

Annual governance statement 2017/18

What is governance?

1. Governance determines who has authority, who makes the decisions and how the council is kept accountable. It is how the council ensures 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.

What is the annual governance statement?

2. The council is required by the Accounts and Audit Regulations 2015 to prepare and publish an annual governance statement, in order to report publicly on the extent to which we comply with our own [code of corporate governance](#), including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.
3. In this document the council:
 - acknowledges its responsibility for ensuring that there is a sound system of governance;
 - summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
 - describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
 - provides details of 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.
4. The annual governance statement reports on the governance framework that has been in place for the year ended 31st March 2018.
5. It should be noted however, that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

Scope of responsibility

6. 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 continually review and improve the way we work, while at the same time offering value for money and efficient and effective services.
7. To meet these responsibilities the council has put in place proper arrangements for overseeing what we do. These arrangements are intended to make sure that we have the right people, doing the right things, at the right time, for the right reasons, and in the right way, in an open, inclusive and accountable manner.
8. The council has adopted a code of corporate governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (“CIPFA”)/Society of Local Authority Chief Executives (“SOLACE”) framework for delivering good governance in local government (2016).

The purpose of the governance framework

9. The governance framework comprises the systems, processes, culture and values by which the council is controlled, and also sets out how the council accounts to, engages with and leads the community.
10. 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.
11. The system of internal control is a significant part of that framework and is based on an ongoing process designed to:
 - identify and prioritise the risks to the achievement of the council’s policies, aims and objectives;
 - assess the likelihood and impact of the risks should they be realised; and
 - manage the risks efficiently, effectively and economically.
12. The framework operates at three levels:

Level 1 - Business and operational management. Operational management and staff delivering objectives, Identifying risks and improvement actions, implementing controls, reporting progress, providing management assurance, and ensuring compliance: supported by

Level 2 - Oversight and support. Portfolio holders, scrutiny and audit and governance committees, senior managers and statutory officers provide strategic, policy and direction setting, decision-making, and assurance oversight; validated by

Level 3 - Independent assurance. Internal and external audit, inspection and review agencies, and regulators provide independent challenge and audit, reporting assurance, and audit opinion in relation to assurance levels.

How has the annual governance statement been prepared?

13. The process, jointly led by the section 151 officer and the monitoring officer, has:
- a) reviewed our existing governance arrangements against the guidance included in CIPFA/SOLACE ‘Delivering Good Governance in Local Government’ framework - 2016;
 - b) reviewed our code of corporate governance to ensure it reflects this guidance and includes the recommended seven principles of good governance; and
 - c) assessed the effectiveness of our governance arrangements against the code of corporate governance. The key sources of assurance that inform this review are set out in the following table.

What we are seeking assurances on	What sources of assurance we will use
<ul style="list-style-type: none"> ○ Delivery against corporate and service delivery plans whilst observing the principles of good governance ○ Delivery of sustainable economic, social and environmental benefits ○ Design and effectiveness of internal controls, risk management and counter fraud measures ○ Strong commitment to ethical values ○ Compliance with laws, regulations, and the council’s constitution, strategies, policies and procedures ○ Key governance tools (e.g. financial, performance and risk management and reporting) are fit for purpose ○ Direction of travel of previously identified governance issues 	<ul style="list-style-type: none"> ○ Management assurances re compliance with laws and regulations, corporate strategies, policies, plans and arrangements e.g. constitution, financial and performance monitoring and reporting, and risk management ○ Statutory officers’ declarations ○ Significant partnerships’ governance risk assessments ○ Internal audit reports and opinions ○ Findings from Audit & Governance and scrutiny committees ○ External bodies and inspectorates reports ○ Views of the council’s appointed Independent Person(s)

Review of effectiveness

14. The tables below set out the findings of the review.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- In May 2017 the council agreed a new [constitution](#) which sets out the council's [values](#), how the council operates, how decisions are made and the procedures to be followed to ensure adherence to these principles. The constitution is regularly reviewed by the council's Audit and Governance Committee.
- Councillors are expected to follow the council's adopted [code of conduct](#). The Monitoring Officer provides advice to members on the code and reports on its effectiveness to the Audit and Governance Committee who regularly review the code. The council has an Independent Person to assist the council in promoting high standards of conduct by elected and co-opted members of Herefordshire Council and town and parish councils. During 2017/18 a second Independent Person retired and it has proved difficult to recruit eligible volunteers; consideration is being given to alternative collaborative arrangements with neighbouring councils to ensure the resilience of this independent support is maintained. Registers of interest are maintained and regularly reviewed and declarations of interest are routinely sought and recorded at the start of meetings. The Independent Person has expressed the view that the [standards procedure](#) supporting the code of conduct would be strengthened by greater clarity on the sanctions which may be applied and how they may be enforced, inclusion of an appeal process, and clarification of the basis on which a breach of the code relating to declaration of a schedule 1 interest may be referred to the police. The annual constitution review is taking account of these issues and will inform revisions to the procedure during 2018/19.
- Employees are expected to follow the council's [Employee Code of Conduct](#). A review of this code was undertaken in 2017 and a revised code was consulted on. Approval of a new code was expected in 2017/18 but has been delayed to allow for further consideration of the consultation responses and is now expected to be approved in May 2018. Once approved the revised code will provide greater clarity about the standards of behaviour expected of employees, and will be supported by improved processes for maintaining a register of employees' interests and a programme of communication and training for all employees.
- The required leadership employee behaviours and values are embedded into the council's employee Personal Performance and Development Plan process.
- A [member and officer relations code](#) is in place which provides guidance so that relationships are maintained in such a way as to ensure the smooth running of the council, that members receive impartial and objective advice, and officers are protected from accusations of bias or undue influence from councillors.
- During 2017, the council has reviewed its [Anti-Fraud, Bribery and Corruption Policy](#) to ensure it remains fit for purpose.
- The council has processes in place to [make a complaint](#), and to ensure complaints are investigated appropriately. All council members and employees are expected to deal with members of the public with dignity and respect at all times. This is embedded in the council's values, and

codes of conduct. We also expect all members of the public to behave in a reasonable manner when dealing with representatives of the council, and has reviewed its [unreasonable behaviour policy](#) to ensure it remains proportionate and fit for purpose.

- The council has a [Whistleblowing Policy](#) in place. During the year an increase in its use highlighted the need to review the policy and supporting procedures to ensure it is working effectively and promoted consistently. Revised documents are subject to consultation with employee representatives before adoption scheduled for May 2018.
- The constitution sets out clearly who fulfils the various roles and responsibilities of the council including decision making authority. The council ensures that advice is provided to decision makers to ensure compliance with the law and that the council can demonstrate how our decisions can support fulfilment of our public sector equality duty.
- There are processes in place to ensure that policies and procedures comply with the statutory requirements, and a programme of periodic review has been established to ensure that they remain compliant and fit for purpose.
- During 2017/18 a high court judgement found that some historic children's social care practice in relation to the application of s20 of the Children's Act 1989 had not been in compliance with the current application of law. Whilst the findings noted the improvements in practice that had already been made it was also acknowledged that a number of further cases relating to the same period were likely. The Children and Young People Scrutiny Committee is undertaking some task and finish work during 2018/19 to assure themselves of the robustness of current practice.
- Following a high profile legal ruling against another council relating to deprivation of liberty (DoL) a significant rise in DoL assessments nationally was reflected in Herefordshire. Although resource for this service was increased demand remains at a high level and assessments are being prioritised on a risk basis.

Summary

The council complies with this principle by ensuring its members and officers behave in ways that exemplify high standards of conduct and effective governance and that its organisational values are put into practice. The following improvements are planned:

- Adopt and implement a revised employee code of conduct
- Adopt and implement a revised whistleblowing policy and procedure
- Promote the member and officer relations code through development sessions with members and employees
- Adopt and implement a revised standards procedure for complaints against councillors

Principle B: Ensuring openness and comprehensive stakeholder engagement

- The council has adopted openness as one of the values on which our culture is shaped and which underpin our work.
- As part of the new constitution the council produced a guide to [public participation](#) and extended the opportunities for members of the public to ask questions at a meeting of the council.
- The council's planning and decision-making processes are designed to include consultation with stakeholders, and we have adopted government's consultation principles within our [communications protocols](#)
- In order to achieve our vision for the county, the council works with a range of partners and has adopted a [partnerships' governance framework](#) which sets out how we promote high governance standards in the partnerships we enter into and how we monitor the effectiveness of partnership governance arrangements.
- The recent [corporate peer challenge](#) identified that whilst the council recognised the importance of developing effective working relationships with key partners and communities, it would benefit from supporting this work in a more strategic and co-ordinated way.

Summary

The council complies with this principle by engaging with local people, stakeholders and partners. Although engagement could be strengthened further through the development of a more strategic and co-ordinated approach, no significant governance weaknesses are identified.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- Herefordshire Council has agreed a four year [Corporate Plan](#) that sets out our priorities and the outcomes we expect to achieve.
- In addition, a [register](#) is maintained of council strategies, policies and procedures. A programme of review is in place to ensure that all strategies and plans on the register are fit for purpose, and are clear about their intended outcome.
- The council's planning and decision making processes are designed to ensure that expected outcomes and impacts are clear and that there are processes in place to measure how well they are achieved.
- The council has adopted a [performance risk and opportunity management framework](#) that provides the basis for the council to plan, monitor, and manage our performance to ensure we deliver the best service we can. It supports members and officers across the council to take responsibility for their own performance and lead the delivery of improved outcomes for residents.
- Social value is evaluated as part of our procurement arrangements.

Summary

The council complies with this principle by developing and communicating its intended outcomes. Although some older strategies and plans have less clearly defined outcomes there is a process in place for reviewing these. No significant governance weaknesses are apparent.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- An annual [corporate delivery plan](#) sets out the key activities we will undertake to achieve the corporate plan priorities.
- The [medium term financial strategy and annual budget](#) demonstrate how the council's financial resources will be deployed to deliver the intended outcomes.
- The council's decision making processes, including input from the scrutiny committees, ensure that decision makers receive objective and robust analysis of a variety of options indicating how intended outcomes will be achieved.
- The council's framework for partnerships' governance prompts consideration of the added value to be gained from working in partnership.
- The recent [corporate peer challenge](#) identified that a strategic review of resources, and a more cross-council rather than directorate-led approach, may be beneficial to ensure that the potential to resource achievement of the council's vision and priorities over the medium term could be maximised.

Summary

The council complies with this principle by ensuring that decision makers are informed of alternative options and have objective and professional advice on the implications of those options. No significant governance weaknesses are apparent although during 2018/9 consideration will be given to how best to take forward the findings from the corporate peer challenge to ensure achievement of intended outcomes is optimised.

Principle E: Developing the organisation's capacity including the capability of its leadership and the individuals within it

- Herefordshire Council works with a wide range of partners to deliver our vision for the county and our corporate plan priorities. Partnership arrangements are entered into where appropriate and when they have the potential to deliver the desired outcomes.
- In light of the significant reduction in council resources over recent years there has been little investment in formal training and development either for members or employees, although in house training has been provided for mandatory areas and limited external training and development has been accessed.

- A programme for manager development is being developed for introduction during 2018/19 and a draft member development programme has been developed for adoption in 2018/19
- Member induction arrangements have been reviewed and a revised programme agreed and implemented. Staff induction has been reviewed and a new programme is being introduced for 2018/19.
- A Local Government Association peer review of children’s safeguarding noted some improvement required to children’s social work capacity, and the corporate peer challenge drew attention to the advantages of adopting a corporate transformation plan to ensure that the workforce resource was appropriately aligned to deliver the council’s priorities.
- There is a continuous performance improvement programme in place which enables employees to put forward ideas, and embed continuous improvement as a culture in all our services.
- The council’s personal performance and development plan process ensures that development needs are identified including those relating to leadership.

