

## Annual Governance Statement 2014/15

### Scope of responsibility

1. Herefordshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this duty, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. These include arrangements for the management of risk.
3. The council has adopted a code of corporate governance that is consistent with the principles of the Chartered Institute of Public Finance & Accountancy ("CIPFA")/Society of Local Authority Chief Executives ("SOLACE") framework for delivering good governance in local government. The council's code is available on the website at the following link:  
<http://councillors.herefordshire.gov.uk/documents/s50012943/Preamble.pdf>
4. The annual governance statement for 2014/15 explains how the council has complied with its code of corporate governance. It also explains how the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) regulations 2006 in relation to the publication of a statement of internal control have been met.

### The purpose of the governance framework

5. The governance framework comprises the systems, processes, culture and values by which the council is managed and controlled. The framework also sets out how the council accounts to, engages with and leads the community.
6. The governance framework enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives as an individual's failure to comply with policies and procedures, even when provided with comprehensive training on them, can never be entirely eliminated.
8. The system of internal control is based on an ongoing process designed to:

- (a) identify the risks to the achievement of the council's policies, aims and objectives;
- (b) evaluate the likelihood and impact of the risks should they be realised; and
- (c) identify and implement measures to reduce the likelihood of the risks being realised and to negate, or at least mitigate, their potential impact.

## The governance framework

9. The council's corporate governance framework was adopted by Council on 31 October 2008 and has been reviewed annually by the section 151 officer to ensure it remains fit for purpose. It seeks to ensure that the principles of good governance are embedded into all aspects of the council's work. The five principles agreed within the code link to the six principles of good governance outlined in the SOLACE/CIPFA publication "Delivering good Governance in Local Government".
10. For ease of reference, the following table matches the council's five principles with those contained in the SOLACE/CIPFA guidance:

<b>SOLACE/CIPFA Guidance - Principle 1</b>	Focusing on the purpose of the authority, on outcomes for the community and creating and implementing a vision for the local area.
<b>Council – Principle 1</b>	Provide the best possible service to the people of Herefordshire.
<b>SOLACE/CIPFA Guidance - Principle 2</b>	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
<b>Council – principle 2</b>	Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness.
<b>SOLACE/CIPFA Guidance - Principle 3</b>	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
<b>Council – Principle 3</b>	Require high standards of conduct.
<b>SOLACE/CIPFA Guidance - Principle 4</b>	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
<b>Council – Principle 4</b>	Take sound decisions on the basis of good information.

<b>SOLACE/CIPFA Guidance - Principle 5</b>	Developing the capacity and the capability of members and officers to be effective.
<b>Council – Principle 2</b>	Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness.
<b>SOLACE/CIPFA Guidance - Principle 6</b>	Engaging with local people and other stakeholders to ensure robust public accountability.
<b>Council – Principle 5</b>	Be transparent and open: responsive to Herefordshire's needs and accountable to its people.

11. The framework we have in place to ensure adherence to the code is described in more detail below.

**Principle 1 – Provide the best possible service to the people of Herefordshire**

12. Herefordshire Council's strategic vision for the county is set out in the corporate plan 2013/15 approved by Council in November 2012. An annual delivery plan is approved by cabinet and funding to carry out these activities is agreed through the medium term financial strategy 2014/17 (MTFS). The MTFS is a three year rolling plan, covering both revenue and capital investment, updated annually. Both documents are scheduled for review in 2015/16 to ensure they remained aligned to residents' priorities and fit for purpose to meet the financial challenges facing public services.
13. During 2014/15 a significant number of previously agreed financial savings plans were delivered alongside significant service transformation in adult wellbeing services and children's safeguarding services.
14. Overall performance has been reported to cabinet on a quarterly basis together with financial outturn reports. Quarterly performance reviews have taken place led by senior management and providing the opportunity for members of the executive, overview and scrutiny chairs and group leaders to participate. In addition cabinet receives in June an annual report on performance, financial outturn and summary of the evidence base captured in 'Understanding Herefordshire' which incorporates the joint strategic needs assessment for the county, and summarises the input received from residents through consultations completed during the year. All these documents are available on the council website.
15. The council aims to have good governance arrangements in respect of partnerships, and has developed protocols for working with particular sectors such as local councils and the voluntary and community sector. More formal partnership arrangements with other councils, such as the

Marches Local Enterprise Partnership, have been established as joint executive committees and comply with all relevant statutory requirements for open and accountable decision-making

**Principle 2 – Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness**

16. The constitution sets out transparently and comprehensively the rules controlling our business including the council's executive arrangements, committee structure, codes of conduct, contract standing orders, financial procedure rules and schemes of delegation. We continue to refine and monitor our decision-making processes and constitutional arrangements to ensure they are robust, consistent, transparent, and fit for purpose.
17. The audit and governance committee's terms of reference encompass responsibility for review of the constitution and in 2014/15 a cross party working group was established to inform this work reporting to the committee. Due to the elections held in May 2015, it was agreed the working group would focus on collecting initial information and the more fundamental review would be progressed by the new council.
18. The council publishes an annual pay policy statement setting out arrangements for employee remuneration.
19. There is a formal staff performance review requirement for all officers.
20. An independent remuneration panel is established which makes recommendations to Council regarding member allowances; the panel's last report was considered by Council in May 2015 and is available at the following link:  
<http://councillors.herefordshire.gov.uk/documents/s50025963/Appendix%20A.pdf>
21. Following Council's approval of the recommendations of the independent remuneration panel, with effect from May 2015 there will be a number of mandatory training modules members will be required to undertake.

**Principle 3 – Require High Standards of Conduct**

22. The council has agreed values, which act as a guide for decision-making and a basis for developing positive and trusting relationships both within the council and between the council and its partners. The council follows CIPFA recommended standards of conduct; although the s151 role is not fulfilled by a director the role has direct lines of accountability to the chief executive and is a member of the senior management team.
23. A regular programme of member training has been delivered and induction provided for new members. Refresher briefing sessions on the code of conduct are held annually both for Herefordshire Council members and for parish and town councillors. The annual report of the monitoring officer includes performance information regarding standards cases.

24. Managers are responsible for making sure employees keep to policies, procedures, laws and regulations. There is an employee code of conduct setting out clear expectations and standards; this is supported by employee policies such as whistleblowing, grievances, bullying and harassment.

**Principle 4 – Take sound decisions on the basis of good information**

25. The council ensures its constitutional arrangements provide for effective council and executive decision-making with clearly defined roles for members and officers. Decision makers are provided with complete information necessary for them to take balanced and informed decisions.
26. The council's two overview and scrutiny committees are provided with the support necessary to enable them to perform all statutory duties required of them.

**Principle 5 – Be transparent and open: responsive to Herefordshire's needs and accountable to its people**

27. All meetings are held in public unless there are clear legal reasons for confidentiality. All executive decisions, including those taken by officers under delegated authority, are available on the council's website.
28. Public participation through submission of questions is encouraged at Council; the overview and scrutiny committees also provide for public participation both through submission of questions and suggestions for inclusion in the work programme.
29. The council has strategies which support engagement; promote the use of digital technology to increase engagement and self-service; and respond to customer concerns if expectations are not met.
30. The communications team help the council to communicate with all sections of the community in Herefordshire via the media, marketing and through digital channels. Services are making increasing use of social media.
31. The council meets its statutory responsibilities regarding data transparency.

**Ensuring the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

32. The section 151 officer is not fulfilled by a director post; however the officer is a member of the senior management team and the arrangement does not have any negative impact in how the officer fulfils their statutory duties. Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
33. The section 151 officer has direct access to the chief executive, senior management and members on financial matters who are all involved in the

detailed medium term financial planning process. They also provide regular revenue and capital budget monitoring reports to cabinet.

## Review of effectiveness

34. Herefordshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness, jointly led by the section 151 officer and the monitoring officer, is informed by reports from internal and external audit, risk and performance reports, analysis of complaints and standards issues through the year, and assurance reviews completed by managers.
35. Internal audit reports include specific agreed action plans to implement improvements identified, these are reported annually to the audit and governance committee. Nine areas reviewed by internal audit during 2014-15 were given partial assurance and one area was given no assurance. The no assurance and five of the partial assurance opinions related to school audits and each school has an action plan of recommendations that has been agreed and will be monitored by the relevant head teacher and school governors. The remaining four partial assurance opinions related to service specific issues and the agreed action plan for each is monitored by the relevant service director.
36. The results of the review were provided to senior management to consider, and as a result of this review of the effectiveness of the governance framework an action plan has been drawn up (at appendix A) to address the key issues identified and ensure continuous improvement. The previous year's action plan including progress/outcomes is included at appendix B.

Cllr Tony Johnson  
Leader of the council

Signed:  
Date:

Alistair Neill  
Chief executive

Signed:  
Date:

Peter Robinson  
Director of resources

Signed:  
Date: