

## 1. The Annual Governance Statement 2019/20

The council is required by the Accounts and Audit Regulations 2015 to prepare and publish an annual governance statement. This statement has been informed by an annual review of the effectiveness of the council's governance framework and systems of internal control as set out in the [code of corporate governance](#). This statement demonstrates the degree of compliance and planned improvements in the coming year.

2019/20 was extraordinary as the Covid-19 pandemic affected nations across the world impacting on the latter part of the financial year covering the governance statement, whilst Herefordshire felt the devastating effects of flooding on homes and businesses. Herefordshire Council has needed to take a range of decisions to address the emergencies using the powers outlined in the council's constitution (points 3.7.9) whilst "business as usual" activity has been impacted as staff and resources were and continue to be redeployed. The 2019/20 Annual Governance Statement (AGS) has not taken the planned and usual path in its production and previous actions outlined in 2018/19 AGS have been affected to some degree.

## 2. Corporate Governance and the Annual Statement

Corporate governance generally refers to the processes by which an organisation is directed, controlled and held to account. Governance will determine who has authority to make the decisions to achieve the intended outcomes whilst acting in the public interest at all times. It is how the council ensures it provides 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.

Effective governance leads to:

- ✓ Making the right decisions for the right reasons through leadership and management.
- ✓ Continuous improvement through understanding and managing risk and performance.
- ✓ Safeguarding public funds, ensuring spend is made in the right time and the right way.
- ✓ Public engagement and the right outcomes for residents and businesses of the county.

This annual statement incorporates:

- **Scope of responsibility and governance framework:** acknowledges 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;
- **The statement:** describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, and outlines how the council has responded to any issue(s) identified in last year's governance statement; and
- **Improving governance:** reports on any key governance matters identified from this review and provides a commitment to addressing them.

It should be noted that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk or failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance.

## 3. Scope of responsibility and governance framework

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 whilst used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to continually review and improve the way it works. Key is the [constitution](#) as a published document that details how the council makes its decisions, who has responsibility and the procedures it follows.

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 governance framework comprises of the systems, processes, culture and values by which the council is controlled, and sets out how the council accounts to, engages with and takes a leadership role in community. The 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.

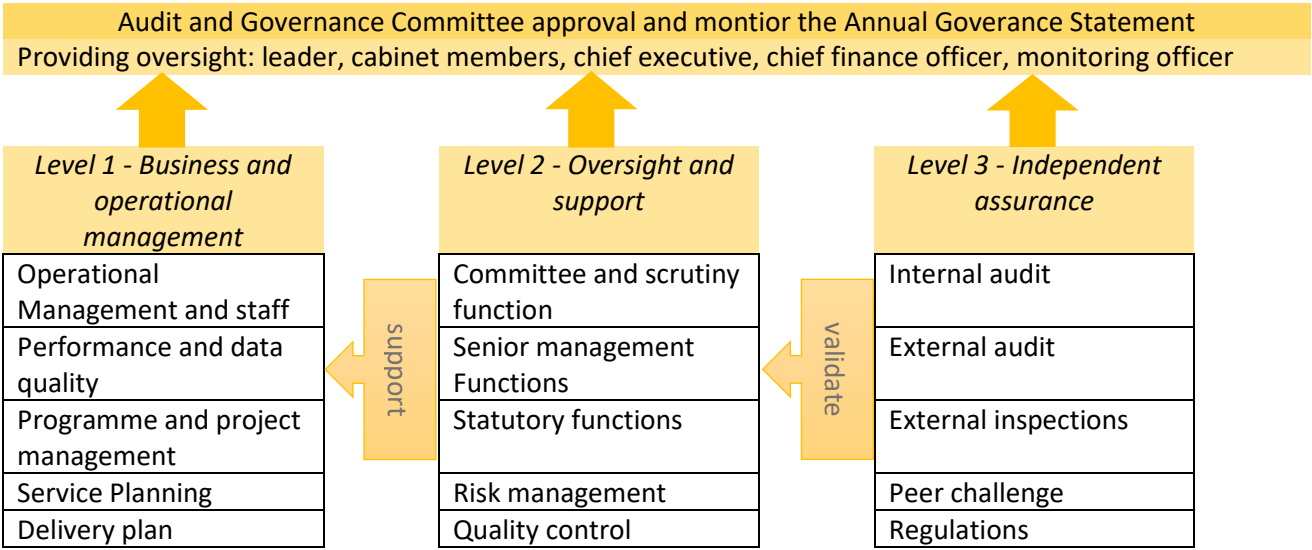
The framework operates at three levels, often referred to as the “three lines of defence” based on three opportunities to address risk and weaknesses in governance:

*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. This level is supported by...

*Level 2 - Oversight and support.* Portfolio holders, scrutiny and audit and governance committee, senior managers and statutory officers provide strategic, policy and direction setting, decision-making, and assurance oversight. This level is 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 these levels interact and operate across the organisation is illustrated below:



4. Preparing the Statement

The AGS has been prepared jointly led by the Chief Finance Officer who is the council’s section 151 officer (a statutory role responsible for the proper administration of the council’s financial affairs), and the Solicitor to the Council who is the council’s monitoring officer (a statutory role responsible for maintaining the constitution, ensuring decision-making is fair and lawful, and for dealing with complaints that councillors have breached the councillor code of conduct).

In preparing the AGS the council 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 as below:

- Review 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 Committee and scrutiny committees.
- External bodies and inspectorates reports.
- Views of the council's appointed Independent Person(s).

The Statement sets these sources of information against the 7 Principles of Corporate Governance (A to G) as set out in the Herefordshire Council's [Code of Corporate Governance](#).

## 5. The Statement

The following information is a summary of actions and behaviours taken by the council in relation to each of the core principles (based on "Delivering Good Governance in Local Government" framework – 2016").

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

- The [constitution](#) is a published document providing comprehensive account of how the council operates. Elements of the constitution are reviewed through the decision making process including in 2019/20 update of the Financial and Contractual Procedure Rules on [28 January 2020](#). The monitoring officer has delegated authority to make technical changes (grammatical, formatting, and consistency) or those required by law and a log of the changes made are available on the council [website](#).
- In addition a new [annex](#) to the constitution was devised to enable public meetings to take place remotely.
- During the Covid-19 pandemic the council has needed to make rapid decisions to address the emergency (with decisions published on the [council website](#)) using the powers outlined in section 3.7.9 of the constitution. This gives the chief executive powers to make decisions in an emergency when there is a risk of damage to property, a threat to the health or wellbeing of an individual, or that the interests of the council may be compromised.
- The council has a group of independent persons to provide views on code of conduct complaints against councillors. A conference is held twice a year with the group to provide training and share best practice.
- The Annual Code of Conduct report was presented to audit and governance committee on [24 September 2019](#). The Committee on Standards Life had produced best practice recommendations and accepted the standards recommendations. Following a sample review of complaints between October 2018 to September 2019 it was considered that each complaint had been handled appropriately: in a timely manner, consistently and with appropriate outcomes.
- The council has in place systems for members to register and declare interests which are published on the website (under the profile of each member), and a centralised system established for officers to register declaration of interests.



- [Modern Slavery statement](#) was published covering the year 2019/20 and since updated annually. Cabinet also agreed a series of commitments which are published as part of the statement and promoted to raise awareness of the modern slavery and ways of reporting if there are suspected cases.
- Anti-Fraud, Bribery and Corruption Policy was agreed by audit and governance committee on [19 November 2019](#) committee.
- The council has processes in place to make a [complaint](#), and to ensure complaints are investigated appropriately. Between April 2019 and March 2020 the council dealt internally with 600 complaints, of which the council upheld or partially upheld 21%. In addition, 30 complaints were processed under the children's complaints procedure for children's social care. For the period April 2018 - March 2019 as latest figures from Government and Social Care Ombudsman (LGSCO) of all complaints received by the council, 8 were upheld which is 1% of all complaints for the period.
- The council has a [Whistleblowing Policy](#) in place which is continuously reviewed based on lessons learnt and in the process of being updated. Also in the process of being updated is the [council's equality policy](#) to be agreed by the cabinet member later in 2020.
- Policies are published on the [website](#) which acts as the register, however the registration process relies on services to edit the register (update, delete, remove) and this is not always consistently done.
- The council has committed to a [pledge](#) designed by looked after children as a way of outlining what can be expected from the council has a corporate parent.

**Summary and continuous improvement** - the council have a range of measures in place, embedded in practices and processes with actions for improvement including:

- ✓ Rethinking Governance working group to consider governance models and recommendations to be presented to Council.
- ✓ Review the administration of handling complaints and convening standards hearing focussing on outcomes.
- ✓ Produce strategy on writing and publishing council plans, policies and procedures which would include the method of effectively creating a "pipeline" of plans and policies due for renewal.
- ✓ Communication and awareness of the current anti-fraud, bribery and corruption policy all staff.
- ✓ Learn from the standards hearing reviews where improvements could be made with input from independent persons.
- ✓ Finalise and published the council's equality policy.

## Principle B: Ensuring openness and comprehensive stakeholder engagement

- Local Government Associations conducted a Peer Challenge in 2018 and was invited to revisit the council to provide an independent review of progress against recommendations. This took place in October 2019 with findings published on the council [website](#). The revisit found the council had made good progress recognising the change in administration since their first visit - highlighted was the need to address a USP (unique selling point) with partners, enhance communications and strengthen elements of governance.
- A new [County Plan](#) (formerly known as The Corporate Plan) was adopted in January 2020 based on a range of consultation methods reaching in the region of 2,000 participants.
- [Understanding Herefordshire](#) website shares information the council holds on the county as part of its open data approach. This site was improved during the year to support navigation and accessing information.
- As part of the constitution the council has a guide to public participation and extended the opportunities for members of the public to ask questions at meetings.
- As recognised as part of the LGA peer challenge the council has a strong approach to partnerships in collaborating to achieve outcomes. The council has adopted a [partnerships' governance framework](#) which sets out how governance standards within partnerships - the framework is due for review in



2021; and whilst details of the strategic partnership is published on the council [website](#) not all entries are up-to-date – the process to populate the register will be addressed in 2020.

- The council is due to update its [communication strategy](#) and this has been supported by an LGA healthcheck that took place in February 2020.
- The council is in partnership with Hoople providing a range of services, the governance of this arrangement needs to be reviewed and updated.

**Summary and continuous improvement** - the council's approach is to work in partnership with stakeholders though could always be improved including documenting those partnerships. Based on this the following improvements are planned:

- ✓ Establish an Advisory Panel to partners and stakeholders led by the leader of the council.
- ✓ Design a Citizen Panel to gauge views of individuals within the community in the planning and design of services.
- ✓ Communications strategy renewal in 2020 to be in line with the County Plan and the effects on the community due to Covid-19.
- ✓ Strategic partnerships framework due for review in 2021 and up-to-date register published on the council website.
- ✓ Establish a board to manage the council's relationship with Hoople.
- ✓ The appointment and training programme for any co-optees on the council to be reviewed.

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

- Herefordshire Council agreed a [County Plan](#) based on key themes of Economy, Community and Environment. A delivery plan is being reviewed in light of the impact of the Covid-19 pandemic.
- A key element of the new cabinet's intention is concerned with environmental sustainability with a [commitment](#) to work towards carbon neutrality by 2030 with a [Carbon Management Plan](#) prepared for cabinet.
- The council has a [Procurement and Commissioning Strategy](#) that is due to be refreshed in 2021. However, the council is keen to strengthen the commitment to local social value and this will be developed in 2020.
- The work of strategic delivery partners is focused upon supporting the council in achieving the outcomes identified in the County Plan and will have an important role in strengthening the commitments to delivering local social value.
- The council works with strategic partners locally (e.g. Wye Valley NHS Trust) and regionally (e.g. Marches Local Enterprise Partnership) to ensure that the County Plan priorities are reflected in wider local and regional policy and delivery.
- Performance targets and outcomes across the organisation are reviewed by management board to provide challenge and cross organisation support in achieving key deliverables.

**Summary and continuous improvement** - the council produced a County Plan outlining intended outcomes. The delivery of the outcomes will be supported by the following:

- ✓ Produce and promote the delivery plan outlining the action to meet the County Plan taking into consideration changes and challenges brought about by Covid-19.
- ✓ Refresh the Performance, Risk and Opportunity Management Framework during 2020.
- ✓ Present local social value appendix to commissioning and procurement strategy outlining methods and indicators of retaining local economy and community benefit.



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

- Full Council agreed a new County Plan in January 2020 which outlines the intentions of the council over the next 4 years. To be published is the delivery plan, which will also see changes due to the Covid-19 pandemic and its impact on communities, the economy, services and financial stability of the council.
- The children's safeguarding services received Ofsted focused visits in January 2019 and December 2019. Both provided letters recognising good practice and areas for development. These are included in the council's [Safeguarding and Family Support Improvement Plan](#) which is regularly reviewed by the Children and Young People's Scrutiny Committee, as well as the children and families performance challenge sessions that take place on a regular basis with the chief executive, leader, lead cabinet member, chair and vice-chair of children and young people's scrutiny, and group leaders. Performance on this area is also regularly reported on in the cabinet's performance and budget report.
- The council invited an Adults Social Care Peer Challenge on 18-20 September 2019. The feedback letter highlighted that there was very visible commitment, both politically and within the executive leadership team to firstly protect and secondly to promote and develop this community asset based approach and a council wide commitment to Talk Communities. Areas of opportunity included supporting the local care market, commissioning alternative methods of care, carers role in Talk Communities, further develop of the strengths based practice.
- The medium term financial strategy and annual budget demonstrate how the council's financial resources will be deployed to deliver the intended outcomes including capital programmes. These were agreed at council on [14 February 2020](#).
- 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. These decisions are published on the council's [website](#).
- The council's [framework for partnerships' governance](#) prompts consideration of the added value to be gained from working in partnership. This to be reviewed in 2021 and to also ensure the details of partnerships are up-to-date on the website as this is not the case for all entries.
- A system of support for elected members subject to a code of conduct complaint has been devised and implemented by the council's independent persons.

**Summary and continuous improvement** – the council has in place plans and improvement programmes to meet intended outcome, to support that further the follow actions are relevant:

- ✓ Delivery Plan to be produced in light of impact of Covid-19 on the finances of the council and new activity as a result.
- ✓ Framework for partnerships reviewed in 2021 and information up-to-date on the council's website.
- ✓ Regularly reviewed by Children and Young People's Scrutiny and reported on through cabinet budget and performance reporting Ofsted action and delivery plan.
- ✓ Deliver on opportunities with the Adults Social Care Peer Challenge.
- ✓ Cabinet to agree the strategic and delivery programme for Talk Communities.

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

- The council undertook ward member elections in May 2019 resulting in a new administration forming. All members undertook their mandatory and role specific training. A member development strategy has been developed and a programme of member development is in the process of being adopted.
- Staff are required to complete mandatory training each year. The following modules were in place and percentage completed:
  - Health and Safety - 97.2%



- Information Governance - 94.4%
- Information Security - 97.6%
- Manager training programme involved 120 staff during 2019/20 supporting skills and development within the organisation.
- [Covid-19](#) has meant that a number of resourcing issues have needed to be addressed. HR instigated a major re-deployment programme to address the emergency with c200 staff redeployed and more balanced their workload to address the need created as a result of the pandemic; sites were closed or adapted to contain the spread; services had to transform, be on hold or new functions initiated to support the community; emergency powers were used in line with changing Government guidance; procurement and governance processes altered to address the emergency and legal providing up-to-date guidance. The majority of staff moved to home working with significant reliance on IT including new digital skills for staff. The council made the [decision](#) to use Zoom for cabinet and other meetings complying with the requirement to be open to the public.
- The commercial team that deals with procurement and guidance on commissioning was restructured during the year to address the resource issue outlined in the 2018/19 annual governance statement.
- A motion at Full Council on 12 October 2019 to review governance arrangements was presented to audit and governance committee on [19 November 2019](#)
- The council has in place a guidance for officers on decision making and report writing, although requires a refresh to ensure understanding of governance decisions.
- The Workforce and Organisational Development Strategy was in plan for 2019/20 and is in preparation for a decision in 2020.