Summary

The council complies with this principle by ensuring that members and officers receive a basic level of mandatory training. The following improvements are planned:

- Adopt and implement a member development strategy and plan
- Adopt and implement a manager development programme
- Adopt and implement a corporate workforce strategy

Principle F: Managing risks and performance through robust internal control and strong public financial management

- The council has adopted a [performance risk and opportunity management framework](#) that provides the basis for the council to plan, monitor, and manage our performance and risks to that performance. The framework is regularly reviewed by Cabinet, and further improvements to the framework are being considered to ensure that risks are appropriately considered and escalated.
- Risk registers are maintained at project, service, and directorate levels as well as corporately and the Audit and Governance Committee monitors the effectiveness of the risk management arrangements.

- Performance (including financial management) is reported formally to Cabinet on a quarterly basis and published on the website. The council also published an [annual performance report](#) .
- During 2017/18 the council agreed to become the accountable body for public funding directed to support the establishment of a new university in the county. Robust internal control arrangements agreed by the council's s151 officer, are in place overseen by a robust partnership arrangement, to ensure effective oversight and management.
- Business continuity arrangements are in place for critical services and resilience arrangements regularly tested.
- During 2017/18 the council became aware of unauthorised expenditure in relation to a project to refurbish Blueschool House. Following an internal audit investigation a number of [internal control improvements](#) were identified as necessary. Lead by the council's s151 officer and overseen by the Audit and Governance Committee an improvement plan has been progressed throughout the year and will continue in 2018/19.
- The council has appointed a senior information risk officer who is responsible for ensuring arrangements are in place to maintain security of the council's information assets.
- The council's internal audit function provides an independent view on the adequacy and effective operation of the council's internal control environment. They have identified improvement areas during the course of their work and action plans have been agreed with management to address them. Implementation of these actions is tracked and reported to the Audit and Governance Committee.
- A thread remains in their findings, and reflected in the assurance statements provided by managers, that there are some instances of policies and procedures either not being followed or being applied inconsistently. Internal audit have noted this has been a particular concern during 2017/18 in relation to ensuring compliance with the General Data Protection Regulations (GDPR) coming into force in May 2018 and the completeness of documentation supporting data sharing agreements. Action has been taken during 2017/18 to establish a [register](#) of council strategies, policies and procedures. There is now an agreed programme, owned by each directorate, to review the documents and ensure they are fit for purpose, that there is a communication plan to support each document, and measure are in place to monitor compliance with and effectiveness of the policy. The council has robust arrangements in place to prepare for the implementation of GDPR, has identified risk areas, and has agreed plans to mitigate those risks. Overarching data sharing agreements are in place with key partners. Data sharing requirements are included in relevant contract and procurement documentation and a rolling programme is in place linked to contract renewal to ensure data sharing arrangements are documented.
- The council is committed to reviewing its performance and actively pursues opportunities to gain external input into that process as evidenced by participation in the Local Government Association peer review and corporate peer challenge processes.

Summary

The council has appropriate processes in place through which it manages risk and performance. However there is evidence of the need to strengthen some internal controls and to ensure that policies and procedures are clear, effective and being followed. The following improvements are planned:

- Complete implementation of actions in response to the Internal Audit findings re Blueschool House

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- The council publishes information about the [decisions](#) it takes on its website; where there is a justification for withholding information or excluding the public from a meeting of the council in accordance with the [Access to Information Rules](#) the reason for doing this is explained. During 2017/18 there were no meetings of cabinet from which the public were excluded.
- We explain what information we hold and how to [access](#) that information on our website, including publication of [open data](#) in accordance with the local government transparency code.
- The council has established a performance challenge process through which directorate performance is regularly reviewed and challenged by senior managers and elected members including cabinet members, scrutiny chairmen and political group leaders.
- An annual review of the adequacy of the council's governance arrangements is undertaken and reported to senior managers and to the Audit and Governance Committee. This review process has been strengthened this year through the introduction of a checklist for service managers to complete to inform the assessment and to inform service improvement plans.
- The council has strengthened its scrutiny function by moving from two to three committees enabling additional focus to be given to the children and young people area of activity. Each committee determines its own workplan. All executive decisions, including those taken by officers under delegation are subject to the council's call in procedures. Of the 46 recommendations made to the executive which have been considered in 2017/18 by the executive only two have been rejected.
- In their annual finding report the External Auditor identified a number of improvements needed to ensure the efficient and accurate closedown of accounts, and in particular advised that consideration be given to improving the process for classification and valuation of property, plant and equipment.

