

# AGENDA

## Audit and Governance Committee

Date: **Tuesday 26 November 2013**

---

Time: **10.00 am**

---

Place: **The Council Chamber, Brockington, 35 Hafod Road,  
Hereford, HR1 1SH**

---

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

For any further information please contact:

**Governance Services**

Tel: 01432 261829

Email: [councillorservices@herefordshire.gov.uk](mailto:councillorservices@herefordshire.gov.uk)

---

If you would like help to understand this document, or would like it in another format or language, please call Governance Services on 01432 261829 or e-mail [councillorservices@herefordshire.gov.uk](mailto:councillorservices@herefordshire.gov.uk) in advance of the meeting.

# **Agenda for the Meeting of the Audit and Governance Committee**

## **Membership**

**Chairman**

**Councillor J Stone**

**Vice-Chairman**

**Councillor NP Nenadich**

**Councillor CNH Attwood**

**Councillor EMK Chave**

**Councillor PGH Cutter**

**Councillor MAF Hubbard**

**Councillor TM James**

**Councillor Brig P Jones CBE**

**Councillor PJ McCaull**

**Councillor DB Wilcox**

**AGENDA**

	<b>Pages</b>
<b>1. APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
<b>2. NAMED SUBSTITUTES (IF ANY)</b> To receive details any details of Members nominated to attend the meeting in place of a Member of the Committee.	
<b>3. DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on the agenda.	
<b>4. BUDGET MONITORING REPORT - SEPTEMBER 2013</b> To update Audit & Governance Committee on the financial position to 30 September 2013 including the Treasury Management report.	9 - 48
<b>5. INTERNAL AUDIT PROGRESS REPORT</b> 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.	49 - 58
<b>6. STANDARDS PANEL RECOMMENDATIONS</b> To consider the recommendations of the independent person, following meetings of the standards panel on 9 October 2013; 10 October 2013 and 6 November 2013.	59 - 84



# **Your 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 three 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 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.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge.
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

### **Please Note:**

Agenda and individual reports can be made available in large print. Please contact the officer named on the front cover of this agenda **in advance** of the meeting who will be pleased to deal with your request.

The meeting venue is accessible for visitors in wheelchairs.

A public telephone is available in the reception area.

## **Public Transport Links**

- Public transport access can be gained to Brockington via bus route 75.
- The service runs every half hour from the 'Hopper' bus station at the Tesco store in Bewell Street (next to the roundabout junction of Blueschool Street / Victoria Street / Edgar Street).
- The nearest bus-stop to Brockington is located in Old Eign Hill near to its junction with Hafod Road. The return journey can be made from the same bus stop.

If you have any questions about this agenda, how the Council works or would like more information or wish to exercise your rights to access the information described above, you may do so either by telephoning officer named on the front cover of this agenda or by visiting in person during office hours (8.45 a.m. - 5.00 p.m. Monday - Thursday and 8.45 a.m. - 4.45 p.m. Friday) at the Council Offices, Brockington, 35 Hafod Road, Hereford.

# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

## **FIRE AND EMERGENCY EVACUATION PROCEDURE**

In the event of a fire or emergency the alarm bell will ring continuously.

You should vacate the building in an orderly manner through the nearest available fire exit.

You should then proceed to Assembly Point J which is located at the southern entrance to the car park. A check will be undertaken to ensure that those recorded as present have vacated the building following which further instructions will be given.

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.







<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2013</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT – SEPTEMBER 2013</b>
<b>REPORT BY:</b>	<b>CHIEF OFFICER – FINANCE</b>

## 1. Classification

Open

## 2. Key Decision

This is not an executive decision.

## 3. Wards Affected

County-wide

## 4. Purpose

To update Audit and Governance Committee on the financial position to 30 September 2013. The Treasury Management position is also included. As part of the Committee's work programme it receives six monthly updates on the financial position.

## 5. Recommendation

**THAT: the Audit & Governance Committee note the report and the forecast position.**

## 6. Alternative Options

6.1 There are no alternative options.

## 7 Reasons for Recommendations

7.1 To inform the Audit and Governance Committee about the projected revenue and capital outturn position for 2012/13 including Treasury Management activities. The report covers the position presented to Cabinet on 21 November 2013. The council continues to forecast an overspend for the year, at September approximately £3.3m or 2.2% of its net budget, compared to £3.9m in August. The key pressure relates to Adults Wellbeing; either savings slipping or not being able to be delivered and pressures from the Department of Health. The projected overspend in Adult Wellbeing has reduced from £4.3m in August to £3.4m,

---

Further information on the subject of this Report is available from  
Peter Robinson, Chief Finance Officer, on Tel (01432) 383319

although there are additional net pressures in other Directorates of £0.3m.

7.2 The council has a limited level of reserves; to such an extent that any overspend in year would need to be recovered in 2014/15.

7.3 Local authorities are not legally permitted to borrow to support revenue overspends and the low level of reserves put this position at risk unless urgent action is taken. Additional action is therefore recommended, to bring forward additional savings proposals from across the council, to minimise the potential overspend.

## 8. Key Considerations

8.1 This report sets out the reasons for the major variances and actions taken to date. Moving forward the Council will need to radically change its approach to delivering services in order to meet its future savings targets.

