured as a significant consideration in 2015/16 budget developments. Reality is that we must reduce costs by very large amounts, and therefore must also consider alternative approaches – which has been taken forward eg in considering channel-shifting opportunities.
		c) Where appropriate re-balance staffing levels within the organisation.	AN		This is ongoing work, and has been a feature of budget development.
		d) Risks to be reviewed before any further contract extensions recommended for approval/further interim appointments made.	AN	ongoing	Risks are reviewed: the Jan Employment Panel report sets out the intention to replace senior interim appointments with permanent appointments.
		e) Annual pay policy statement review to address any issues arising re use of interim senior managers including transparency requirements and taxation guidance.	BN	January 2015	Employment Panel on 14 January agreed to commence the recruitment to a number of senior management posts currently covered by interim arrangements.

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	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
Principle 3: Require high standards of conduct.					
6.	Fraud – A lack of focus across the authority and input by Internal Audit aside from Housing Benefits	a) The new Internal Audit provider, the South West Audit Practice has been given responsibility for a number of fraud initiatives in the Internal Audit Plan, 135 days in total approved by the Audit and Governance Committee that will improve focus and process around fraud detection and prevention	PR	Ongoing to commence May 2014, reviewed by CFO and Audit and Governance Committee	Fraud/governance audits have been completed for Members and staff expenses. The annual fraud and corruption survey for the council has been completed and the whistleblowing, Fraud and corruption Policy updated.
7.	Data protection/information security – as evidenced by number of breaches, including those arising through interim staff.	a) Non-compliance with staff on-line mandatory information/data security training to be pursued with relevant managers.	CT	31 December 14 March 2015 for those with no access to CPD on-line	There has been an on-going drive to get all staff to complete mandatory training, a final deadline of the 31 st December 2014 has been communicated to all staff that have access to CPD on-line. A final report is awaited from CPD on-line to check who has not completed. Those that have not completed will face disciplinary proceedings. These will commence in January / February There are a number of cases

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	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					<p>where exceptions have been requested. This is due to a number of issues including access issues to CPD on-line. For all of these cases alternative methods of ensuring compliance with mandatory training will be put into place. It is expected that these alternative solutions will be completed by March 15</p> <p>There is also an issue with agency staff an alternative method of ensuring compliance is being investigated. Completion expected Dec 2014</p>
		<p>b) Non-disclosure / confidentiality agreements to be signed by all staff / interims/ agency prior to be granted access to systems.</p>	CT	November 2014	<p>There have been a number of operational issues in getting this completed. An on-line solution went live in September of which there were 463 responses. There have been issue with recruitment not sending the agreement to new starters and agency staff. Currently there is further work required to identify those that have not signed</p>

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					up. Completion date for all staff now expected March 2014
Principle 4: Take sound decisions on the basis of good information					
8.	Lack of robustness of challenge re business cases/benefits – consistency of business cases; follow up re benefits realisation; need for horizon scanning at point of decision to assess what may impact on achievement of benefits e.g. as identified in recent external audit report following a public interest disclosure act disclosure.	a) Reorganisation of finance function to enable greater focus on change and business case development and strategic/corporate oversight	PR	April 2014	Reorganisation and implementation of financial self- service has meant the finance team have been more pro-active, particularly in supporting change.
		b) Standard business case template to be developed and implemented	PR	December 2014	In progress, draft produced and being piloted on target for completion by 31st January 2015
9.	Budget - Adult Wellbeing overspent by £3m in 2013/14 due to over optimistic assumptions on the rate of change, inadequate data and strategic planning, a lack of challenge and lack of contingency	a) The budget approved by council in February 2014 was subject to a zero based approach before applying savings plans. The budget was prepared with Directors and challenged by the finance team. A corporate contingency was established and reserves added to ensure any unforeseen items arising could be managed. Monitoring at June 2014	PR	Budget and Medium Term Financial Plan approved February 2015	Budget monitoring for 2014/15 demonstrates that the council is predicted to spend within its overall budget. This gives confidence that the budget was reasonable based on available information. Budgets for 2015/16 being updated using the same approach used in 2014/15 with additional challenge

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
		predicts an overall balanced budget with minor variations in Directorate budgets and unforeseen items managed through corporate contingency arrangements approved by Cabinet			on savings plans.
10.	Progress has been slow in achieving closer integration with health in order to reduce waste and duplication, achieve better demand management and deliver service improvements.	a) Establish formal governance mechanisms to drive integration and transformation	AN	March 2015 & ongoing	System Wide Transformation Board and governance structure put in place and reporting to the HWBB. Joint Commissioning Board between the CCG and Council put in place to oversee all joint commissioning arrangements and the implementation of the Better Care Fund
		b) Establish projects and programmes to re-shape service delivery.	HC/JD		Transformation Board and Better Care Fund has identified series of key projects to oversee implementation this includes children's, adults and communities. For children's the position is: Agreed programmes of change are taking place in relation to child and

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
					<p>adolescent mental health and disabilities. The council has commissioned a new integrated model the Herefordshire Intensive Placement Support service which, when it becomes fully operational in January 2015, will begin to change the models of delivery for some of the most vulnerable children in the County.</p> <p>The CCG is leading on mental health needs assessment work to identify further programmes of change.</p> <p>The council has acted as lead commissioner for changes in short breaks services for families of children with disabilities and is currently working with the CCG to further develop the model to move away from residential and institutional forms of support.</p>
11.	Decisions supported by more informed options appraisals including assessment of	a) High value cases regularly reviewed by senior legal services officers; evolving risks evaluated and relevant colleagues	BN	Ongoing	Completed. Deputy Solicitors to the Council now involved routinely in leading legal input and advice on

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
	risks/opportunities – the number of legal challenges indicates a need for greater consistency/robustness in this area. Internal risk management processes are not sufficiently clear.	and Members kept informed.			high value cases.
		b) Legal services restructured to address capacity/skills gaps; recruitment to populate new structure.	BN	90% completed July 2014	Completed. New structure in place that reduces historic spend and ongoing costs on external legal fees by ensuring sufficient skills and capacity are available in the in-house legal team. Two posts remain vacant following difficulties experienced in recruiting lawyers of the right calibre.
		c) Decision reports and options appraisals to follow the principles of good decision making.	BN	Ongoing	Draft reports undergo an internal review (by finance, legal, procurement, equality, governance, communications and risk leads) prior to submission to the decision-maker which includes quality assurance against the principles of good decision-making.
		d) Internal audit review of risk management scheduled for 2014/15 will inform future improvement actions	RB		Internal audit review completed and action plan in response to issues identified is being developed for consideration by management board later in January.

[Appendix 1] Annual Governance Statement Action Plan 2014/15

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update
Principle 5: Be transparent and open; responsive to Herefordshire’s needs and accountable to its people					
12.	Arm’s length/partnership governance – General Overview & Scrutiny has highlighted the need to ensure future arrangements have strong and clear links back to council governance processes.	a) Include as part of the review of the Council’s Constitution (see point 4 above)	BN	End March 2015	See 3 a above
		b) Ensure LEP, West Mercia Energy and Hoople governance is appropriately reflected in the Constitution	BN		See 3a above. Also note that the Marches LEP joint executive committee will at its next meeting be considering a draft accountability framework for submission to government for approval.
		c) Review of functioning of HWBB and further development of ToR	JD	End December 2014	First stage of research completed and discussions underway with the different members of the Health and Wellbeing Board to develop the approach
		d) Approval of the system wide transformation programme through the governance system to ensure clarity of role of Boards	HC		Completed

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Owner:

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RB = Richard Ball, Assistant Director Place Based Commissioning

HC = Helen Coombes, Director Adults and Wellbeing

JD = Jo Davidson, Director Children's Wellbeing

AN = Alistair Neill, Chief Executive

BN = Bill Norman, Assistant Director Governance

PR = Peter Robinson, Chief Financial Officer

CT = Carol Trachonitis, Equality Information and Records Manager



Meeting:	Audit and Governance Committee
Meeting date:	28 January 2015
Title of report:	Annual report of the monitoring officer
Report by:	Assistant director governance

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

Countywide

Purpose

To inform the committee of performance in the areas within the remit of the monitoring officer for the municipal year 2013/14.

Recommendation(s)

THAT:

- (a) **the annual report of the monitoring officer be noted.**

Alternative options

- 1 There are no alternative options as the report provides a factual summary of performance.

Reasons for recommendations

- 2 To enable the committee to be assured that high standards of conduct continue to be promoted and maintained and the council is adhering to the principles of openness and transparency.

Key considerations

- 3 The role of the monitoring officer is a statutory office whose duties are set out in the Local Government and Housing Act 1989 and the Local Government Act 2000.
- 4 The main responsibilities of the monitoring officer are to ensure that the council, its elected councillors and its staff act with probity and that all the council's activities are in accordance with the law and the council's constitution. The monitoring officer has responsibility for ensuring that the council avoids findings of maladministration and that it responds appropriately to the local government ombudsman in that regard.
- 5 The monitoring officer is also responsible for dealing with allegations that councillors have failed to comply with the members' code of conduct, and for administering the local standards framework. The monitoring officer's responsibilities dovetail with those of the other statutory officers: the head of paid service (chief executive) and the section 151 officer (chief financial officer).

Standards

- 6 In accordance with the provisions of the Localism Act 2011 the council has adopted a code of conduct, and this has been made available to all parish councils in the county to inform the adoption of their own code. Council has appointed a number of independent people to serve on a panel to consider complaints that have been investigated or cannot be resolved informally, and the monitoring officer is grateful for the time and commitment these independent panel members give.
- 7 The council maintains a register of interests for members of Herefordshire Council and parish councillors; these declarations are published on the council's website. An annual reminder is sent to members and parish councillors to ensure that declarations are kept up to date. The monitoring officer provides periodic briefing sessions for Herefordshire councillors and parish councillors on the code of conduct.
- 8 Between May 2013 and April 2014 a total of 36 complaints alleging a breach of the code of conduct were received. The table below shows the outcome of those complaints.

Complaints received		No breach identified	Resolved informally	Formal panel recommendation
Herefordshire councillor	16	6	5	5
Town and parish councillor	20	8	10	2
Total	36	14	15	7

- 9 Members are required to register offers of gifts and hospitality with an estimated value in excess of £25.00.
- 10 The council's information access team, established in October 2013 following an internal restructure manages:

Further information on the subject of this report is available from
Bill Norman, Assistant director, governance on Tel (01432) 260200

- All formal complaints (note that with effect from 1 June 2014 the statutory children's social care complaints process is administered and managed by the quality assurance team in the children's wellbeing directorate)
- Freedom of information requests
- Subject access requests
- Environmental regulation requests
- Data breaches
- Police requests including proof of life requests
- Requests from other authorities to share information

11 Complaints performance and trends are regularly monitored and reviewed by the council's management board. The table below provides a high level summary of the number of issues the team dealt with during the year. During the same period 63 enquires were reviewed by the Local Government Ombudsman; of these only two were up-held.

	Complaint	FOI	EIR	SAR	Data breach	Police request	LA request
Totals	880	1280	153	56	74	34	8

12 In addition the monitoring officer is responsible for ensuring that concerns raised by 'whistleblowers' are investigated in accordance with the council's policy. During 2013/14 one concern was raised and investigated.

Corporate Governance

13 In line with the council's agreed values, one of the key elements of good corporate governance is open and transparent decision making. It is therefore appropriate to note any occasions when closed sessions of public meetings have taken place, when less than 28 days' notice of intention to take a key executive decision has been given, and the number of scrutiny call-ins conducted.

14 The public can be excluded from the whole or part of a meeting if the meeting is to discuss confidential or exempt information (as defined in schedule 12a of the Local Government Act 1972 as amended). During 2013/14 there were no occasions when this took place.

15 Key decisions to be taken by the executive are notified on the council's website generally giving the required 28 days' notice. It is not always possible to provide this amount of notice and during 2013/14 there were nine occasions when a key decision was taken with more than five days but less than 28 days' notice being given; in all cases the chairman of the relevant overview and scrutiny committee was informed of this and of the reason in each case. There were no cases of 'special urgency' where key decisions were taken with less than five days' notice.

16 General overview and scrutiny committee called-in one decision of the executive during 2013/14, that being proposed changes to the Herefordshire schools and post 16 transport policy.

17 The monitoring officer is responsible for ensuring that any investigation using discreet surveillance or similar evidence gathering techniques is appropriately authorised in accordance with the provisions of the Regulation of Investigatory Powers Act 2000.

Further information on the subject of this report is available from
Bill Norman, Assistant director, governance on Tel (01432) 260200

During 2013/14 no such authorisations were requested.

Community impact

- 18 This report provides information about the council's performance in relation to being open, transparent and accountable.

Equality duty

- 19 There are no equality duty implications arising directly from this report, which is for information.

Financial implications

- 20 There are no financial implications arising directly from this report, which is for information.

Legal implications

- 21 As set out in the report.

Risk management

- 22 There are no risks arising directly from the report which is for information. Effective governance processes mitigate the risk of legal change to decision-making and maintaining high standards of conduct mitigates risks to the reputation of the authority.

Consultees

- 23 Not applicable.

Appendices

- None.

Background papers

- None identified.