- The council's Independent Person has expressed concern that the council's annual report on the code of conduct is insufficiently transparent because the individual parish council's concerned are not named. This matter is being considered by the Audit and Governance Committee as part of its review of the standards procedure.
- Financial reporting arrangements are sound in relation to revenue but less well developed in relation to capital projects. Under the leadership of the council's s151 officer a programme of improvements to capital reporting, accompanied by clear guidance to budget managers is being pursued.
- The council's framework for partnerships governance requires a periodic assessment of the effectiveness of the governance arrangements for partnerships. This review has highlighted some potential to provide greater transparency of decisions taken by a small number of partnerships; we are working with relevant partners to secure improvement in 2018/19.

Summary

The council complies with this principle by having robust arrangements in place which ensure transparency over how decisions are taken and reported and who is accountable for them. Scrutiny and audit support adherence to this principle. However improvements are required to strengthen capital financial reporting and to further improve the transparency of some partnerships' decision-making.

- Adopt and implement a revised process to close down the annual accounts including improving the processes for valuation of assets.
- Adopt and Implement improvements to capital reporting processes to improve transparency.
- Agree and implement arrangements to provide greater transparency of partnership decision-making by West Mercia Energy, Hoople and arrangements with health bodies.

Progress against actions agreed in response to the 2016/17 annual governance statement

15. The table below shows progress made, the text in red identifies updates since the action plan was reviewed by Audit and Governance Committee in January 2018.

	Improvement required	Action planned	By when	Owner	Progress
1.	Members and officers modelling the values and behaviours expected and clear about the processes to follow if they have concerns.	Supporting implementation of the revised constitution and codes which provide clearer information, a communication and training programme will be delivered for both members and officers.	End July 17	Solicitor to the Council Head of HR and OD	Achieved - Member code adopted May 2017, training provide as part of committee induction for municipal year, training for clerks and parish councillors also provided. In progress - employee code of conduct in consultation scheduled for approval end Jan 18. <i>Analysis of consultation response from employee representative bodies is ongoing and the revised code is now expected to be adopted in May 2018. A programme of training will follow adoption.</i>
2.	The council's commitment to openness and the public interest is not always clear in its decision-making.	New guidance on access to information is included in the revised constitution.	19/05/17	Solicitor to the Council	Achieved – training also provided
		Guidance on public interest will form part of training to report authors and decision-makers	End July 17	Head of Corporate Governance	Achieved – guidance included in report writing guide and included in training sessions.
		Guidance on report writing will provide clarity on expected report content and the requirements for compliance with all the principles of good decision making to be demonstrated	End July 17	Head of Corporate Governance	Achieved – report writing guide produced and published on the intranet. Promoted through training and now, with the benefit of six-months of use, is being reviewed to ensure it is fit for purpose.

					Revised guidance has been produced, and is being reviewed in light of recommendations from a recent data quality audit before published on the intranet and promoted through news core.
3.	Channels of communication with the community and stakeholders are not always clear and there are inconsistent approaches to consultation.	Supporting the communication strategy and protocols, consultation and engagement standards will be established	End Nov 17	Head of Business Improvement and Transformation	In progress: revised target date of February 2018 - a revised internal consultation process and guidance for staff has been drafted to ensure a consistent approach across the organisation and is scheduled for consideration by Management Board in January 2018 for implementation in February 2018. Consultation process has been approved by management board and cascaded through the directorate senior management teams. This will also be followed up with a direct communications to all staff at the end of April 2018. The new consultation process and a revised toolkit for consultation and engagement will be available on the intranet at the end of April 2018.
		Communications training for staff and members delivered	End March 18 then ongoing	Assistant Director Communities	In progress - First tranche of training with key communications staff (including public health, regulatory and development control, and environment and waste) delivered in December 2017. Communications training for committee chairmen delivered in September 2017.

					<p>Programme for further training for senior management and members to be confirmed in the new year.</p> <p>Further training scheduled in March 2018 had to be cancelled due to adverse weather. This has been rescheduled for May 2018.</p> <p>On an ongoing basis further periodic refresher training will be scheduled and any additional training as necessary to meet identified need.</p>
4.	Links between the various visions, budget and service planning and commissioning, risk management, performance and value for money are not consistently demonstrated or measured	Seek to agree consolidated vision through development of corporate delivery plan 2018/19	March 18	Chief Executive	<p>In progress.</p> <p>Achieved: We developed the following vision as part of the Communications Strategy 2016 – 2020 adopted by cabinet in September 2016: <i>‘People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire.’</i> This vision builds upon our four key priorities and has helped to inform the development of our 2018/19 budget, medium term financial strategy and corporate delivery plan 2018/19.</p> <p>During 2018/19 further consideration will be given to how council-wide resources are aligned to achieve this vision in light of the recommendations from the Local Government Association Corporate Peer Challenge to</p>

					inform the future corporate planning processes.
		Supplement the performance, risk and opportunity management framework (PROM) with some clearer guidance on service and project planning to ensure these links are made effectively and consistently; to ensure risk is consistently recorded and used to inform decision making; and to ensure outcomes are measured and reported	Sept 17	Assistant Director Environment and Place	<p>In progress: revised target date for completion February 18 - service planning guidance was agreed by Management Board in October. Project planning guidance has been produced and will be finalised following system testing during December. It consists of an eight stage process designed to provide the required oversight and assurance at specific points.</p> <p>An update of the PROM is scheduled for Cabinet consideration in February 2018.</p> <p>Partially achieved, remainder in progress: The service planning guidance has been used as the basis for service planning for 2018/19 and the project planning guidance is to be rolled out during 2018/19 in light of learning from the systems testing which has taken place in the final quarter of 2017/18.</p> <p>The updated PROM is due to be published in Q1 2018/19. The updated PROM provides greater clarity about the process to ensure that risks are identified at all levels of the organisation and are correctly recorded on the relevant risk register(s) with clear escalation processes to be applied.</p>

		End of year/annual report to highlight the impact of activities	July 17	Assistant Director Environment and Place	Achieved - the Annual Report 2016/17 was approved by Cabinet on 22 June 2017, and can be found on the Council's website using the following link: Annual Performance Report 2016/17
		Revised commercial and commissioning strategy adopted, communicated and monitored to ensure contractual arrangements reflect the council's priorities and can demonstrate value for money.	Sept 17	Assistant Director Communities	In progress: revised target date for completion February 2018 - Procurement and Commissioning Strategy drafted and currently being reviewed internally; scheduled for cabinet member approval in February 2018. In progress: the draft has been reviewed to ensure any learning from the Blueschool House findings are addressed and is now scheduled for cabinet member consideration in May 2018 and following adoption a training plan will be implemented.
		Options appraisal to establish whether a course of action represents best use of resources, to be a consistent element of business cases informing decisions	Sept 17	Chief Finance Officer	In progress, revised target date for completion March 2018 to allow for the lessons to be learnt from the Internal Control Improvement Board to be incorporated. Work is now expected to be completed by June 2018
5.	The level of awareness of fraud risk and potential mitigation is low in areas outside of financial transaction service areas.	The anti-fraud and corruption policy will be reviewed and refreshed	July 17	Chief Finance Officer	Achieved – revised anti-fraud, bribery and corruption policy approved by Audit & Governance Committee in July 2017.
		Communication and training of the revised policy will be delivered	Dec 17	Chief Finance Officer	In progress. Revised target date for completion June 18 to ensure that all sections of the council are aware of the revised policy

6.	There is some evidence from internal audit findings that policies and procedures are not always understood/followed.	Establish a register of policies and procedures which identifies the policy/procedure, policy owner, scope of policy, approval date, review date, and monitoring arrangement.	Dec 17	Corporate Customer Information and Equality Manager	Achieved. A register has been established on the council's intranet and the policies it contains are also available on the council's website at: policies . Employees are able to self-serve adding policies and procedures to the register and the directorate performance leads are working with their teams to ensure the register is complete.
		Following above action, establish programme to review all policies and procedures to ensure they are relevant, have clear processes for communication to employees, and compliance is monitored appropriately	March 18	Corporate Customer Information and Equality Manager	Based on a review of the populated register a prioritised programme will be developed and begin to be implemented by the end of March 2018, to ensure that each document entered on the register has been reviewed by its owner and approved through the appropriate governance process. Because of the need to prepare for the implementation of the General Data Protection Regulations in May 2018 the review programme will need to be delivered over a period of time – however priority will be given to those policies and procedures where risks associated with non-compliance are the greatest. As policies are taken through the assurance process the communications requirements for each will be confirmed (eg part of induction or mandatory training, staff to be targeted, general communications or requirement