Service	Budget Exp.	Budget (Income)	Net Budget	September Forecast Outturn	Projected (Over)/under spend
	£'000	£'000	£'000	£'000	£'000
Adults Wellbeing	69,068	(14,866)	54,202	57,604	(3,402)
Childrens Wellbeing	43,008	(14,607)	28,401	28,440	(39)
Economy, Communities and Corporate	111,537	(67,456)	44,081	44,161	(80)
Chief Executive and Organisational Development	8,196	(707)	7,489	7,406	83
Public Health	7,745	(7,753)	(8)	(270)	262
<b>Total Directorates</b>	<b>239,554</b>	<b>(105,389)</b>	<b>134,165</b>	<b>137,341</b>	<b>(3,176)</b>
Treasury Management	15,239	(259)	14,980	14,980	0
Change management	2,000		2,000	2,000	0
Government grants		(3,533)	(3,533)	(3,533)	0
Contingency	773		773	773	0
Other central budgets	221	(310)	(89)	61	(150)
Transfer to general balances	2,000		2,000	2,000	0
<b>Total Budget</b>	<b>259,787</b>	<b>(109,491)</b>	<b>150,296</b>	<b>153,622</b>	<b>(3,326)</b>

8.2 The Adults over spend of **£3.4m** comprises:

	Aug £m	Sept £m
▪ Outstanding budget decisions ECC directorate	1.2	0.9
▪ Savings scheme slippage	2.3	2.3
▪ Department of Health Funding Pressures	0.5	0.5
▪ Other*	<u>0.3</u>	<u>(0.3)</u>
	<b>4.3</b>	<b>3.4</b>

\* The movement includes client packages, housing efficiency savings and social fund savings

- 8.3 Children's Wellbeing position has worsened by £131k since August, with additional pressures of £0.51m, mitigated by savings of £0.38m. The largest pressure being the extension of one residential placement and a new one approved increased projections, £179k.
- 8.4 Included in the 2013/14 budget is a target of £300k to be achieved through procurement projects, including printing, stationery, cash collection and mail services. Whilst savings of £150k are anticipated, the remaining £150k will not be delivered and this pressure is reported within central budgets.
- 8.5 Further detail on month on month budget variance is attached as Appendix A and included in the Directorate Control meeting reports in appendices B to F.

#### 8.6 ONE-OFF COSTS

Funding for change management, mostly one-off severance costs, is as follows;

	<b>£,000</b>
Budget for 2013/14	2,000
Contingency	773
Earmarked reserve	142
	<b>2,915</b>

- 8.7 In addition, there is a provision of £440k for severance costs committed in 2012/13 but incurred in 2013/14.
- 8.8 Current estimates are for redundancy and actuarial strain to be within budget.
- 8.9 The Government has issued the rules and procedures for applying for a capitalisation direction in 2013/14, where "an extremely strong case can be made that the expenditure is applicable for capitalisation". A threshold, based on spending and reserves, has been set (£2.29 million for Herefordshire) and only spend above that level could be capitalised (if successful). Applications have to be submitted to the Department for Communities and Local Government by 31 October 2013. If Herefordshire makes a bid and this is approved it would mitigate the overall revenue position in 2013/14 but add to our borrowing costs for future years. For example, if one-off costs of £3m were identified the £700k could be capitalised at a future cost of around £116k per year if paid over seven years. Decisions will be issued by the Government department in January 2014.
- 8.10 Appendix G includes the position on the capital programme for 2013/14. It shows that the projected capital out-turn is £53.5m funded from capital grants (£30.6m), borrowing (£19.6m) and capital receipts (£3.3m).
- 8.11 The Treasury Management position is projected to break even in 2013/14. Appendix H includes a detailed analysis.

#### Estimated Reserve Level 31.3.14

<b>Reserves</b>	<b>Actual Reserves 31.3.13 £m</b>	<b>Estimated level 31.3.14 £m</b>
Prudential/minimum acceptable balance*	4.5	4.5
General reserves	0.1	0.2
Provision for risks around the budget	0.0	2.0
Potential overspend in 2013/14	0.0	(3.3)
Earmarked reserves	8.5	7.2

<b>Council reserves</b>	<b>13.1</b>	<b>10.6</b>
Schools balances – not available for council	5.5	5.3
<b>Total reserves</b>	<b>18.6</b>	<b>15.9</b>

\* Each authority's S151 Officer must determine a minimum acceptable working balance which recognises potential unforeseen/unbudgeted financial risks eg flooding, natural disaster or unforeseen litigation. In Herefordshire this has been assessed and approved by the External Auditor as 3% of the net revenue budget. If used it must be replenished the following financial year.

- 8.12 The reserves include an estimated £5.3m of schools balances, which are not available for general use, and £7.2m of earmarked reserves e.g. £2.6m waste disposal reserve.
- 8.13 The 13/14 budget included an additional £2m to increase reserve levels, this has now been set aside for unbudgeted costs, including pending court cases.
- 8.14 The overall level of reserves at 31.3.13 of £18.6m is sometimes referred to. However £5.5m relates to school balances and cannot be used by the council, £4.5m is its minimum balance that it must not plan to use to balance its budget and £8.5m are ear-marked against specific commitments, leaving only £0.1m available for use.

## **9. Community Impact**

- 9.1 Savings measures may impact on the community but will be subject to consultation before implementation.

## **10. Equality and Human Rights**

- 10.1 The recommendations do not have a direct equality implication; however, resulting actions will need to consider these.

## **11. Financial Implications**

- 11.1 These are contained within the report.

## **12. Legal Implications**

- 12.1 The Local Government Finance Act 1988 makes it a legal requirement that the council's expenditure (and proposed expenditure) in each financial year must not exceed the resources (including sums borrowed) available to the authority. If this principle is likely to be breached, the Chief Financial Officer is under a statutory duty to make a formal Report to Members.

## **13. Risk Management**

- 13.1 Monthly budget control meetings are chaired by the Chief Officer Finance to give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position.

## **14. Consultees**

- 14.1 None

## **15. Appendices**

- 15.1 Appendix A – Budget Variance analysis
- Appendix B – Adults Wellbeing Budget Control meeting
- Appendix C – Childrens Wellbeing Budget Control meeting
- Appendix D – Economies, Communities and Corporate Budget Control meeting
- Appendix E – Chief Executive and Organisational Development Budget Control meeting
- Appendix F – Public Health Budget Control meeting
- Appendix G – Capital Monitoring
- Appendix H – Treasury Management

## **16. Background Papers**

- 16.1 None identified.



APPENDIX A

Directorate net Budget	Net Budget September £'000	September variance £'000	August variance £'000	Difference £'000	Explanation
Adults Wellbeing	54,202	(3,402)	(4,277)	875	<ul style="list-style-type: none"> <li>Housing efficiency savings £200k.</li> <li>Social fund grant anticipated saving £100k.</li> <li>Reduction in cost of client care £247k</li> <li>Receipt of budget from ECC of £328k</li> </ul> <b>Total £875k</b>
Childrens Wellbeing	28,401	(39)	92	(131)	<ul style="list-style-type: none"> <li>Placement pressures (£348k)</li> <li>Staffing (£85k)</li> <li>Transport (£44k)</li> <li>additional court costs (£30k)</li> </ul> <b>Mitigated by:</b> <ul style="list-style-type: none"> <li>extra ESG funding £200k hold on vacancies. £176k</li> </ul> <b>Total (£131k)</b>
Economy, Communities and Corporate	44,081	(80)	(26)	(54)	<ul style="list-style-type: none"> <li>Savings relating to budget virement to AWB (£127k)</li> <li>provision for settlement of Land Charges legal settlement (£167k)</li> </ul> <b>Mitigated by:</b> <ul style="list-style-type: none"> <li>in year staff savings and additional planning income £240k</li> </ul> <b>Total ( £54k)</b>
Chief Executive and Organisational Development	7,489	83	83	0	
Public Health	(8)	262	262		
	<b>134,165</b>	<b>3,176</b>	<b>3,866</b>	<b>690</b>	

**Movement in respect of budget changes is comprised as follows:****ADULTS WELL- BEING**

Transfer of one post from Housing services (AWB) to Sustainability services (ECC) -  
Savings achieved within ECC transferred

-£39k.  
£328k

**Net increase of**

**£289k**

**CHILDREN'S WELL-BEING**

Transfer of Performance post from CE and OT  
Reduction in Extended Rights to Schools Grant

£20k  
-£177k

**Net decrease of**

**-£157k**

**ECONOMY, COMMUNITIES AND CORPORATE**

Disaggregation of Information Governance (from ODT)  
One off funding for Customer Services Compensations  
Transfer of Housing staff to Energy & Environment Management Team  
Transfer of savings target to Communications  
Slippage in loan repayment (LED Street Lighting & Solar PV Panel Scheme)  
Savings agreed by Cabinet - vired to Adult Well Being

£41k  
£28k  
£38k  
£18k  
£133k  
-£328k

**Net decrease of**

**-£70k**

**CHIEF EXECUTIVE AND ORGANISATIONAL DEVELOPMENT**

Disaggregation of Information Governance & Research budget  
One off funding for Customer Services Compensation  
Transfer of savings target to Communication  
Transfer of Performance post to Children's Wellbeing

-£41k  
-£28k  
-£18k  
-£29k

**Net decrease of**

**-£107k**

**Treasury Management**

**Government Grants extended rights to schools**

**Other Central Budgets**

**-£133k**  
**£177k**  
**£1k**

**TOTAL**

**Nil**



## ADULTS WELL- BEING BUDGET CONTROL MEETING UPDATE REPORT SEPTEMBER 2013

MEETING DATE:

23RD OCTOBER 2013

**Purpose** - To provide the Chief Finance Officer with assurance on:

- the robustness of budget control and monitoring within the Adults Well- Being Directorate
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

### Key Messages

1. The Directorate currently reports an over spend of **£3.4m**, which is a £0.9m improvement from the position reported in August. The key areas of this overspend are:

			£m
Outstanding budget decisions			0.9
Savings scheme slippage			2.3
Department of Health funding Pressures			0.5
Other			<b>(0.3)</b>
			<b>3.4</b>

2. The key areas of the £1m forecast change are as follows::

			£m
Client group package savings			0.3
Housing efficiency savings			0.2
Social Fund savings			0.1
Transfer of savings budget from ECC			0.3
			<b>0.9</b>

## 1. Current Status – Revenue Budget by Service

Service	Budget Expenditure £'000	Budget (income) £'000	Net Budget £'000	Sept. Forecast Outturn £'000	Projected (over) /under spend £'000
Mental Health*	9,388	(2,215)	7,173	7,173	0
Learning Disabilities	17,230	(1,318)	15,912	15,723	189
Older People *	18,891	(5,050)	13,841	14,467	(626)
Physical Disabilities	7,969	(753)	7,216	7,573	(357)
Adult Commissioning	1,017	0	1,017	1,263	(246)
Other services	11,103	(4,660)	6,443	8,205	(1,762)
<b>Adult Social Care excluding outstanding decisions</b>	<b>65,598</b>	<b>(13,996)</b>	<b>51,602</b>	<b>54,404</b>	<b>(2,802)</b>
Planned savings schemes outside the directorate	(876)	0	(876)	0	(876)
<b>Total for Adult Social Care</b>	<b>64,722</b>	<b>(13,996)</b>	<b>50,726</b>	<b>54,404</b>	<b>(3,678)</b>
Homelessness	2,872	(210)	2,662	2,534	128
Housing Needs and Development	280	(8)	272	268	4
Homepoint	282	(282)	0	(20)	20
Housing and independent living management	225	0	225	211	14
Healthy Housing	687	(370)	317	207	110
<b>Housing and Independent Living</b>	<b>4,346</b>	<b>(870)</b>	<b>3,476</b>	<b>3,200</b>	<b>276</b>
Adults Wellbeing Directorate	69,068	(14,866)	54,202	57,604	(3,402)

\*Budget of £1.235m has been transferred from Mental Health to older people category following consultation with cabinet member.

## 2. Budget Variances

### a) Outstanding Budget decisions £0.9m

Of the savings schemes identified within Economy, Communities and Corporate Directorate to address the £1.2m shortfall within adult savings schemes, a number of these schemes have now had cabinet approval and this has resulted in the transfer of £0.3m budget from the Economy Communities and Corporate Directorate to the Adults Well Being Directorate. The table below demonstrates the current Status of these savings schemes and anticipated savings in 13/14.

## Current Savings schemes

Scheme	Saving Plan 13/14 £000	Anticipated 13/14 £000	Vired to AWB £000	At Risk 13/14 £000	Anticipated FYE £000	Status of Decision
<b>ADDITIONAL SAVINGS TO BE VIRED TO ADULTS WELL-BEING</b>						
Heritage Services Review	194	48	48	146	239	Cabinet Decision 19th September (Option2)
Library Services Review	250	86	86	164	97	Cabinet Decision 19th September (Option2)
Planning Services cost reductions (inc	291	58		291	490	Cabinet Member Decision - October 2013. Note 1
Countryside Services Review	40	0		40	300	Cabinet Member Decision November 2013
Closure/Transfer of toilets	187	22	22	165	99	Cabinet Member Decision 16th September 2013
Increase charges for garden waste sac	80	20	20	60	40	Pending Cabinet Member Decision October 2013
CCTV Review	50	50	50	0	82	Cabinet Member Decision 31st July 2013
Community Protection Review	150	29	29	121	101	Cabinet Member Decision 14th August - pending outcome of statutory consultation 19th October 2013
Increase car parking/on-street parking	(195)	(25)	(25)	(170)	250	Cabinet Member Decision - Awaiting Proposal from Balfour Beatty
Community Regeneration	48	48	48	0	96	Scheme revised and no longer needs Cabinet Member Decision
Members allowances	60	0		60	0	Unlikely to be delivered
Customer Services	80	50	50	30	251	Cabinet Decision 19th September (Option2) - mitigates original ECC savings £77k target above
Reduce Public Notices	10	10		10	10	Awaiting legal advice on minimum statutory requirement
Advertising & Publicity (Council wide p	150	0		150	0	Review concluded - note 2
<b>ADDITIONAL SAVINGS TOTAL (to be vired to Adults Well-being)</b>	<b>1,395</b>	<b>396</b>	<b>328</b>	<b>1,067</b>	<b>2,055</b>	
Note 1 - Total saving anticipated is £582k however £92k of saving offsets existing HERS savings schemes						

**b) Savings schemes £2.3m shortfall**

Within the approved budget of £54m, savings of £8.3m were planned, (of which £7.1m relates to adult social care); £5.8m are on target to be delivered, however £2.3m are at risk (all within adult social care).

Replacement schemes are required for previous savings plans, where slippage has occurred due to contractual implementation and consultation processes. The Table below shows the latest position for current savings plans and identifies the £2.3m risk included in the outturn.

**Savings Plans requiring replacement schemes**

Ref	Scheme	Target £k	Reported at Risk £k	Risk	Estimated recoverable 13/14 £k	Expectation 14/15 £k
1	WVT Section 75 10% reduction Replacement scheme required as previous savings plan linked to S75 arrangements with Wye Valley trust.	500	404	Alternative scheme and delivery unlikely to be achieved in this financial year.	0	0
2	Next Stage integration	756	540	See detailed note below	50	756
3	Open Book Review	125	125	Implementation of price reduction now 14/15 not Jan 14 as initially assumed due to implementation approach	0	125
4	Home and Community support (formerly called Homecare)	1,000	1,000	Re-procurement in consultation for reduced rate implementation from 1 <sup>st</sup> April 2014	0	1,000
5	Village Wardens	91	37	Alternative scheme for slippage unlikely to be achieved in this financial year.	0	54
6	Talking Book	17	7	Alternative scheme for slippage unlikely to be achieved in this financial year.		17
7	Workforce	300	42	Alternative scheme for slippage unlikely to be achieved in this financial year.		300

Ref	Scheme	Target £k	Reported at Risk £k	Risk	Estimated recoverable 13/14 £k	Expectation 14/15 £k
8	Replacement Schemes required	210	210	Alternative schemes and delivery unlikely to be achieved in this financial year.		
	<b>TOTAL</b>	<b>3,099</b>	<b>2,365</b>		<b>50</b>	<b>2,352</b>

The Directorate is continuing to review where extra efficiencies can be found this year to mitigate the savings shortfall. This includes looking at Care funding calculator reviews.

### Details of Risk / Mitigation

1 – Following the decision not to actively pursue the 10% targeted contractual reduction some savings may be achieved in part through a combination of vacancy management and other expenditure controls.

2 - Savings target of £756k for next stage integration project now has Cabinet approval. The new structure which will deliver the planned savings is now in operation. Due to a slowdown in the redesign of community equipment and day opportunities following consolidation of services “in house” has been delayed until 2014/15 and a resulting slippage of £540k is expected of which the key components are termination costs £60k and £386k slowdown costs.

3 - The Open Book Review and the proposed changes to fees were presented to Cabinet for approval on 20th June 2013. Cabinet decided to go out to further consultation. Before this could commence thirteen providers challenged the decision making and the council received a protocol letter ahead of Judicial Review. The Council asked for providers to offer more information which could be taken into account prior to a further report to Cabinet. After providers’ views had been considered at a Task and Finish Group of HSCOSC it was determined that the further engagement with providers should be initiated and new report be presented to Cabinet to include both usual price and contract issues. These actions have delayed procurement which will not be completed until early in 2014-15.

4 - Homecare – re-procurement is currently in consultation with providers, with implementation of reduced rate from 1<sup>st</sup> April 2014. A detailed timetable is shown below.

Activity	Timescale
Market engagement: pricing model	13 <sup>th</sup> September – 27 <sup>th</sup> September
Market engagement: commissioning approach	24 <sup>th</sup> September – 3 <sup>rd</sup> October
Market engagement meetings with providers (pricing and commissioning approach)	7 <sup>th</sup> October – 16 <sup>th</sup> October
Advertisement Date (ITT* available to Candidates)	Fri 25 <sup>th</sup> October 2013
Clarification Period Closes	Fri 22 <sup>nd</sup> November 2013 12.00 noon

All Clarifications Answered By:	Fri 29th November 2013 12.00 noon
Closing date for submission of ITT	Fri 6th December 2013 12:00 noon

**c) DOH Funding Pressures £0.5m**

Winter pressures funding of £250k had previously been assumed as this has happened in previous years, confirmation has now been approved nationally of a change in approach and Herefordshire health and social care is thought unlikely to receive any further funding. However Adults well –being directorate is also working with Public Health colleagues to see how Public Health grant monies can support the winter pressures position.

Specific funding through the NHS for social care plans have to be agreed with the Clinical Commissioning Group, due to the extreme pressure within the health and social care urgent care system, specific projects to manage winter pressures and additional pressure on acute care now require funding and creates an additional expenditure not previously worked through the base budget of £300k. Re-ablement Health monies are expected to be improved on the original anticipated allocation so will alleviate above pressures by £34k.

**d) Other Increases/ Decreases and new cost pressures underspend of £0.3m**

- Client groups are expected in total to underspend by £205k (excluding the Homecare savings element). The table below illustrates.

Client Groups	Activity outturn Under/( Overspend)	Homecare savings shortfall	Forecast outturn September
	£'000	£'000	£'000
Older People	(346)	(281)	(627)
Mental Health	237	(237)	0
Learning Disabilities	494	(305)	189
Physical Disabilities	(180)	(177)	(357)
Total	205	(1,000)	(795)

- The September forecast shows an improvement of £274k to the previously reported August position. This is due in the main to:

**Pressures:**

- Cost pressure due to the payment of backdated contract payments to Drybridge House of £113k. Previous forecasts assumed contract had ended.
- Cost pressure due to provision for legal costs £100k.
- Cost variation on older people residential and nursing placements, in part due to hospital pressures of £72k

**Mitigating reductions as follows:**

- Cost reduction due to the termination of 14 domiciliary care packages saving £244k within Mental Health category.

- Cost reduction in Mental Health packages £11k
  - Cost Reduction of Learning Disability care packages £197k
  - Cost Reduction of residential and nursing packages for Physical Disability clients £107k
3. Housing and independent living services have done a complete review of all expenditure and have managed to identify savings of £276K through increased efficiency.
  4. At the half yearly point the spend on the social fund grant has been considerably lower than anticipated and is therefore likely to underspend significantly at year end, This forecast includes a saving of £100k and this will be closely monitored in the coming few months.
  5. Pressures of £203k remain on commissioning staffing budgets delivering transformational projects.
  6. The negotiation to transfer the LD Health staff from Wye Valley to 2g identified a budget gap, which has necessitated increasing the budget allocated for this service, creating an additional £65k in year cost.

## Risks

- 1) A limited provision for growth in activity or increased cost has been included within the forecasts for older people, currently £500k where initial growth in packages is anticipated, pending the cultural and financial changes becoming embedded in the overall changes to service delivery. The risk remains that other categories of Mental health, Learning Disabilities and Physical Disabilities clients include no provision for growth or increased costs.
- 2) Winter Pressures and Hospital admissions will create unfunded pressure on Adult Social care budget.
- 3) Next stage Integration currently assumes that there will be no change to current pension contributions. This risk is estimated at £74k. It also assumes that £100k is achievable through vacancy management. This is at risk if the service requires agency cover.
- 4) The council has a responsibility to provide accommodation for anyone sleeping rough during the winter (where the temperature is 0 or below for 3 consecutive nights). This will be most likely triggered at some point during the remainder of the financial year. A contribution is made to a local charity that provide a shelter for up to 15 people during December – March but this does not accommodate all persons and therefore may put pressure on the Homelessness budgets.
- 5) Due to changes in central government policies applications for housing assistance may be forthcoming from additional EU groups. The total impact of this is not known, but may cause additional pressure on temporary accommodation.

## Opportunities

- 1) Although the major part of Data cleansing has taken place, and is reflected within these forecasts, this is still continuing and may result in further redundant packages being removed from the forecast.
- 2) £57k administration funding through the 'Social fund' may be available if administration costs can be met within existing resources

- 3) Capital funding of up to £300k is available and there is potential to capitalise purchases from the community equipment store, subject to eligibility.
- 4) Within the Next Stage Integration project there may be opportunities to release day opportunity staff sooner than assumed on 31<sup>st</sup> March, if it is safe to do so.
- 5) Warm Homes Healthy People funding received within Healthy Homes last year (Get warm, stay warm project in Herefordshire) will not be repeated this year. However ring-fenced funding of £5.45 billion for 2013-15 has been made available to local authorities to address public health priorities determined at local level. In setting their priorities local authorities must take account of the public Health outcomes framework which has excess winter deaths as an indicator. Further discussions are planned to access the use of NHS and Public Health funding to meet this winter pressure.
- 6) A significant element of Adult social care transformation expenditure has been included in the council's bid for capital direction funding. If the bid is successful this may create an opportunity to capitalise a proportion of the revenue expenditure included in the current forecast.
- 7) By further integrating the Framework I and Agresso application, greater visibility of those packages that require attention can be identified which may result in cost reduction.
- 8) A process has been instigated to reduce high cost care plans through the active targeting of Disabled Facilities Grants towards cases where the provision of adaptations can provide short to medium terms savings.



# CHILDREN'S WELLBEING      APPENDIX C

## BUDGET CONTROL MEETING UPDATE REPORT

### SEPTEMBER

MEETING DATE:

23<sup>RD</sup> OCTOBER 2013

#### Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within People's Services,
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

#### 1. Key Messages

1. The latest projected outturn is a net overspend of £39k. A deterioration of £131k since the August position, which is mostly attributable to increased placement pressures in safeguarding with some offsetting mitigation.
2. Overall new pressures total £507k of which the key components are:

Pressure	£000's
The extension of one residential placement and a new one approved increased projections.	179
Safeguarding now reflects cost of market forces and recruitment.	85
A new court ordered remand. This has been built in for 90 days due to the nature of the placement.	60
New placement from residential into complex needs.	55
Extension of four agency fostering placements in addition to a new mum and baby placement replacing an existing placement.	54
Increase in transport commitments due to a missed accrual from the previous financial year.	44
Increase in court costs	30
<b>Total new pressures</b>	<b>507</b>