**Summary and continuous improvement** - like many organisations the council has had to significantly adapt to meet the challenges presented by Covid-19 addressing the immediate requirements of the community – particularly the most vulnerable people. The workforce adapted well and instigated new functions in a short amount of time. Improvements for 2020/21 include:

- ✓ Agreement on the Workforce and Organisational Development Strategy
- ✓ Finalise the Member Development Strategy and Programme
- ✓ Undertaking a review of the governance models
- ✓ Revised training and guidance for officers on decision making.

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

- Flooding impacted Herefordshire significantly in November 2019 and February 2020 needing to use its emergency powers to support the community including creating rest centres, distributing business and residential grants and on-going support for people in [high risk areas](#).
- The council has needed to update its continuity plans in light of the Covid-19 pandemic and change its work practices starting in the last quarter of the financial year.
- The decision was made to move responsibility for risk to the Monitoring Officer with oversight by the corporate centre. The council will be moving to the new method of recognising and recording risk from September 2020.
- The council is due to update its Performance, Risk and Opportunity Management (PROM) Framework in 2020 which relates to the number of elements including service planning guidance and the process for performance challenges at senior management level and with members.
- During 2019/20 a review was undertaken on quality and pace of decision making within some of the major capital projects. This will lead to a change in governance structure for projects and use of the support resources (finance, commercial and communications) more effectively. In addition the council appointed a new post of Contracts Monitoring Officer as part of the redesign of the Commercial Team to advice on quality of contracts at procurement and address weaknesses in current contracts.



- The [Contract's Register](#) is published on the council's website to be integrated to the council's internal finance system.
- The council has appointed a senior information risk owner (SIRO) within the role of the Assistant Director Corporate Support, who is responsible for ensuring arrangements are in place to maintain security of the council's information assets. 3 reports were made to the Information Commissioners Office due to breach posing a risk to the rights and freedoms of an individual or individuals. All breaches are investigated and recommendations to mitigate against risks are made by the Information Governance Team. Training is provided to teams or more significant action depending on the incident.

**Summary and continuous improvement** - a risk remains in that there are some instances of policies and procedures either not being followed or being applied inconsistently and needs to be addressed / supported. This will be addressed by the following along with other areas of improving internal controls:

- ✓ Updated the framework for Performance, Risk and Opportunity Management
- ✓ New process for reporting on and identifying risk
- ✓ New governance arrangements in place for capital projects through programme boards
- ✓ Updated continuity planning in light of Covid-19 and lessons learnt from flooding emergencies
- ✓ Updated guidance and assurance for the delivery of capital projects
- ✓ Ensure programme and project board terms of reference are accurate and appropriate
- ✓ Review partnership governance arrangements between the council and higher education bodies
- ✓ Implement training in relation to the Employee Code of Conduct.

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

The council is committed to transparency with the following items published:

- Data related to the finances of the council including financial transactions exceeding £500 on our [open data pages](#) and the pay of our staff on our [senior management team page](#).
- The research and statistics available on our [Facts and Figures website](#)
- [Meetings and decisions](#) are published on the council's website
- Details of the [strategic partnerships](#) (though not all up-to-date)
- [Plans, policies and procedures](#) published (though search needs improving)
- The council appointed an Interim Strategic Capital Finance Manager to address improvements in delivery of capital programmes, with findings towards an improved governance and decision making process due for later in 2020.
- The council has a [Procurement and Commission Strategy](#) which includes social value. However, the element of social value is due to be strengthened to ensure maximising value with contracts and purchasing with proposals presented to cabinet later in 2020.
- 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 2019/20 there were no meetings of cabinet from which the public were excluded.
- A Strategic Assurance Group linked to the Information Governance Group was established during the year. This is comprised of representatives from across the council to support shared learning from audits and to provide input into the annual audit plan. The work of the group was interrupted due to Covid-19 as staff were redeployed and will re-affirm its role in supporting input into annual audit planning.
- The council received 1,404 FOI (Freedom of Information) and EIR (Environment Information Requests) exceeding the Information Commissioners Office threshold of 90% requests handle within timescale. The council also exceeded its target of 95% of requests handled under SAR met on time - this was based on 143 subject access requests.



- The council has a recruitment policy in place based on “the appointment process must be rigorous to ensure the right person is appointed into the role” and although process has been followed, rigor needs emphasising along with review of market forces supplement to ensure remains relevant. In addition measures can also be put in place to address the gender pay gap in both recruitment and retention.
- The council’s ex-offender policy will be published in 2020/21.

**Summary and continuous improvement** - the council is committed to transparency and accountability. Improvements planned for 2020/21 include:

Ensure details of strategic partnership profiles are up-to-date on the council's website

- ✓ To include in the revised PROM the performance challenge process by members
- ✓ Published the council's delivery plan and service planning in place across the organisations
- ✓ Commissioned a best value review of the public realm partnership
- ✓ Re-affirm the role of Strategic Assurance Group in audit planning including input into the annual plan before finalised.
- ✓ Revised recruitment policy to ensure the process matches the council's intentions and review the market forces supplement remains relevant, along with actions that address the gender pay gap, and publication of the ex-offenders policy.

## 6. Improving Governance actions for 2020/21

Outcome of improvement required	Action	Responsible officer
Review on governance models	Working group established working to the rethinking governance model toolkit by CPfS.	Monitoring Officer
Managing Risks	Create a new risk management plan Advise all officers on new procedure Monitor implementation.	Monitoring Officer
Learning from Performance	Revised PROM including review of member challenge process.	Assistant Director Transformation
Improving Outcomes for children and young people	Delivering the Herefordshire Children and Young People's Plan 2019-2024 (partnership responsibility) Delivery of Safeguarding and Family Support Improvement Plan.	Director Children's and Families
Decision Making	Produce new toolkits and provide remote training for members and staff.	Monitoring Officer
Adult Social Care Challenge	Deliver on opportunities with the Adults Social Care Peer Challenge.	Director Adults and Communities
Talk Community Governance	For cabinet to agree the Talk Community strategic approach and programme.	Director Adults and Communities
Partner advisory group	Establish an Advisory Panel to partners and stakeholders lead by the leader of the council.	Democratic services Manager
Plans, Policies and Strategies	To produce guidance on productions of Plans, Policies and Strategies and improve the registration and publication of documents; finalise and publish the equality policy and communication strategy.	Assistant Director Corporate Support
Citizen Panel	Design a citizens panel to engage with residents to shape the work of the council.	Assistant Director Corporate Support
Programme Management	New governance arrangement in place for capital projects through programme boards.	151 Officer



Relationship with Hoople	A project board established to manage the council's relationship with Hoople.	Solicitor to the Council
Social Value for Money	Strengthen local value for money element of the Commissioning and Procurement Strategy.	Assistant Director Corporate Support
Best Value Review	Commissioned a best value review of the public realm partnership.	151 Office
HR Policy and Recruitment	Finalise Workforce and organisation development strategy; revised recruitment policy; enhance actions to addressing the gender pay gap; and publication of the ex-offenders policy; review market forces guidance to ensure fit for purpose; implement training re Employee Code of Conduct.	Assistant Director People
Updated continuity planning	Reviewed and updated continuity planning and process in light of emergencies.	Assistant Director People
Audit Planning	Re-affirm the role of Strategic Assurance Group in audit planning including input into the annual plan before finalised.	Assistant Director Corporate Support
Partnership framework	Review effectiveness of current arrangements with the framework.	Solicitor to the Council
Complaints and convening standards	Review the administration of handling complaints and convening standards hearing focussing on outcomes.	Solicitor to the Council
Continuing support for members	Adopt a member's development strategy.	Democratic services manager
Co-optees training	Review appointment and training for co-optees.	Democratic services manager
Terms of reference	Ensure programme and project board terms of reference are accurate and appropriate.	Assistant Director Transformation
Awareness of Anti-fraud, bribery and corruption policy	Communication and raise awareness of the anti-fraud, bribery and corruption policy to all staff.	151 Officer
Higher Education Bodies	Review partnership governance arrangements between the council and higher education bodies.	Director Economy and Place