					for periodic communications updates) Achieved. Each directorate has in place a programme for reviewing strategies, policies and procedures.
7.	There is a risk that partnerships' governance arrangements don't fully reflect the principles of the revised code of corporate governance.	Significant partnerships have been identified and initial self-assessments undertaken. These will be discussed with the relevant partners and, as part of those discussions improvement actions to mitigate any risks identified will be agreed. This review process will become business as usual going forward.	Ongoing	Head of Corporate Governance	The approved framework is available on the website together with a register of the council's identified strategic partnerships. The second round of reviews will begin in January and inform improvement actions within directorates. The review process began in January. This annual cycle will now be business as usual with the register being updated as necessary and risks identified being recorded on the relevant risk register. Where decisions to enter new partnerships are being taken, report authors are advised to ensure reference is made to compliance with the framework.

Key governance actions planned

16. In response to the issues identified during the review of effectiveness, the following action plan has been developed which includes outstanding actions from the previous year's plan (above). The Audit and Governance Committee will receive a six-monthly report in order on progress made in delivering this action plan.

	Improvement required	Action planned	By when	Owner	Progress
1.	Members and officers modelling the values and behaviours expected and clear about the processes to follow if they have concerns.	Approve a revised employee code of conduct.	May 2018	Head of HR and OD	
		Deliver a programme of training and awareness raising to support implementation.			
		Adopt and implement a revised whistleblowing policy and procedure	May 2018	Solicitor to the Council	
		Promote the member and officer relations code through development sessions with members and employees	October 2018	Head of HR and OD and Head of Corporate Governance	
		Adopt and implement a revised standards procedure for complaints against councillors	May 2018	Solicitor to the Council	
2.	Links between the various visions, budget and service planning and commissioning, risk management, performance and value for money are not consistently demonstrated or measured	Revised commercial and commissioning strategy adopted, communicated and monitored to ensure contractual arrangements reflect the council's priorities and can demonstrate value for money.	July 2018	Assistant Director Communities	
		Options appraisal to establish whether a course of action represents best use of resources, to be a consistent element of business cases informing decisions	June 2018	Chief Finance Officer	
3.	The level of awareness of fraud risk and potential mitigation is low in areas outside of financial transaction service areas.	Communication and training of the revised Anti-fraud, bribery and corruption policy will be delivered	June 2018	Chief Finance Officer	

4.	Further develop the capacity of the organisation and individuals within it	Adopt and implement a member development strategy and plan	June 2018	Democratic Services Manager	
		Adopt and implement a manager development programme	October 2018	Head of HR and OD	
		Adopt and implement a corporate workforce strategy	March 2019	Head of HR and OD	
5.	Strengthen internal controls and financial management	Implement the actions in response to internal audit's recommendations re Blueschool House	July 2018	Chief Finance Officer	
		Implement improvements to capital reporting	July 2018	Chief Finance Officer	
6.	Enhance transparency in relation to significant partnerships	Review joint committee governance where governance support is not provided by Herefordshire Council	Sept. 2018	Solicitor to the Council	
		Review and publish schemes of delegation in respect of decisions to be taken by Hoople employees, and in discussion with the Hoople Board review the processes in place to support effective transparency and communication.	October 2018	Assistant Director Environment and Place	
		In consultation with health partners review the governance arrangements in place to ensure they support effective transparency and communication whilst respecting the respective partners distinctive governance processes	November 2018	Interim Director for Adults and Wellbeing	

Statement

To the best of our knowledge, the governance arrangements, as set out above and within the council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas identified in the table following paragraph 14 above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

Councillor Jonathan Lester
Leader of the Council

Date:

Alistair Neill
Chief Executive

Date: