

Agenda

Audit and governance committee

Date: **Tuesday 19 November 2019**

Time: **10.00 am**

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

Notes: Please note the time, date and venue of the meeting.

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Agenda for the meeting of the Audit and governance committee

Membership

Chairperson **Councillor Nigel Shaw**
Vice-Chairperson **Councillor Christy Bolderson**

Councillor Dave Boulter
Councillor Peter Jinman
Councillor Bob Matthews
Councillor Diana Toynbee
Councillor Yolande Watson

Agenda

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| THE PUBLIC RIGHTS TO INFORMATION AND ATTENDANCE AT MEETINGS | | |
| 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 declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda. | |
| 4. | QUESTIONS FROM MEMBERS OF THE PUBLIC To receive questions from members of the public. <i>Deadline for receipt of questions is 5.00 pm on 13 November 2019 (3 clear working days from date of meeting).</i> <i>Accepted questions and answers will be published as a supplement prior to the meeting.</i> | |
| 5. | QUESTIONS FROM COUNCILLORS To receive any questions from councillors. <i>Deadline for receipt of questions is 5.00 pm on 13 November 2019 (3 clear working days from date of meeting).</i> <i>Accepted questions and answers will be published as a supplement prior to the meeting.</i> | |
| 6. | MINUTES To approve and sign the minutes of the meeting held on 24 September 2019. | 9 - 18 |
| 7. | ANNUAL EXTERNAL AUDIT LETTER For the committee to receive the external auditor's annual audit letter for 2018/19 and determine whether further action or inclusion in the committee's work programme is appropriate. | 19 - 34 |
| 8. | REVIEW OF GOVERNANCE MODELS To agree arrangements and a timetable for undertaking a review of governance models in compliance with a resolution passed by Council on 11 October 2019. | 35 - 70 |
| 9. | NMITE PROGRESS REPORT To enable the committee to provide assurance on the adequacy with regards to the risk framework on the measures the council is taking as the accountable body for the new model in technology & engineering (NMiTE) and the milestone payments from the Department for Education (DfE). | 71 - 74 |

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| 10. ANNUAL REVIEW OF THE COUNCIL'S INFORMATION ACCESS AND INFORMATION GOVERNANCE REQUIREMENTS | 75 - 84 |
| To inform the committee of performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2018/19. | |
| 11. CORPORATE RISK REGISTER | 85 - 134 |
| To consider the status of the council's corporate risk register in order to monitor the effectiveness of risk management within the Performance, Risk and Opportunity Management framework. | |
| 12. TRACKING OF AUDIT RECOMMENDATIONS | 135 - 146 |
| To review the progress of audit recommendations implementation. | |
| 13. UPDATES TO ANTI-FRAUD, BRIBERY, CORRUPTION AND ANTI-MONEY LAUNDERING POLICIES | 147 - 178 |
| To present to the audit and governance committee the updated anti-fraud, bribery and corruption policy for approval. | |
| 14. PROPOSED DATES FOR 2020/21 | |
| The proposed dates for 2020/21 are: | |
| 30 July 2020 (Thursday) | |
| 22 September | |
| 17 November | |
| 26 January 2021 | |
| 16 March | |
| 4 May | |
| Meetings to start at 10.30 am. | |
| With the exception of 30 July 2020, meetings are on a Tuesday. | |
| 15. WORK PROGRAMME UPDATE | 179 - 184 |
| To provide an update on the Committee's work programme for 2019/20. | |

The public's rights to information and attendance at meetings

You have a right to: -

- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- 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.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the council, cabinet, committees and sub-committees.
- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title.
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To ensure that recording quality is maintained, could members and any attending members of the public speak as clearly as possible and keep background noise to a minimum while recording is in operation.

Please also note that other attendees are permitted to film, photograph and record our public meetings provided that it does not disrupt the business of the meeting.

If you do not wish to be filmed or photographed, please identify yourself so that anyone who intends to record the meeting can be made aware.

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Please do not allow any items of clothing, etc. to obstruct any of the exits.

Do not delay your vacation of the building by stopping or returning to collect coats or other personal belongings.

The chairman or an attendee at the meeting must take the signing in sheet so it can be checked when everyone is at the assembly point.

Guide to Audit and Governance Committee

The Audit and Governance Committee is a non executive committee of the council. The committee consists of 7 non executive councillors and may include an independent person who is not a councillor.

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| Councillor Nigel Shaw (Chairman) | Conservative |
| Councillor Christy Bolderson (Vice Chairman) | Conservative |
| Councillor Dave Boulter | It's Our County |
| Councillor Peter Jinman | Herefordshire Independents |
| Councillor Bob Matthews | True Independents |
| Councillor Diana Toynbee | Green |
| Councillor Yolande Watson | Herefordshire Independents |

The purpose of the audit and governance committee is to provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes. The committee do this by:

- (a) ensuring the effective and fully compliant governance of the council and in particular to ensure that all aspects of the financial affairs of the council are properly and efficiently conducted;
- (b) reviewing and approve the council's annual governance statement, annual statements of account, the contract procedure rules and financial procedure rules;
- (c) scrutinise the effectiveness of, and management compliance with, the systems identified in the annual governance statement framework;
- (d) monitor the progress made by management in implementing improvements to elements of that framework identified by external or internal audit review; and.
- (e) reviewing the constitution and recommending any necessary amendments to Council as appropriate.
- (f) reviewing the corporate risk register

Who attends audit and governance committee meetings?

Coloured nameplates are used which indicate their role at the committee:

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| Pale pink | Members of the committee, including the chairman and vice chairman. |
| Orange | Officers of the council – attend to present reports and give technical advice to the committee |
| Green | External advisors - attend to present reports and give technical advice to the committee |
| White | Other councillors may also attend as observers but are only entitled to speak at the discretion of the chairman. |

Minutes of the meeting of Audit and governance committee held at Council Chamber, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Tuesday 24 September 2019 at 10.00 am

Present: Councillor Nigel Shaw (chairperson)
Councillor Christy Bolderson (vice-chairperson)

Councillors: Dave Boulter, Bob Matthews, Diana Toynbee and Yolande Watson

Officers: Andrew Lovegrove, Steve Burgess, Alistair Neill, Natalia Silver and Claire Ward

382. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Peter Jinman.

383. NAMED SUBSTITUTES (IF ANY)

Cllr John Hardwick attended the meeting as a substitute member for Cllr Peter Jinman.

384. DECLARATIONS OF INTEREST

There were no declarations of interests.

385. MINUTES

RESOLVED:

That the minutes of the meeting held on 30 July 2019 be confirmed as a correct record and signed by the chairman.

386. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 7 - 10)

Questions received and responses given are attached as appendix 1 to the minutes.

387. QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

388. ANNUAL REPORT ON CODE OF CONDUCT

The monitoring officer presented the report and welcomed two independent persons who were in attendance, Jake Bharier and Gerry Hodson, to answer any queries which the committee may have.

During the discussion on the report, the following points were made:

- The overall number of complaints had reduced in the year
- Code of conduct training had been well received and there were future training sessions in place.

- The standards panel had given assurances of the process in place.
- There had been no appeals received in the period covered by the report.
- The Committee on Standards Life had produced best practice recommendations and Herefordshire had already implemented most of these.
- There were further recommendations to amend the arrangements for dealing with code of conduct complaints attached to the report.
- Herefordshire was no different to any other council as the issues were the same.
- The mechanism for supporting members subject to complaints would be discussed with the independent persons.
- The monitoring officer had a delegation from council in respect of certain types of dispensation. The main reason why dispensations were granted was when ward members lived in the ward they represented and needed to represent their ward residents' views.
- Any challenges to a dispensation granted by the monitoring officer would be heard by the audit and governance committee.
- The government had not yet responded to the recommendations outlined in the committee for standards in public lives report.

RESOLVED

That

- (a) **the recommendations from the standards panel advising this committee, following their annual sampling exercise, are approved; and**
- (b) **the committee endorse the recommended changes to the standards complaints process proposed by the monitoring officer in consideration of the review by the committee on standards in public life, set out in appendices 1 and 2.**

389. PROGRESS REPORT ON 2019/20 INTERNAL AUDIT PLAN

The head of internal audit presented the report and highlighted the following:

- Six audits had been completed since the last update.
- Two audits were at draft stage
- Six audits were in progress.
- One audit had been deferred to a later date at the request of the client.
- A special investigation in quarter 1 had been completed.
- There were no high corporate risks identified in the audits.

Three audits had priority 2 findings and details of these, together with timescales, were contained on pages 65 to 77 of the agenda pack.

Contract management audit

The contract management audit was partial and had three priority 2 findings. Three contracts had been audited. Two were well managed but there had been findings in respect of the mainstream passenger transport contract.

Following a query from a member of the committee, it was confirmed 2 officers asked do not use the contracts management tool kit and use localised arrangements to contract manage. The assistant director confirmed that the contract procedure rules form part of the constitution that all directorates follow and the toolkit was available to officers to use but needed updating. The resourcing of the commercial team was being looked at and the target date for updating the toolkit and other actions was 30 April 2020.

The head of transport and access services confirmed that a compliance officer had been recruited and this has provided dedicated resource for developing contract management processes, monitoring and documentation. The monitoring programme has been developed to monitor over 40 transport providers delivering over 200 passenger transport contracts.

It was noted that onsite contract compliance checks would take place without advance notice and that the programme will be target where there are concerns relating to specific providers following an intelligence led approach.

South Wye Transport Package (SWTP) Phase 1 – Governance

The internal audit in respect of the SWTP had looked at the procurement of the Southern Link Road (SLR) which had four priority 2 findings. The findings had been in connection with the procurement process and the recording and documentation of the actions of officers during the process.

A member of the committee noted that in the audit plan for 2018/19 there was an audit in connection with the effectiveness of major projects which had been reasonable and there had been no priority 2 recommendations and sought clarification of the interlinkage of the two audits given the findings in the SLR phase 1 audit. The head of internal audit confirmed that there were interlinkages and that the audit into the effectiveness of major projects had had a wider scope and the SLR phase 1 audit had looked at one particular area. There had been priority 3 recommendations in the effectiveness of major projects which were not reported to the committee.

A member of the committee noted that in the Blue School House follow up report, recommendation 7 had been marked as in progress and recommendation 8 had been marked as complete. The head of internal audit reported that the follow up audit of Blue School House would have looked at a number of different contracts to see if they were complying and those samples were compliant.

A member of the committee stated that weakness in the major project processes had been reported since 2015. It was noted that internal audit had made recommendation in connection with major projects which had been accepted by management. It was management's responsibility to undertake the recommendations by the agreed timescales. Internal audit will highlight where controls are not in place and report back to the committee as it was responsible for oversight.

A member of the committee drew parallels in connection with the lack of minutes and decision recording with those found in the Ofsted inspection into children's safeguarding. The chief executive commented that this was a valid point. He indicated that some areas relax the administrative processes when there were timing pressures, e.g. contract complexity. Reminders about the need to record were powerful and important. It was also stated that as a consequence of the audit, a meeting of the senior management team was being arranged to ensure that the messages were enforced. It was acknowledged that there were weaknesses in some areas. He believed that the committee could be reassured that the introduction of the Verto project management software system in effect prevented individuals in the procurement process from having the ability to overlook some of the decision making processes.

It was noted that the public interest would be why the significant investment in project management processes and documentation had not really prevented these issues occurring. The chief executive stated that he was keen to have a system in place which was good for project management but was also a tool for communication with councillors as to the progress and process of the decision making required. When this

system was introduced, it had been noted that there would be a need to culture change and there had been a significant amount of training provided to staff. It was noted that if individual officers do not record something, no system is going to identify that something has not happened except the officers and those involved in the discussions. Officers needed to understand that the recording of information is very important for transparency.

The chief executive reported that he was in the progress of organising a follow up to the corporate peer review which was the most substantial the Local Government Association (LGA) offered and this area could be considered. It was noted that the committee do have concerns about project management and how it is managed and further internal audit work and a peer review could be sought to look at these areas to try and resolve issues.

With regard to the alternative procurement assessment, it was confirmed that officers undertaken this and the chief finance officer confirmed that the ones he had seen were compliant with the contract procedure rules. Consideration may be needed to including this in the internal audit plan.

RESOLVED

That

- (a) That the possibility of more internal audit work centring around the contract procedure rules be considered; and**
- (b) A peer review is undertaken to see what best practice looks like in other authorities.**

390. EXTERNAL AUDITORS REPORT

Grant Thornton presented the report.

It was noted that an unqualified value for money audit opinion had now been issued following further work performed on significant risks. Details of this work was detailed on pages 110 to 112 of the agenda pack.

It was noted that the second significant risk had been in relation to the South Link Road procurement project relating to the procurement of a contractor. The contract in respect of this procurement had not been awarded. Grant Thornton were recommending that there was a review of the governance processes for capital projects.

Grant Thornton explained that for the value for money opinion, they looked at all the circumstances that could have arisen had the procurement process had concluded. As the contract had not been let, there was no loss to the council. This was the reason why the value for money was unqualified.

Following a query from a member of the committee, the chief executive explained outcomes of the peer review are available to councillors and members of the public. The chief executive agreed to prepare a summary of how peer reviews work and how council engages them.

Following a query from a member of the committee, it was explained that Hoople was a contractor to the council and the services it carries out on the council's behalf. The work

is carries out on behalf of the council is audited as part of the internal audit plan and the committee can seek assurance from the internal audits.

Hoople is majority owned by the council. The organisation has its own board and a council office sites on the board. A concern was raised that the committee are less able to give an assurance on the financial probity or risks within Hoople as it did not review the accounts. It was noted that this was a challenge, but group accounts are now included within the statement of accounts. This sets out more clearly the relationship with Hoople and how that relationship works. It was noted that when the annual governance statement was presented to the committee for review, they could consider whether that provided any assurance with regard to Hoople. It was noted that Hoople was a Teckal company which can benefit from other work which are commissioned by the council without going through a tendering process. This enables Hoople to provide services to other companies which Hoople does do.

It was noted that an update on tracking of external audit recommendations would be presented to the meeting of the committee to be held on 19 November 2019.

Grant Thornton confirmed that they were still not in a position to issue a completion certificate for the 2016/17 accounts. Progress was being made on the confidential outstanding matters.

RESOLVED

That the report be noted.

391. 2018/19 ADDITIONAL EXTERNAL AUDIT FEE

The chief finance officer presented the report.

It was noted that the external audit fees were nationally set fixed rates.

RESOLVED

That the additional external audit fee be noted.

392. NMITE PROGRESS REPORT

The chief finance officer presented the report.

The following points were raised as part of the discussion of the item:

- The Department for Education (DfE) had confirmed that they had received the internal audit report from SWAP and that they were satisfied with the contents.
- The DfE had confirmed that the council had discharged its duties in respect of acting as an accountable body.
- The email from the DfE indicating that they were satisfied that all the arrangements were in place and that they will not be recalling any of funding would be all the confirmation received by the council.

The committee agreed that this item would be listed as an agenda item in November as there was continuing public interest and a reputational risk for the council.

RESOLVED

That

- (a) The report be noted; and
- (b) A further report be brought back to the meeting of the committee to be held on 19 November 2019.

393. ENERGY FROM WASTE (EFW) LOAN UPDATE

The chief finance officer presented the reported and noted that the committee's function was to comment on the assurance provided in connection with the loan agreement. The operation of the waste contract would be considered that other parts of the council.

The council had lent money to the enterprise and the report outlines the detail of the loan. The current status of the loan was satisfactory and this was a good outcome. If there were any issues with the loan, it would be reported to the committee as quickly as possible.

The loan arrangement ended in 2023 and there would options available to the council for any future arrangements which included a third party buys out the loan, an extension with the current provider or brought in house.

It was noted that appendix 3 (ratio calculation) did not provide an indication of that it meant. It was requested that an explanation be built into next year's report or that it is removed.

With regard to the Fitchner report (appendix 4) it was noted that there were defects had not been resolved and the chief finance officer stated that it would be looked into and an update would be circulated to committee members.

It was noted that in the accounts it had been indicated that there was interest from the loan of £600k which had not been accrued. It was confirmed that payments had been received in line with the loan agreement but had not been accounted for in the accounts.

It was noted that the risks A and F were the same risks as the previous year and the chief finance officer confirmed that he would check the risks between A and F and update the committee. It was further confirmed that the risk register was jointly produced and monitored with Worcestershire County Council.

It was noted that when any financing arrangement came back to committee, they would require professional advice. The chief finance officer confirmed that professional advisers would be engaged to advise the council and the committee.

RESOLVED

That the report be noted.

394. WORK PROGRAMME UPDATE

The committee's updated work programme was presented. It was noted that a report on NmiTE would be added to the agenda for the November meeting.

RESOLVED

That subject to the amendment above, the updated work programme be agreed.

The meeting ended at 12:05 pm

Chairperson

**PUBLIC QUESTIONS AND ANSWERS TO
AUDIT AND GOVERNANCE COMMITTEE
24 SEPTEMBER 2019**

Question 1

Dr N Geeson, Hereford

For the July meeting of Audit and Governance I asked a Question on the risk that local taxpayers may have to refund money paid by the Department for Education to NMiTE, for which the Council acts as guarantor. The Response assured me “there is no risk”. However, in para 19 of the latest NMiTE Progress Report we read: “Ultimately the DfE could require the council to repay the grant funding that it has received and which has been paid to NMiTE ... The Department for Education is satisfied therefore the risk is currently nil.” Writing that “the risk is currently nil” is clearly not the same as saying “there is no risk” ever. As the two statements contradict one another, please can you confirm which one is correct?

Response

The Council’s role as accountable body is to ensure that funds provided by the Department of Education are spent in accordance with the Department of Education’s instructions. Since the meeting in July officers have received confirmation from the Department of Education that they are content that the monies have been spent in accordance with their wishes and they are not seeking to recover funds. This is confirmation that there is no risk of the council having to repay funds to the Department of Education.

Supplementary Question

Will NMiTE be receiving further funding from the Department for Education for which Herefordshire Council will continue to act as guarantor and incur potential risk?

Response

Yes, the Department for Education are intending to make a further advance of approximately £5m to NMiTE probably in March next year subject to NMiTE meeting various milestones that the DfE will put in place. If that happens, then the arrangement is that this council will continue to be the accountable body for that further money.

Question 2

Mrs E Morawiecka, Breinton

The South Wye Transport Package (SWTP) work to date has incurred costs in excess of the EU public procurement rules for public tendering and the work does not fall ordinarily within the scope of the BBLP Public Realm Service contract 2013.

As defined by the BBLP Public Realm contract (page 8) this transport package appears to meet the criteria of a “Major Scheme” unless the “employer” (using his absolute discretion) decides otherwise.

Given the above, what is the mechanism that determines that the SWTP is a “Major Project” rather than a “Major Scheme”, and so exempt from any competitive, public tender process?”

Response

The SWTP has not been exempted from competitive public tender processes. The Southern Link Road scheme is the subject of an OJEU competitive tender which commenced in 2018 although no decision has been taken to award the contract whilst the scheme is being reviewed.

The SWTP project management and design functions provided by BBLP are services which are within scope of defined services of the Public Realm Service Delivery contract and these services were therefore commissioned using this contract. It should be noted that the public realm contract was awarded to BBLP following an OJEU competitive tendering process in 2012/2013.

Supplementary Question

I am surprised that the reason why no contractor has been appointed is claimed to be due to the scheme being currently reviewed when I understand that the pause and review cannot happen is because the call in has happened . From page 12 of the SWAP report it is apparent that the tender process started in May 2018 but the issue identified in July 2018 was not recorded in the project control group minutes until January 2019 – 6 months later. SWAP say on page 16 there is a risk that the council cannot demonstrate good governance around the decision to continue with the tender process for the Southern Link Road. Has a contractor been identified through the flawed tender process purely on the quality basis or will the tender process be re-run once good governance and the SWAP recommendations have been implemented after 29 November 2019 and in view of the issues identified are Balfour Beatty Living Places the best people to run this process?

Supplementary Answer

There will not be a decision on the procurement or any award of contract until the cabinet member has made a decision on whether there is going to a pause and review but the matters you have raised will be taken into account. The tender process has been on hold since the change of administration.

Question 3

R Palgrave, Hereford

Following a query from a member of the committee, it was confirmed that SWAP would be looking at the Southern Link Road capital programme as part of the review of the Blue School House recommendations which was due to be reported to the March 2019 committee meeting. This would check whether the recommendations from Blue School House were being implemented in other capital projects” When will this committee receive assurance that the Blue School House recommendations have been implemented on the transport capital projects, which to date have cost the local rate payers over £10million?

Response

The recommendations of the Blueschool House review are being followed in relation to all the major transport projects. Major transport projects are managed using the council’s project

management system Verto and overseen by a Major Infrastructure Delivery Board. The SWAP audit programme for 2019/2020 includes an audit of the SWTP scheme.

Question 4

Ms K Sharp, Hereford

After the 2017 report on the Blue School House spending fiasco the Chief Executive of Herefordshire Council apologised unreservedly and said he had accepted all the audit recommendations.

In the light of the latest internal audit report, on the poor governance on the South Wye Transport Project, will the Chief Executive be explaining to this committee and the Council why he has failed to ensure that all the recommendations he accepted 2 years ago, have not been implemented?

Response

Finding 3 of the SWAP audit report refers to one operational decision on the SWTP project taken in July 2018 and indicates that the audit team could not find a documented record of that operational decision. They recommend that guidance is provided to officers in relation to documenting / recording of future operational decisions and this recommendation has been accepted with a date of 29 November 2019 to action. It does not state that the recommendations of the Blue School house review have not been implemented. The council is committed to ensuring that improvements are made and appropriate learning is done, where they are needed in operational management, in this case in delivering capital projects.

Question 5

Ms J Richards, Hereford

Following a query from a member of the committee, it was confirmed that SWAP would be looking at the Southern Link Road capitol programme as part of the review of the Blue School House recommendations which was due to be reported to the March 2019 committee meeting. This would check weather the recommendations from Blue School House were being implemented in other capitol projects” When will this committee receive assurance that the Blue School House recommendations have been implemented on the transport capitol projects, which to date have cost the taxpayer over £10million

Response

I refer to the response already given to this question (see question 3 above).

Question 6

Mrs Wegg-Prosser, Breinton

Re the long-delayed latest audit of SWTP, the Internal Audit Plan Progress 2019/20 Report to today's meeting states (p.16 Finding 3):- 'There is a risk that the Council cannot demonstrate good governance around the decision to continue with the tender process for the SLR', yet the Report fails to provide an internal audit report on spend against budget for this SWTP Major Scheme. Without an internal audit report on spend against budget, how can this Committee be assured that the £4million spent on professional fees against the

budget of £750,000 is not an indication of overspends in other budget lines, rather than an isolated overspend?

Response

Finding 3 of the SWAP audit report refers to an operational decision taken in July 2018 and indicates that the audit team could not find a documented record of that operational decision. They recommend that guidance is provided to officers in relation to documenting / recording of future operational decisions and this recommendation has been accepted with a date of 29 November 2019 to action. The audit scope did not include a review of budget management.

Monitoring of budget, spend and forecasts are monitored as part of the project management of the programme as well as being reported to cabinet. The scheme is managed using the councils Verto system and the current forecast project cost remains within the £35m budget set in 2014 SOBC. In addition, each project decision taken and project decision report published contains a summary of scheme budget and cost forecasts.

The £4m figure referred to is not recognised. The Strategic Outline Business Case (SOBC) dated 2014 for the South Wye Transport Package (SWTP) scheme published on the council's website, sets out the estimated cost for the SWTP. I understand that the figure of £781k, to which you refer in your question, is not from the 2014 SOBC document. The figure you mention is contained within an Amey 2010 report and I am advised that it is not correct to suggest that this 2010 figure represents the current approved budget for SWTP fees.



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| Meeting: | Audit and governance committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | Annual external audit letter 2018/19 |
| Report by: | Chief finance officer |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

For the committee to receive the external auditor's annual audit letter for 2018/19 and determine whether further action or inclusion in the committee's work programme is appropriate.

The audit findings report on the statement of accounts was presented to the committee in July; formal receipt of the annual audit letter completes the annual external audit process.

Recommendation(s)

That:

- (a) having regard to the external auditor's annual audit letter 2018/19, attached at Appendix A, the committee determine any further actions to be recommended or items to be included in the work programme.**

Alternative options

1. None, the sharing of an annual audit letter from the external auditors forms part of a statutory external audit process, therefore no alternatives are appropriate.

Key considerations

2. The code of audit practice in local government requires external auditors to report to those charged with governance the conclusions they have drawn from their audit work and their opinion on the financial statements and value for money. The annual audit letter 2018/19, attached at appendix A provides this detail. It follows the audit findings report shared with the committee on 30 July. The committee is requested to consider whether any additional action relevant to the remit of the audit and governance committee is required.
3. The external auditors issued an unqualified opinion on the statement of accounts for 2018/19 and an unqualified conclusion was issued in respect of the value for money assessment for 2018/19. The external auditors are satisfied that the council has proper arrangements in place securing the economy, efficiency and effectiveness in its use of resources.
4. An agreed action plan for improvements going forward was presented to the committee at its meeting on 30 July; this raised two points – journals authorisation and including a review of the subsidiary's internal control systems in the annual governance statement.
5. In respect of journals authorisation there are restrictions in place on who can post journals and an automated alert has been set up for all journals over £250k to be reviewed and authorised on a monthly basis.
6. In respect of the annual governance statement the council has a process for providing assurance that partnerships governance arrangements are sufficiently robust through annual assessment against the framework for partnerships governance. This process is already used to inform the Annual Governance Statement regarding Hoople governance as reflected by specific recommendations in the statement regarding Hoople governance. However, discussions are underway between the s151 officer, monitoring officer and Hoople Chief Officer to ensure that this process is as comprehensive as necessary and appropriately reflected in future statements.
7. The external audit certificate of closure of this year's and previous years' audits has not been received due to outstanding matters from 2015/16. This does not affect the opinions received on the council accounts or the value for money conclusion and the committee has received separate reports on this matter.

Community impact

8. The council is responsible for ensuring that appropriate safeguards are in place to ensure that it operates effective governance arrangements and internal controls; the reports and opinions of external audit inform future improvement action.
9. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner.
10. External audit contributes to effective accountability.

Equality duty

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a factual summary, we do not believe that it will have an impact on our equality duty.

Resource implications

13. There are no specific resource implications arising from this report, the agreed actions will be completed within existing resources.

14. The cost of the external audit is provided in the appendix, page 10, and is in line with the anticipated costs previously reported to the committee.

Legal implications

15. The annual audit letter is shared as part of the statutory duty of the external audit function.

Risk management

16. Appendix A identifies significant audit risks, being the valuation of land and buildings, the valuation of the net pension liability and the management override of internal controls, and the response the external auditor took to review these risks. There is nothing to report. The authorisation of journals has been included in the agreed action plan and an automated alert has been set up for all journals over £250k to be reviewed and authorised on a monthly basis.

Consultees

17. None

Appendices

Appendix A External annual audit letter 2018/19

Background papers

None identified



The Annual Audit Letter for Herefordshire Council

Year ended 31 March 2019

21/10/2019



Contents



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Section

1. Executive Summary
2. Audit of the Financial Statements
3. Value for Money conclusion

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Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Herefordshire Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 30 July.

Our work

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

| | |
|---|--|
| Materiality | We determined materiality for the audit of the group's financial statements to be £10,200,000, which is 1.4% of the group's total assets. |
| Financial Statements opinion | We gave an unqualified opinion on the group's financial statements on 31 July 2019. |
| Value for Money arrangements | We have completed our risk based review of the Council's value for money arrangements and issued our opinion on 30 September 2019. We have concluded that Herefordshire Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. |
| Whole of Government Accounts (WGA) | We completed work on the Council's consolidation return following guidance issued by the NAO. |
| Use of statutory powers | We did not identify any matters which required us to exercise our additional statutory powers. |

Executive Summary

Certification of Grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions and teachers pensions. Our work on these claims is not yet complete and will be finalised by 30 November 2019. We will report the results of this work to the Audit Committee separately.

Certificate

We are unable to certify that we have completed the audit of the financial statements of Herefordshire Council until we have completed our consideration of matters that have been brought to our attention by the Authority. We are satisfied that these matters do not have a material effect on the financial statements.

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Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in July, through the use of Info that enabled an effective sharing of data
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports
- Supporting development – we provided workshops for the Governance and Audit Committee on responsibilities in their new role

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2019

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £10,200,000, which is 1.4% of the group's total assets. We determined materiality for the audit of the Council's financial statements to be £10,000,000, which is 1.4% of the Council's total assets. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has retained its assets.

We also set a lower level of specific materiality for senior officer remuneration - £100,000.

We set a lower threshold of £510,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements and the narrative report and annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Council and with the financial statements included in the Annual Report on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

| Risks identified in our audit plan | How we responded to the risk | Findings and conclusions |
|--|---|--|
| <p>Valuation of land and buildings</p> <p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> | <p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • Reviewed management’s processes and assumptions for the calculation of the estimate. • Reviewed the competence, expertise and objectivity of any management experts used. • Reviewed the instructions issued to valuation experts and the scope of their work. • Reviewed the basis on which the valuation was carried out, challenging the key assumptions. • Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding. • Tested revaluations made during the year to ensure they were input correctly into the Council’s asset register. • Tested a number of the valuations performed by the valuer to underlying data. • Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. | <p>There is nothing to report in respect of our work on the valuation of land and buildings</p> |
| <p>Valuation of net pension liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> | <p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • Identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. • Evaluated the competence, expertise and objectivity of the actuary who carried out the Council’s pension fund valuation. • Tested the data submitted to the actuary. • Performed analytical procedures regarding the Council's share of fund assets. | <p>There is nothing to report in respect of our work on the valuation of the net pension liability</p> |

Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

| Risks identified in our audit plan | How we responded to the risk | Findings and conclusions |
|--|--|---|
| <p>Valuation of net pension liability - continued</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk.</p> <p>The Council is a statutory member of the Worcestershire Local Government Pension Scheme administered by Worcestershire County Council. Herefordshire Council remain responsible for the accuracy of disclosures within the accounts and this will include having a clear understanding of key assumptions within the estimate.</p> | <ul style="list-style-type: none"> • Gained an understanding of the basis on which the IAS19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. • Checked the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary. • Considered the implications for the Council of the recent McCloud judgement - see significant findings. | |
| <p>Management override of internal controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We identified management override of controls as a risk requiring special audit consideration.</p> | <p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • Gained an understanding of the accounting estimates, judgements and decisions made by management • Tested journal entries • Reviewed accounting estimates, judgements and decisions made by management • Evaluated the rationale for any changes in accounting policies or significant unusual transactions. | <p>Our work on journals, has identified that there is no authorisation process in place over the journals posted. The systems put in place by the Council do restrict who can post journals, but there is no authorisation once these are posted.</p> |

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the group's financial statements on 31 July 2019.

Preparation of the financial statements

The group presented us with draft financial statements in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 30 July 2019.

30 Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website and alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

We did note that the Council now prepares group financial statements however the Annual Governance Statement appears to be focussed on the Council with limited reference to the subsidiary company, Hoople. The code confirms that where there is a group relationship, the review of the internal control systems shall include group activities.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO. We issued an assurance statement which confirmed the Council was below the audit threshold.

Certificate of closure of the audit

We are unable to issue our conclusion until we have completed our consideration of matters that have been brought to our attention by the Authority. We are satisfied that this matter does not have a material effect on the financial statements

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

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Overall Value for Money conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

| Report | Date issued |
|-----------------------|--------------|
| Audit Plan | January 2019 |
| Audit Findings Report | July 2019 |
| Annual Audit Letter | August 2019 |

Fees

| | Planned Actual fees 2017/18 fees | | |
|-------------------|----------------------------------|----------------|----------------|
| | £ | £ | £ |
| Statutory audit | 95,792 | 95,792 | 124,405 |
| Additional fees | - | 10,500 | 15,503 |
| Total fees | 95,792 | 106,292 | 139,908 |

Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £95,792 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table.

| Area | Reason | Fee proposed |
|---|--|--------------|
| Assessing the impact of the McCloud ruling | The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements. | 3,000 |
| Pensions – IAS 19 | The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this. | 3,000 |
| PPE Valuation – work of experts | As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this. | 3,000 |
| Value for Money | Additional work undertaken on the Value for Money conclusion and attendance at meetings with Council Officers. | 1,500 |
| Total | | 10,500 |

Fee variations are subject to PSAA approval.

A. Reports issued and fees continued

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Fees for non-audit services

| Service | Fees £ |
|--|--------|
| Non-Audit related services | |
| - Housing Benefit Grants Certification | tbc |
| - Teachers Pension Certification | tbc |

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.



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| | |
|-------------------------|---------------------------------------|
| Meeting: | Audit and governance committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | Review of governance models |
| Report by: | Solicitor to the Council |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To agree arrangements and a timetable for undertaking a review of governance models in compliance with a resolution passed by Council on 11 October 2019.

The resolution passed by Council requires the Audit and Governance Committee to lead a review of the models of governance open to the Council and bring forward recommendations to Council no later than October 2020. The motion to council explained that the way in which the council's current cabinet and leader system operates means that many significant decisions are taken by a very small proportion of the elected members.

The review will consider whether the council's current arrangements are as effective as possible in supporting fulfilment of our corporate governance commitments and maximises the engagement of all elected members in decision making.

The review is to be undertaken in accordance with the Local Government Association and Centre for Public Scrutiny guidance "Rethinking Governance: Practical steps for councils considering changes to their governance arrangements" at appendix 1. Additionally the review is to be undertaken by a cross party working group reporting to the Audit and Governance Committee; the membership of this group is to be determined by the Monitoring Officer following consultation with political group leaders.

The report sets out the arrangements for undertaking this work and proposes a timetable for the

review group to work to.

Recommendation(s)

That:

- (a) the timetable and arrangements for the review of the council's models of governance, as set out at appendix 2, be approved;**
- (b) the scope of the review incorporates the effectiveness of our partnerships governance arrangements in meeting the guiding principles and the impacts of any recommendations on partners;**
- (c) the planned biennial review of the constitution is not progressed pending the outcome of the review of models of governance; and**
- (d) the committee determine its preferred option, as set out in paragraph 12, regarding amendments to the process for public and member questions at scrutiny and, as necessary, recommends that option to Council.**

Alternative options

1. There is no alternative to leading the review; it is a requirement of Council.
2. It is open to the committee to determine an alternative timetable but in doing so, should have regard to the requirement to make recommendations to Council no later than October 2020, and be mindful of any resource implications associated with a shorter timescale.
3. It is open to the committee to continue its planned biennial review of the constitution. This is not recommended because it would reduce the resource available to support the review of governance models and may result in work that is abortive, should a significant change to models of governance be recommended.
4. There are a number of options open to the committee regarding improving the process of public and member questions at scrutiny in the shorter term; these options are set out at paragraph 12 below. It is also open to the committee to retain the current system.

Key considerations

5. At its meeting on 11 October Council resolved that:
 - a) the Audit and Governance Committee oversee a review of governance models for a recommendation to Council no later than October 2020;
 - b) the review be undertaken by a cross-party working group, reporting to the Audit and Governance Committee, to contain representation from each political group, from the executive, scrutiny and other functions. The Monitoring Officer be authorised to determine membership following consultation with political group leaders;
 - c) the review should follow guidance from the Local Government Association and from the Centre for Public Scrutiny guidance; 'Rethinking Governance: Practical steps for councils considering changes to their governance arrangement'; and

- d) the review be undertaken having regard to the following guiding principles;
- i. To maximise member engagement and participation in decision making
 - ii. Ensure decision making is informed, transparent and efficient
 - iii. Welcome public engagement
 - iv. Enable member and officers to perform effectively in clearly defined functions and roles
 - v. To assess any resource implications for any proposed changes.
6. The table attached at appendix 2 proposes a timetable for undertaking the review, in accordance with the rethinking governance guidance, and confirms what steps the working group should take. The committee is invited to approve the timetable.
7. To ensure that the working group is both cross party and captures the views of those members already fulfilling particular functions, the Monitoring Officer has consulted with political group leaders and determined the membership in the table below, which ensures that each political group and each function of the council is represented. Working group members will provide the focus of communication between the working group and their political group as well as other members who are involved in the function that they represent. The Audit and Governance Committee representative will chair the working group.

| Member | Substitute member | Political Group | Function |
|----------------------|--------------------------|---------------------------------|-------------------------|
| Councillor Bolderson | | Conservatives | Audit and Governance |
| Councillor Bartlett | Councillor Toynbee | Green | Scrutiny |
| Councillor Watson | Councillor Hardwick | Herefordshire Independents | Planning and Regulatory |
| Councillor Harvey | Councillor Seldon | It's Our County (Herefordshire) | Cabinet |
| Councillor James | Councillor Andrews | Liberal Democrats | Employment Panel |
| Councillor Hunt | Councillor Matthews | True Independents | Scrutiny |
| Councillor Kenyon | | Ungrouped | Frontline member |

8. Independent support for the council to undertake this review is available from the Centre for Public Scrutiny (CfPS), and the proposed timetable includes provision for the CfPS Director of Research to facilitate working group discussions at key points on the process.
9. The guiding principles established by Council provide a focus for maximising member engagement in decision-making and public engagement. The committee is invited to consider requesting that the working group consider the effectiveness of member and public engagement in decision making within partnerships the council participates in and to any potential impacts on partners of any recommendations to be made. The council adopted a framework for partnerships governance three years ago and it would be timely

to review the effectiveness of this framework in supporting the guiding principles set by Council.

10. The committee had, as part of its agreed work programme, scheduled the biennial review of the current constitution in the current municipal year. Given that a review of governance models is now in hand, it is recommended that the in year review of the constitution is not progressed.
11. The council's constitution was last adopted in May 2019, a list of the changes made since then, under delegation to the monitoring officer are recorded and published on the website
<http://councillors.herefordshire.gov.uk/documents/s50072706/Constitution%20Change%20Record%2019%20May%202017%20onwards.pdf>
12. A list of matters to consider are logged during the year, there is nothing on the list that is pressing at this time other than improving public and member engagement at scrutiny. Currently the process for public and member questions is applied equally to all public meetings of the Council at which questions are allowed. However this process when applied to the scrutiny committees, which do not have responsibility making decisions results in a very unsatisfactory and overly bureaucratic process. To resolve this difficulty pending the more fundamental review, the following options are open to the committee to recommend to Council:
 - Option 1) – Allow up to 15 minutes for public and member speaking at the start of each substantive agenda item at a scrutiny committee. This would enable members and the public to express their views, ideas, concern or support for a particular matter before it is considered by the committee. Although a formal response would not need to be given, it may provide a mechanism for people to make their views known directly to the committee and any queries they raise may be drawn out during the committee's examination of the matter.
 - Option 2) – Retain the existing system but where a question relates to an item on the agenda but requires a cabinet member response request that the responsible cabinet member provide a response and attend the meeting to deal with any supplementary questions.
 - Option 3) – Retain the existing system for the substantive questions and answers but ensure at the end of the relevant item on the agenda that all supplementary questions have been addressed.

Community impact

13. Corporate governance is the term used to describe the systems, processes, culture and values Herefordshire Council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. Good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to scrutiny with a view to improving performance and managing risk. Periodic reviews of the models of governance adopted by the council and the established processes and culture are valuable ways in which we can demonstrate how we uphold the code of corporate governance.
14. The council is responsible, as a corporate parent, for providing the best possible care and safeguarding for children who are looked after by the council, and as part of this must consider the impact of decision making on looked after children and care leavers. Any

review of models of governance and mechanisms for stakeholder engagement in decision-making must consider how this responsibility may best be discharged.

Equality duty

15. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. Any review of governance models and decision making processes must ensure this duty is demonstrably upheld and promoted.

Resource implications

17. The review will be undertaken using existing resources. The monitoring officer by law is required to have a budget and it is proposed that if external support is required from CfPS or another provider that up to £6,000 may be spent from the monitoring officer’s revenue budget.
- 18.

| Revenue budget implications | 2019/20 | 2020/21 | 2021/22 | Future Years | Total |
|--|--------------|--------------|--------------|--------------|--------------|
| | £ | £ | £ | £ | £ |
| External support from existing monitoring officer budget | 2,500 | 2,500 | 1,000 | | 6,000 |
| TOTAL | 2,500 | 2,500 | 1,000 | | 6,000 |

Legal implications

19. The council is required to have a constitution. This review will provide the basis for any proposed changes to the current consituion.

Risk management

20. The review does not create any risk other than not meeting the date of October 2020 as directed by Council. The working group will be responsible for ensuring that timescales are met and will provide updates to the audit and governance committee as part of their work programme.

Consultees

21. None

Appendices

Appendix 1: "Rethinking Governance: Practical steps for councils considering changes to their governance arrangements" published by the Local Government Association and Centre for Public Scrutiny.

Appendix 2: Proposed timetable.

Background papers

None identified.

Glossary of terms, abbreviations and acronyms used in this report

CfPS – Centre for Public Scrutiny

Rethinking governance

Practical steps for councils
considering changes to their
governance arrangements

Introduction

The availability of the committee system as a governance option for all councils in England has led a number of councils to consider changing their governance arrangements. Whichever system councils are thinking about moving from, or to, there are some common themes or issues that should be considered.

This guide sets out a “thinking toolkit” of the types of issues that councils, both members and officers, should think when considering governance change. It does not aim to set out the legal and procedural steps which you will need to undertake to do it (which are for the most part set out in legislation¹), but it will provide you with the tools to think about the challenge.

It derives from previous Local Government Association (LGA) research on this matter, the experiences of councils who have changed their governance arrangements recently² and research carried out in 2012 by the Centre for Public Scrutiny (CfPS) on councils moving to the committee system³.

This guide is not intended to nor does it constitute legal advice. Councillors and officers will need to obtain their own independent legal advice on any matters of a legal nature.

The importance of good governance

The difficult funding situation for local government means that councils are increasingly having to make decisions that will have profound, far-reaching implications both for the way that they and their partners deliver services, and on the lives of local people. These changes will involve a permanent shift in people’s expectations of what local government does, and does not, do. They will also involve a shift in the way that councils work with others in their areas. Whether this is by an expansion in commissioning, pooling and aligning of budgets with partners, decommissioning of services, major transformation or all of these, local people need the confidence to know that decisions made in their name are high-quality, evidence based and considered openly and accountably.

This is why, now more than ever, good governance is vital. Councils have a responsibility to ensure that decision-making is as effective as it can be: decision making should critically benefit from the perspective of all councillors, but also be accountable, and involve the public.

Many councils are making informal changes to their governance arrangements including tightening up existing processes, making sure that avenues exist for all members to get involved in the policy development process (for example, through overview and scrutiny) and putting in place consultation arrangements for particularly contentious decisions. Some councils have decided to go a step further, and revisit their formal governance arrangements, looking at the different decision-making models available to them and taking steps to make a legal change to a different governance system.

1 Chapter 4 of the Local Government Act 2000 (as amended by the Localism Act 2011) sets out the legal arrangements in detail.

2 Detail from this research is provided in the appendices

3 Available online at: <http://tinyurl.com/ck6b2qa>

Changing governance under the Localism Act

The Localism Act 2011 (the Act) expanded the number of decision-making systems that councils could adopt⁴. Since that Act was passed there are three main models to choose from. Councils wishing to move from one to another must make a formal decision to do so, using a resolution of full council. In some instances a referendum will also be required:

- **Leader and cabinet.** This system was brought in by the Local Government Act 2000 and is the governance system that most councils operate. In some councils, individual members of the cabinet have decision-making powers; in others, decisions have to be made by the whole cabinet. Cabinet is led by a leader, who is elected by full council for a term determined by the council itself or on a four yearly basis⁵ (and will usually be the leader of the largest party on the council). These councils must have at least one overview and scrutiny committee.
- **Mayoral system.** These councils have a directly-elected executive mayor with wide decision-making powers. The mayor appoints a cabinet made up of other councillors, who may also have decision-making powers. These councils must also have at least one overview and scrutiny committee.
- **Committee system.** Since the Localism Act this option is now available to all councils. Previously it was available only to district councils with populations under 85,000. Committee system councils make most decisions in committees, which are made up of a mix of councillors from all political parties. These councils may have one or more overview and scrutiny committees but are not required to.

There are variations for each of these models that can lead councils to adopt hybrid approaches; most commonly this is a hybrid between leader/cabinet and the committee system (with such an approach usually seen legally as being a modified version of the leader/cabinet system, and therefore not requiring a formal change under the Act). Councils also have the option of suggesting an approach of their own to the Secretary of State. No detailed criteria have been set out for how the Secretary of State will come to a decision about whether or not to approve any option suggested under this part of the Act.

A change in formal governance arrangements must occur at a specified “change time”, which is at the council’s Annual General Meeting (AGM). Prior to the change time, the council needs to have resolved formally to make a governance change. There is no minimum period of time between the resolution and the change time, but there does need to have been enough time for the council to formally publish the proposal and consult on it. For practical purposes this means that a resolution passed at council AGM itself, or at a special meeting a few days beforehand, is unlikely to be enough.

No one governance system is intrinsically better than another and no system is more or less expensive to operate; however some systems allow more members to be directly involved in voting on decisions. It is important to note that activity at committee level is not the same as member involvement in policymaking. Member involvement in policymaking is a longer-term, more involved process and can happen under any governance option.

4 The Local Government Act 2000 made available four governance options for councils – leader/cabinet, executive mayor, mayor and council manager and a ‘streamlined’ committee system for shire districts with populations of less than 85,000. Subsequently, the mayor and council manager option was removed, leaving most councils in England with only two governance options.

5 As enacted in Part 1A of the Local Government Act 2000 (inserted by Sch.2 to the Localism Act 2011) and reg.2 of the Localism Act 2011 (Local Authority Governance Transitional Provisions) (England) Order 2012. This required a council to make provisions for setting the term of office for a leader as soon as reasonably practicable after the regulations came into force on 30 March 2012; until a Council adopted new arrangements, the old four year term (or balance of four year term) arrangements continued to apply.

How to go about it – the “thinking toolkit”

- Step 1 Plan your approach, and assess your current position
- Step 2 Consider some design principles
- Step 3 Think of ways to meet these objectives and put a plan in place
- Step 4 Make the change
- Step 5 Return to the issue after a year and review how things have gone

This process assumes that you only start looking at the design of new structures at step three. It is not about looking at the pros and cons of different structures, or considering structural options and developing a post hoc justification for them. Most important is obtaining a real understanding of the underlying political and cultural issues which, between them, may be driving the apparent need to change the way the council does business. However, we recognise that councils might be entering this process from a variety of situations, arising from political or strategic necessity. We hope that the questions at each stage will prove useful regardless of where you enter the process.

Step 1: plan your approach and assess your current position

Planning

CfPS has developed a framework called ‘Accountability Works for You’ which can be used to evaluate your current position⁶.

The first thing to do will be to establish the purpose of the work: why do you want and need to change your governance arrangements? A variety of people in your council may have different views of what this purpose is; this is why it is important to set down what those (potentially differing) views are at the outset. This will give you a baseline on which to build, and judge, the rest of your work. As you need to operate within the framework of the Act you should seek advice from your monitoring officer, who has a statutory responsibility for making sure council’s comply with the law.

The next step is to establish a scope for the work – where you want it to lead and how you will get there – which will be based on the work’s purpose. This is a scope for the review of governance itself, not for the change in governance.

The scope might consider the following issues:

- How will the authority ensure that this work – from the consideration of options, to the implementation and review of new arrangements – will be led by elected members?
- How will we make sure that this review of governance gets the views of all interested parties?
- How wide should we look? Is this a review just of internal council decision-making, or are there knock-on impacts on partners, who may need to be involved?
- How can we ensure that the broad democratic expectations of local residents are built in to this study?
- Who will lead the review?

⁶ Available online at: www.cfps.org.uk/AW4U

The tools of appreciative inquiry⁷ can provide a good way to approach this issue. Having this general discussion at the outset will set some broad parameters for the work, and it will also help to manage expectations of what can, and cannot, be achieved through governance change.

Assessment

Assessing how you currently make decisions is not just about drawing a map of your systems or processes, or looking at individual bits of your governance arrangements separately. It is about taking an approach to the way you make decisions which recognises that the systems you adopt for member decision-making have an impact on everything you do. It is also about considering how you engage a wide range of stakeholders in that decision-making process.

If you are considering a significant change such as a formal shift in your governance arrangements, which could lock you in to a new decision-making structure for five years⁸, you need to have carried out this fundamental exercise beforehand. It is potentially intensive, but will have benefits that reflect that good governance is not just about democratic services or even the internal workings of the council; it is also about the relationship between your authority, its elected members, partners and the public.

Some of the things that you might want to consider will include:

- How do we involve all members – not just in the way that decisions are made, but in the way that policy is developed?
- How is the public voice integrated in the way decisions are made – at neighbourhood and authority-wide level?
- What decisions are currently delegated to officers, and what decisions (under leader/cabinet and mayor/cabinet) are currently delegated to individual cabinet members?
- How are members involved in the evaluation and review of decisions once they are made (in particular, in-year performance management and budget monitoring)?
- How can we improve our forward planning arrangements to open out decision-making, and policy development? Are there ways in which we can make things like background papers more easily accessible?

⁷ You can find more in the CfPS publication *Appreciative scrutiny* (2012) available at: <http://tinyurl.com/pzdfeyu>

⁸ Unless a second resolution following a referendum has been approved.

Step 2: consider some design principles

If you have undertaken an initial assessment you will have identified some strengths (practice and ways of working that you want to keep) and some weaknesses (ways of working that you want to stop or change substantially).

These strengths and weaknesses might reflect the attitudes and behaviours of council decision-makers (both members and officers), partners, the public and others, as well as reflecting structural issues. Some examples include:

- **Strengths and weaknesses in the member/officer relationship.** This might look like, for example, a commitment to involve all members in the policy development and decision-making process, through scrutiny, area committees, partnership boards and cabinet decision-making as appropriate, or conversely an officer-led process where only cabinet members are seen to have any stake in decision-making and non-executives are relegated to the position of passive spectators.
- **Strengths and weaknesses in the way that forward planning/work programming occurs.** This might look like, for example, clarity and consistency in the way that officers approach policy development and decision-making, with plans being kept to and important, strategic decisions identified, or conversely a muddled plan composed of a mixture of operational and strategic decisions which reveals little about the priorities of decision-makers, or the way in which they formulate decisions.
- **Strengths and weaknesses in the way that information about decisions (including background papers) are published and used.** This might look like, for example, proactive efforts to publish background papers as they are produced, and attempts made to respond positively when the assumptions in those background papers are challenged by others, or conversely an opaque system whereby attempts are not made to justify decisions and engagement is tightly controlled through consultation processes that are wholly divorced from the formal decision-making cycle.
- **Strengths and weaknesses in the way that the council involves the public in major decisions.** This might look like, for example, a commitment on major policy changes to engage those most affected by those changes⁹, or conversely a more defensive attitude that sees members or senior officers exerting control over the agenda for fear that the public will derail necessary decisions.

These strengths and weaknesses, and others like them, are not strengths and weaknesses in the various governance options per se. They are strengths and weaknesses in the way that your existing governance arrangements work in your council.

You can use this to develop some design principles. These should not be vague, general aspirations such as making the council operate more democratically or enhancing transparency. They should be tangible aims that you can return to in future to help you to come to a judgment on whether your new systems are working or not. For example, you could state that any new governance system should:

- involve all councillors in the development of key policies
- identify key evidence sources for major decisions and demonstrate how they are being used to inform the substance of that decision

⁹ This is likely to become of increased importance, especially as a “duty to consult” may be introduced as part of the Deregulation Bill.

- focus member involvement on strategic decision-making; design officer delegations to focus on operational decisions – design the budget and policy framework to reflect this fundamental principle
- provide a key role for councillors in performance management and in-year financial monitoring that takes account of their unique perspective as elected politicians.

These are just examples to demonstrate the clarity you need in your objectives; there may well be others that are particularly important for your council.

Step 3: think of ways to establish a system that meets the requirements of these principles and put a plan in place

How will you get there? What changes to the way you work might be necessary in terms of both culture and structure?

Some issues to think about that relate to culture and attitudes include:

- How to establish clearer, more consistent and less arbitrary rules to define what does and does not go on the forward plan as a key decision.
- How to ensure that the procedure for dealing with key decisions contains provision for involving all members and members of the public.
- Whether such provision can be made under your existing arrangements (assuming that you operate the leader/cabinet model). This would involve consideration of whether moving to a new governance option (for example, the committee system) would provide members with the assurance that they will be involved in making decisions on strategic issues.
- How to tighten up (in terms of methodology) and open out (in terms of transparency) performance management systems – including the potential for more member involvement. Greater transparency for the public is a useful by-product of such an approach.

Different design principles, and different approaches to meeting the requirements of those principles, will require different structural solutions, for example:

- minor changes to the constitution to strengthen the existing forward plan
- more major changes to schemes of delegations, financial procedures, performance management systems and/or systems used to engage with the public, within your existing governance option
- formal changes to member decision-making structures that stop short of a formal governance change – for example, the adoption of a hybrid system
- an all-out change from one governance option to another under the Local Government Act 2000.

You may find that your objectives and design principles can be met without a formal change in governance. You may, for example, be able to meet them by bolstering the role that councillors play through the overview and scrutiny process. As part of this process, you may find it useful to consider the risks in taking either formal or informal action to change governance arrangements, and to establish how you will seek to mitigate those risks.

Consider the different structural options available

In the CfPS publication 'Musical chairs' we suggested that there was a spectrum of different governance options available to councils.

If your exercise leads you to consider that structural change may be appropriate, you will need to decide which of these options will make it easiest for you to achieve your design principles. This is not an exhaustive list of options, nor is intended to set out the pros and cons of any one approach. The pros and cons will vary for every council based on the political and organisational context, and councils must take their own independent legal advice on the implications of any proposed option.

- **A leader-cabinet system with individual cabinet member decision-making** (as seen in most English authorities) is the standard approach which the majority of councils currently operate.
- **A mayor, with various different approaches to cabinet autonomy** (as seen in Hackney, Bristol, and Hartlepool before 2013); different mayors take different approaches to the appointment of their cabinets, and the amount of powers those cabinets have.
- **A traditional committee system** (as seen in Nottinghamshire) which will have a relatively large number of service committees which will often align fairly closely with council departments. There may or may not be a coordinating policy and resources committee to knit together work programmes. This approach will usually require frequent meetings to deal with cross-cutting issues and, hence, careful planning by officers.
- **A streamlined committee system** (as seen in Brighton and Hove) will consist of two or three service committees, which may be supplemented by one or more overview and scrutiny committees. This was the common approach taken in what were formerly known as fourth option councils, those shire district councils who opted to retain the committee system between 2000 and 2012.
- **A hybrid system** (as seen in Kent) whereby a cabinet ratifies decisions made by a number of cabinet committees. This requires a political assurance by the leadership that such ratification will happen.
- **A leader-cabinet system with collective cabinet decision-making** (as seen in Sutton before 2012) has collective decision-making at cabinet, with a leader who chooses to act accordingly. Under this model the cabinet does not delegate power to individual cabinet members to make decisions, although delegated decision-making by senior officers will still happen in consultation with lead members.

Weighing up a formal change

This part of the exercise will be the point at which members actually decide whether formal governance change is necessary. Having a clear rationale for this is critical. It is therefore not a decision you should attempt to make at the beginning of the process. However, a situation might occur where this decision has been taken at an earlier point in the process and you will need to think about how the ideas outlined in earlier steps can be brought into the implementation of a new system.

Your rationale should identify how and why a change will help you to strengthen governance in a way that would not be possible through other means. For example:

- It may be a means of embedding a new culture of decision-making, where the protection afforded by the law and the constitution are seen as a backstop.

- It may be seen as a necessary component in a wider approach to improving the way decisions are made; for example, more effective partnership decision making or the devolution of decision-making responsibilities to a ward or divisional level.
- It may provide a means of signaling within the authority, and to those outside it, of a break with past practice and a commitment to do things better; however it will not achieve these improvements on its own.

The fundamental judgement – why make this change? – is something that will be different for every authority. The political and organisational context within which your council sits will affect the changes you make. For example some changes that, in another council, might be seen as requiring formally moving from one governance option to another to be fully embedded, in your instance may not be seen as demanding such a change.

It is important to be self-critical at this point in the process. This is the final stage before you start to undertake work to implement the change itself and an opportunity to challenge assumptions and to set out the fundamental reasoning behind your decision.

Step 4: making the change

The following are the various different council processes and systems that may need to be looked at when you are amending your decision-making arrangements, and any relevant legal issues should also be considered. You will need to think about the way you design these changes, and the way that members make decisions on their implementation (which will usually be at full council):

- financial procedures, including the operation of audit
- access to, and publication of, performance scorecards and quarterly financial monitoring information
- the forward plan and corporate work programme
- changes to committee structures (which can happen at a time other than at Council AGM)
- formal changes in governance, which incorporates all of the above changes.

It is important that the way in which these changes are made itself reflects the design principles which you have established for your new governance system. You might also want to consider a risk plan so that you can be aware of issues or situations that could negatively affect your proposed arrangements.

The formal move from one governance option to another will take effect following the council's AGM, with a resolution of full council having to have been made beforehand. This earlier resolution needs to be made in good time, to allow for the council to undertake any necessary consultation with notice requirements set out in the Act.

Step 5: return to the issue and review how things have gone

It is important to evaluate how things have gone after a year or so, in order to see whether the resources you have expended in making the change in governance have made the difference you hoped.

This need not be a complicated bureaucratic exercise – just a short assessment of the position, informed by insight from councillors and any other interested parties. Doing this at the time of council AGM gives you the opportunity to make any necessary tweaks to the constitution.

If the changes have not resulted in the outcome you were trying to achieve, there are ways and means of addressing that. The detailed work carried out the previous year to plan and deliver the new governance arrangements will help with this. It may have been that your plan was too ambitious, or there may have been factors – internal or external – that were not taken into account, or that were difficult to predict (political issues, for example). If you developed a risk plan it will be much easier to identify and act on any failings.

You can review the likely reasons for the failure and take action to address them.

Managing this exercise in a political environment

It is important to recognise that the amendment or change of governance arrangements – whether or not it involves formally moving from one governance option to another – is likely to be politically contentious. In such situations the rationale must be carefully thought through as it may lock your council in to a new governance system for five years¹⁰.

Instances exist where party political reasons have influenced a council's decision to change systems. These have included:

- the leader of a large majority group viewing another governance option (for example the committee system) as a way to better control his/her own political group on the council
- the leader of a minority administration viewing the committee system as a way of garnering support from other parties represented on the council
- the council's leadership being lobbied by councillors who believe that changing governance arrangements would improve the council's decision-making culture.

Although such instances have occurred, introducing a structural solution will not resolve issues which may have underlying political causes.

However if a decision to change governance arrangements is made under such circumstances, it is important to ensure that there is buy in from all parties and independent councillors, alongside a commitment to investigate governance options based on evidence. Actions that can be taken under such circumstances to support the process include:

- Formal, independent, cross-party discussions led by someone who will be perceived as having a non-party political approach. This may be someone entirely outside the authority or a highly-regarded local councillor.
- A transparent and evidence-based approach to establishing what the aims and objectives of governance change should be.

This is a more formal approach than that which we have outlined elsewhere in this document. However, in a challenging political environment, such formality can help to defuse disagreements, and can provide a framework in which it will be safer for councillors to challenge their own assumptions about governance change, and the assumptions of their peers.

¹⁰ Unless a second resolution following a referendum has been approved.

Case studies

Cornwall (unitary authority, South West)

Cornwall undertook an independent review of governance arrangements over the course of 2011 and 2012. This was a comprehensive exercise, chaired by an independent person, which took evidence from a wide range of sources. It should be seen in the context of Cornwall's creation as a unitary authority in 2009, which gave rise to a need to consider how governance would operate across a very large geographical area.

A member panel was established to lead the review, assisted by an external panel of experts from outside the council. The panels took evidence from a wide range of stakeholders from within the county, and from experts nationally, which they used to formulate a set of recommendations.

Transparency of decision-making was seen as a high priority, as was the need to ensure that decision-making was connected to people at local level through structures such as Community Network Panels and parish councils. The role of non-executive members was considered – in the context of their scrutiny role and engagement with the policy development process, as well as their training and development.

The member panel recommended no formal changes to the council's existing governance arrangements (that is, that the council remain under the leader-cabinet model) but did recommend changes to that model. In particular, changes were recommended around the role of those members in formal "cabinet support" positions, the engagement with the council with community structures and the strengthening of overview and scrutiny. The Panel felt that improvements to decision-making and governance were not necessarily predicated on a formal change to governance models.

Cambridgeshire (county council, East of England)

Following the May 2013 elections, a resolution was put to the council's AGM to adopt the committee system of governance, on the basis that the committee system was "the most democratic and representative form of governance". Originally it was planned that this would take effect from 2013 but advice was given that this would not be permitted under the Localism Act. As such the decision was made to change in 2014.

Proposals have been developed over the course of 2013, with detailed plans having been submitted to members for examination in October 2013. Members agreed to the creation of a small number of service committees, with a General Purposes committee to act as a "clearing house" to coordinate the role of those service committees.

Changes will also be made to officer delegation arrangements, whereby some decisions will be made in consultation with members, as well as the more traditional classes of decisions

reserved for members, and those delegated entirely to officers. There is also provision for the retention of a form of call-in, with the possibility – under strictly limited circumstances – of issues to be passed up for decision at full council.

Stroud (district council, South West)

Following debate, the council resolved to move to the committee system in November 2012, following an executive-led commitment to pursue it in May 2012. A cross-party member working group was established to consider how such a change would happen, which resulted in formal proposals being put to council in April 2013.

Some design principles were established, submitted to council in November 2012 as part of a report on the relative features of the different systems, and used to develop the final arrangements, submitted to council in April 2013.

Delegations to committees and delegations to officers were looked at very carefully as part of these arrangements although ultimately no significant amendments to delegations were made.

The result has been a streamlined committee structure without a separate overview and scrutiny function.

Nottinghamshire (county council, East Midlands)

An undertaking was given in the 2009 election manifesto of the Conservative group that they would take steps to adopt the committee system when the legislation allowed. They started taking formal steps to change before the Localism Act was enacted, and formally changed in May 2012.

Nottinghamshire's approach was based on the presumption that a committee system would be a more open, democratic and transparent approach to member decision-making. The council has taken its pre-2000 committee structure as a model for its current approach. Officer delegations have not, however, been subject to any alterations. The council resolved that it would only undertake any change on the basis of that change being cost-neutral; there is no additional cost to the operation of their committee system over and above that of the leader-cabinet system.

Originally, Nottinghamshire planned not to have a separate overview and scrutiny committee, but since May 2012 the decision has been made to establish one, principally to carry out the authority's health overview and scrutiny functions (which cannot be carried out by its health committee, which acts as the county Health and Wellbeing Board).

Kent (county council, South East)

Kent operates what have been termed hybrid arrangements. While the council still operates legally under the leader-cabinet model, cabinet decision making is supplemented through cabinet committees, which are the de facto decision-making bodies. Committees receive officer reports and make recommendations, which are submitted to the executive for ratification. This system's success rests on the assurance by the executive that they will ratify recommendations made to them by committees; as long as that assurance exists, this ratification is purely a procedural matter and the decision is made in the committee itself.

Where to go for further help

The CfPS published a guide in 2012 for councils considering the adoption of the committee system. This guide, called 'Musical Chairs', is available on the CfPS website: tinyurl.com/ptydhno

The LGA has carried out wider work on governance, democracy and the role of elected councillor. This can be found on their website: tinyurl.com/o9b72b4

INLOGOV, the Institute of Local Government at the University of Birmingham, have carried out research on local authority governance models and have held a number of seminars for councils considering governance change.

A number of councils have considered changes in their governance in the last few years. The LGA and CfPS are currently engaged in building up networking arrangements between these authorities. A full list of authorities who have made changes to their governance arrangements, or are planning to in the next year, can be found in the appendix to this report.

For more direct advice, please contact:

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Appendix

These tables provide further information on councils who have:

- councils who moved to a committee system in May 2013
- councils who moved to a committee system in May 2012
- recently made other changes to their governance arrangements
- are considering a governance change in the near future
- have considered a governance change but have decided against it.

Where councils were not participants in the original research undertaken by CfPS, information is not included for May 2012.

Table 1: Councils who moved to a committee system in May 2013

| Council | Type of council | Region | In May 2012 | In May 2013 |
|-------------------|-----------------|---------------|---|--|
| Hartlepool | Unitary | North East | Expected to hold a referendum in November to move to a committee system in May 2013. | <p>Committee system adopted in May 2013, involving creation of five service committees.</p> <p>The statutory scrutiny functions around crime and disorder, and health, will sit within the remit of the Audit and Governance committee, which is chaired by a non-majority group councillor.</p> <p>Resolved to continue to publish a forward plan of key decisions.</p> |
| Newark | District | East Midlands | Envisaged moving to a committee system in 2013, but it would have to be something that meshed with its aim of being a commissioning council. A separate overview and scrutiny function was not envisaged. | Moved to a committee system in May 2013. |

| Council | Type of council | Region | In May 2012 | In May 2013 |
|----------------|-----------------|------------|-------------|---|
| Reading | Unitary | South East | | <p>Moved to the committee system in May 2013; changed arrangements only to apply to the authority's executive decision making structure – creation of four new Standing Committees.</p> <p>No overview and scrutiny committee, with functions exercised by each committee with regard to its services. Policy committee to cover scrutiny across council services covered by more than one committee.</p> |
| Stroud | District | South West | | <p>Moved to the committee system in May 2013 following a resolution in November 2012. The new constitutional arrangements were developed through a cross-party member working group.</p> <p>There is no separate scrutiny function. The community safety scrutiny functions of the authority are transacted by the Community Services committee.</p> |

Table 2: Council who moved to a committee system in May 2012

| Council | Type of council | Region | In May 2012 | In May 2013 |
|-----------------------------|-----------------|------------|--|--|
| Brighton | Unitary | South East | Adopted committee arrangements in 2012, with significant cross-party support. Planned to review and revise after one year. | <p>Arrangements have now been reviewed with some minor changes (mainly in the remit of committees) being brought in from May 2013.</p> <p>Some partnership decision-making arrangements (principally around relationships with Clinical Commissioning Groups) have been tweaked – mainly to integrate, where possible, such partnership structures within the committee system.</p> <p>It has been proposed to appoint certain members to take lead responsibility for certain policy areas, to augment the role played by committee chairs.</p> |
| Kingston upon Thames | London borough | London | <p>This council adopted a hybrid-style arrangement for a transitional period in 2011 with a view to adopting the committee system in 2013.</p> <p>Under the transitional arrangements committees made decisions which are then ratified by the executive. There is no individual cabinet member decision-making.</p> | <p>The council decided by a resolution on 17 April 2012 to adopt the committee system in May 2012.</p> <p>No significant amendments made to constitution or working practices in May 2013.</p> |

| Council | Type of council | Region | In May 2012 | In May 2013 |
|---|-----------------|---------------|---|---|
| Nottinghamshire | County | East Midlands | Put in place a committee system closely reflecting pre-2000 structure, with no separate scrutiny committee. | A separate Health Scrutiny committee was established almost immediately following the establishment of the new structure in May 2012. |
| South Gloucestershire¹¹ | Unitary | South West | Made the decision to move to a committee system in March 2013. | No significant amendments made to constitution or working practices in May 2013. |
| Sutton | London borough | London | Committee system adopted in May 2012, based on very clear objectives in development since 2010. The new system included one scrutiny committee, and featured significant changes to financial regs and schemes of delegation. Plans were to review arrangements after six months. | No significant amendments made to constitution or working practices in May 2013. |

11. In Musical chairs we erroneously stated that South Gloucestershire, which was originally anonymised as Council N, was a shire district; it is in fact a unitary.

Table 3: Councils which adopted hybrid arrangements in 2012 or 2013

| Council | Type of council | Region | In May 2012 | In May 2013 |
|----------------------|-----------------|------------|---|---|
| Cheshire East | Unitary | North West | A member working group was convened to establish whether governance change should be pursued. | In December 2013, moved to a hybrid-style system in which policy development groups, mapped to cabinet portfolios, support executive decisions making, supported by an overview and scrutiny function which focuses on corporate and external issues. |
| Cornwall | Unitary | South West | A council in an area involved in local government reorganisation in 2009 that established a member level group to consider proposals in more detail. The council has a large number of members, many of which wished to see councillors taking a more active part in decision-making. | Established an independent governance commission which looked at the proposals in more detail. This has resulted in proposals to adopt an approach which looks more like a hybrid system. |
| Kent | County | South East | Moved to a hybrid system in May 2012. This saw a number of cabinet committees being established. Decisions go to cabinet committees, where recommendations are made to cabinet. Cabinet then ratifies the recommendations. | Some minor changes in May 2013 but no substantive alterations. |

| Council | Type of council | Region | In May 2012 | In May 2013 |
|------------------------|-----------------------|------------|--|--|
| Sevenoaks | District | South East | | In May 2013 a hybrid governance system was adopted. |
| Tunbridge Wells | District | South East | | <p>There is no ambition to move to a committee system, but a hybrid system has recently been adopted. There is a cabinet with three advisory committees beneath it.</p> <p>The system is designed to promote more consensus, as opposed to a culture of adversarialism which had previously existed.</p> <p>Overview and scrutiny has been retained.</p> |
| Wandsworth | London borough | London | Has operated a hybrid-style committee structure since 2000, with committees passing decisions to cabinet for ratification. | No proposals to change these arrangements for the time being. |
| Wirral | Metropolitan district | North West | | Considering adoption of the committee system or, more likely, a hybrid model; a governance working party has been established to set out the options and agree a way forward. |

Table 4: Councils who considered changing governance arrangements to move to a committee system but decided not to

| Council | Type of council | Region | In May 2012 | In May 2013 |
|-----------------|-----------------|-----------------|--|---|
| Basildon | District | East of England | | A task and finish group was set up to consider the potential for changes in governance arrangements, but ultimately recommended the retention of the leader and cabinet system. |
| Bristol | Unitary | South West | One of the twelve core cities, in which a referendum for a mayor was held. Some were considering that a “no” vote in the referendum could result in more concrete moves to adopt a committee system. | Referendum resulted in a “yes” vote, so potential moves to a committee system were not investigated further. |

Table 5: Councils which may adopt different arrangements in 2014 or thereafter

| Council | Type of council | Region | In May 2012 | In May 2013 |
|-------------------------------|-----------------|-----------------|--|---|
| Barnet | London borough | London | | A resolution was passed by full council in January 2013, setting out a potential approach to move to a committee system in 2014. |
| Cambridgeshire | County | East of England | | Movement by some members to adopt the committee system at council AGM in May 2013, but as no resolution had been made beforehand, conclusion reached that this would not be in accordance with the Act. At council AGM the decision was made to adopt the committee system from May 2014. |
| Kensington and Chelsea | London borough | London | There had been significant enthusiasm for a change, although it was felt likely that such change would be to a hybrid model rather than a formal shift to the committee system. Despite enthusiasm, in 2012 no formal instructions had been given to officers. | Although no formal commitment has been made it is likely that this council will move to the committee system in 2014. There is currently no indication about whether this is likely to affect joint working arrangements with London boroughs of Hammersmith and Fulham and Westminster. |

| Council | Type of council | Region | In May 2012 | In May 2013 |
|-----------------------|-----------------|-----------------|-------------|---|
| Norfolk | County | East of England | | Following the May 2013 elections, the council resolved to take steps to adopt the committee system in May 2014. |
| Northumberland | Unitary | North East | | Members have asked for further information about the different governance options available; there is an interest in considering alternatives but no formal plans at present. |
| Nottingham | District | East Midlands | | Members have expressed an interest in understanding the options and officers have provided papers explaining changes. As yet, no formal decision has been made. |
| Wokingham | District | South East | | A member working group was established in 2012 with a view to recommending a change to council in 2013. However, the decision has been taken that due to the potential complexity, and different options available, the working group will continue to meet with a view to adopting new arrangements in 2014. |



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We consider requests on an individual basis.

| Step/activity | Who | When |
|--|---|-------------------------|
| <i>Step i) Plan the approach and assess current position</i> | | |
| Confirm role of working group | Audit & Governance Committee | 19/11/2019 |
| Confirm external support from CfPS | Audit & Governance Committee | 19/11/2019 |
| Confirm whether scope includes impacts on partners | Audit & Governance Committee | 19/11/2019 |
| Confirm expectations re engagement | Audit & Governance Committee | 19/11/2019 |
| Assess how decisions are currently made (who by, what/how information about decisions is made available, how member engagement in decision making is enabled, the relationship between the executive and scrutiny, public and stakeholder engagement in decision making, partnership decision-making; mechanisms for review of implemented decisions, budget, and performance) | Working Group | By end January 2020 |
| Review current arrangements against the guiding principles established by Council to identify areas for improvement focus | Working group – facilitated by CfPS | February 2020 |
| <i>Step ii) Agree design principles</i> | | |
| Guiding principles established | Council | October 2019 |
| <i>Step iii) Think of ways to meet the guiding principles and put a plan in place</i> | | |
| Identify areas where changing culture and/or practice that could provide solutions | Working group | By end April 2020 |
| Identify potential structural solutions | Working group | By end April 2020 |
| Assess potential pros and cons (including risks) of the cultural and structural solutions to identify a preferred option (including looking at how effectively these operate in other comparator councils) | Working group – facilitated by CfPS | By end July 2020 |
| Produce recommendations for consideration by Council | Working group report to Audit & Governance Committee | September 2020 |
| | Audit & Governance Committee report to Council | October 2020 |
| <i>Step iv) Make the change</i> | | |
| Review constitution to align it to any decision made by Council | Monitoring Officer, using working group as a reference group, and reporting to Audit and Governance Committee | By end March 2021 |
| Independent Remuneration Panel undertake review of member allowances scheme in light of any decision made by Council | Monitoring Officer to co-ordinate | By end March 2021 |
| Approve revised constitution and allowances scheme | Council | Annual meeting May 2021 |

| | | |
|---|------------------------------|------------------------------|
| Implementation of any changes | | From annual Council May 2021 |
| <i>Step v) Return to the issue after a year and review how things have gone</i> | | |
| Undertake a survey of members to capture views | Monitoring Officer | June 2022 |
| Determine whether the changes have produced the intended outcome and, if not, identify further actions. | Audit & Governance Committee | September 2022 |



| | |
|-------------------------|---------------------------------------|
| Meeting: | Audit and governance committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | NMiTE progress report |
| Report by: | Chief finance officer |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To enable the committee to provide assurance on the adequacy with regards to the risk framework on the measures the council is taking as the accountable body for the new model in technology & engineering (NMiTE) and the milestone payments from the Department for Education (DfE).

To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. To enable the committee to monitor performance of the internal audit team against the approved plan.

To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored by acceptance by management of audit recommendations and progress updates in implementing the agreed action plans. In addition, audit recommendations not accepted by management are reviewed and progress to an appropriate recommendation to cabinet if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

Further information on the subject of this report is available from
 Andrew Lovegrove, chief finance officer, email:
Andrew.Lovegrove@herefordshire.gov.uk

Recommendation(s)

That:

- (a) **having regard to the further assurance provided and actions proposed to mitigate any risks, the committee determine any recommendations it wishes to make to secure greater assurance.**

Alternative options

1. There are no alternative recommendations; it is a function of the committee to consider if the measures taken meet the risk management framework

Key considerations

2. On 14 December 2017 cabinet agreed that the council would act as the accountable body for public funding allocated to create the new Hereford University, NMiTE.
3. Accountable body status means that the council will be accountable for public funding allocated to the new university project by Government. The council will receive funds from Government, for onward transmission to NMiTE, ensuring those funds are allocated and spent in accordance with any conditions specified and providing reports on the expenditure.
4. The purpose of the agreement between the council and NMiTE is to enable compliance with the terms of the grant determinations set by the Department of Education to enable the milestone payments to be passed to NMiTE. Each year a range of Milestones are agreed between the Department of Education and NMiTE, these include a range of financial and non-financial measures. As part of this agreement process the Department of Education confirm how progress is to be measured.
5. On 13 December 2017 general scrutiny committee examined the proposal for council to act as the accountable body for the NMiTE project.
6. Progress is being measured by DfE and no issues have been highlighted so far that would affect the council as accountable body. Internal audit continue to monitor and their next opinion is due in April 2020.
7. The Department of Education are progressing the process of agreeing the milestone targets that will apply for the next tranche of £4.784 million grant funding due to be released in March 2020. The council will be invited to provide input into the financial milestones in due course.

Community impact

8. Acting as the accountable body is helping the establishment of NMiTE which supports the councils corporate plan priorities of giving young people a great start in life and support the growth of our economy.
9. The opportunity of attending a new university in Hereford could also help to promote the life chances of those children we, as the council, are parents to.

Further information on the subject of this report is available from
Andrew Lovegrove, chief finance officer, email:
Andrew.Lovegrove@herefordshire.gov.uk andrew.Lovegrove@herefordshire.gov.uk

10. In accordance with the council's code of corporate governance effective financial management and risk management is an important element of the overall performance management system.

Equality duty

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Acting as an accountable body is not expected to impact on the council's public sector equality duty, and the council expects its partners to consider their equality obligations in all that they do.

Resource implications

13. No council funds will be payable to NMiTE, however the management of the flow of funds between the accountable body and NMiTE and the discharging of the obligations of being the accountable body requires resourcing. The staffing is provided through current resources. The cost of resourcing the additional operational tasks are financed from a share of the grant allocation.

Legal implications

14. Before taking the decision to be the accountable body the cabinet sought the views of the general scrutiny committee. One of the scrutiny recommendations was to put in place a robust and appropriate governance framework to supervise the discharge of its responsibility as the accountable body.
15. This committee's role is to monitor the operation of risk management and the effectiveness of the internal control systems in relation to the council's work as accountable body for DfE funding of NMiTE.

Risk management

16. Ultimately the DfE could require the council to repay the grant funding that it has received and which has been paid to NMiTE. Whilst this obligation will also be passed down to NMiTE through the flow down agreement, it is possible that NMiTE would not be able to make any required repayment, which would therefore leave the council out of pocket. The risk of any clawback is being managed / mitigated by ensuring compliance with the

Further information on the subject of this report is available from
Andrew Lovegrove, chief finance officer, email:
Andrew.Lovegrove@herefordshire.gov.uk andrew.Lovegrove@herefordshire.gov.uk

grant funding terms through the monitoring and reporting obligations that are in place. The Department of Education are satisfied that all of the milestones have been met for the two grant payments made by them and have indicated that they are not seeking to recover any grant, therefore the risk is currently very low.

17. As mentioned in the report the Department of Education are currently considering the milestones it will require NMiTE to reach for the third and final tranche of grant due to be paid in March 2020.
18. The risk is identified and monitored by the section 151 officer within the corporate risk register.

Consultees

None

Appendices

None

Background papers

None identified.



| | |
|-------------------------|--|
| Meeting: | Audit and governance committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | Annual review of the council's information access and information governance requirements |
| Report by: | Information Access and Records Manager |

Classification

Open

Decision type

This is not an executive decision

Wards affected

All Wards

Purpose and summary

To inform the committee of performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2018/19. Volumes of requests for information to the council under legislation including the Freedom of Information Act 2000 and data protection legislation have increased, however the council is exceeding its target for responding within deadline. The rate of complaints upheld by the Local Government and Social Care Ombudsman compares well with other local authorities. The council also has a system in place for monitoring data incidents and reporting data breaches to the Information Commissioner's Office. Processes for complaints, information requests and data incidents are working well and monitoring is in place to anticipate emerging issues and to ensure that learning is embedded within the council. The council can use this to focus on improving people's experiences.

Recommendation(s)

That:

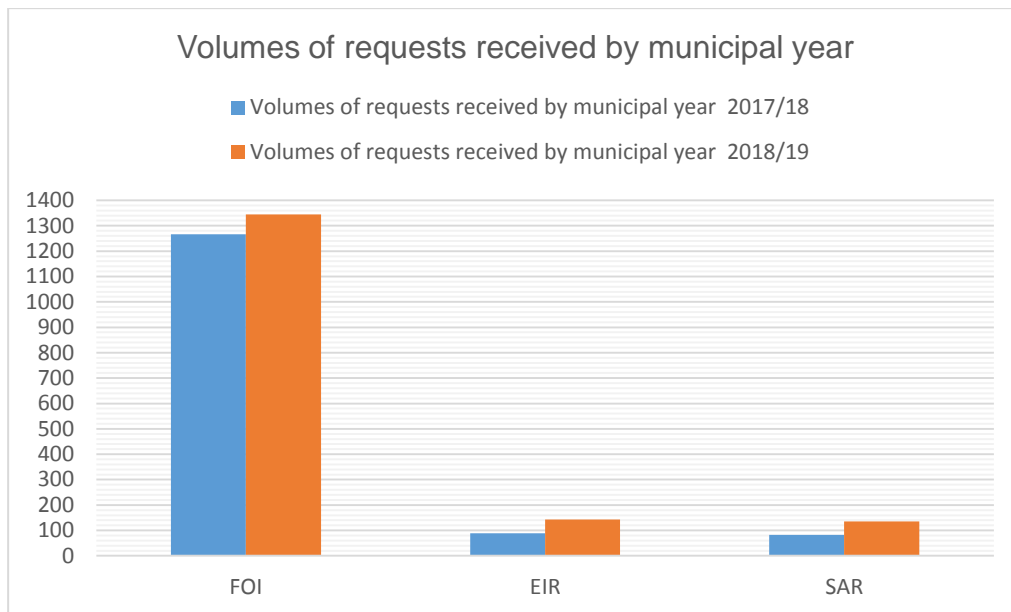
- (a) **the information set out in the report regarding requests for information, data protection compliance and complaints over the past year be reviewed with regard to any risks arising and the committee determine any recommendations it wishes to make to improve mitigation of those risks.**

Alternative options

There are no alternative options as the report provides a factual summary of performance in order to assist the committee fulfil its function to annually review the council's information governance requirements.

Key considerations

1. ***Requests for information:*** The council is subject to legislation that requires openness and transparency, providing members of the public with qualified rights of access to information. At the same time, the council is also required by legislation to protect certain information from unauthorised disclosure, and to exempt information from being released. The council therefore makes decisions on disclosure of information based on the law and regulatory guidance, occasionally having to balance the public interest in releasing data with the confidentiality of the information and the harm that release would cause. When the council undertakes this balancing exercise, it still does so taking into account relevant case law and decision notices.
2. From May 2018 to April 2019 the council dealt with 1,345 requests under the Freedom of Information Act (FOI) 2000, and 143 requests under the Environmental Information Regulations (EIR) 2004.
3. There were 59 such requests that were answered outside of the statutory deadlines for responses to be made, meaning that the overall response rate was 96%, which is within the council's target of 95% and well within the Information Commissioner's Office threshold of 90% for responses within deadline.
4. Four council cases were referred to the Information Commissioner's Office where a decision notice was issued, three of which upheld the council's decision on exemption of information.
5. During the last municipal year there were also 135 requests where individuals asked for personal data about themselves under their right of subject access in data protection legislation. There has been a significant rise in the numbers of subject access requests made since the change in legislation in May 2018 when the General Data Protection Regulations (GDPR) abolished charges for such requests and reduced the deadline in which they are processed within from 40 days to a month. The response rate for this period was 92%. A target has been set for this calendar year for a 95% response rate to improve compliance.



6. The council's FOI/EIR Officer continues to encourage teams to publish more information and to continue to update it in order to reduce the workload needed for responding to requests made under FOI and EIR. In the past year, for example, the register of houses in multiple occupation has been published on the council web site, as well as public health funeral data:
<https://www.herefordshire.gov.uk/info/200148/your-council/34/our-open-data-principles/12>
<https://www.herefordshire.gov.uk/info/200166/births-deaths-and-marriages/316/when-someone-dies/6>
7. Statistical data on volumes of requests processed under FOI and EIR are also published and updated quarterly:
<https://www.herefordshire.gov.uk/info/200148/your-council/34/our-open-data-principles/13>
8. Where other comparable councils to Herefordshire Council publish their request volume statistics, some informal benchmarking can be made based on requests received in the financial year, and Herefordshire Council is performing in a similar way amongst other such councils. Cornwall Council in 2018/19 received 1,978 FOI and EIR requests and had a compliance rate of 92%. Herefordshire Council, over the same period, received 1,496 FOI and EIR requests and had a compliance rate of 97%. Compared to some other councils of different sizes, in 2018/19 Cambridgeshire County Council received 1,330 FOI & EIR requests and its compliance rate was 81%. Devon County Council had 1,389 requests although its compliance rate was not published.
9. A recent article advised that, on average, Welsh councils receive 1,070 FOI requests each year and their compliance rate is 85.5%. Powys Council for example had dealt with 1,420 FOI / EIR / subject access requests in 2018/19 (1,260 of this total were FOI requests). They had also handled 38 requests for an internal review, and their compliance rate for FOI / EIR was 76%. In comparison, over the same period, Herefordshire Council received 1,362 FOI requests and 19 requests for an internal review, and the FOI / EIR compliance rate was 97%.

10. Although not providing a direct comparison, The Campaign for Freedom of Information published the results of its 'FOI Good Practice Survey' in March 2019, based on findings for 32 councils across London for requests handled between 2016/17 – 2017/18. During that period, Herefordshire Council's response rate was 96%. In comparison, only 3 (City of London, Tower Hamlets and Barnet) of the 32 London councils reported that they responded to requests more than 95% of the time within 20 working days. Three quarters of the council's surveyed answered less than 90% of the time, with some – Hounslow (60%), Croydon (69%) and Enfield (66%) having much lower rates of compliance.
11. Information request data is monitored monthly within the council at the information governance steering group, quarterly at directorate management team meetings, and bi-annually at Management Board.
12. The information governance team deals with requests made by the police in relation to criminal investigations to view council information, and requests from other public sector organisations in relation to such matters of investigation of fraud and child protection matters concerning closed social care cases. The volumes of the latter requests have again remained stable over the past year compared with the last two years. Police requests have however risen over the past year and a total of 81 requests were processed, including the locating, proportionate sharing and redaction of records.
13. **Complaints:** The council dealt internally with 583 complaints, of which the council upheld or partially upheld 21%. In addition, 48 complaints were processed under the children's complaints procedure for children's social care. Whilst complaints over the past year have covered a wide range of issues, generally themes of not providing a satisfactory service, and decisions challenged as they are alleged to be unfair or not taking into account all circumstances have been found.
14. Quarterly reports to directorate management teams highlight these areas and recommend action to be taken, so that complaints trend data can be actively used to anticipate problem areas for service users and training needs for council staff. As one example, there had been feedback that assessments for blue badge applications were difficult for people at the existing assessment location at council offices at Blueschool House in Hereford, where there was limited parking. With the change in the law to include hidden disabilities in the eligible criteria for a blue badge, the assessment location has been moved to Plough Lane in Hereford.
15. A further example where the council learnt from a complaint was in adult social care. There was a three-week delay in carrying out a financial assessment for an individual, which was not in line with guidance which states that an assessment should take place before care starts so that people can plan their finances. Also, full information about paying for care was not provided. The council recognised that it was at fault and removed charges before the assessment. In order to ensure that there is no re-occurrence for other people, the council changed its internal processes so that notifications and reminders are sent to staff for carrying out assessments, and customers in such circumstances were no longer advised to set up direct debits with their banks for payments, and instead advised to set up standing orders so that payments can start more quickly. The information provided to customers was reviewed and rewritten, and quality assurance checks were introduced into the process.

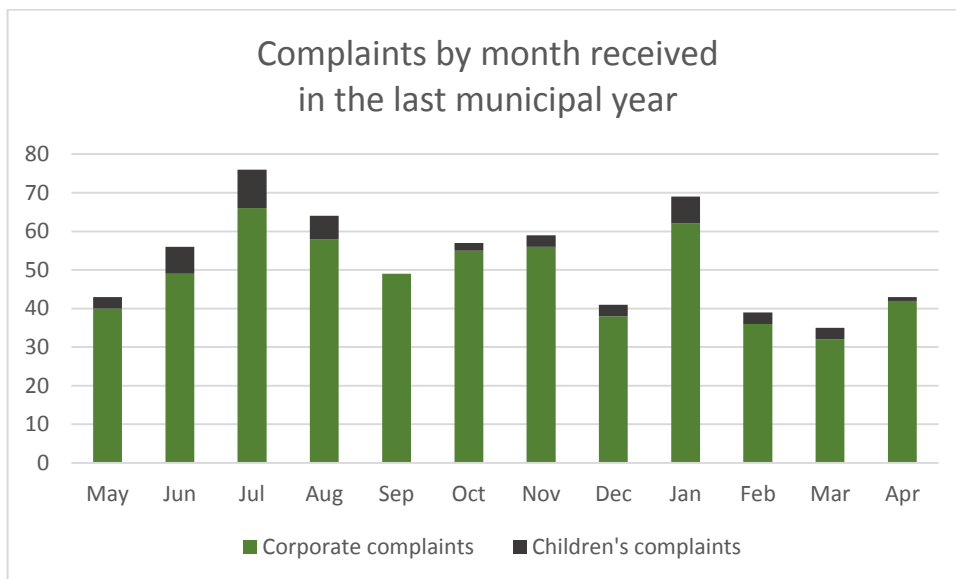
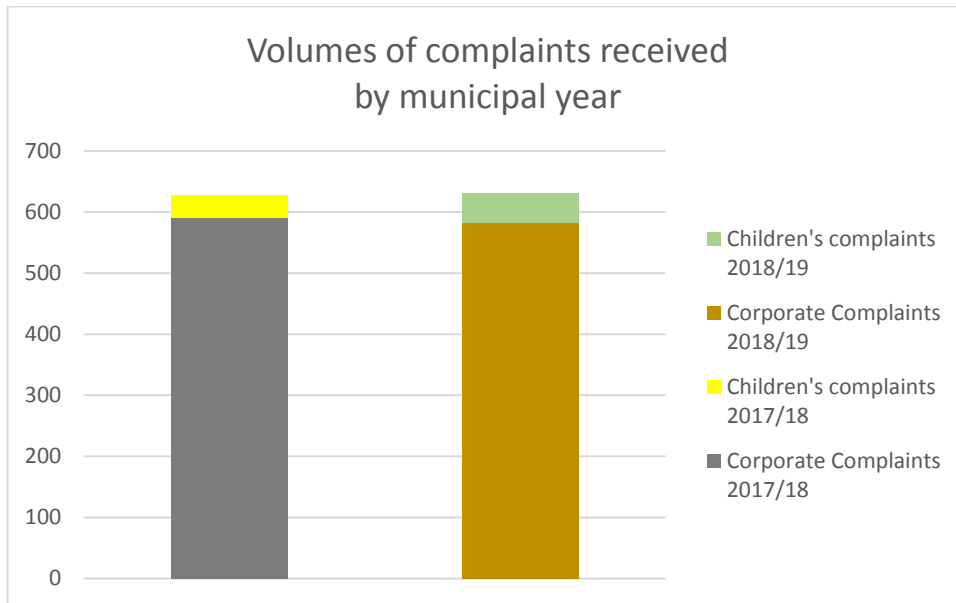
16. When a complaint has exhausted the Herefordshire Council complaints procedure administered by the information access team and the children’s complaints team, complainants can approach the Local Government and Social Care Ombudsman (LGSCO) for an independent investigation. For findings by the LGSCO of maladministration and injustice (where the council has been found to be “at fault”) a decision notice will give recommendations that may include compensation payments.
17. The LGSCO themselves publish statistics by financial year. The LGSCO review of complaints received by LGSCO covering April 2018 to March 2019 provides figures for comparative authorities which are given in the table below. The percentage “uphold rating” can be misleading – it is the percentage of complaints considered by the LGSCO, not the total of complaints received by the council. Considering all complaints received by the council, 8 upheld is 1% of all complaints for the period April 2018 - March 2019.

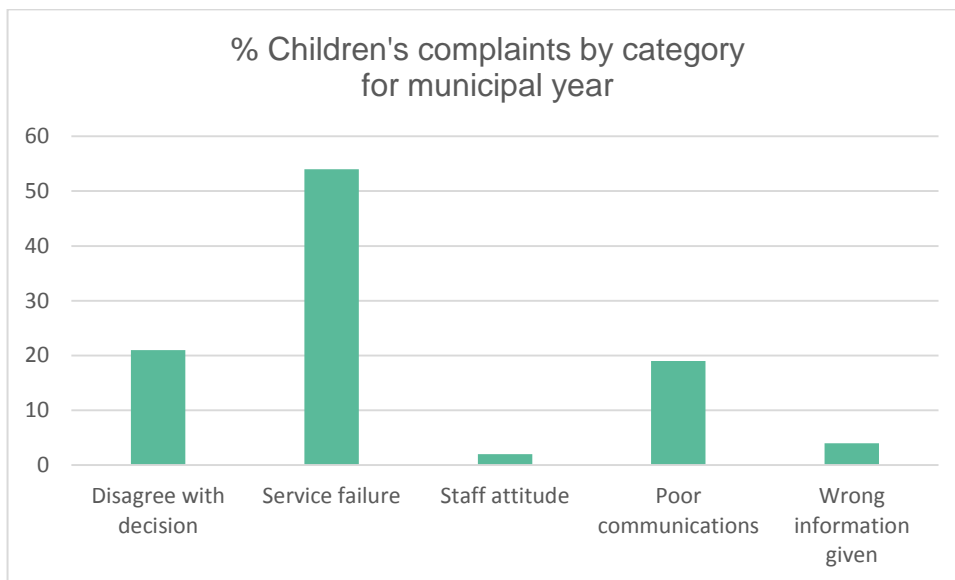
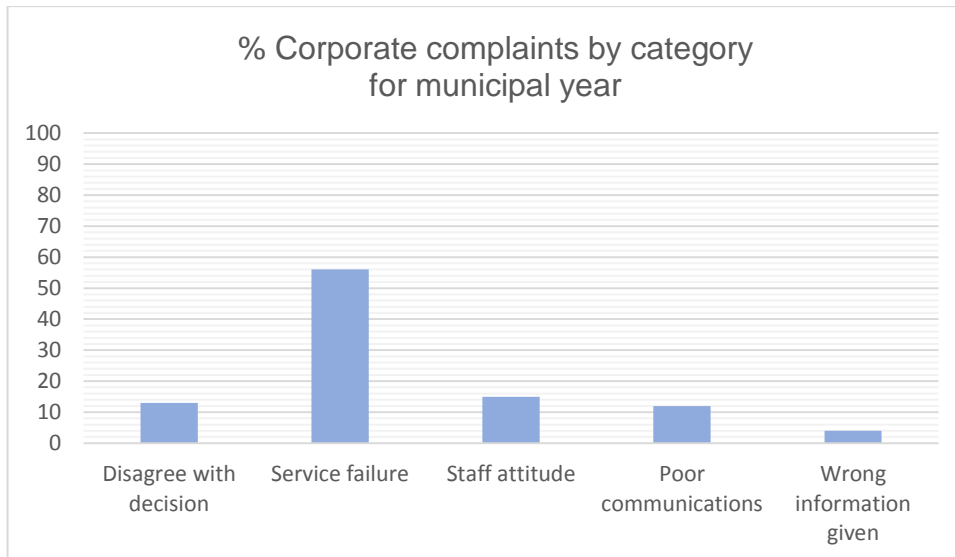
| Authority | Complaints not upheld | Complaints upheld | Uphold rate – best performing rate to worst |
|------------------------------|-----------------------|-------------------|---|
| Isle of Wight | 11 | 5 | 32% |
| Bath and North East Somerset | 7 | 5 | 42% |
| Herefordshire | 9 | 8 | 47% |
| Cheshire East | 14 | 14 | 50% |
| Wiltshire | 9 | 10 | 53% |
| Cornwall | 34 | 38 | 53% |
| Bedford Borough | 3 | 4 | 57% |
| Shropshire | 13 | 20 | 61% |
| North Somerset | 9 | 14 | 61% |
| East Riding of Yorkshire | 10 | 21 | 68% |
| Cheshire West and Chester | 5 | 11 | 69% |
| Solihull | 2 | 5 | 71% |
| Central Bedfordshire | 4 | 12 | 75% |
| Northumberland | 3 | 15 | 83% |
| Rutland | 0 | 1 | 100% |

18. The LGSCO cases that were upheld against Herefordshire are set out on the LGSCO website <https://www.lgo.org.uk/decisions>. They are summarised below along with the lessons that the council learnt from these cases:

19. First upheld case: An individual entered into an agreement with the council's home improvement agency (HIA) to help provide improvements to his home for his father. There was fault in the information provided by the council to the individual about the role of the HIA in the building works. As a result of this case, the HIA now provides clarity over the role of the HIA in building works in its information provided to individuals before they enter into agreements for improvements to be made to homes.
20. Second upheld case: An individual complained about the way the council dealt with safeguarding issues in relation to her child. The council's own complaint investigation found the council had taken a mistaken approach. The council fed the learning from this case into training on safeguarding procedures for social workers.
21. Third upheld case: The council failed to properly plan for a young person's education and care over a long period of time and failed to consider the impact of this on his mother, his main carer. It failed to carry out a timely safeguarding investigation of an event which impacted significantly on the young person's mental health, with resultant impacts on his close family. The council also reached decisions on the young person's care status outside the correct procedures. These faults caused the young person and his family significant injustice over a prolonged period. Following this case, the council carried out a full review of its children's safeguarding and assessment practices and procedures, and provided appropriate training to relevant staff.
22. Fourth upheld case: An individual complained that the council has not taken enforcement action against his neighbour for unauthorised works. The council revised procedures to ensure that conservation officers were consulted on relevant cases, and that enforcement decisions are properly recorded
23. Fifth upheld case: The council disclosed the identity of an individual to the parent of a child about whom she made a safeguarding referral. The council put measures in place to ensure that the individual was protected from any reprisals as a result of this, and has used the learning from this case to update training on information sharing to social workers.
24. Sixth upheld case: The council failed to respond to two emails from an individual about changes to housing benefit entitlement and an overpayment of housing benefit. As a result of this, a new procedure was implemented in the housing benefits team for carrying out this service for responding to emails.
25. Seventh upheld case: There was fault in the way the council carried out a review of an individual's Care and Support Plan because it did not support him to be involved in the process and it did not clearly explain the reasons for some proposed changes when it met his father and carer.
26. Eighth upheld case: There was fault by the council in how it dealt with a safeguarding review meeting. The council updated its procedures to ensure that communication in relation to such meetings was clearer.
27. In all cases the council has complied with the recommendations made by the LGSCO to resolve the case. In some cases compensation was recommended. The council paid out a total sum of just under £17,000.

28. The graphs below show the volume of complaints processed under the corporate complaints procedure over the municipal year by volume, month and category, alongside those processed under the separate statutory children’s complaints procedure:





29. **Information governance:** The council's information governance team monitors low-level data security incidents, near misses, and allegations of breaches of data protection legislation, of which 159 such cases were reported and dealt with over the past municipal year. Out of these, 11 met the threshold for reporting to the Information Commissioner's Office (ICO), however no action was taken against the council and the ICO was satisfied as to how the council had dealt with the breaches in all cases. The figures reflect that the council has sound processes in place for reporting data incidents, and that there is a high level of awareness from the mandatory training given to all council staff regarding data protection. It also indicates a more open culture around reporting things that have gone wrong. Incidents are reviewed at the information governance steering group and learning from incidents is fed back through staff training and changes in processes and procedures.
30. The information governance team also assesses the mandatory data protection impact assessments that are completed for new programmes, projects or systems that involve processing of personal data, advise on information sharing agreements, implement

information security policies and procedures, and ensure that teams make information available on how the council processes personal data.

31. In addition to providing the council with a service, 46 of the county's schools are signed up to a self-funding school's data protection officer service level agreement. A high level service and support to schools is provided whether on the end of the telephone or via a face to face visit. Very positive feedback has been received from schools and the team looks to grow the service further by aiming to have 50 schools in Herefordshire signed up by March 2020.
32. **RIPA:** The Regulation of Investigatory Powers Act 2000 (RIPA) restricts the circumstances in which local authorities may authorise directed (covert) surveillance. In summary, it can only be applied if it is for the prevention or detection of criminal offences if: the maximum term is of at least 6 months imprisonment; it is related to underage sale of tobacco or alcohol; serious criminal damage; dangerous waste dumping; or, benefit fraud. All applications for RIPA must have judicial approval. In the past municipal year, 3 RIPA applications were made.
33. **Community trigger:** The community trigger gives individuals and communities the right to review their case of anti-social behaviour or hate crime, if they are not happy with the response given by the relevant authorities. A community trigger can be applied for if an individual has reported three or more incidents of anti-social behaviour to the council, the police, or their housing association within the past 6 months, or if an individual and four or more individuals have complained separately about similar incidents of anti-social behaviour to the council, the police, or their housing association within the past 6 months. There have been 3 such instances over the past municipal year.

Community impact

34. In accordance with the adopted code of corporate governance, Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. The council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.
35. This report provides information about the council's performance in handling complaints and requests for information from members of the public, in order to provide assurance that the council handles requests and complaints effectively and derives learning from them to improve experiences for those who receive services from the council. It also provides information about the measures taken to protect personal data under the General Data Protection Regulations and the Data Protection Act 2018.

Equality duty

36. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
37. This report is for information only and therefore there are no equality duty implications arising directly from this report.

Resource implications

38. There are no financial implications arising directly from this report, which is for information. As outlined above however, there are risks of fines from the Information Commissioner's Office for breaches of data protection legislation, and compensation payments if the council has acted in a way that results in maladministration and injustice. The council has sufficiently protected the personal data it holds to not incur fines so far. The council has however had to make some compensation payments following complaints and hence learning from complaints is being fed back into strategic planning.

Legal implications

39. There are no direct legal implications arising from the report as it is a factual summary provided for information purposes.

Risk management

40. Effective operational and governance processes mitigate the risk of non-compliance with information legislation and standards, and maintaining high standards of conduct mitigates risks to the reputation of the council

Consultees

41. Not applicable.

Appendices

None

Background papers

None identified



| | |
|-------------------------|---|
| Meeting: | Audit & Governance Committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | Corporate Risk Register |
| Report by: | Head of Corporate Performance |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To consider the status of the council's corporate risk register in order to monitor the effectiveness of risk management within the Performance, Risk and Opportunity Management framework.

It is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and periodic review of the corporate risk register enables the committee to gain assurance that risk arrangements are effective.

Recommendation(s)

That:

the committee determine any recommendations it wishes to make to ensure effective risk management.

Alternative options

1. The committee could choose not to monitor the corporate risk register; however this would not be recommended as regular monitoring enables the committee to gain assurance that risk is being managed effectively within the council.

Key considerations

2. In accordance with the Performance, Risk and Opportunity Management (PROM) framework, it is the committee's role to ensure that risks have been rated.
3. The committee receives the corporate risk register every six months.
4. The corporate risk register is compiled from risks identified at a directorate level, which have been escalated as per the PROM, along with those high-level generic risks which require strategic management. Entries within the corporate risk register reflect those risks identified by management board and are endorsed by cabinet, strengthening their strategic perspective, management response and controls.
5. The inclusion of risks within any level of risk register indicates that officers are aware of the potential risks and mitigation strategies and controls are in place.
6. Each entry within the corporate risk register is scored to provide an assessment of the level of risk. All risks are score based on an assessment of the impact and likelihood. Scoring criteria is set out within the PROM. These assessments are made at two points; before actions are put in place (inherent risk); and after identified controls are in place (residual risk).
7. Whatever level of residual risk remains, it is essential that the controls identified are appropriate, working effectively and kept under review.
8. Two new risks have been identified within the corporate risk register since the last report to committee.
 - Children's operational staffing/workforce – due to significant and specific risks in recruiting operational social workers.
 - Budgets and savings in the Children's and Families Directorate (C&F) – C&F is forecasting an overspend due to an increasing demand in placements for looked after children and care leavers
9. 1 risk has been removed from the corporate risk register since January's report.
 - Market capacity – this risk has been reduced due to the changes made by the Adults and Communities Directorate to the commissioned services as well as the strengths based assessments which have helped to reduce demand.

10. At its meeting of 23 January 2019 the committee raised a number of queries on the risk register. An update to those queries is below:

| Action | Progress |
|--|--|
| The directorate services team leader agreed to arrange for a briefing note which explained why risk number CR.048 (Delayed Transfer of Care [DToC]) had appeared on the corporate risk register at the highest rating even after mitigation. | A briefing note was shared with the committee in March 2019. |
| It was agreed that the DToC and risk number AWB.029 (Care Home Ratings) be referred to the Adults and Wellbeing Scrutiny Committee due to the high level of risk involved. | Both issues were referred to the June Adult and Wellbeing Scrutiny Committee to consider as part of their work programme - here |
| The committee requested that the ratings for the following risks be reviewed: CR.36 (Good decision making) – in light of the concerns expressed over the governance of the Southern Link Road. CR.21 (Welfare Reform) – in light of the recent national decisions, it was felt that the removal from the corporate risk register may be premature. | The residual risk rating has been raised to 9 to recognise the current level of risk. The original welfare reform risk was based on the uncertainty of what the potential model looked like. At the stage that the risk was removed from the register, Universal Credit had been implemented and the risk of uncertainty was removed. |

11. Previous committee meetings have requested that the directorate risk registers are also available to evidence escalation / de-escalation of risks in line with the PROM framework. These registers are included in appendices b – e. Since the last committee report, these registers have been reviewed and re-aligned to reflect the updated organisational structure.
12. The PROM framework is currently being reviewed following the implementation of the Corporate Support Centre. This commitment was made in the Annual Governance Statement with a completion date of February 2020. As part of this refresh, the approach to risk management will be considered to further strengthen our approach.

Community impact

13. In accordance with the principles of the council's adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective risk management is an important component of this performance management system.

Equality duty

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

Further information on the subject of this report is available from
Paul Harris, Tel: 01432 383675, email: Paul.Harris1@herefordshire.gov.uk

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. This is a factual report regarding process and therefore we do not believe that there are any equality duty implications arising from this report.

Resource implications

16. There are no resource implications arising from this report.

Legal implications

17. None.

Risk management

18. There are no risks as a direct result of this report. By reviewing the corporate risk register, greater assurance is given that the council manages its risks appropriately.

Consultees

19. None

Appendices

- Appendix A Corporate Risk Register
- Appendix B Adults and Communities Directorate Risk Register
- Appendix C Children and Families Directorate Risk Register
- Appendix D Economy and Place Directorate Risk Register
- Appendix E Corporate Support Services Risk Register

Background papers

None

| Risk Description | Opened | Risk score before controls (LxC) | Existing Controls in Place | Risk score after controls (LxC) | Change since last reported | Risk Owner |
|--|--------|----------------------------------|---|---------------------------------|----------------------------|---|
| Childrens Operational Staffing / Workforce IF/AS: We are unable to recruit and maintain a stable, experienced social care workforce THEN: Caseloads for social workers will be higher than wanted and may affect the quality of casework for children | Oct-17 | 25 (5x5) | A recruitment and retention plan has been implemented and specific actions taken to reduce turnover and improve the attractiveness of our offer to experienced staff. We have commissioned an agency to undertake a search process under the 'urgent to rural' banner. We are actively engaging with regional colleagues to influence wider work and to reduce reward package escalation. We have engaged a number of agency workers as a result of regional collaboration which has provided additional capacity. Grow our own activity has been agreed and has been progressed during 2019-20 | 20 (4x5) | NEW | Director Children & Families |
| Market workforce economy IF: the current limited capacity within the social care workforce continues THEN: will there will be an impact on availability of services - this is particularly true of Registered Managers and Nurses | Mar-17 | 25 (5x5) | External market workforce project launched - the care heroes campaign to attract and retain more people into care and support providers with recruitment & training costs. Fees have been increased to dom care providers with a steer that front line staff should benefit. Monthly provider forums with commissioning services and close monitoring of market capacity and responses. | 16 (4x4) | ◀ | Director Adults & Communities |
| Budget and Savings Plans - Children & Families IF/AS: The demand for placements for looked after children and care leavers exceeds that planned for when the budget was set THEN: the spend will be greater than the budget within children and families IF/AS: The savings plans across the directorate are not delivered with support from council services THEN: Resources and the MTFs across the council may be at risk | Apr-17 | 20 (4x5) | Budget is reviewed monthly DLT/SMT/Management Board and then informing Cabinet. Alternatives to care panel in place on a weekly basis to review cases that may be considered to be moving towards becoming looked after, chaired by the AD safeguarding and family support. Corporate contingency in place as part of 2019/2020 to cover any spend over planned budget | 16 (4x4) | NEW | Director Children & Families |
| Human Rights claims IF: a result of high court decisions regarding children's social care cases THEN: Herefordshire council may face Human Rights claims. | Dec-16 | 16 (4x4) | Case review work has been undertaken by children's social care and by legal services and submitted to court. Legal services have reviewed current cases to assess for potential human rights claims. Communications briefed on response from council, including training, audit of any cases with similar presenting features and action to address any recommendations from the judgement; communications to cabinet, children's scrutiny and all members; communication to chair of HSCB and also to regional lead for safeguarding with Ofsted. In light of court judgements, cases are reassessed. Practice improvements are identified through this work and steps taken to embed changes in day to day work. | 16 (4x4) | ◀ | Director Children & Families |
| Delayed Transfer Of Care (DTCO) IF: the capacity and effectiveness of the Home First service, timeliness of assessments, the capacity of the care home and domiciliary care market and accuracy of coding THEN: the DTCO numbers will continue to increase. | Aug-18 | 25 (5x5) | This area receives significant scrutiny, including an LGA peer review in February, as well as through the BCF monitoring processes. Additional investment in the home care market, creation of a joint discharge lead, as well as a trusted assessor model, are all helping to improve performance in this area - which can be evidenced by clear improvements in the numbers of days delayed during the last 9 months. | 12 (3x4) | ◀ | Director Adults & Communities |
| Council Redesign/Resources IF: Reducing resources in the form of grant, uncertainty and the requirement to deliver transformation at speed combine THEN: there will be an risk of failure to meet statutory and/or legal duties and powers. | Jun-15 | 25 (5x5) | Transformation programme within each directorate, corporate plan, refreshed governance and constitution, quarterly performance management reporting and director performance management through appraisal system. | 12 (3x4) | ◀ | Chief Executive |
| Deprivation of Liberty IF: The authority does not meet the statutory requirements for Deprivation of Liberty Safeguards and individuals are unlawfully deprived of their liberty THEN: The authority faces a risk of being taken to the Court of protection, increasing the risk of Costs and Financial penalties for the Local Authority | Oct-14 | 20 (4x5) | Additional investment into DoLs has been made and will be maintained. Weekly performance management of waiting list is in place. Regular reporting and review up to Director Level and to Safeguarding Adults Executive Group. Recruitment of external Best Interest Assessors - although these are limited in availability due to national demand. The DoLS team check all referrals for DoLS against list of open safeguarding referrals to ensure these cases are prioritised. ADASS triage criteria are followed to identify cases where there is a high risk to the individual and a high risk to the Council of litigation. Three full time BIA posts have been created and a MCA DoLS team manager post has been created as part of the adults social care restructure. Further awareness training with staff and providers, additional legal support and constant review and prioritisation of cases waiting for assessment. Programme to train staff as BIAs in place. Independent BIA engagement plan ongoing two additional full time seconded posts created and filled. Multi agency MCA and DoLS policies completed. agency MCA and DoLS policies completed. | 12 (3x4) | ◀ | Director Adults & Communities |
| Recruitment IF: the council is unable to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic THEN: there will be insufficient staff to meet service demands; an inability to progress service development; and a financial implication of using agency staff/contractors. | Aug-18 | 16 (4x4) | Short term reductions in capacity are accommodated by prioritisation and reallocating work amongst staff. Analysis identifying posts which are hard to recruit to. Involvement in regional workforce development and agency market management. Recruitment and retention initiatives. | 12 (3x4) | ◀ | Head of HR and Organisational Development |
| EU exit IF: following the EU exit there is uncertainty or policy decisions that impact the council THEN: there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce. | Aug-18 | 16 (4x4) | Inclusion of an assessment of the risks associated with EU exit in our MTFs and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability. | 12 (3x4) | ◀ | Chief Finance Officer |
| Failure of council employees to adhere to standing orders and policy IF: officers fail to adhere to standing orders (e.g. contract and finance procedure rules) and policies THEN: the number of internal disciplinary and/or exposure to legal challenge will increase, along with the likelihood of financial and reputational risk, resulting in claims being made and won against the Council with costs and reputational harm incurred. | Sep-17 | 16 (4x4) | Contract and finance procedure rules have been rewritten and published in May 2017. Toolkits, guidance and training have been implemented. Schemes of delegation have been written as part of the new constitution. Governance training has been provided. | 12 (3x4) | ◀ | Head of Law and Governance |
| Emergency events IF: significant events happen (e.g. severe weather, major flooding, terrorism and/or influenza pandemic risks) THEN: there could be a significant cost implication to the Council and it may necessitate staff redeployment to backfill and maintain critical services. Failing to respond effectively to major emergencies/incidents could result in a loss of public confidence through adverse publicity, loss of life to public or council employees, loss of service, economic damage or environmental impacts. Lack of trained staff (deployed or other) means we may not respond as quickly/effectively as we should. | Apr 11 | 16 (4x4) | Council and multi-agency plans reviewed as part of wider WM Local Resilience Forum objectives. Resilience Direct (cabinet officer system) to progress information sharing, planning and response mechanisms and data. Council Business Continuity Management System in place. Rest Centre training and provision for 200 people at Three Elms Unit. Gold and Silver officer training sessions and programme completed. BBLP tested new emergency road closure software, which will update the website automatically within the road closure map. | 12 (4x3) | ◀ | Health Safety and Resilience Manager |
| Health & Safety IF: Herefordshire Council doesn't comply with Health and Safety legislation THEN: there is an increased risk of: employees injured through work activity; council prosecuted by HSE for breaches of legislation; increased insurance claims and insurance premiums; member of public, contractor or employee killed at work, possible corporate manslaughter, loss of reputation and financial costs to the council; sickness rates increase because of lack of compliance with good health, safety and wellbeing practice; increased employer/employee litigation through inconsistent approach to managing health and safety in the workplace; unable to defend H&S claims or disputes; and, fire damage and financial and reputational costs to the council through fire at a council owned building. | May 11 | 16 (4x4) | Strategy – Strategy/project plan in place to achieve full compliance with H&S legislation, prioritised by high risk activities; H&S policy current and reviewed each year. Cultural – Sharepoint H&S tool box available via front page of intranet; H&S and Fire Safety part of existing mandatory training; some improvement has been made in last period with wider engagement from employees with H&S systems (when things have gone wrong); employees consulted about H&S issues through 'house' meetings. Systems – Accident reporting/investigation and work based ill health in place; mandatory training; first aid/fire warden training in place; some systems updated (focused on high risk areas); employers liability insurance; Directorate H&S reps kept up to date with current risks and good practice control measures. Property Services buildings statutory compliance system in place. | 12 (3x4) | ◀ | Health and Safety Advisor |
| Cyber attack IF: we do not protect against a potential cyber attack THEN: we could be at risk of losing data in breach of principle 7 of the Data Protection Act which would lead to potential fines from the Information Commissioner Office and reputational damage. | Apr-17 | 15 (3x5) | IT Supplier (Hoople Ltd) holders of ISO 27001:2013, and; Cyber Essentials Plus certificates – both in good standing. Implemented 'defence in depth' strategy covering: Administrative, Technical and Physical controls to maintain our security goals: Confidentiality, Integrity and Availability. | 12 (3x4) | ◀ | Assistant Director, Corporate Support |

| Risk Description | Opened | Risk score before controls (LxC) | Existing Controls in Place | Risk score after controls (LxC) | Change since last reported | Risk Owner |
|--|--------|----------------------------------|---|---------------------------------|----------------------------|--|
| Development Regeneration Partnership - Keeppmoat IF: there is not an adequate pipeline of suitable residential development projects THEN: we will not be able to deliver the benefits through the contract | Feb-18 | 12 (3x4) | A pipeline of projects has been identified and discussed with the DRP Board. Work is underway to identify and bring forward suitable sites for inclusion in early phases of the programme, specifically relating to housing development, there are, however, limited opportunities that are immediately available. Draft pipeline of potential development sites being collated Jun 18: A pipeline of projects has been identified and discussed with the DRP Board Business case to cover the life of the partnership being developed in conjunction with each development partner and the council's Finance department. Jan 19: Early phase pipeline is current focus. Release of Merton Meadow for mixed development will provide opportunities for housing development. Mar 19: DRP Housing Strategy and pipeline drafted seeking approval in June 2019. | 12 (3x4) | ◀ | Programme Director, Housing and Growth |
| Workplace / Accommodation Programme IF: the Programme is not managed to time and budget and does not include BWoW principles THEN: there will be significant risks to service delivery, savings plans and the life cycle of buildings. | Mar 16 | 12 (3x4) | Corporate Property Board. Escalation of high risk items to EP management team and to members for political consideration of priorities. Jun 18: Paper for Cabinet being prepared for July 2018. Cancelled as directive that CWB need to complete service review post OFSTED report - also impacts on BWOW. Aug 18: Undertaking a programme of condition surveys on a cyclical basis will provide detail on scale of backlog maintenance. A programme is being developed for commencement in 2018-19. CWB internal review post-Ofsted needs to be completed before a strategic property review is completed including BWoW. This is likely to be post May 2019. CPB wound up - Outline future estates strategy options to go to Corporate Property Strategy Board in January 2019. March; No Directorate business plans received to underpin estate strategy. | 12 (3x4) | ◀ | Strategic Property Services Manager |
| Integration (One Herefordshire) IF: there is a limited shared vision on the operational implications for One Herefordshire and integration THEN: there will be continued challenges in areas such as BCF/BCF and continued risk of "cost shunting" between agencies rather than focussing on system costs. | Jun-15 | 25 (5x5) | An approved BCF between CCG and the local authority that approves integration and schemes to be delivered. Ongoing negotiations and monitoring through the BCF partnership board and Joint Commissioning Board. | 9 (3x3) | ◀ | Director Adults & Communities |
| Demographic Pressures IF: due to increasing financial and demographic pressures, the council is unable to meet its statutory obligations and assess clients in a timely manner and annually review all long-term packages of care THEN: clients might not receive the timely interventions required and we might miss the opportunity to maximise independence | Oct-14 | 16 (4x4) | New pathway implemented with evidence of improved outcomes for people and reduced amount of people requiring social care intervention. In addition, implemented a SAS team to focus on re-assessment work, and an external provider to undertake reassessments and reviews allied to cohorts of service users where review is required. Controlled waiting list, proactive front door, proactive reablement response, regular reporting to monitor any changes. Strengthened commissioning approach to market developments and client need. | 9 (3x3) | ▼ | Director Adults & Communities |
| Capital Programme IF: we are unable to implement the strategic corporate and CWB capital programmes within budget and timescale THEN: operating costs will increase, assets will deteriorate, service delivery could be impacted and opportunities to realise value and benefits could be missed. Strategic change will not be implemented. | Feb-18 | 16 (4x4) | Corporate Property Strategy Board and CWB Capital Programme Board. Escalation of high risk items to Directors. July 19: Education capital works to be delivered during the summer holiday break are on programme. New project manager in post. Review of project management processes to commence July 2019 along with an assessment to use framework contracts to provide project management, QS and CDM services. | 9 (3x3) | ▼ | Design & Maintenance Manager |
| NMITE University IF: there is a lack of accommodation, cultural and other infrastructure services to enable planned growth in student numbers THEN: this would impact upon the successful delivery of the new university and would create reputational risk for the council. | Aug-18 | 12 (3x4) | The council is working with its Development Partner to enable the development programme to support NMITE estate needs subject to Cabinet decisions on individual sites. Joint University Development Board (JUDB) has been re-designed to reflect new structures at the University and to ensure it effectively allows the University and council to manage the University's development collaboratively; space has been provisionally allocated in the facility on station approach to support NMITE's first full cohort in 2020; student accommodation has been identified as a potential use for the Blackfriars end of the football stadium and the Council strategically acquired the College Road campus site in March 2019 - this has been discussed with NMITE and will be explored as part of the preliminary appraisal of the site; It is proposed to put in place a company to manage HE student accommodation. This would help all parties to manage the risks associated with developing purpose built student accommodation. | 9 (3x3) | ◀ | Programme Director, Housing and Growth |
| Economic Resilience IF: the Invest Herefordshire Economic Vision is not supported by key stakeholders and does not deliver initiatives which address economic growth prospects and local economic concerns and meet local need THEN: there will be a fall in indigenous and new business investment within Herefordshire engagement with the council which could affect large business retention, business rates income, productivity, employment and wage rates, and wider resilience in the local economy. | Jun 15 | 16 (4x4) | Implementation of the Economic Development Strategy. Economic Masterplan adopted. Delivery of the Fastershire project. Delivering and promoting the Local Development Framework. Implementing the delivery of the Enterprise Zone. Securing external funding. Full approval for Ross Enterprise Park. Delivery of Hereford Centre for Cyber Security. Joint Venture agreed and start on site commenced | 8 (2x4) | ◀ | Head of Economic Development |
| Safeguarding work to support the service during police investigation IF: there is a lack of capacity in management THEN: there may be disruptions in casework, unsettled staff and service users. | Oct-17 | 16 (4x4) | Interim senior management was put in place to provide additional capacity during the investigation which has now concluded. Staff communicated with and support was put in place. Outcome of police investigation still to be concluded. Risks to current service delivery assessed to be low. | 8 (2x4) | ◀ | Director Children & Families |
| Good internal controls protect against fraud and error IF: good internal controls aren't in place and followed to protect against the potential of fraud, corruption, financial management, malpractice or error THEN: this produces a heightened risk of fraud, corruption and/or poor value for money with the consequent negative reputational impact. | Nov-17 | 16 (4x4) | Follow-up on SWAP audit recommendations so that they are all dealt with fully so that systems, processes and compliance are improved. EE code of conduct - should be issued with contract of employment. Recruitment process which ensures appropriate background checks. Induction programme. Fraud, bribery and corruption policies. Whistleblowing Policy. Finance procedure rules. Contract procedure rules. Agresso workflow. Governance processes. | 8 (2x4) | ◀ | Head of corporate finance |
| Medium Term Financial Strategy IF: we do not have a sustainable Medium Term Financial Plan THEN: we will not achieve a balanced budget, risk serious service failure | Aug 12 | 20 (4x5) | MTFS to 19/20 approved by Council in February. All savings RAG rated and reviewed. MTFS linked to Corporate Priorities. Monthly financial reports to Management team and Cabinet. Performance Challenge meetings. Base budget review exercise completed. Prudent levels of reserves in place. Regular reviews by Cabinet of reserves and assumptions around inflation. | 6 (2x3) | ◀ | Chief Finance Officer |
| ICT Platforms IF: the technology ICT systems/platforms are not appropriate or used to their full effect THEN: we fail to transform our services and cost the organisation more money | Apr 14 | 16 (4x4) | Programme Boards for major systems improvements in place. | 6 (2x3) | ◀ | Assistant Director, Corporate Support |
| Partnerships IF: the partnerships that the council's involved in are not developed / fail to operate effectively / or fail entirely THEN: the strategic objectives / priorities may not be achieved. | Aug-18 | 12 (3x4) | Partnership governance protocol. Effective communications. Contractual and partnering agreements. | 6 (2x3) | ◀ | Head of Corporate Governance |
| Development Regeneration Partnership - Engie IF: the length of time that regeneration projects take to bring forward leads to a perception that the programme is not delivering THEN: confidence will be reduced | Feb-18 | 9 (3x3) | A pipeline of regeneration projects has been identified and discussed with the DRP Board. Work is underway to bring these projects into the programme; however, the feasibility, design and approval process does take time | 6 (2x3) | ◀ | Head of Economic Development |
| IG Toolkit IF: we do not complete the new IG toolkit to the required standard THEN: we will lose access to the NHS N3 connection and a number of data sets required by Adult Wellbeing. | Aug-18 | 9 (3x3) | Standards for 2020 Toolkit released and an action plan prepared. Currently 83% of mandatory assertions completed. Outstanding work includes consolidation of Information Sharing Register; Software Register; Contract review for suppliers handling personal data; Business Continuity exercise for data security etc. | 6 (3x2) | ◀ | Information Governance Manager |

| Risk Description | Opened | Risk score before controls (LxC) | Existing Controls in Place | Risk score after controls (LxC) | Change since last reported | Risk Owner |
|---|--------|----------------------------------|--|---------------------------------|----------------------------|---------------------------------------|
| Information governance IF: staff do not treat the information they access appropriately THEN: this may lead to the risk of referral to the Information Commissioner and/or legal challenge with resultant unbudgeted costs and reputational damage for the Council. | Feb 14 | 16 (4x4) | A series of mandatory online training modules have been introduced (including Data Protection, Environmental Information Regulations, Freedom of Information, Information Security). All employees must also complete a staff confidentiality agreement in order to acknowledge that they agree to abide by the council's information governance policies. The new mandatory training modules have been produced and rolled out 1st February 2018. A new member of staff started with the team in May and is delivering the IG School Data Protection Officer (DPO) role and supporting the team with work load. DSP Toolkit submitted. | 4 (2x2) | ◀ | Assistant Director, Corporate Support |
| Litigation IF: ongoing contract changes and budget savings increase the level of exposure to litigation/dispute THEN: the Council may lose and be liable for costs in excess of £M (effecting budget position) and incurring reputational harm. | Jun 13 | 16 (4x4) | In house and external legal teams in place dealing with adjudications and litigation. Formal mediation has been undertaken. Mediation window remains open. The Council has commenced enforcement action in regard to prior adjudicator's decision. | 4 (2x2) | ▼ | Solicitor to the Council |
| Good decision-making IF: officers and members do not uphold the principles of good decision-making THEN: the Council may make poor decisions which either result in lost opportunities or increased costs. | Apr-17 | 12 (3x4) | Decision reports are subject to a quality assurance process which includes review by risk, legal, finance, governance and the lead director. A programme of training and development has been developed to support implementation of the new constitution. This included report writing and decision making as appropriate. | 9 (3x3) | ◀ | Solicitor to the Council |

Risk / opportunity scoring matrix

| Likelihood | Consequence | | | | |
|---------------|--|--------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
| | 1 Insignificant Impact / Benefit | 2 Minor Impact / Benefit | 3 Moderate Impact / Benefit | 4 Major Impact / Benefit | 5 Significant Impact / Benefit |
| 5 Certain | 5 | 10 | 15 | 20 | 25 |
| 4 Likely | 4 | 8 | 12 | 16 | 20 |
| 3 Possible | 3 | 6 | 9 | 12 | 15 |
| 2 Unlikely | 2 | 4 | 6 | 8 | 10 |
| 1 Rare | 1 | 2 | 3 | 4 | 5 |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|---|------------|---|---------------------|---------------------------------|
| Yes 93 | Oct-14 | R,L,F | <p>DOLS</p> <p>IF: The authority does not meet the statutory requirements for Deprivation of Liberty Safeguards and individuals are unlawfully deprived of their liberty THEN: Service users human rights may be breached, the authority would be at risk of financial penalty, increased legal costs & reputational damage. The amendment to the Mental Capacity Act with regards to the adoption of the liberty protection safeguards will go some way to address this risk and goes live in October 2020. Work to implement the new scheme is on the forward plan and will commence in January 2020. This implementation will also consider the impact on the existing advocacy commissioned service with the potential increased financial risk to the contract value.</p> | 20 | <p>Additional investment into DOL's has been made and will be maintained. Weekly performance management of waiting list is in place. Regular reporting and review up to Director Level and to Safeguarding Adults Executive Group. Recruitment of external Best Interest Assessors - although these are limited in availability due to national demand. The DoLS team check all referrals for DoLS against list of open safeguarding referrals to ensure these cases are prioritised. ADASS triage criteria are followed to identify cases where there is a high risk to the individual and a high risk to the Council of litigation. Three full time BIA posts have been created and a MCA DoLS team manager post has been created as part of the adults social care restructure. Further awareness training with staff and providers, additional legal support and constant review and prioritisation of cases waiting for assessment. Programme to train staff as BIAs in place. Independent BIA engagement plan ongoing two additional full time seconded posts created</p> | 12 | Director - Adults & Communities |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|---|------------|--|---------------------|--------------------|
| Yes 94 | Sep-17 | R,L,F | Demographic Pressures IF: Due to increasing financial and demographic pressures, the council could be at risk of not meeting it's statutory obligations to assess clients in a timely manner and annually review all long-term packages of care, THEN: clients might not receive the timely interventions required and we might miss the opportunity to maximise independence | 16 | New pathway implemented with evidence of improved outcomes for people and reduced amount people requiring social care intervention. In addition, implemented a SAS team to focus on re assessment work, and an external provider to undertake reassessments and reviews allied to cohorts of service users where review is required. Controlled waiting list, proactive front door, proactive reablement response, regular reporting to monitor any changes. Strengthened commissioning approach to market developments and client need. | 9 | Head of Operations |
| | Sep-17 | F | Market viability IF: Provider services fail, THEN: we will need to manage the transfer of a (large) number of service users in very short timescales, in an already difficult market, with limited capacity. | 16 | QAF in place to monitor. Provider failure policy and procedures in place. Senior Commissioning Officers close oversight of market conditions. A rehearsed in practice operational response to urgent closures of provision. Reviewed policies and procedures by HC Emergency Team and these have been implemented within operational teams. | 12 | Head of Operations |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|--|------------|---|---------------------|---|
| Yes | Mar-17 | F,R | Market workforce economy IF: the current limited capacity within the care workforce continues THEN: will there will be an impact on availability of services - this is particularly true of Registered Managers, Nursing staff and Dom Care staff | 25 | External market workforce project launched - the care heroes campaign to attract and retain more people into care and support providers with recruitment & training costs. Fees have been increased to dom care providers with a steer that front line staff should benefit. Monthly provider forums with commissioning services and close monitoring of market capacity and responses. | 16 | Director - Adults & Communities |
| 5 | Mar-18 | | Availability of supported and targeted housing IF: There is misalignment between the availability and pipeline of supported and targeted housing and evolving demand for accommodation among people with Adult Social Care need THEN: we will potentially miss the opportunity to place people in more appropriate locations | 6 | Increased and phased pipeline of new accommodation. Strategic project across services to refine needs analysis, agree pathways and models and make best use of existing and emerging estate. | 4 | Head of Community Commissioning and Resources |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|---|------------|---|---------------------|---|
| 96 | Mar-18 | F,R | Supported Housing for Care leavers with complex needs. If the accommodation and support options are not increased, with improved quality and pricing, Then; young people will continue to become homeless, at risk and vulnerable to exploitation and the council will continue to pay too much for support placements with inconsistent outcomes for individuals | 12 | Accommodation strategy for vulnerable young people. Acquisition of building and commissioning of new provision for those with complex needs. Revised accommodation pathway for care leavers/16-17 year olds and review of options for better managing spot purchased placements. | 6 | Head of Community Commissioning and Resources |
| | Sep-17 | R | Staffing & Recruitment IF: we are unable to recruit to crucial roles THEN there will be a risk to our services | 15 | There is an ongoing recruitment campaign managed by Head of Operations. There is an agreement to use agency workers where appropriate. There is a continued process with Hoople to address this that is revised. There is an active policy to develop our own staff through SW training. We have an active policy to recruit directly from colleges for Asye and anticipating a | 8 | Director - Adults & Communities |
| | Sep-17 | F,R,L,HS,PH | Continuing budget pressures IF: Adults & Communities funding settlement is below required amount THEN there is a risk in the ability to comply with statutory obligations to deliver Adult Social Care services to service users who have an identified eligible need. | 25 | MTFS in place, proposing balanced budget until March 2020, with planned savings due to mitigate known increases. Regular budget monitoring, regular monitoring of project delivery, member challenge sessions | 12 | Director - Adults & Communities |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|--|------------|--|---------------------|--------------------------------|
| | Sep-17 | F,R,L,HS,PH | Contract & Quality Management Capacity IF: we have limited capacity in both contracts management and quality assurance teams, THEN there is a risk on pro-actively engaging with commissioned providers and focus is on providers subject to concerns | 20 | QAF team is fully staffed. QAF procedures were reviewed in 2019/20 and subject to a potential further review in 2020/21. Quality /CQC ratings of providers and services in Herefordshire continue to improve. | 9 | AD of All Ages Commissioning |
| 97 | Aug-18 | F,R, | Use of Temporary Accommodation IF: the constraints on the supply of temporary accommodation continues at the same rate THEN this may mean that we are unable to meet our statutory duties under the Housing Act 1986 and Homelessness Reduction Act 2017 | 12 | Rent can be paid in advance (1 week) and support with deposits is available. We are actively seeking to replace lost sources of accommodation with alternatives largely through the private sector. Monthly meetings with Housing strategy team | 12 | Head of Prevention and Support |
| | Aug-18 | F,R | Market Capacity from Provider Failure IF: providers fail due to increased costs, reduced packages due to reablement through Home First, changes to CQC inspections and increase in quality concerns THEN: package costs are likely to increase for our clients and there will be further pressure on capacity in the market | 16 | Working with the market to identify issues early on to prevent failure and ensure quality through contract management and intel into the quality dashboard. Scope resilience plan to support/react to failing services quickly. Encourage new providers and staff to the market where appropriate. | 4 | Head of Care Commissioning |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|---|------------|--|---------------------|---------------------------------|
| 86 | Mar-18 | | Nursing Capacity IF: the current trends of difficulty in placing in nursing beds due to increased complexity continue THEN there will be a further increase in the spend in this area in order to make placements | 12 | Continual engagement with providers, supporting planning applications, scoping alternative models of delivery. Looking at additional capacity utilising existing block contract. | 4 | Head of Care Commissioning |
| | Sep-17 | | Provider delivery problems IF: there are periods of inclement weather, or provider workforce difficulties or financial issues THEN providers may be unable to deliver services leaving vulnerable people at risk | 25 | Quality and Review team and QA framework, market position statement, business continuity plans, Safeguarding processes in place | 12 | Director - Adults & Communities |
| | | | NHS Re-organisation IF: there is a major NHS re-organisation THEN this might hinder effective joint working with social care | 16 | One Herefordshire Group gives us strong communic | 16 | Director - Adults & Communities |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|---|------------|---|---------------------|---------------------------------|
| | Jun-18 | F, R, L, | Care Home Ratings IF: the increasing trend of care homes with reduced ratings by CQC (to either Inadequate or RI) THEN placing people will be more challenging and these homes will require additional support from our staff | 25 | QAF team is fully staffed. QAF procedures were reviewed in 2019/20 and subject to a potential further review in 2020/21. Quality /CQC ratings of providers and services in Herefordshire continue to improve. | 20 | AD of All Ages Commissioning |
| Yes 60s | Aug-18 | | DTOC IF: we don't improve the capacity and effectiveness of our Home First service, the timeliness of our assessments, the capacity of our care home and dom care market and the accuracy of coding, THEN: our DTOC numbers will continue to increase | 25 | This area receives significant scrutiny, including an LGA peer review in February, as well as through the BCF monitoring processes. Additional investment in the home care market, creation of a joint discharge lead, as well as a trusted assessor model, are all helping to improve performance in this area - which can be evidenced by clear improvements in the numbers of days delayed during the last 9 months. | 12 | Director - Adults & Communities |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|---|------------|---|---------------------|---------------------------------|
| 100 | Sep-18 | F, H, L | Future of ASC funding IF: There continues to be uncertainty around the future and sustainability of adult social care funding, THEN the risk of not meeting statutory functions increases as does the risk of failure within the reliant social care economy in the county, such as care homes. In addition, the opportunity to re-model the way we provide services is limited | 15 | Short term mitigation through close budget management. Additional powers re: Social Care Premium Longer term mitigation: Currently engaging regarding the Social Care green paper out for consultation | 12 | Director - Adults & Communities |
| Yes | Jun-15 | F,R,L,H | One Herefordshire: IF: there is a limited shared vision on the operational implications for One Herefordshire and integration, THEN: there will be continued challenges in areas such as BCF/iBCF and continued risk of "cost shunting" between agencies rather than focussing on system costs | 25 | An approved BCF between CCG and the local authority that approves integration and schemes to be delivered. Ongoing negotiations and monitoring through the BCF partnership board and Joint Commissioning Board. | 9 | Director - Adults & Communities |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|--|--|------------|--|---------------------|---|
| 101 | Nov-18 | F, R, L, | SHYPP: IF: The service improvements agreed and managed through the joint project with WM Housing and C&F do not address concerns about referrals, quality and property condition, THEN the SHYPP service will fail, leaving questions about demand among care leavers and delivery models, along with reputational risk.. | 9 | New contract and robust specification in place, along with full project plan and management process to Dec 2019.. | 6 | Head of Community Commissioning and Resources |
| | Sep-18 | F | ICES: IF prescriber engagement and budget mitigation measures do not continue to be effective and also when the re-procurement of ICES is launched THEN there could be a significant overspend of the budget of £1.5m (council share of £525k) and/or also there is significant risk of procurement challenge and associated litigation. | 12 | Established suite of prescriber engagement and budget mitigation measures in place and regularly reviewed and updated. Proposal to reconfigure client side management arrangements to ensure more effective business approach to prescribers and budget monitoring. Also market engagement and research, with detailed planning of procurement, minimising focus on CTEs to reduce risk of challenge | 9 | Head of Strategic Housing & Wellbeing |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|--|------------|---|---------------------|---|
| | Nov-18 | F, R, L, | Financial stability of Four Seasons IF Four Seasons financial stability forces closure and contract withdrawal Nationally THEN Herefordshire will have to re locate our clients in Herefordshire and Out of county and support self funders in Herefordshire | 8 | Identified clients who would be affected (2 in county and 1 out of county) not including self funders in county | 6 | Head of Care Commissioning |
| 102 | Jul-19 | R, H, F | Talk Community Hubs IF there are delays in identifying and mobilising talk community hubs THEN strategic priorities for communities will be disrupted and there would be reputational harm to the Council | 9 | Project plan established project group and dedicated project team recruited | 4 | Head of Community Commissioning and Resources |
| | Jul-19 | L,R,F, FR | Blue Badge: IF the appropriate resources and processes are not in place to support implementation of the revised national scheme THEN Council would face delays to applications and an increased complaints and appeals | 9 | Current scheme operates efficiently supported by newly commissioned customer response software. Project plan in development | 4 | Head of Strategic Housing & Wellbeing |
| | Jul-19 | R, H, HS | Suicide Prevention Strategy IF the new strategy does not seem to be associated with a reduction in local suicides THEN the council and its partners may be challenged by the public and by the media as failing in their objectives | 8 | Joint strategy, Action plan to be developed and further review of alternative data sources and ways of managing data, interdependence with Talk Community and other key initiatives | 6 | Head of Community Commissioning and Resources |

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| 103 | Jul-19 | R, PH, F | Integrated Sexual Health Service The appointment of the new provider - Solutions for Health - as a non NHS provider and new to sexual health services has created a tremendous amount of interest and challenge from professional bodies. IF this challenge continues THEN it has a potential to discredit the service and cause poor press which is a risk service performance. | 12 | This is a CQC registered commission, which are the authorised body to determine if the service is clinically safe. CQC have deemed this so. Commissioners are having monthly contract meetings with the new provider and weekly correspondence to monitor and review performance. This service has to meet BASH (British Association of Sexual Health Service) and FSRH (Faculty of Sexual and Reproductive Healthcare) clinical standards, this is regulated by the CQC. The Public Health commissioner will be setting up a quarterly sexual health provider forum with stakeholders that will meet to share good practice, new developments and alleviate the mis-communication around this issue. The Public Health Commissioner is also working with Herefordshire Council Communications team to send out positive monthly press coverage about the service. | 12 | Director of Public Health |
| | Aug-19 | F, R | Community Hospital IF the proposed redesign of community hospitals leads to beds reductions or closures THEN this could impact the Local Authority financially and on assessment and care capacity. | 25 | LA officers are working closely with Health colleagues to scope future options and ensure that any changes are through a managed approach. Financial modelling has been completed but is continuously reviewed based on any decisions made. | 20 | Head of Partnerships & Integration |

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| | Aug-19 | F, R | Better Care Fund the 19/20 guidance was issued in July 2019 which is significantly late for budget planning. Therefore the LA is spending BCF money without formal approval. IF the plan is not approved THEN the BCF Funding could be at risk to the LA | 16 | Guidance has now been issued and a plan is in development. Initial negotiations and agreements are ongoing with the CCG. A BCF plan will be submitted on 27/09/2019 | 16 | Head of Partnerships & Integration |
| 104 | Aug-19 | F, R | Access to Health funding (CHC and joint funding) Herefordshire remains in the bottom quartile of cases fully funded meeting CHC eligibility. IF CCG continue to not accept that there are any process or decision making irregularities influencing this trend THEN it remains the fact that ASC are funding above other Local Authorities per 1000 population. Meaning ultimately Herefordshire citizens and the Local Authority potentially are funding Healthcare which should be free to the individual at the point of delivery. Currently the CCG is disputing the Local Authority peer challenge feedback. | 25 | Issue called to scrutiny and feedback where CCG and ASC were asked to account for the status quo. The peer review explored the CHC component within their last peer review on DTOC in February 2019. Ops initiated a joint review last year. Recruited a CHC lead who started 2019 and has reviewed internal processes and is taking forward an action plan in respect of processes, training of social care staff and improved joined working and practices with CHC team. Identified social workers who have a particular understanding for CHC or ad where the can be trained to a high standard so we have CHC champions in each team. Head of services co-chairing quality assurance panel with CCG and we are beginning to see a small shift towards new cases being found eligible for CHC or for joint funding | 25 | Head of Operations |

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|--------------------------|--------|---|---|------------|--|---------------------|------------------------------------|
| 105 | Aug-19 | F, R | Herefordshire and Worcestershire CCG merger. Herefordshire and Worcestershire CCGs are expected to merge from April 2020. Primarily for back office functions only. However, IF services and budgets are merged with Worcestershire THEN the Herefordshire place provision could reduce, key decisions could be made from Worcester which could have a direct impact on Herefordshire population, Local Authority and services provided. | 25 | On work programme of Scrutiny and Health & Wellbeing board. Senior Executives are fully aware and sighted on all issues and regularly put Herefordshire voice on agenda at key meetings. Proposal being forward that HC commissions the community health services to ensure that services remain in Herefordshire. | 25 | Head of Partnerships & Integration |
| | Aug-19 | F, R, PH | Continuation of the PHRFG IF the ring fence is removed from the grant or the grant is reduced THEN this will threaten the delivery of funded services and the ability of the Council to improve Health & Wellbeing | 15 | Some funding remains in reserve. Monitor the effectiveness and progress against targets of the current use of the PHRFG through joint Children's and Adult's DLT. Commissioning Board explores alternatives to funding services. | 15 | Director of Public Health |

| Corporate Risk Register? | Opened | Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Fr-Fraud | NEW Risk Description | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|--------------------------|--------|---|--|------------|--|---------------------|---------------------------|
| | Aug-19 | F, R, PH | No Deal Brexit IF there is a no deal Brexit THEN there is a potential threat to medication supplies for commissioned services and staff and food security as a result. In addition potential impact on staff time in needing to respond to emerging issues | 9 | Issues flagged through the EU exit reporting system. Providers keeping watching brief in terms of drugs issues. Providers seeking potential alternatives to drugs as back up | 9 | Director of Public Health |
| 106 | Aug-19 | F, PH | Rising cost of buprenorphine IF the cost of buprenorphine continues to rise THEN this will impact on Addaction's prescribing budget. | 16 | Addaction will fund prescribing costs through October. | 9 | Director of Public Health |
| | Aug-19 | F, PH | NHS Health checks There are performance concerns and concerns about targeting invites. IF these are not resolved THEN there is the potential of high risk individuals not accessing prevention and support at an early stage to reduce or resolve potential long term health issues | 12 | Working with provider to address targeting of invites, need to consider that those attending following invite are likely to be lower risk individuals. | 9 | Director of Public Health |

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|--------------------------|--------|--|---|------------|---|---------------------|---------------------------------|
| | Aug-19 | F,R | Care Home Fee Setting: IF we fail to set sustainable transparent and appropriate fees for care homes THEN this could lead to challenge and potentially judicial reviews | 12 | Care Home fee setting group was established 2019/20 and will report on planned approach in September 2019 | 8 | AD of All Ages Commissioning |
| 107 | Sep-19 | F,R | Care4IT IF the system fails to function in the expected electronic form THEN the service may need to revert to paper based scheduling which can lead to the potential for human error | 20 | We have a support contract in place with Care4IT. We have pre agreed scheduling paperwork designed to eliminate the potential for human error. We also have acute awareness within the management of the service with the potential risk and therefore a concentration to eliminate this risk | 10 | AD of All Ages Commissioning |
| | Sep-19 | F, R | Brexit IF the UK leaves the EU on 31 October without a deal THEN there is potential for shortages in medication, food, fuel, and additional workforce pressures | 20 | Regular communications, updates and monitoring within and across Directorates. | 20 | Director - Adults & Communities |

Children and Families Risk Register

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|--------------------------|------------|--|--|------------|--|---------------------|---|
| | 01/04/2017 | F,R,HS, L | ICT Systems IF/AS: The technology ICT systems/ platforms are not appropriate or used to their full effect THEN: We fail to manage our services effectively and this can lead to poor practice and inefficient use of staff time | 20 | MOSAIC overseen by joint chaired adults and children Ads. Education System Group now in place, Education systems have been reviewed and project management in place and a new system has been purchased to support the work on NEETS and is currently in the early stages of implementation | 12 | MOSAIC - AD Safeguarding and family support AD Education Development and Skills |
| | 01/04/2017 | F, R | School Assets IF/AS: Insufficient condition oversight of school assets is not in place THEN: There may be an increase in costs due to unplanned significant spend | 25 | Education assets condition surveys to be completed and school capital investment strategy in place. Schemes to be developed. | 9 | Director for children and families |

Children and Families Risk Register

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|--------------------------|------------|--|--|------------|--|---------------------|------------------------------------|
| Yes | 01/04/2017 | F, R | <p>Budget and Savings Plans - Children & Families IF/AS: The demand for placements for looked after children and care leavers exceeds that planned for when the budget was set THEN: the spend will be greater than the budget within children and families IF/AS: The savings plans across the directorate are not delivered with support from council services THEN: Resources and the MTFs across the council may be at risk</p> | 20 | Budget is reviewed monthly DLT/SMT/Management Board and then informing Cabinet. Alternatives to care panel in place on a weekly basis to review cases that may be considered to be moving towards becoming looked after, chaired by the AD safeguarding and family support. Corporate contingency in place as part of 2019/2020 to cover any spend over planned budget | 16 | Director for children and families |
| | 01/04/2017 | R,F | <p>Ofsted Readiness IF/AS: Preparations are not made for Ofsted focused visit or Joint Targetted Area Inspection THEN: Service areas and leadership may be judged poorly and positive outcomes for children not reflected in Ofsted judgements. This could lead to reputational damage, requirements for improvements including significant budget implications for the council and partners</p> | 15 | Safeguarding and Family Support Improvement plans are in place. CEX briefings take place on a monthly basis. Cabinet received briefings on framework and current position of service. Children and Families Scrutiny in place to scrutintise the progress against the action plans and self evaluation. | 12 | AD Safeguarding and family support |

Children and Families Risk Register

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|--------------------------|------------|--|---|------------|--|---------------------|------------------------------------|
| Yes | 18/10/2017 | R, F, L | <p>Staffing / Workforce IF/AS: We are unable to recruit and maintain a stable, experienced social care workforce THEN: Caseloads for social workers will be higher than wanted and may affect the quality of casework for children</p> | 25 | A recruitment and retention plan has been implemented and specific actions take to reduce turnover and improve the attractiveness of our offer to experienced staff. We have commissioned an agency to undertake a search process under the 'urgent to rural' banner. We are actively engaging with regional colleagues to influence wider work and to reduce reward package escalation. We have engaged a number of agency workers as a result of regional collaboration which has provided additional capacity. Grow our own activity has been agreed and has been progressed during 2019-20 | 20 | Director for children and families |
| Yes | 25/10/2017 | R,F,L | <p>Safeguarding work to support the service during police investigation. IF/AS: There is a lack of capacity in management THEN: There may be disruptions in casework, unsettled staff and service users</p> | 16 | Interim senior management was put in place to provide additional capacity during the investigation which has now concluded. Staff communicated with and support was put in place. Outcome of police investigation still to be concluded. Risks to current service delivery assessed to be low. | 8 | Director for children and families |

Children and Families Risk Register

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|--------------------------|------------|--|--|------------|--|---------------------|--------------------------------------|
| Yes | 01/12/2016 | F, R, L | <p>Human Rights claims IF/AS a result of high court decisions regarding children's social care cases THEN: Herefordshire council may face Human Rights claims</p> | 16 | <p>Case review work has been undertaken by children's social care and by legal services and submitted to court. Legal services have reviewed current cases to assess for potential human rights claims Communications briefed on response from council, including training, audit of any cases with similar presenting features and action to address any recommendations from the judgement; communications to cabinet, children's scrutiny and all members; communication to chair of HSCB and also to regional lead for safeguarding with Ofsted</p> | 16 | Director for children and families |
| | 17/07/2018 | F, R, L | <p>Whitecross PFI IF/AS: There is an increase in the roll at Whitecross school THEN: The PFI provider may impose a financial charge as 'soft service' charges</p> | 16 | <p>There is no payment mechanism based on pupil numbers and any extra building work would be extremely expensive with any expansion being resisted on VFM grounds</p> | 16 | AD Education, Development and Skills |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|--|---------------------|------------------------------|
| Yes | <p>Economic Resilience IF: the Invest Herefordshire Economic Vision is not supported by key stakeholders and does not deliver initiatives which address economic growth prospects and local economic concerns and meet local need THEN: there will be a fall in indigenous and new business investment within Herefordshire engagement with the council which could affect large business retention, business rates income, productivity, employment and wage rates, and wider resilience in the local economy.</p> | Jun 15 | 16 | <p>Implementation of the Economic Development Strategy. Economic Masterplan adopted. Delivery of the Fastershire project. Delivering and promoting the Local Development Framework. Implementing the delivery of the Enterprise Zone. Securing external funding. Full approval for Ross Enterprise Park and in the process of contracting Delivery of Hereford Centre for Cyber Security. Joint Venture agreed and start on site commenced</p> | 8 | Economic Development Manager |
| Yes | <p>Development Regeneration Partnership - Engie IF: the length of time that regeneration projects take to bring forward leads to a perception that the programme is not delivering THEN: confidence will be reduced</p> | Oct 18 | 9 | <p>A pipeline of regeneration projects has been identified and discussed with the DRP Board. Work is underway to bring these projects into the programme; however, the feasibility, design and approval process does take time</p> | 6 | Head of Economic Development |

Economy and Place Risk Register

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|-------------------------|--|-------------|---------------------|--|---------------------|------------------------------------|
| Yes | <p>NMITE University IF: there is a lack of accommodation, cultural and other infrastructure services to enable planned growth in student numbers THEN: this would impact upon the successful delivery of the new university and would create reputational risk for the council</p> | Aug 18 | 12 | <p>Sites identified for the University accommodation. The council is working with its Development Partner to enable the development programme to support NMiTE estate needs subject to Cabinet decisions on individual sites. Joint University Development Board (JUDB) has been re-designed to reflect new structures at the University and to ensure it effectively allows the University and council to manage the University's development collaboratively; space has been provisionally allocated in the facility on station approach to support NMiTE's first full cohort in 2020; student accommodation has been identified as a potential use for the Blackfriars end of the football stadium and the Council strategically acquired the College Road campus site in March 2019 - this has been discussed with NMiTE and will be explored as part of the preliminary appraisal of the site. It is proposed to put in place a</p> | 9 | Growth and Place Programme Manager |
| | <p>University loan IF: the loan is an unsecured loan, if university is not in position to repay the loan THEN: there is a risk that the council will have to write off the £300k and any associated costs</p> | May 17 | 9 | <p>Legal services have developed a loan agreement is in place between the council and NMiTE. However, the university are not in a position to offer security for the loan. Finance will manage the loan agreement. Position monitored also by JUDB. Nov 17: Revised Business Case submitted by NMiTE to be considered at next JUDP Board. Feb 18: Revised business case agreed and loan re-purposed.</p> | 6 | Growth and Place Programme Manager |

Economy and Place Risk Register

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|-------------------------|---|-------------|---------------------|---|---------------------|--|
| | <p>Waste management services contract IF: we fail to make best decision in regard to WMSC extension THEN: value for money to the council will not be delivered.</p> | Apr 18 | 20 | Contract governance in place with regular meetings between councils. Plan of work agreed and work underway to understand and assess all options. | 15 | <p>Head of Environment and Waste Services.</p> <p>A/R by Waste Disposal Team Leader</p> |
| | <p>Litigation IF: ongoing contract changes and budget savings increase the level of exposure to litigation/dispute THEN: the Council may lose and be liable for costs in excess of £M (effecting budget position) and incurring reputational harm</p> | Jun 13 | 20 | <p>In house and external legal teams in place dealing with adjudications and litigation. Formal mediation has been undertaken. Mediation window remains open. The Council has commenced enforcement action in regard to prior adjudicator's decision. Judgement on matter taken to enforcement in Council's favour. Other matters continue to be progressed through dispute resolution procedures. Amey appeal on High Court Judgement refused. Other matters continue to be progressed through dispute resolution procedures. Oct 17: Expert determination of the matter of job evaluation is underway. Amey have settled costs in regard to the matter of VOP. Jan 17: Adjudication to determine matter of surface dressing (quality of works) is underway. Jun 18: JE adjudication in the Council's favour and SD anticipated by end of June Aug 18: SD adjudication in the Council's favour. Amey dissatisfied, litigation expected. Gully emptying adjudication in progress Pensions expert determination awaited Gully emptying now determined, not in the council's favour, minor costs to the council. Pension determination has found in the Council's favour</p> | 4 | <p>Acting Director, Economy & Place</p> <p>A./R by Assistant Director for Highways and Transport</p> |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|--|---------------------|---|
| | <p>Bridge Condition IF: a robust asset management approach is not taken, and an appropriate level of investment is not made available THEN: the condition of the County asset stock will deteriorate with potential failure of structures, resulting in network closures thus affecting communities and the economic viability of growth areas.</p> | Nov 16 | 16 | <p>Clear asset strategy in place , regular inspections are programmed and a forward programme of planned maintenance are in place. The annual plan identifies those schemes that have been prioritised for small capital works to be delivered. Any structures at risk are also included in the overall Network Risk Matrix which is reviewed by BBLP and HC as part of an ongoing process.</p> <p>Jan 17: Await Challenge Fund bid criteria from DfT. Work underway to prepare bid submission that may secure additional structures maintenance funding. Additional Capital allocations have been secured though council's capital programme.</p> <p>Mar 17: £1.9m has been secured for 2017/18 from the National Productivity Investment Fund, this funding will be directed towards the maintenance of bridges and should address the immediate risk</p> <p>June 17: Programme of work underway, also work on business case for further investment commenced</p> <p>Oct 17: Programme of works is progressing and the outline business case submitted to the council Capital programme.</p> <p>Jan 18: Bid submitted to Council's 2018/19 Capital Programme for the progression of additional design work necessary to address critical structures from 2019/20 onwards.</p> <p>Feb 18: £500k has been included in the council's Capital Programme to progress bridge design</p> <p>Jun 18: Funding secured and included in 2018/19 annual plan</p> | 8 | Assistant Director for Highways and Transport |

Economy and Place Risk Register

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|-------------------------|---|-------------|---------------------|---|---------------------|---------------------------------------|
| | <p>Cost increase in providing special transport IF: there is increasing demand for special transport (SEN/LAC/PRU) THEN: there will be significant budget pressures to the transport service.</p> | 16/11/2018 | 20 | <p>Statutory requirements to provide school transport. Local policy and process to follow in assessing discretionary cases. Review of assessment process for discretionary transport (transport below the statutory distance limits). Review of existing allocations to retrospectively assess. Agreement with C&F around rigour of assessment and authorisation process. Policy and process review to be progressed. Jan 19: Pressures briefings to be provided to cabinet member, supporting benchmark data available from County Councils Network confirming this pressure is being experienced across most county authorities.</p> | 16 | Head of Transport and Access Services |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|---|---------------------|---|
| | <p>Road Infrastructure IF: we fail to deliver the necessary infrastructure to deliver core strategy growth THEN: there will be an impact on the delivery of planned homes and jobs.</p> | Jun 19 | 16 | <p>Develop robust programme for delivery of individual projects and commission the appropriate resource to deliver projects through design, planning, statutory process and construction. Undertake scheme delivery in accordance with national standards and guidance. Ensure appropriate consultation with statutory organisations to ensure that delivery is not delayed. Develop robust business case to ensure funding can be secured. Continued review of project progress through MIDB governance to ensure progress to programme and within budget. Appropriate programme of governance / decision reports to ensure progress to programme and appropriate authority to progress. Regular meetings with funding organisations to agree blended funding package opportunities for projects. Close working with DfT and Highways England to ensure appropriate support given the existing A49 status and associated impact on delivery of a bypass and improved city centre.</p> <p>August 2019: Decision taken to pause and review Bypass and SLR on 9th August 2019. General Scrutiny Committee called in the decision for discussion at meeting scheduled for 9th September. Risk will be reviewed following this meeting.</p> <p>September 2019: Recommendations being considered by cabinet member and report will be published shortly confirming his response to scrutiny recommendations.</p> <p>October 2019: Cabinet Member decision taken 22 October 2019 to review SWTP & HTP. Preliminary works to scope the review are underway. Target to scope review by end of 2019.</p> | 12 | <p>Acting Director, Economy & Place</p> <p>A/R by Head of Infrastructure Delivery</p> |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|--|---------------------|---|
| | <p>South Wye Transport Package IF: scheme costs increase as a result of changes to programme THEN: they will exceed current approved budget and it will significantly affect ability to drawdown grant funding within funding window.</p> | Jun 19 | 16 | <p>Continue to review cost forecasts and estimates as programme is revised. Report forecasts each month at MIDB to support decision making.</p> <p>August 2019: Decision taken to pause and review Bypass and SLR on 9th August 2019. General Scrutiny Committee called in the decision for discussion at meeting scheduled for 9th September. Risk will be reviewed following this meeting.</p> <p>October 2019: Following the Cabinet Member decision taken 22 October 2019 to review SWTP, discussions ongoing with funding providers.</p> | 16 | <p>Acting Director, Economy & Place</p> <p>A/R by Head of Infrastructure Delivery</p> |
| | <p>Hereford Transport Package IF: decision taken to pause or review this transport project THEN: there will be a cost implication and current funding opportunities could be lost.</p> | Jun 19 | 16 | <p>Identify sources of funding for project review. Agree a scope for review and plan to conclude review as quickly as possible to maintain progress and retain confidence of current funders sources and partners.</p> <p>August 2019: Decision taken to pause and review Bypass and SLR on 9th August 2019. General Scrutiny Committee called in the decision for discussion at meeting scheduled for 9th September. Risk will be reviewed following this meeting.</p> <p>September 2019: Recommendations being considered by cabinet member and report will be published shortly confirming his response to scrutiny recommendations.</p> <p>October 2019: Cabinet Member decision taken 22 October 2019 included direction to complete Large Local Majors bid in parallel with review of HTP.</p> | 12 | <p>Acting Director, Economy & Place</p> <p>A/R by Head of Infrastructure Delivery</p> |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|---|---------------------|--|
| | <p>Hereford City Centre Package IF: There is a significant change in scope of the transport hub and public realm project THEN: Programme will be impacted and costs could increase and exceed available budget.</p> | Jun-19 | 16 | <p>Agree scope of project with new cabinet member and confirm scheme development to date to enable progress with project to public consultation. July 2019: Initial briefing held with cabinet member and next steps agreed. August 2019: Consultation materials and cabinet member report progressing to enable a decision to be taken Sept/Oct 2019.</p> | 6 | <p>Acting Director, Economy & Place A/R by Head of Infrastructure Delivery</p> |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|--|-------------|---------------------|--|---------------------|--------------------------------|
| Yes | <p>Capital Programme IF: we are unable to implement the strategic corporate and CWB capital programmes within budget and timescale THEN: operating costs will increase, assets will deteriorate, service delivery could be impacted and opportunities to realise value and benefits could be missed. Strategic change will not be implemented.</p> | Feb 18 | 16 | <p>Corporate Property Strategy Board and CWB Capital Programme Board. Escalation of high risk items to Directors. July 19: Education capital works to be delivered during the summer holiday break are on programme. New project manager in post. Review of project management processes to commence July 2019 along with an assessment to use framework contracts to provide project management, QS and CDM services.</p> | 9 | Design and Maintenance Manager |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|--|-------------|---------------------|--|---------------------|-------------------------------------|
| Yes | <p>Workplace/Accommodation Programme IF: the Programme is not managed to time and budget and does not include BWoW principles THEN: there will be significant risks to service delivery, savings plans and the life cycle of buildings</p> | Mar 16 | 12 | <p>Corporate Property Board. Escalation of high risk items to EP management team and to members for political consideration of priorities. Jun 18: Paper for Cabinet being prepared for July 2018. Cancelled as directive that CWB need to complete service review post OFSTED report - also impacts on BWOW. Aug 18: Undertaking a programme of condition surveys on a cyclical basis will provide detail on scale of backlog maintenance. A programme is being developed for commencement in 2018-19. CWB internal review post-Ofsted needs to be completed before a strategic property review is completed including BWoW. This is likely to be post May 2019. CPB wound up - Outline future estates strategy options to go to Corporate Property Strategy Board in January 2019. March; No Directorate business plans received to underpin estate strategy.</p> | 12 | Strategic Property Services Manager |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|---|---------------------|--------------------------------|
| | <p>Backlog maintenance IF: we don't invest sufficiently in backlog and planned maintenance THEN: potential closure of key critical front line facing public services.</p> | Apr 13 | 12 | <p>Escalation of high risk items to management team and to members for political consideration of priorities. Utilise existing condition surveys and analyse reactive call outs to determine prioritisation. Planned update of condition surveys.</p> <p>Nov18: Three year capital programme has been approved by review board and is going through the governance process. The tenders for selecting a provider to carry out condition surveys on corporate properties will be evaluated in Dec18 with the intention to award for a start in Jan19.</p> <p>Jan19: A consultant will be engaged in early Jan 2019 to carry out new condition surveys on 38nos corporate buildings which will form the bases of a future PPM schedule of works.</p> <p>Feb19: Condition surveys are underway.</p> <p>March 2019: Condition surveys are progressing. Once they have been completed they will be evaluated and a programme of prioritised works is to be scheduled.</p> <p>April 2019 Awaiting Conditions Surveys from consultants.</p> <p>May 19: Ofsted inspections and access to get into schools over the Easter break has caused delays to delivery of conditions Surveys from consultants. A revised programme is being reviewed by C&F.</p> <p>June 2019: condition surveys still being undertaken.</p> | 9 | Design and Maintenance Manager |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|---|---------------------|-------------------------------------|
| | <p>Property Services Redesign IF: Service redesign is not completed and recommendations implemented THEN: the service will not be fit for purpose for the future.</p> | Aug-18 | 12 | <p>Service redesign presented to Cabinet in October 2018. Takes priority over all other work - significant time/input from Head of Service in addition to support from senior managers. Internal project management support being provided.</p> <p>Sep 18: Residual risk score increased from 2 to 9, due to time available/capacity.</p> <p>Dec 18 - some slippage has occurred as the cabinet member paper has been subject to further scrutiny but will be signed off by January 2019. Time/resource to manage the process as the commissioning service is still challenging.</p> <p>May 19: New paper on Forward Plan for decision 28/6/19. Weekly meeting of working group set up.</p> <p>July 2019 Views of Management Board and Cabinet member received - paper now under review/updating.</p> | 9 | Strategic Property Services Manager |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|--|-------------|---------------------|--|---------------------|---------------------------------------|
| Yes | <p>Development Regeneration Partnership - Keepmoat IF: there is not an adequate pipeline of suitable residential development projects THEN: we will not be able to deliver the benefits through the contract</p> | Feb 18 | 12 | <p>A pipeline of projects has been identified and discussed with the DRP Board. Work is underway to identify and bring forward suitable sites for inclusion in early phases of the programme, specifically relating to housing development, there are, however, limited opportunities that are immediately available.</p> <p>Draft pipeline of potential development sites being collated</p> <p>Jun 18: A pipeline of projects has been identified and discussed with the DRP Board</p> <p>Business case to cover the life of the partnership being developed in conjunction with each development partner and the council's Finance department.</p> <p>Jan 19: Early phase pipeline is current focus. Release of Merton Meadow for mixed development will provide opportunities for housing development.</p> <p>Mar 19: DRP Housing Strategy and pipeline drafted seeking approval in June 2019.</p> | 12 | Programme Director Housing and Growth |

Economy and Place Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Inherent Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Title) |
|-------------------------|---|-------------|---------------------|---|---------------------|--|
| | <p>5 year Housing Land Supply/Housing delivery test IF: We do not actively address the current lack of five year land supply and the under delivery of housing (according to the national Housing Delivery Test THEN: it will continue to be difficult to resist applications for planning permission for housing on sites not currently identified in the Local Plan which would undermine the plan led approach, lead to development of sites which are locally considered inappropriate and potentially affect the deliverability of identified strategic sites and associated infrastructure.</p> | Mar 16 | 12 | <p>Housing Land Supply is a material consideration in the determination of planning applications for housing development. Adopted Core Strategy, annual refresh of Housing Land Assessment and monitoring to update the extent of the housing supply and delivery of new housing in accordance with National Policy Framework. Housing Delivery Test Action plan to set out operational set of actions to help increase housing delivery in the County. A Major Sites Delivery Board established to drive a programme of activity to address this issue. Housing Delivery Action plan includes working proactively with developers to bring forward the strategic sites identified in the Core Strategy; Preparation of the Hereford Area Plan, Rural Areas Sites Allocations DPD and Neighbourhood Development Plans will provide opportunities to identify in greater detail sites that could come forward for housing development in the coming years; Review of procedures to ensure housing completions are properly reflected in the housing land assessments to ensure sound evidence base for HLS; Update Briefings for Planning Committee and Members to ensure they are aware of the importance of approving housing proposals in accordance with the development plan; Key target dates identified for the approval of planning permission for strategic sites; Review of opportunities for the Council to directly bring forward housing development to contribute to increasing housing supply; Senior level engagement with Utility providers to ensure coordination and the delivery of services required to facilitate housing development. Interim statement published. Completion of Core Strategy DPD's. Engagement with HE to seek access to funding for</p> | 9 | <p>Acting Director, Economy & Place. Programme Director, Housing & Growth, A/R by Strategic Planning team Leader</p> |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|---|-------------|------------|--|---------------------|---|
| | <p>Fastershire delivery IF: coverage and take up falls short of plans with the revised broadband strategy THEN: premises will not be able to take up a service or make the most of investment in the fibre network effecting economic performance and community vitality.</p> | Mar-17 | 20 | Accepted BTs stage 2 delivery via deed of variation. New contract awarded to reach premises not included in phase one. Stage 4 programme to create bespoke solutions for premises not included in current contracted delivery. Digital inclusion and business support programme and awareness campaign to raise the opportunities of being online and taking up a fibre service. | 9 | Operational Manager, Broadband |
| Yes | <p>Cyber attack IF: we do not protect against a potential cyber attack THEN: we could be at risk of losing data in breach of principle 7 of the Data Protection Act which would lead to potential fines from the Information Commissioner Office and reputational damage</p> | Jul 17 | 15 | <p>IT Supplier (Hoople Ltd) holders of ISO 27001:2013, and; Cyber Essentials Plus certificates – both in good standing.</p> <p>Implemented 'defence in depth' strategy covering: Administrative, Technical and Physical controls to maintain our security goals: Confidentiality, Integrity and Availability.</p> | 12 | <p>Assistant Director, Corporate Support</p> <p>A / R by Information Governance Manager</p> |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|---|-------------|------------|--|---------------------|--|
| Yes | <p>Information governance IF: staff do not treat the information they access appropriately THEN: this may lead to the risk of referral to the Information Commissioner and/or legal challenge with resultant unbudgeted costs and reputational damage for the Council.</p> | Feb 14 | 16 | <p>A series of mandatory online training modules have been introduced (including Data Protection, Environmental Information Regulations, Freedom of Information, Information Security). All employees must also complete a staff confidentiality agreement in order to acknowledge that they agree to abide by the council's information governance policies. Ensuring that we our knowledge is up to date on relevant legislation.</p> <p>Report to Management Board on cases of data breach.</p> <p>The Council now have in place monitoring arrangements to identify who is doing the training and ensuring that the training is done annually which raises awareness and understanding of the risks across the organisation.</p> <p>Employees cannot have access to the IT systems unless they have signed the confidentiality agreement and we have identified areas of the business that are most at risk due to the information that they hold and have provided further face to face training for these areas.</p> <p>Feb 17: 10 audits have taken place to look at processes including physical security, confidentiality, and staff awareness. These will continue. Full report went to Management Board 28/02/17.</p> <p>General data protection regulations come into force in May 2018, an action plan is being developed.</p> <p>Jun 17: Action Plan in place and a report to management Board on 6 Jun 17. An audit will be undertaken with all services across the organisation.</p> <p>Oct 17 - audits are being carried out across the organisation with actions being recorded in an action plan. A review of mandatory training is being carried out for a new 2018 module.</p> <p>Nov 17 - The new mandatory training modules are ready to be entered into CPD online for 2018. Specialist GDPR</p> | 4 | <p>Assistant Director, Corporate Support</p> <p>A / R by Information Governance Managerr</p> |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|--|-------------|------------|---|---------------------|--|
| Yes | IG Toolkit IF: we do not complete the new IG toolkit to the required standard THEN we will lose access to the NHS N3 connection and a number of data sets required by Adult Wellbeing. | 06/02/2018 | 9 | Standards for 2020 Toolkit released and an action plan prepared. Currently 83% of mandatory assertions completed. Outstanding work includes consolidation of Information Sharing Register; Software Register; Contract review for suppliers handling personal data; Business Continuity exercise for data security etc. | 6 | Information Governance Manager |
| Yes | ICT Platforms IF: The technology ICT systems/platforms are not appropriate or used to their full effect THEN: We fail to transform our services and cost the organisation more money | Apr 14 | 16 | Programme Boards for major systems improvements in place. | 6 | Assistant Director Corporate Support / Hoople delivery |
| Yes | Good decision making IF: officers and members do not uphold the principles of good decision making THEN: the council may make poor decisions which either result in lost opportunities, or increased costs. | Mar 17 | 12 | Decision reports are subject to a quality assurance process which includes review by risk, legal, finance, governance and the lead director. A programme of training and development has been developed to support implementation of the new constitution. This included report writing and decision making as appropriate. | 9 | Solicitor to the Council |
| Yes | Failure of council employees to adhere to standing orders and policy: IF: officers fail to adhere to standing orders (eg contract and finance procedure rules) and policies THEN: the number of internal disciplinary and/or exposure to legal challenge will increase, along with the likelihood of financial and reputational risk, resulting in claims being made and won against the Council with costs and reputational harm incurred. | Jun-17 | 16 | Contract and finance procedure rules have been rewritten and published in May 2017. Toolkits, guidance and training have been implemented. Schemes of delegation have been written as part of the new constitution. Governance training has been provided. | 12 | Solicitor to the Council |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|--|-------------|------------|--|---------------------|--------------------------------------|
| Yes | <p>Litigation IF: ongoing contract changes and budget savings increase the level of exposure to litigation/dispute THEN: the Council may lose and be liable for costs in excess of £M (effecting budget position) and incurring reputational harm.</p> | Jun-13 | 16 | <p>In house and external legal teams in place dealing with adjudications and litigation. Formal mediation has been undertaken. Mediation window remains open. The Council has commenced enforcement action in regard to prior adjudicator's decision.</p> | 4 | Solicitor to the Council |
| Yes | <p>Emergency events IF: significant events happen (e.g. severe weather, major flooding, terrorism and/or influenza pandemic risks) THEN: there could be a significant cost implication to the Council and it may necessitate staff redeployment to backfill and maintain critical services. Failing to respond effectively to major emergencies/incidents could result in a loss of public confidence through adverse publicity, loss of life to public or council employees, loss of service, economic damage or environmental impacts. Lack of trained staff (deployed or other) means we may not respond as quickly/effectively as we should.</p> | Apr 11 | 16 | <p>Council and multi-agency plans reviewed as part of wider WM Local Resilience Forum objectives. Resilience Direct (cabinet officer system) to progress information sharing, planning and response mechanisms and data. Council Business Continuity Management System in place. Rest Centre training and provision for 200 people at Three Elms Unit. Gold and Silver officer training sessions and programme completed. BBLP tested new emergency road closure software, which will update the website automatically within the road closure map.</p> | 12 | Health Safety and Resilience Manager |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|---|-------------|------------|--|---------------------|---------------------------|
| Yes | <p>Health & Safety IF: Herefordshire Council doesn't comply with Health and Safety legislation THEN: there is an increased risk of: employees injured through work activity; council prosecuted by HSE for breeches of legislation; increased insurance claims and insurance premiums; member of public, contractor or employee killed at work, possible corporate manslaughter, loss of reputation and financial costs to the council; sickness rates increase because of lack of compliance with good health, safety and wellbeing practice; increased employer/employee litigation through inconsistent approach to managing health and safety in the workplace; unable to defend H&S claims or disputes; and, fire damage and financial and reputational costs to the council through fire at a council owned building.</p> | May 11 | 16 | <p>Strategy – Strategy/project plan in place to achieve full compliance with H&S legislation, prioritised by high risk activities; H&S policy current and reviewed each year. Cultural – Sharepoint H&S tool box available via front page of intranet; H&S and Fire Safety part of existing mandatory training; some improvement has been made in last period with wider engagement from employees with H&S systems (when things have gone wrong); employees consulted about H&S issues through 'house' meetings. Systems – Accident reporting/investigation and work based ill health in place; mandatory training; first aid/fire warden training in place; some systems updated (focused on high risk areas); employers liability insurance; Directorate H&S reps kept up to date with current risks and good practice control measures. Property Services buildings statutory compliance system in place.</p> | 12 | Health and Safety Advisor |
| Yes | <p>Medium Term Financial Strategy IF: we do not have a sustainable Medium Term Financial Plan THEN: we will not achieve a balanced budget, risk serious service failure</p> | Aug 12 | 20 | <p>MTFS to 19/20 approved by Council in February. All savings RAG rated and reviewed. MTFS linked to Corporate Priorities. Monthly financial reports to Management team and Cabinet; Performance Challenge meetings. Base budget review exercise completed. Prudent levels of reserves in place. Regular reviews by Cabinet of reserves and assumptions around inflation.</p> | 6 | Chief Finance Officer |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|---|-------------|------------|--|---------------------|---|
| Yes | <p>Good internal controls protect against fraud and error IF: good internal controls aren't in place and followed to protect against the potential of fraud, corruption, financial management, malpractice or error THEN: this produces a heightened risk of fraud, corruption and/or poor value for money with the consequent negative reputational impact.</p> | Nov-17 | 16 | <p>Follow-up on SWAP audit recommendations so that they are all dealt with fully so that systems, processes and compliance are improved. EE code of conduct - should be issued with contract of employment. Recruitment process which ensures appropriate background checks. Induction programme. Fraud, bribery and corruption policies. Whistleblowing Policy. Finance procedure rules. Contract procedure rules. Agresso workflow. Governance processes.</p> | 8 | Head of corporate finance |
| Yes | <p>Recruitment IF: the council is unable to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic THEN: there will be insufficient staff to meet service demands; an inability to progress service development; and a financial implication of using agency staff/contractors.</p> | Aug-18 | 16 | <p>Short term reductions in capacity are accommodated by prioritisation and reallocating work amongst staff. Analysis identifying posts which are hard to recruit to. Involvement in regional workforce development and agency market management. Recruitment and retention initiatives.</p> | 12 | Head of HR and Organisational Development |
| Yes | <p>EU exit IF: following the EU exit there is uncertainty or policy decisions that impact the council THEN: there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.</p> | Aug-18 | 16 | <p>Inclusion of an assessment of the risks associated with EU exit in our MTFs and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.</p> | 12 | Chief Finance Officer |

Corporate Services Risk Register

| Corporate Risk Register | Risk Description | Date Opened | Risk Score | Existing Controls in Place | Residual Risk Score | Risk Owner (Name & Title) |
|-------------------------|---|-------------|------------|---|---------------------|------------------------------|
| Yes | Partnerships IF: the partnerships that the council's involved in are not developed / fail to operate effectively / or fail entirely THEN: the strategic objectives / priorities may not be achieved. | Aug-18 | 12 | Partnership governance protocol. Effective communications. Contractual and partnering agreements. | 6 | Head of Corporate Governance |
| Yes | Council Redesign/Resources Reducing resources in the form of grant, uncertainty and the requirement to deliver transformation at speed combine to increase risk of failure to meet statutory and/or legal duties and powers | Jun-15 | 25 | Transformation programme within each directorate, corporate plan, refreshed governance and constitution, quarterly performance management reporting and director performance management through appraisal system. | 12 | Chief Executive |



| | |
|-------------------------|--|
| Meeting: | Audit & Governance Committee |
| Meeting date: | 19 November 2019 |
| Title of report: | Tracking of Audit Recommendations |
| Report by: | Head of Corporate Performance |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review the progress of audit recommendations implementation.

The committee receives periodic reports on progress made in implementing audit recommendations to enable it to fulfil its role of monitoring the effective development and operation of risk management and corporate governance in the council. All recommendations outstanding at the time of the last report in January have been completed. Over 90% of recommendations are reported as complete.

Recommendation(s)

That:

the status of the current audit recommendations be reviewed and the committee determine any recommendations it wishes to make in order to provide further assurance that risks identified by audit activity are being actively managed.

Alternative options

1. The committee could choose not to monitor the progress made on audit recommendations; however this would not be recommended as it is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and this report enables the committee to gain assurance that actions in response to recommendations are being suitably prioritised which reduces the risk to the council.

Key considerations

2. South West Audit Partnership (SWAP) provides the internal audit services for Herefordshire Council. SWAP is required to deliver an annual audit plan, which is scoped using a risk-based assessment of the council's activities. Additional audits are added to the plans as necessary to address any emerging risks and issues identified during the year.
3. Upon completion of each audit review, a formal report is drafted for discussion with service managers. These reports include; the main conclusions of the review and the overarching opinion, individual findings and the potential associated risk exposure.
4. Management responses to each audit recommendation are obtained and recorded, identifying the actions required, the person responsible and the target date for the implementation that has been agreed.
5. Recommendations are each scored to indicate their severity. The scoring matrix is shown below:

| | Priority |
|--|------------|
| Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management | Priority 1 |
| Important findings that need to be resolved by management | Priority 2 |
| Finding that requires attention | Priority 3 |

6. A report to January's Audit and Governance Committee (A&GC) provided an update on the progress of SWAP audit recommendations and the progress in meeting these. At the point of the report being produced, there were 16 recommendations outstanding (12 made prior to March 18 and 4 made April 2018 – September 2018).
7. All staff responsible for audit recommendations have been asked to review progress on the implementation of recommendations. Managers were asked to "self-certify" the action which had been taken in respect of the SWAP recommendation.
8. All 16 recommendations outstanding at the point of the last report in January have since been completed.
9. For the period October 2018 to September 2019 there were 124 recommendations that were due to be completed. The table below sets out the priority of these, their current status (i.e. whether they have been completed) and which directorate the recommendation relates to.

| | | Complete | Incomplete | No Update |
|------------|----------------------|-----------|------------|-----------|
| Priority 3 | Adults & Communities | 5 | 2 | |
| | Children & families | 2 | 1 | |
| | Economy & Place | 28 | 1 | |
| | Corporate Services | 62 | 5 | |
| | TOTAL | 97 | 9 | |
| Priority 2 | Adults & Communities | 4 | | |
| | Children & families | | 1 | |
| | Economy & Place | 6 | | |
| | Corporate Services | 5 | 2 | |
| | TOTAL | 15 | 3 | |
| Priority 1 | Adults & Communities | | | |
| | Children & families | | | |
| | Economy & Place | | | |
| | Corporate Services | | | |
| | TOTAL | - | - | - |

10. Of the 124 recommendations due for completion before the end of September, 85% of which were made at the lowest level, 112 (90%) had been completed.
11. Further detail on the audit recommendations which have yet to be completed are found in appendix 1. This includes a revised completion schedule.
12. Progress of school audits are not included within this report; they are the responsibility of each individual's schools governing body.

External Audit Recommendations

13. At its meeting in July 2018, A&GC requested that updates also be provided on progress made on recommendations made by external audit. Updates on the action made by Grant Thornton as part of the audit of the 2017/18 statement of accounts are at appendix 2
14. There were two recommendations made by Grant Thornton as part of its annual report, both originally rated as amber (medium effect on control). One of these recommendations is incomplete; referring to the council's preparation of group accounts it was recommended that consideration be given to the expansion of the Annual Governance Statement to cover the group activities, which would include Hoople. The Council already has a process for providing assurance that partnership governance arrangements are sufficiently robust through annual assessment against the framework for partnerships governance, but additionally discussions are underway between the s.151 officer, monitoring officer and Hoople Chief Officer to ensure that this process is as comprehensive as necessary and appropriately reflected in future statements.

Community impact

15. In accordance with the principles of the council's adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this

performance management system. By monitoring the implementation of audit recommendations, assurance is given that risks are being managed effectively, and that the council is taking action to meet its corporate plan priority to secure better services, quality of life and value for money.

Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
17. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying "due regard" in our decision making in the design of policies and in the delivery of services. As this is a factual progress report we do not believe that this will have an impact on our equality duty.

Resource implications

18. There are no resource implications arising from this report.

Legal implications

19. There are no specific legal implications with regard to the report.

Risk management

20. There is no risk associated with the recommendations of this paper; visibility of progress against recommendations promotes good governance. However, internal audit recommendations are raised as a result of gaps in controls or deficiencies identified during reviews, therefore incomplete and overdue items inherently increase the council's exposure to risk.

Consultees

21. None

Appendices

Appendix 1 SWAP audit recommendations due before 30 September 2019

Appendix 2 External audit recommendations

Background papers

None

| Audit | Recommendation | Priority | Target date | Latest update | Status | Owner |
|---|--|----------|--|--|------------|--------------------------------|
| <i>Children and Families</i> | | | | | | |
| ICT Access Controls - Adults Wellbeing Applications - Children's Wellbeing Applications | 1.2 We recommend that the Education Systems Manager (CWB) carries out a manual, annual review of nursery staff who have access to the Sentinel Early Years and Nurseries applications and to re-enforce the message regarding settings notifying the Council immediately when a member of Nursery staff leaves, to avoid any possibility of inappropriate data sharing. | 2 | 18-Oct-18 Revised to 31-Mar-19 | This was originally allocated to a member of staff that left in March 2019 and has now moved on to another officer to complete. This work is now being picked up as part of a new early years system development. | Incomplete | Schools and Assets Team Leader |
| ICT Access Controls - Adults Wellbeing Applications - Children's Wellbeing Applications | 1.4 We recommend that the Education Systems Manager - Children's Wellbeing liaises with the service leads to establish a local procedure to ensure that leavers are notified and removed promptly from the Sentinel application. We also recommend that the Education Systems Manager is added to the Business World - leaver notification email distribution list. | 3 | 18-Oct-18 Revised to 31-Mar-19 | This was originally allocated to a member of staff that left in March 2019 and has now moved on to another officer to complete. This work is now being picked up as part of a new early years system development. | Incomplete | Schools and Assets Team Leader |
| <i>Adults and Communities</i> | | | | | | |
| County Team 2018/19 | 1.2 We recommend that the basis for classifying cases as complex should be documented in a new transfer form, preferably to be included as part of the Mosaic workflow. Using Mosaic Workflow will allow cases moving in and out of the Service to be formally measured against these criteria. Until this is possible, the form should be uploaded to documents and referred to in case notes. The form should be signed off by the Head of Service. | 3 | 31-Aug-19 Revised to 31-Dec-19 | A transfer document has been drafted for review and sign off. | Incomplete | Head of Operations |
| County Team 2018/19 | 1.3b We recommend that: • Senior Practitioners and management should be trained to produce the capacity report so output can be managed through supervision. Where necessary case | 3 | 31-Aug-19 Revised to 31-Oct-19 | The performance manager has been working with the manager of county team to ensure comprehensive understanding of | Incomplete | Head of Operations |

| Audit | Recommendation | Priority | Target date | Latest update | Status | Owner |
|---|---|----------|--|---|------------|---|
| | management training should be provided for managers • Cases identified during the regular management oversight process that should not remain with the team should be transferred to a locality team. | | | performance demonstrated through Mosaic and performance reports from the performance team. Cases have been identified and moved out. The training of the senior practitioners is the next step and is due to be completed by end October. | | |
| <i>Economy and Place</i> | | | | | | |
| Ledbury Rugby Club - Joint Use Agreement and Community Asset Transfer 2018/10 | 1.2 We recommend that the Director of Economy and Place convenes a meeting of the Management Committee to discuss and agree an acceptable resolution for the use of the playing fields for all parties affected by the Community Asset Transfer of Ledbury Rugby Club & Ross Road Playing Fields to Ledbury Rugby Club. | 3 | 30-Apr-19 Revised to 31-Mar-20 | We have been looking to progress the proposed meeting, and are liaising with interested parties to establish a convenient date and time to meet. Following initial correspondence a letter was sent to Ledbury RFC in August clarifying points raised when the meeting was first proposed. In response, the Ledbury RFC Company Secretary indicated that this item was to be included as an agenda item at their next board meeting and he will respond in early October. | Incomplete | Acting Assistant Director, Technical Services |
| <i>Corporate Services</i> | | | | | | |
| Capital Accounting 2018/19 | 1.1 The Capital Guidance Policy September 2018 is updated to include the de-minimis level for land and buildings so all values are documented. | 3 | 31-Jul-19 Revised to 31-May-20 | The 2018/19 accounts did not state this, the 2019/20 accounts will, new target date May 2020. | Incomplete | Head of Corporate Finance |
| Accounts Payable 2018/19 | 1.2 We recommend that the 149 procedures are reviewed to rationalise to a manageable level and make compliant with the Herefordshire Council Procedure Writing Policy 2018. | 3 | 31-Mar-19 Revised to 31-Dec-19 | The Accounts Payable procedures have been considerably reduced. However, work continues to bring them in | Incomplete | Head of Corporate Finance |

| Audit | Recommendation | Priority | Target date | Latest update | Status | Owner |
|---|--|----------|--|---|------------|--|
| | | | | line with the Council policy and put together a training pack. | | |
| Compliance with Financial, Procurement and Contract Procedure Rules 2018/19 | 1.1.1 A centralised control should be put into place in support of the governance process before the Commercial Team assist with the procurement process in order to formally establish that all of key governance requirements have been fully completed. | 2 | 31-May-19 Revised to 31-Mar-20 | This is currently recorded and monitored through the procurement team's pipeline. Sharepoint is currently being rolled out to service users, and the contracts register in business world is being designed to include data on the dates of governance decisions. | Incomplete | Chief Finance Officer and s.151 Officer |
| Compliance with Financial, Procurement and Contract Procedure Rules 2018/19 | 1.1.4 A review should be conducted to assess the need for centralised governance control and oversight of whole contract life management which includes supplier contract compliance; monitoring and review of value for money elements. | 3 | 31-Aug-19 Revised to 31-Mar-20 | The new role for contract compliance will be responsible for addressing this. | Incomplete | Chief Finance Officer and s.151 Officer |
| Compliance with Financial, Procurement and Contract Procedure Rules 2018/19 | 1.2 The Council should undertake regular spend analysis via supplier invoice report production in order to inform the relevant Directorates whether it would be beneficial to enter into a contract arrangement, whether there is a Framework agreement in place which could be utilised or to advise Directorates of how they can be supported with procurement strategies. | 2 | 30-Jun-19 Revised to 31-Mar-20 | The contract register in business world will link spend, highlight off contract spend and include procurement category codes, this will enable reporting to inform decisions and supplier knowledge. | Incomplete | Chief Finance Officer and s.151 Officer |
| Accounts Receivable 2018/19 | 1.1 The following is recommended: <ul style="list-style-type: none"> • The Debt Recovery Policy 'Write Off authorisation table should be updated, approved and the document amended to be compliant with the Herefordshire Council Policy Writing Procedures March 2018. This compliance is also applicable to all policies and procedures being reviewed. • The standard fortnightly review and actioning of all outstanding 'Write Offs' should be resumed, so financial information is up to date. • Officers who input the write off information for debts | 3 | 30-Jun-19 Revised to 31-Mar-20 | The changes have been reported and will be approved in due course. In the meantime, the write off approval levels have been amended based on the 'Scheme of Delegation' rules. Whilst the fortnightly process of reviewing write offs was implemented, due to increased levels of workloads, the write off's cannot always be totally | Incomplete | Revenue and Benefits Operational Manager |

| Audit | Recommendation | Priority | Target date | Latest update | Status | Owner |
|---------------------------|---|----------|--|---|------------|---------------------------|
| | on Business World should be reminded of the necessity to input their signature on the Write Off form. | | | cleared fortnightly due to other priorities that arise. That being said, all write offs are cleared within the financial year. Clear signatures are now input on the write off forms in all stages. | | |
| Procurement Cards 2018/19 | 2.1 We recommend that at the first year-end point i.e. 01 April 2019, the Corporate Finance team should run a survey to assess why those individuals who have been issued with cards are not currently using them and what other methods they are currently using instead. An assessment should then take place as to whether they should continue to hold the cards or whether they require refresher training on their uses, security and advantages. | 3 | 30-Sep-19 Revised to 31-Dec-19 | This action is being completed alongside the issuing of new cards from 1st October, the roll out will continue until end December. | Incomplete | Head of Corporate Finance |

| Issue and risk | Recommendation | Management response | Progress update | Status | Owner |
|---|---|---|--|-------------------|--|
| <p>Journals authorisation – During the course of our testing we noted that none of the journals posted to the financial system were subject to an authorization process. The risk is that this could result in a material misstatement in the financial statements. From discussions with management we note that the financial system has restrictions in place so that only appropriate staff can post journals. We understand that management are looking to introduce an authorisation process in the future.</p> | <p>We therefore recommend that management look to increase the priority of the authorisation process or put in place mitigating controls until this process can be implemented.</p> | <p>The Council will consider adopting this going forward.</p> | <p>Business World (BW) restricts who can post journals and an automated alert has been set up on BW for all journals over £250k to be reviewed and authorised on a monthly basis.</p> <p>Additional checks are completed as part of the monthly forecasting between management accounts and budget managers, journals posted are included in the actual spend in the month and will therefore be reflected in the overall position of a particular cost centre.</p> | <p>Complete</p> | <p>Chief Finance Officer and s.151 Officer</p> |
| <p>The Council now prepares group financial statements however the Annual Governance Statement appears to be focussed on the Council with limited reference to the subsidiary company, Hoople. The code confirms that where there is a group relationship, the review of the internal control systems shall include group activities.</p> | <p>We therefore recommend that management look to expand the Annual Governance Statement in future years to cover the group activities.</p> | <p>The Council will consider adopting this going forward.</p> | <p>The Council already has a process for providing assurance that partnerships governance arrangements are sufficiently robust – through annual assessment against the framework for partnerships governance. This process is already used to inform the Annual Governance Statement regarding Hoople governance as reflected by specific recommendations in the statement regarding Hoople governance. However, discussions are underway between the s151 officer, monitoring officer and Hoople Chief Officer to ensure that this process is as comprehensive as necessary and</p> | <p>Incomplete</p> | <p>Chief Finance Officer and s.151 Officer</p> |

| Issue and risk | Recommendation | Management response | Progress update | Status | Owner |
|----------------|----------------|---------------------|---|--------|-------|
| | | | appropriately reflected in future statements. | | |



| | |
|-------------------------|---|
| Meeting: | Audit and governance committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | Anti-fraud and corruption strategy |
| Report by: | Chief finance officer |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To present to the audit and governance committee the updated anti-fraud, bribery and corruption policy for approval.

The council is determined that the culture and tone of the organisation is one of honesty, openness and opposition to fraud, bribery and corruption. The council will not tolerate fraud, bribery or corruption of any form or degree in the administration of its responsibilities whether from inside or outside the council.

The anti-fraud, bribery and corruption policy sets out clearly to members, employees, contractors, sub-contractors, the council's partners and the public:

- The council's commitment to tackling fraud, bribery and corruption
- Its actions to promote the prevention of fraud, bribery and corruption
- The responsibility of members and employees in minimising the risk of fraud and reporting any suspicions they may have.

The anti-fraud, bribery and corruption policy was last approved by the committee on 4 July 2017, this update ensures the council policies reflect current best practice and comply with legislative requirements.

Recommendation(s)

That:

- (a) the audit and governance committee approve the updated anti-fraud, bribery and corruption policy (appendix 1)

Alternative options

1. To retain the current anti-fraud, bribery and corruption policy. This is not recommended as the policy needs to reflect current constitutional policy and procedure in order to be effective.

Key considerations

2. The council's constitution delegates to the audit and governance committee responsibility for maintaining an overview of and agreeing changes to the council's anti-fraud, bribery and corruption policy. The policy has been updated to reflect the current constitution, other related policies, current legislation and best practice guidelines set out in the "Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016 to 2019". This includes participating in the relevant sharing of datasets to detect potential fraudulent activities and the follow up of transactions deemed to be considered at risk of being fraudulent.
3. The policy identifies known key fraudulent indicators and types of fraud. Council officers must follow policies and procedures to reduce the risk of fraudulent activities and internal audit supports this through internal audit work and sharing immediately any alerts they become aware of.
4. The council is determined that the culture and tone of the organisation is one of honesty, openness and opposition to fraud, bribery and corruption. The council will not tolerate fraud, bribery or corruption of any form or degree in the administration of its responsibilities whether from inside or outside the council.
5. The anti-fraud, bribery and corruption policy sets out clearly to members, employees, contractors, the council's partners, and the public:
 - The council's commitment to tackling fraud, bribery and corruption
 - Its actions to promote the prevention of fraud, bribery and corruption
 - The responsibility of members and employees in minimising the risk of fraud and reporting any suspicions they may have.
6. The policy has been updated, shown as tracked changes in appendix 2, specifically to:-
 - Aid readability
 - Expanded to include the key elements and potential fraud indicators
 - Types of fraud
 - To include a fraud response plan showing the response to an identified concern.
7. All employees remain responsible for their own conduct, with managers being additionally responsible for maintaining internal checks and control procedures within their service area. As shared at induction it is the responsibility of managers to ensure that fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plans, projects and programmes objectives and

outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than the actual incidence of fraud having occurred in the past. Once the fraud has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.

8. Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase the risk or otherwise change the risk of fraud, bribery, theft and corruption, are properly taken into account.
9. Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.
10. The council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls are properly maintained. Their existence and appropriateness will be independently reviewed by the council's internal audit service.
11. The updated policy will be included on the councils policy register and published on the council's website. The update will be highlighted to all staff via news core, a summary of key points are included in the financial awareness training programme and regular drop in lunchtime time events are to be scheduled and advertised for staff to attend. It will also be shared with schools via the regular LMS newsletter.
12. Good corporate governance procedures are a strong safeguard against fraud and corruption. The Annual Governance Statement reports publicly on the extent to which the council complies with its own code of corporate governance, how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, how the council has responded to any issue(s) identified in last year's governance statement; and reports on any key governance matters identified from this review and provides a commitment to addressing them. Recent Annual Governance Statements have recognised that training and awareness raising of the anti-fraud, bribery and corruption policy had been provided to finance and customer services staff, but noted that wider promotion to all staff would be beneficial to reduce risks arising from low levels of awareness of fraud risk and potential mitigation actions in areas outside of financial transaction service areas.
13. There are established procedures in place successfully identifying fraudulent activity however wider training and awareness of the new policy to all staff through the role out of the employee code of conduct training e-learning is being considered.
14. The Audit and Governance Committee is a key member forum for ensuring sufficient weight is given to counter fraud, theft, bribery and anti-corruption activity and is positioned to review assurances from managers, members, risk and other business data.
15. The solicitor to the council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies.

16. The council provides an online training tool and assessment for the customer services team to ensure they have the knowledge required to identify suspicious activities. The council is also a member of the National Fraud Initiative where collaborated data is cross checked and activity for further investigation is shared and followed up.
17. Going forward the policy will be kept under review and updated at least bi-annually in accordance with the constitution. The effectiveness will be considered in line with the detection, prevention and incident of fraudulent activity alongside targeted internal audit work to ensure reviews, policies and procedures are correctly in place and being appropriately followed.

Community impact

18. The council's adopted code of corporate governance includes commitments to: behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; and managing risks and performance through robust internal control and strong public financial management. The anti-fraud, bribery and corruption policy is part of the council's governance arrangements by which it ensures that the principles of good corporate governance can be upheld and maintained.

Equality duty

19.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
20. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. The policies do not impact directly on this duty but requires that any activity carried out under the policies complies with the relevant equality policies.

Resource implications

21. There are no direct financial implications from adopting the revised policy. However the policy does set out the council's response to fraud and corruption and how the council will action any recovery of losses.

Legal implications

22. The policy satisfies the legislative requirements to have effective arrangements for tackling fraud, bribery and corruption. Data sharing is conducted in line with GDPR and privacy notice requirements.

Risk management

23. The committee is responsible for reviewing and approving the council's anti-fraud, bribery, corruption policy; if this is not done there is the risk that the policy will not be sufficient and robust in addressing these risks.

Consultees

24. None

Appendices

- Appendix 1 – anti-fraud, bribery and corruption policy
- Appendix 2 – tracked changes to anti-fraud, bribery and corruption policy

Background papers

None identified

Anti-fraud, bribery and corruption policy

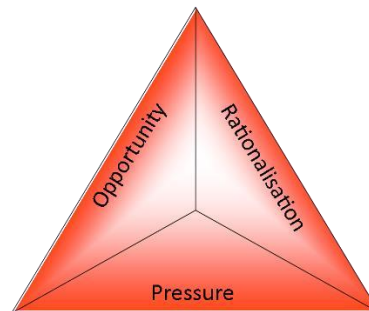
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|------------------|--|
| Reference number | |
| Approved by | Audit and governance committee |
| Date approved | 04.07.17 |
| Version | 3.0 |
| Last reviewed | 30.05.17 |
| Review date | 30.10.19 |
| Next Review date | 30 October 2021 |
| Category | Corporate governance |
| Owner | Chief finance officer |
| Target audience | All council staff, councillors, contractors, the council's partners and the public |

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1. Introduction

- 1.1 The council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets, aligned to the Nolan Principles for public life.
- 1.2 Three key elements exist in most acts of theft, fraud and corruption and are shown in the Fraud Triangle below;



Opportunity - The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility. Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified.

Motive/Incentive/Pressure - A person who commits fraud may be pressured to, or needs to commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

Rationalisation - A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they will pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

- 1.3 The council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, sub-contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, corruption or theft which it recognises can:
- Undermine the standards of public service that the Council is attempting to achieve
 - Reduce the level of resources and services available for the residents of Herefordshire
 - Result in major consequences which reduce public confidence in the Council.
- 1.4 Any proven fraud, theft or corruption will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be pursued against anyone

perpetrating or attempting to perpetrate, fraud and every effort will be made to recover any losses incurred by the Council as a consequence of fraud, theft or corruption.

2. Definitions

2.1 **Fraud** is an act of deception intended for personal gain to cause loss to another party. The Fraud Act 2006 identifies fraud as a single offence which can be committed in three separate ways:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

2.2 Whilst the Act does not provide a single definition, fraud may be described as: *“Making dishonestly false representation with the intention to make a gain for oneself or another, or, to cause loss to another or expose him to a risk of loss” Or “Dishonest conduct with the intention to make gain, or cause loss or risk of loss to another”.*

2.3 **Bribery** is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. There are four key offences under the Bribery Act 2010:

- Active bribery: promising or giving a financial or other advantage; Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribing of foreign public officials;
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence)

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

2.4 **Corruption** is the deliberate misuse of a position for direct or indirect personal gain and so includes offering, giving, requesting or accepting a bribe or rewards which influences your actions or the actions of someone else. The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe. The Act also created the corporate offence of ‘Failing to prevent bribery on behalf of a commercial organisation’ (corporate liability)

2.5 To protect itself against the corporate offence, the Act requires an organisation to have “adequate procedures in place to prevent bribery”. This strategy, together with the Council’s Codes of Conduct and Whistleblowing policy are designed to meet the requirement.

2.6 **Theft** is the physical misappropriation of cash or other tangible assets. The 1968 Theft Act defines “a person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”.

3. Scope

3.1 The Council will not tolerate fraud, bribery, corruption or other forms of financial irregularity by anyone. This strategy therefore applies to:

- All Council employees (including volunteers, temporary staff and agency staff);
- Elected members;
- Staff and Committee members of Council funded voluntary organisations;
- Council partners;
- Council suppliers, contractors, sub-contractors and consultants (whether engaged directly or indirectly through partnership working);
- Service users; and
- Members of the Public.

4. Aims and Objectives

4.1 The aims and objectives of this Anti-Fraud, Bribery and Corruption Strategy are to:

- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used to provide quality services to Herefordshire residents and visitors;
- Create and promote a robust 'anti-fraud' culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft;
- Have in place a Counter Fraud Service which:
 - Proactively deters, prevents and detects fraud, bribery, corruption and theft
 - Investigates suspected or detected fraud, bribery, corruption and theft
 - Enables the Council to apply appropriate sanctions and recover all losses;
 - Provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity, ensuring that the rights of people raising legitimate concerns are properly protected. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal actions; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

5. Managing the Risk of Fraud and Corruption

5.1 As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plans, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than the actual incidence of fraud having occurred in the past. Once the fraud has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.

- 5.2 Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase the risk or otherwise change the risk of fraud, bribery, theft and corruption, are properly taken into account.
- 5.3 Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.
- 5.4 Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, Herefordshire Council's members, directors and management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards. The chief finance officer has been designated with the statutory responsibilities of the finance director as defined by section 151 of the Local Government Act 1972. These responsibilities outline that every local authority in England and Wales should: 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility or the administration of those affairs'.

'Proper administration' encompasses all aspects of council financial management including:

- Compliance with the statutory requirements for accounting and internal audit;
 - Managing the financial affairs of the council
 - The proper exercise of a wide range of delegated powers both formal and informal;
 - Under these statutory responsibilities the section 151 officer contributes to the anti-fraud and corruption framework of the council.
- 5.5 Good corporate governance procedures are a strong safeguard against fraud and corruption. The Audit and Governance Committee is a key member forum for ensuring sufficient weight is given to counter fraud, theft, bribery and anti-corruption activity and is positioned to review assurances from managers, members, risk and other business data.
- 5.6 The solicitor to the council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies (listed at paragraph 10).
- 5.7 The council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls, including those in a computerised environment are properly maintained. Their existence and appropriateness will be independently reviewed by the council's internal audit service.

5.8 The council will work with partner organisations to develop where possible a joint approach to antifraud activity.

6. Fighting Fraud and Corruption Locally: Acknowledge, Prevent, Pursue

| | | |
|--------------------|--------------------|--|
| ACKNOWLEDGE | Committing Support | The council's commitment to tackling the threat of fraud is clear. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations |
| | Assessing Risks | We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform internal controls and counter fraud priorities. In addition, Internal Audit will carry out work in these high risk areas to assist management in detecting existing and new types of fraudulent activity. |
| | Robust Response | We will strengthen measures to prevent fraud. Internal Audit will work with our internal partners such as management, HR, Finance, Legal, policy makers and external partners to ensure new and existing systems and policy initiatives are adequately fraud proofed. |

| | | |
|----------------|--------------------------------------|---|
| PREVENT | Better use of Information Technology | We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud. Any such exchange or use of information will be undertaken in accordance with GDPR. |
| | Fraud Controls and Processes | We will educate managers on their responsibilities for operating effective internal controls within their service areas. We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Routine audit reviews will seek to highlight vulnerabilities in the control environment and make recommendations for improvement. |
| | Anti-Fraud Culture | We will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery losses due to fraud. |

| | | |
|---------------|----------------------|--|
| PURSUE | Fraud Recovery | A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued where possible. |
| | Punishing Fraudsters | We will apply realistic and effective sanctions to tackling fraud for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action. |

Enforcement

We will investigate instances of suspected fraud detected through the planned proactive work, cases of suspected fraud referred from internal or external stakeholders or received via the whistleblowing procedure. We will work with internal and external partners and organisations including law enforcement agencies.

6. Detection

6.1 Directors, assistant directors, heads of service and all managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the chief internal auditor.

6.2 Internal audit has a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, in accordance with agreed procedures. Within the financial procedure rules in the constitution, representatives of internal audit are empowered to:

- enter at all reasonable times any council premises or land
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination
- require any employee of the council to account for cash, stores or any other council property under his/her control or possession

6.3 Herefordshire Council will take part in the National Fraud Initiative.

6.4 The audit and governance committee will review and approve as part of the annual audit plan the internal audit programme for fraud prevention and detection work.

6.5 The council's code of practice on whistleblowing allows employees and councillors to raise any concerns they may have in confidence and anonymously should they wish.

7. Reporting, Advice, Support

7.1 A flowchart is provided at Appendix 1.

7.2 The council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If you believe someone is committing a fraud or you suspect corrupt practices, these concerns should be raised in the first instance directly with your line manager.

7.3 Where managers are made aware of suspected fraud by employees, they have responsibilities for passing on those concerns to the Section 151 officer. Managers should react urgently to evidence of potential fraud or corruption. Head teachers of

maintained schools should also notify their Chair of Governors. Notifications must be treated with the utmost confidentiality. Any person that is implicated in the alleged offence **should not** be included in the notification process.

7.4 Reporting is essential and:

- Ensures the consistent treatment of information regarding fraud, bribery and corruption
- Facilitates proper investigation
- Ensures the proper implementation of a fraud response investigation plan
- Ensures appropriate employment procedures are followed
- Ensures the interest of the people of Herefordshire are protected.

7.5 The Council's Whistleblowing Policy is intended to encourage and enable employees and/or partners to raise serious concerns. In respect of benefit fraud, the public and employees are encouraged to report it through the dedicated phone and email address available on the council's website. Members of the public can also report concerns through the council's complains procedures or by contacting their elected member, the External Auditor or the Local Government Ombudsman.

8. Investigations

8.1 To avoid potentially contaminating the evidence, managers should not investigate concerns themselves without having sought relevant authority to do so and instead should immediately report all suspicions to the section 151 officer or their deputy.

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8.6 **Disciplinary action** – The Director (after taking relevant HR advice) will decide whether disciplinary action should be taken against the employee.

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- Grievance Policy and Procedure
- Financial Procedure Rules
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11. Review

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- **Disorganisation:** Understaffing in key control areas, consistent failures to correct major weaknesses in internal control, inadequate or no segregation of duties. Poor governance.
- **Inadequate supervision:** Policies not being followed, lack of senior management oversight, inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation), low staff morale, weak or inconsistent management
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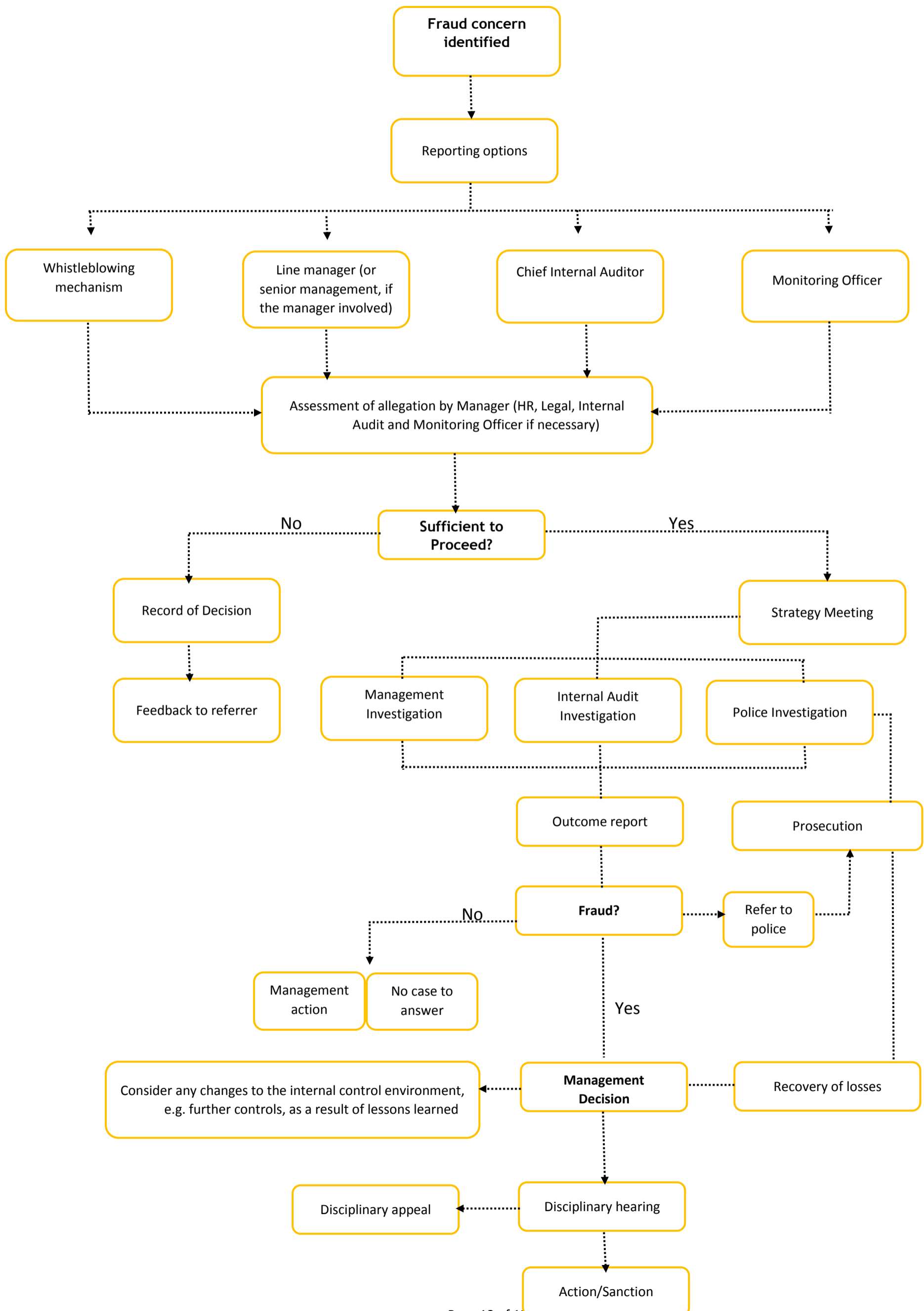
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FRAUD RESPONSE PLAN



Anti-fraud, bribery and corruption policy

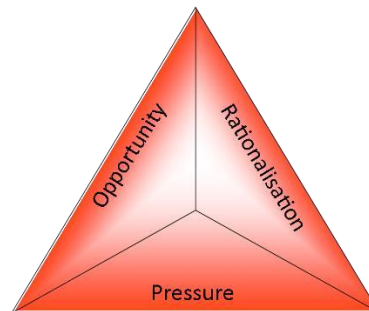
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|------------------|--|
| Reference number | |
| Approved by | Audit and governance committee |
| Date approved | 04.07.17 |
| Version | 3.0 |
| Last reviewed | 30.05.17 |
| Review date | 30.10.19 |
| Next Review date | 30 October 2021 |
| Category | Corporate governance |
| Owner | Chief finance officer |
| Target audience | All council staff, councillors, contractors, the council's partners and the public |

After the review date has expired, this document may not be up-to-date. Please contact the document owner to check the status after the review date shown above.

If you would like help to understand this document, or would like it in another format or language, please contact the document owner.

1. Introduction

- 1.1 The council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets, aligned to the Nolan Principles for public life.
- 1.2 Three key elements exist in most acts of theft, fraud and corruption and are shown in the Fraud Triangle below;



Opportunity - The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility. Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified.

Motive/Incentive/Pressure - A person who commits fraud may be pressured to, or needs to commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

Rationalisation - A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they will pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

- 1.3 The council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, sub-contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud, corruption or theft which it recognises can:
- Undermine the standards of public service that the Council is attempting to achieve
 - Reduce the level of resources and services available for the residents of Herefordshire
 - Result in major consequences which reduce public confidence in the Council.
- 1.4 Any proven fraud, theft or corruption will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be pursued against anyone

perpetrating or attempting to perpetrate, fraud and every effort will be made to recover any losses incurred by the Council as a consequence of fraud, theft or corruption.

2. Definitions

2.1 **Fraud** is an act of deception intended for personal gain to cause loss to another party. The Fraud Act 2006 identifies fraud as a single offence which can be committed in three separate ways:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

2.2 Whilst the Act does not provide a single definition, fraud may be described as: *“Making dishonestly false representation with the intention to make a gain for oneself or another, or, to cause loss to another or expose him to a risk of loss” Or “Dishonest conduct with the intention to make gain, or cause loss or risk of loss to another”.*

2.3 **Bribery** is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. There are four key offences under the Bribery Act 2010:

- Active bribery: promising or giving a financial or other advantage; Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribing of foreign public officials;
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence)

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

2.4 **Corruption** is the deliberate misuse of a position for direct or indirect personal gain and so includes offering, giving, requesting or accepting a bribe or rewards which influences your actions or the actions of someone else. The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe. The Act also created the corporate offence of ‘Failing to prevent bribery on behalf of a commercial organisation’ (corporate liability)

2.5 To protect itself against the corporate offence, the Act requires an organisation to have “adequate procedures in place to prevent bribery”. This strategy, together with the Council’s Codes of Conduct and Whistleblowing policy are designed to meet the requirement.

2.6 **Theft** is the physical misappropriation of cash or other tangible assets. The 1968 Theft Act defines “a person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”.

3. Scope

3.1 The Council will not tolerate fraud, bribery, corruption or other forms of financial irregularity by anyone. This strategy therefore applies to:

- All Council employees (including volunteers, temporary staff and agency staff);
- Elected members;
- Staff and Committee members of Council funded voluntary organisations;
- Council partners;
- Council suppliers, contractors, sub-contractors and consultants (whether engaged directly or indirectly through partnership working);
- Service users; and
- Members of the Public.

4. Aims and Objectives

4.1 The aims and objectives of this Anti-Fraud, Bribery and Corruption Strategy are to:

- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used to provide quality services to Herefordshire residents and visitors;
- Create and promote a robust 'anti-fraud' culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft;
- Have in place a Counter Fraud Service which:
 - Proactively deters, prevents and detects fraud, bribery, corruption and theft
 - Investigates suspected or detected fraud, bribery, corruption and theft
 - Enables the Council to apply appropriate sanctions and recover all losses;
 - Provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity, ensuring that the rights of people raising legitimate concerns are properly protected. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal actions; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

5. Managing the Risk of Fraud and Corruption

5.1 As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plans, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than the actual incidence of fraud having occurred in the past. Once

the fraud has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.

- 5.2 Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase the risk or otherwise change the risk of fraud, bribery, theft and corruption, are properly taken into account..
- 5.3 Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.
- 5.4 Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, Herefordshire Council's members, directors and management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards. The chief finance officer has been designated with the statutory responsibilities of the finance director as defined by section 151 of the Local Government Act 1972. These responsibilities outline that every local authority in England and Wales should: 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility or the administration of those affairs'.

'Proper administration' encompasses all aspects of council financial management including:

- Compliance with the statutory requirements for accounting and internal audit;
 - Managing the financial affairs of the council
 - The proper exercise of a wide range of delegated powers both formal and informal;
 - Under these statutory responsibilities the section 151 officer contributes to the anti-fraud and corruption framework of the council.
- 5.5 Good corporate governance procedures are a strong safeguard against fraud and corruption. The Audit and Governance Committee is a key member forum for ensuring sufficient weight is given to counter fraud, theft, bribery and anti-corruption activity and is positioned to review assurances from managers, members, risk and other business data.
 - 5.6 The solicitor to the council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies (listed at paragraph 10).
 - 5.7 The council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls, including those in a computerised environment are

properly maintained. Their existence and appropriateness will be independently reviewed by the council's internal audit service.

5.8 The council will work with partner organisations to develop where possible a joint approach to antifraud activity.

6. Fighting Fraud and Corruption Locally: Acknowledge, Prevent, Pursue

| | | |
|--------------------|--------------------------------------|---|
| ACKNOWLEDGE | Committing Support | The council's commitment to tackling the threat of fraud is clear. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations |
| | Assessing Risks | We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform internal controls and counter fraud priorities. In addition, Internal Audit will carry out work in these high risk areas to assist management in detecting existing and new types of fraudulent activity. |
| | Robust Response | We will strengthen measures to prevent fraud. Internal Audit will work with our internal partners such as management, HR, Finance, Legal, policy makers and external partners to ensure new and existing systems and policy initiatives are adequately fraud proofed. |
| PREVENT | Better use of Information Technology | We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud. Any such exchange or use of information will be undertaken in accordance with GDPR. |
| | Fraud Controls and Processes | We will educate managers on their responsibilities for operating effective internal controls within their service areas. We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Routine audit reviews will seek to highlight vulnerabilities in the control environment and make recommendations for improvement. |
| | Anti-Fraud Culture | We will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery losses due to fraud. |
| PURSU | Fraud Recovery | A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued where possible. |

| | | |
|--|----------------------|---|
| | Punishing Fraudsters | We will apply realistic and effective sanctions to tackling fraud for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action. |
| | Enforcement | We will investigate instances of suspected fraud detected through the planned proactive work, cases of suspected fraud referred from internal or external stakeholders or received via the whistleblowing procedure. We will work with internal and external partners and organisations including law enforcement agencies. |

6. Detection

6.1 Directors, assistant directors, heads of service and all managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the chief internal auditor.

6.2 Internal audit has a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, in accordance with agreed procedures. Within the financial procedure rules in the constitution, representatives of internal audit are empowered to:

- enter at all reasonable times any council premises or land
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination
- require any employee of the council to account for cash, stores or any other council property under his/her control or possession

6.3 Herefordshire Council will take part in the National Fraud Initiative.

6.4 The audit and governance committee will review and approve as part of the annual audit plan the internal audit programme for fraud prevention and detection work.

6.5 The council's code of practice on whistleblowing allows employees and councillors to raise any concerns they may have in confidence and anonymously should they wish.

7. Reporting, Advice, Support

7.1 A flowchart is provided at Appendix 1.

7.2 The council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If you believe someone is committing a

fraud or you suspect corrupt practices, these concerns should be raised in the first instance directly with your line manager.

7.3 Where managers are made aware of suspected fraud by employees, they have responsibilities for passing on those concerns to the Section 151 officer. Managers should react urgently to evidence of potential fraud or corruption. Head teachers of maintained schools should also notify their Chair of Governors. Notifications must be treated with the utmost confidentiality. Any person that is implicated in the alleged offence **should not** be included in the notification process.

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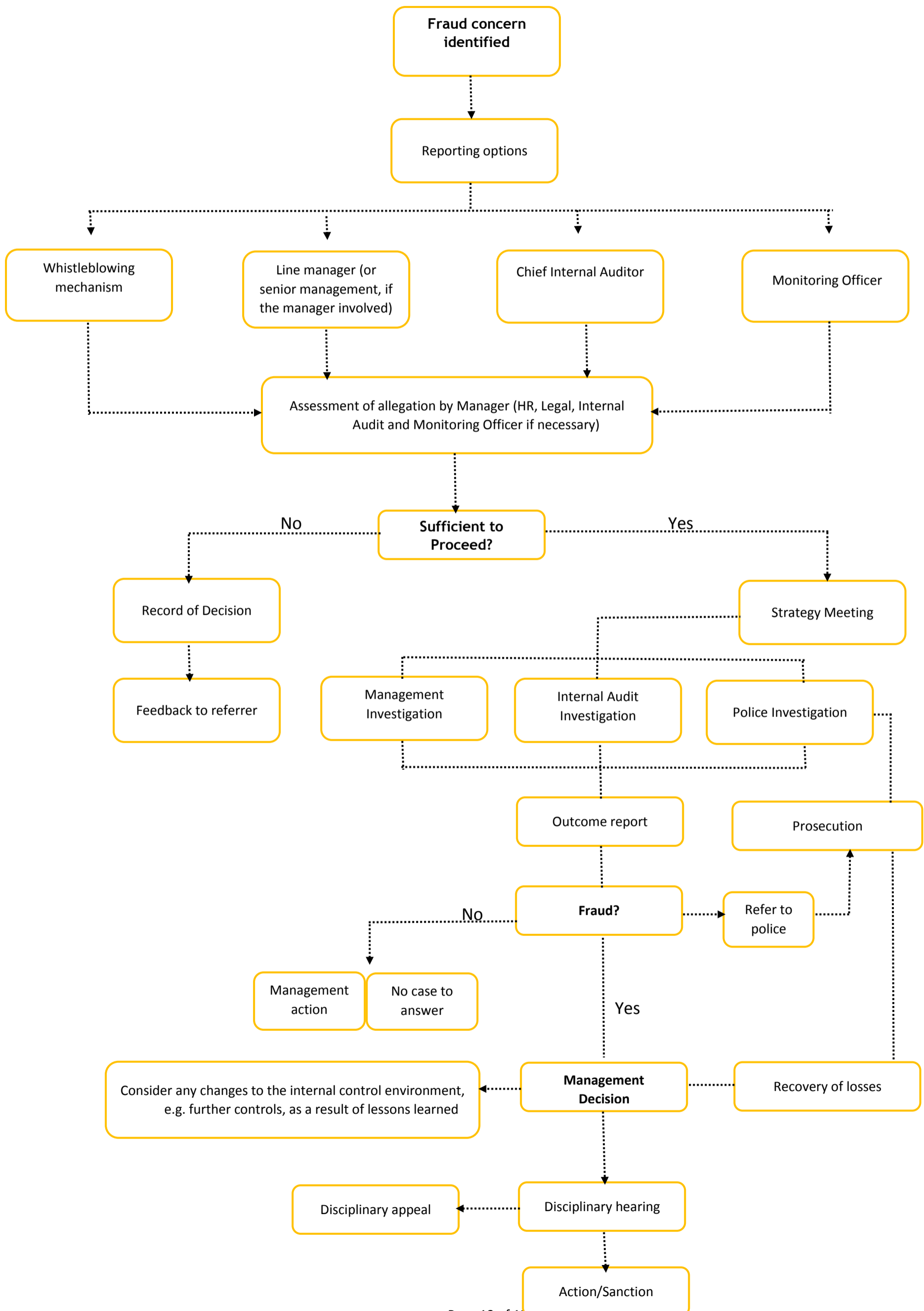
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FRAUD RESPONSE PLAN





| | |
|-------------------------|---------------------------------------|
| Meeting: | Audit and governance committee |
| Meeting date: | Tuesday 19 November 2019 |
| Title of report: | Work programme for 2019/20 |
| Report by: | Democratic services officer |

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide.

Purpose

To provide an update on the Committee's work programme for 2019/20.

Recommendation(s)

THAT:

Subject to any updates made by the committee, the work programme for 2019/20 for the audit and governance committee be agreed.

Alternative options

- 1 There are no alternative options as regards whether or not to have a work programme as the committee will require such a programme.

Reasons for recommendations

- 2 The work programme is recommended as the committee is required to define and make known its work. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.
- 3 The committee is asked to consider any further adjustments.

Further information on the subject of this report is available from
Caroline Marshall, democratic services officer on Tel (01432) 260249

Key Considerations

- 4 The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.

Community impact

- 5 A clear and transparent work programme provides a visible demonstration of how the committee is fulfilling its role as set out in the council's constitution.

Equality duty

- 6 This report does not impact on this area.

Financial implications

- 7 There are no financial implications.

Legal implications

- 8 The work programme reflects any statutory or constitutional requirements.

Risk management

- 9 The programme can be adjusted in year to respond as necessary to risks as they are identified; the committee also provides assurances that risk management processes are robust and effective.

Consultees

- 10 The chief finance officer and monitoring officer have contributed to the work programme

Appendices

Appendix 1 – audit and governance work programme 2019/20.

Background papers

- None identified.

**Audit and Governance Work Programme
2019/20**

| Function area | Report | Purpose |
|-------------------------------|---|--|
| July 2019 | | |
| Governance | Annual governance statement | To approve the annual governance statement |
| Accounts (Annual) | Statement of account | To approve the statement of account and includes the signing of the letter of representation |
| External audit | External auditor report | Presentation of the Audit Findings Report for consideration by the Committee before approval of the statutory accounts. The report will contain the external audit draft opinion on the accounts, draft value for money conclusion and a summary of the key findings for the financial year. |
| Internal audit (Annual) | SWAP Internal audit annual opinion report | To consider SWAP's annual report and opinion, and a summary of the internal audit activity and the level of assurance it can give over the council's corporate governance arrangements |
| Governance (Annual) | University Report | To act as the accountability body for the Department for Education funding for the University |
| Governance (Annual) | Accounting policies update | To approve any amendments to the accounting policies |
| Internal audit | Progress report on internal audit plan | To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed |
| Governance (every meeting) | Work programme | To note the current work programme of the committee |
| September 2019 | | |
| Code of conduct (Annual) | Code of Conduct complaints Annual Report | To receive the annual code of conduct report |
| Internal audit | Progress report on internal audit plan | To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed |
| Waste contract (Annual) | Energy from waste (EFW) Loan Update | To provide assurance to the audit and governance committee on the status of the |

**Audit and Governance Work Programme
2019/20**

| Function area | Report | Purpose |
|---|---|---|
| Governance | NMiTE update report | energy from waste (EfW) loan arrangement. To provide the committee with a progress update report (requested at meeting held on 30 July 2019) |
| Governance (every meeting) | Work programme | To note the current work programme of the committee |
| November 2019 | | |
| Governance (annual) | Information governance review | To review the council's information governance requirements to include all complaints (inc. children's social care), information requests, breaches of Data Protection Act, corporate governance and Regulation of Investigatory Act. |
| External audit (annual) | Annual audit letter | To review the annual audit letter |
| Governance (Every two years) | Anti-fraud and corruption strategy | To maintain an overview and approve changes to the strategy |
| Governance | Biennial review of constitution | To agree the arrangements for the review of the Constitution due in 2020. |
| Governance (six monthly) | Corporate risk register | To consider the status of the council's corporate risk register in order to monitor the effectiveness of the performance, risk and opportunity management framework |
| Internal and external audit (Six monthly) | Tracking of internal and external audit recommendations | To monitor implementation of action plans agreed in response to recommendations made by internal and external audit |
| Governance (every meeting) | Work programme | To note the current work programme of the committee |
| January 2020 | | |
| Internal audit | Progress report on internal audit plan | To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed |
| Governance (Annual) | Annual governance statement progress | Review of the effectiveness of the council's governance process and system of internal control. Update on the progress of the annual governance statement |

**Audit and Governance Work Programme
2019/20**

| Function area | Report | Purpose |
|--|---|---|
| External audit | Annual Certification Letter | Report on the grant claims completed in 2017/18 plus an update on fees. |
| External audit (Annual) | External auditors annual plan | Review and agree the external auditors annual plan, including the annual audit fee and annual letter. |
| Governance (Annual) | Contract procedure rules, finance procedure rules | Review of procedure rules and approve any amendments to the rules. |
| Internal and external audit (Every six months) | Tracking of internal and external audit recommendations | Monitor implementation of action plans agreed in response to recommendations made by internal and external audit |
| Governance (Quarterly) | Corporate risk register | To consider the quarterly status of the council's corporate risk register in order to monitor the effectiveness of the performance, risk and opportunity management framework |
| Governance (every meeting) | Work programme | To note the current work programme of the committee |
| March 2020 | | |
| External audit | External audit progress update | Update on progress to date in order to comment on the scope and depth of external audit work and ensure that it gives value for money and includes interim audit findings and the informing the risk assessment document. |
| Internal audit (Annual) | Internal audit plan for 2020/21 | To consider the internal audit plan for 2020/21. |
| Internal audit | Progress report on internal audit plan | To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. |
| Internal audit (annual) | Internal audit charter | To approve the internal audit charter |
| Code of Conduct | Remuneration of independent persons | To consider whether or not the appointed independent persons should be remunerated |
| Governance (Annual) | Future work programme for 2020/21 | To note the work programme for 2020/2021. |