3. A total of £376k has been mitigated by:

<b>Mitigation</b>	<b>£000's</b>
Increase in Education Support Grant funding. The DFE have indicated that they had overstated the impact of schools moving in-year to academies. The revised estimate has been adjusted for anticipated local moves to academies for the remainder of the year.	200
Hold on vacancies within children centres and Intensive Family Support.	110
A review of the business support projections has given rise to a decrease in commitments.	43
Underspend of within early years.	23
<b>Total new mitigation</b>	<b>376</b>

4. In summary the position for children and wellbeing is:

	<b>£000's</b>	<b>£000's</b>
Agency Staff (including Social Workers)	(802)	
School Transport	(459)	
Residential Placements (including Agency Fostering, 16+, and Complex Needs)	(482)	
Court Costs	(335)	
Secure Remands	(221)	
Investment in Newly Qualified Social Workers	(187)	
Loss of Extended Rights to Schools Grant	(176)	
Special Guardianship / Residential Allowance	(58)	
Other Pressures	(41)	
<b>Total Pressures</b>		<b>(2,761)</b>
Education Support Grant	2,076	
Hold on vacant posts	530	
Reduction in Youth Services	105	
Other savings	11	
<b>Total Mitigation</b>		<b>2,722</b>
<b>Total September Outturn Position (over) / underspend</b>		<b>(39)</b>

## 1.1. Current Status – Revenue Budget by Service

Service	Annual budget			September Forecast Outturn	Sept OT Variance	Aug FC Variance	Change to forecast
	Budget Expend	Budget (Income)	Net Budget		Projected (Over)/underspend	Under / (Over) Spend	(Adv) / Fav
	£000's	£000's	£000's		£000's	£000's	£000's
Directorate Costs	713	(240)	473	473	(0)	(0)	0
<b>Directorate Costs</b>	<b>713</b>	<b>(240)</b>	<b>473</b>	<b>473</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
Service Management	127	0	127	154	(27)	0	(27)
Children's Safeguarding *	12,972	(202)	12,770	13,683	(913)	(575)	(338)
Additional Needs	6,117	(3,955)	2,162	2,217	(55)	(0)	(55)
Locality Services	2,923	(395)	2,528	2,343	185	125	60
<b>CYP Provider Services</b>	<b>22,139</b>	<b>(4,552)</b>	<b>17,587</b>	<b>18,397</b>	<b>(810)</b>	<b>(450)</b>	<b>(360)</b>
Service Management	507	0	507	490	17	20	(3)
Learning & Achievement *	6,786	(2,269)	4,517	4,824	(307)	(292)	(15)
Youth Services	693	(168)	525	419	106	104	2
Children's commissioning	1,811	0	1,811	1,772	39	41	(2)
Performance and Business Support	1,763	(159)	1,604	1,562	42	(8)	50
Sufficiency and Capital	8,190	(7,219)	971	989	(18)	(9)	(9)
Quality and review	406	0	406	414	(8)	(14)	6
<b>Children's Commissioning</b>	<b>20,156</b>	<b>(9,815)</b>	<b>10,341</b>	<b>10,470</b>	<b>(129)</b>	<b>(158)</b>	<b>29</b>
<b>Education Support Grant</b>				<b>(900)</b>	<b>900</b>	<b>700</b>	<b>200</b>
<b>Children's Wellbeing Directorate</b>	<b>43,008</b>	<b>(14,607)</b>	<b>28,401</b>	<b>28,440</b>	<b>(39)</b>	<b>92</b>	<b>(131)</b>

The above figures do not include £100m of school budgets funded from Dedicated Schools Grant

\*Education Support Grant - £1m for Safeguarding and £0.2m for Transport within Learning and Achievement.

## 1.2. Savings Plans

CHILDRENS WELLBEING		
Delivered	Anticipated	At Risk
£000's	£000's	£000's
3,991	1,272	23

Legislative changes and increased numbers of looked after children put achievement of the planned reductions in residential and agency foster care placements at risk. This is currently mitigated by the use of ESG.

### 1.3. Savings Schemes – RED status

Ref	Scheme	Target	Reported at Risk	Risk	Estimated recoverable 13/14	Expectation 14/15
		£000's	£000's		£000's	£000's
1	Sale of outdoor equipment	50	23	Did not achieved estimates at auction	0	0
	<b>TOTAL</b>	<b>50</b>	<b>23</b>		<b>0</b>	<b>0</b>

#### Details of Risk / Mitigation

1 – Sale of equipment did not achieve the value expected. The closure of youth centres has identified other savings.

## 2. Headlines by Service Area

### 2.1. Children's Provider Services – overspend £886k

#### Key Points

##### Locality Services

1. Underspend of £166k within locality services due to new re-structure and not filling vacant posts for the remainder of the financial year.
2. There is now a hold on all children centre vacancies saving £26k to the end of March.

##### Safeguarding

3. External placement pressure currently stands at a gross pressure of £332k, reduced to £107k after offsetting by ESG funding. This is as a direct result of increased referrals and case numbers following the Ofsted inspection in September 2012.
4. There are now two ordered remand placements. The gross pressure of which is £221k reduced to £59k after offsetting ESG funding.
5. The current agency staff forecast overspend is £854k, (this includes £493k identified in July and mitigated by ESG, £271k pressure for all agency to be in place until 31<sup>st</sup>March, £60k for market forces supplements payable from 1<sup>st</sup> November and balance of recruitment costs of £30k).
6. Court costs currently predicting an, overspend of £335k, which is in part due to the requirement for specialist legal advice on two complex cases.
7. In house fostering is predicting an underspend of £20k due to vacancies within the fostering team, and in house placement costs of £74k give the service a total underspend of £0.1m. This is offset by a special guardianship overspend of £74k.
8. A hold on vacancies within intensive family support gives an, underspend of £50k.

#### Risks

9. Continued increases in referrals.

10. Complex needs cases currently operating at above budget capacity, there are circa 5 cases that could come to panel before the end of the financial year.

## Opportunities

11. The residential and complex needs placement panel are due to be merged in order to gain efficiency. This will be chaired at Assistant Director level. The aim is to develop effective local solutions for the more complex cases on a multi-agency basis that reduces the need for out of county residential placements across education, health and social care..
12. There are currently four posts due for interview shortly. If successful this will start to reduce agency costs from February 2014.

## 2.2. Children's Commissioning – overspend £129k

### Key Points

13. School transport has pressures of £459k. This is primarily due to the budget being set anticipating £200k as a result of transporting to nearest school only, and charging for post 16 SEN transport provision.

	September Outturn Position		
	Budget £000's	Actual £000's	Variance £000's
Other Transport Costs	57	60	(3)
Direct Transport Costs	4,404	4,877	(473)
Transport Income	(1,009)	(1,034)	25
Extended Rights to Schools Grant	(176)	0	(176)
Transport Staff	801	809	(8)
<b>Total Before Mitigation</b>	<b>4,077</b>	<b>4,712</b>	<b>(635)</b>
Education Support Grant		(176)	176
<b>Total Transport Outturn</b>	<b>4,077</b>	<b>4,536</b>	<b>(459)</b>

The main pressure within direct school transport costs are:

Breakdown of Transport Overspend	
Savings target for 2013/14	(200)
Invoice not accounted for in 2012/13	(48)
Increased SEN Routes (post April 2013)	(30)
Re-tendering of Wigmore Routes	(21)
Reduction in base budget in previous years	(125)
Increase in SEN and post 16 riders	(49)
<b>Total Overspend</b>	<b>(473)</b>

14. There is an, underspend within early years of £176k due to vacancies. A review of this service has been completed in order to provide a more integrated approach.
15. Youth Services currently shows a £105k underspend due to staff vacancies and closure of the service.

16. There is a remaining net £49k underspend arising from staff vacancies and contract spend offset by shortfall in Service level Agreement income.

### **Risks**

17. Bus operators, withdrawal from another 5 school transport routes which will cause an additional pressure of circa £50k.

### **Opportunities**

18. The use of circa £50k Dedicated Schools Grant against eligible expenditure currently not fully utilised within Admissions.
19. Return of winding-up funding from the former Connexions building. The amount is still with the liquidators and therefore there is no indication at present when this will be received.
20. Potential savings within the Youth Offending Contract since the move to a West Mercia Partnership Agreement,

## APPENDIX D

# ECONOMY, COMMUNITIES AND CORPORATE MONTHLY BUDGET CONTROL REPORT

MEETING DATE:

23<sup>RD</sup> OCTOBER 2013

### Purpose

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within Economy, Communities & Corporate Directorate
- to highlight key risks within the directorate
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

### Key Messages

- The Directorate currently reports an over spend of **£80k**, which is slightly worse than the position reported in August, mainly due to the increase in the expected pressure on Land Charges.
- Cabinet have budgeted additional savings schemes to assist Adults Well-being pressures of £1.2m. Schemes approved to date will result in £328k of this being achieved and budget has been transferred to Adult Well-being. There is a further £68k anticipated and once approved will also be transferred to Adults Well-being.

### 1.1 Current Status – Revenue Budget

The current revenue budget position based on the results to the end of September 2013 are summarised in the table below:

Service	Budget Expend £000	Budget (Income) £000	Net Budget £000	Net Forecast Outturn £000	Projected Under / (Over) spend £000
Economic, Environment and Cultural Services	12,641	(8,741)	3,900	3,846	54
Place Based Commissioning	32,287	(4,513)	27,774	27,597	177
Law, Governance & Resilience	3,760	(890)	2,870	3,353	(483)
Chief Finance Officer & Corporate Management	51,999	(48,056)	3,943	3,656	287
Property Services	6,110	(4,525)	1,585	1,736	(151)
Community & Customer Services	4,467	(695)	3,772	3,772	0
Director & Management	273	(36)	237	201	36
<b>Economy, Communities &amp; Corporate</b>	<b>111,537</b>	<b>(67,456)</b>	<b>44,081</b>	<b>44,161</b>	<b>(80)</b>

## 1.2 Savings Plans – Summary

The total savings plan for the Directorate is £7.6m of which £6.2m is included in the within the approved budget of £44m. The plan includes additional savings schemes of £1.4m which are subject to Cabinet or Cabinet Member approval. Since last reported some schemes have been agreed the budget representing agreed savings of £328k have been vired to help meet pressures in Adults Well-being.

This plan also includes £300k in relation to procurement savings managed within the Directorate but held centrally. Commercial Board has agreed this target to be achieved through procurement projects in 2013/14 include printing, stationery, cash collection and mail services. Whilst savings of £150k are anticipated, the remaining £150k is at risk and this pressure is reported centrally.

£1.2m of the savings is at risk which relates to savings schemes not yet approved and included in the table below and the Procurement saving above.

## 1.3 Savings Schemes – RED status

The following schemes have been identified as at high risk of non delivery.

Scheme	Saving Plan 13/14 £000	Anticipated 13/14 £000	Vired to AWB £000	At Risk 13/14 £000	Anticipated FYE £000	Status of Decision
<b>ADDITIONAL SAVINGS TO BE VIRED TO ADULTS WELL-BEING</b>						
Heritage Services Review	194	48	48	146	239	Cabinet Decision 19th September (Option2)
Library Services Review	250	86	86	164	97	Cabinet Decision 19th September (Option2)
Planning Services cost reductions (inc	291	58		291	490	Cabinet Member Decision - October 2013. Note 1
Countryside Services Review	40	0		40	300	Cabinet Member Decision November 2013
Closure/Transfer of toilets	187	22	22	165	99	Cabinet Member Decision 16th September 2013
Increase charges for garden waste sac	80	20	20	60	40	Pending Cabinet Member Decision October 2013
CCTV Review	50	50	50	0	82	Cabinet Member Decision 31st July 2013
Community Protection Review	150	29	29	121	101	Cabinet Member Decision 14th August - pending outcome of statutory consultation 19th October 2013
Increase car parking/on-street parking	(195)	(25)	(25)	(170)	250	Cabinet Member Decision - Awaiting Proposal from Balfour Beatty
Community Regeneration	48	48	48	0	96	Scheme revised and no longer needs Cabinet Member Decision
Members allowances	60	0		60	0	Unlikely to be delivered
Customer Services	80	50	50	30	251	Cabinet Decision 19th September (Option2) - mitigates original ECC savings £77k target above
Reduce Public Notices	10	10		10	10	Awaiting legal advice on minimum statutory requirement
Advertising & Publicity (Council wide p	150	0		150	0	Review concluded - note 2
<b>ADDITIONAL SAVINGS TOTAL (to be vired to Adults Well-being)</b>	<b>1,395</b>	<b>396</b>	<b>328</b>	<b>1,067</b>	<b>2,055</b>	

Note 1 - Total saving anticipated is £582k however £92k of saving offsets existing HERS savings schemes

Note 2 - Review has now concluded that the original estimate was over optimistic and this level of savings cannot be delivered. Further work will be carried out to identify what can be delivered and the cost associated with generating advertising income.



## 1.4 Headlines by Service Area

The Directorate budget has reduced by £70k since last reported. The virements are:

Virements	£000
Disaggregation of Information Governance (from ODT)	41
One off funding for Customer Services Compensations	28
Transfer of Housing staff to Energy & Environment Management Team	38
Transfer of savings target to Communications	18
Slippage in loan repayment relating to capital scheme (LED Street Lighting & Solar PV Panel Scheme)	133
Savings agreed by Cabinet - vired to Adult Well Being	(328)
<b>TOTAL</b>	<b>(70)</b>

Legal proceedings were commenced against the Council (and other Councils) by private search companies which could result in this Council having to repay around £367k putting pressure on 2013/14 budgets. The outcome of this claim will have an impact on the way we deliver this service in the future.

As previously reported, there is a projected overspend for the year in relation to Legal Services. The overspend of £120k reflects the increased cost of additional in house expertise in key areas of planning, childcare and employment law and will lead to reduced outsourcing of legal work to solicitors and counsel which, in previous years, has cost the authority in excess of £400k p.a. across the organisation.

The Corporate Management budget includes a base budget of £314k for Non -Discretionary Rate Relief. Further guidance on the rates retention scheme indicates that this is not now required to be paid into the Collection Fund.

There is currently a pressure of £151k on Property budgets for 2013/14. The budget has been re-aligned since last reported to allocate the service savings target and take account of income targets no longer achievable. This re-alignment resulted in a reduction of income budgets of £148k thereby reducing expenditure budgets by the same amount. This includes the loss of rental income as a result of the impact of selling Council land and property assets in the current year which is partly mitigated in year only by the expectation of £75k for disposals less than £10k.

Based on parking income levels for the first six months of the year, there is an expected shortfall of £95k for the year; this is partly mitigated by one off premises savings relating to the temporary closure of Garrick House Car Park for repair.

## 1.5 Other Risks & Opportunities

There is a risk in relation to disputed items in the Amey contract, as previously reported.

There is also the risk of the cost of emergency repairs in response to severe weather conditions, such as flooding or harsh winter conditions. Whilst DCLG assist in the funding of these costs, through the Bellwin scheme, Herefordshire would have to fund the first £454k within current budgets.



# APPENDIX E

## CHIEF EXECUTIVE & ORGANISATIONAL DEVELOPMENT TEAM MONTHLY BUDGET CONTROL REPORT

MEETING DATE:

23<sup>RD</sup> OCTOBER 2013

### Purpose

To provide the Chief Officer Finance

- the robustness of budget control and monitoring within the Chief Executive and Organisational development team
- to highlight key risks within the service
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

### Key Messages

- The directorate currently reports an underspend of £83k, no change from the position reported in August 2013.

### 1.1 Current Status – Revenue Budget

The current revenue budget position based on the results to the end of September 2013 are summarised in the table below:

Service	Budget Expend £000	Budget (Income) £000	Net Budget £000	Net Forecast Outturn £000	Projected Under / (Over) spend £000
ICT	5,402	(495)	4,907	4,882	25
Human Resources	1,437	(132)	1,305	1,305	
Communication & Web	622	(80)	542	542	
Management & Support	355		355	355	
Organisational Development Team	7,816	(707)	7,109	7,084	25
Chief Executive	380	0	380	322	58
Chief Executive & ODT	8,196	(707)	7,489	7,406	83

### 1.2 Savings Plans – Summary

The total savings for this area total £2.5m made up of the original savings plus additional savings recently identified, as part of the Chief Executive Review.

### 1.3 Savings Schemes – RED status

All saving are delivered or anticipated excluding £160k. This relates to the changes in the agreed

Employment Reward Proposals from 3 days unpaid leave to 2. This is a Council wide savings target and will not be achieved.

## 1.4 Other Risks & Opportunities

The Directorate budget has reduced by £107k since last reported. The virements are:

<b>Virements</b>	<b>£000</b>
Disagregation of Information Governance & Research budget	(41)
One off funding for Customer Services Compensation	(28)
Transfer of savings target to Communications	(18)
Transfer of Performance post to Children;s Well-being)	(20)
<b>TOTAL</b>	<b>(107)</b>

Whilst a reduced service level agreement for 2013/14 has been agreed with Hoople in relation to training and is expected to deliver a one off saving of £100k, the impact of this variation is currently being assessed to evaluate any related pressures.

**PUBLIC HEALTH** **APPENDIX F**  
**BUDGET CONTROL MEETING UPDATE REPORT**  
**SEPTEMBER**

**MEETING DATE:**

**23<sup>RD</sup> OCTOBER 2013**

---

**Purpose**

To provide the Chief Officer Finance with assurance on:

- the robustness of budget control and monitoring within Public Health
- to highlight key risks within the department
- to identify any mitigation which can be achieved to reduce the impact on the overall Council budget for 2013/14.

**1. Key Messages**

- 1 There is currently a contribution from the public health grant of c£165k, plus a further £90k to commercial services, which is a commitment for the next 2 years.
- 2 This contribution or collaborative funding to other areas is the only valid use of a “redirection” of the public health grant. Savings cannot be offered up to the council bottom line under the conditions of the grant.
- 3 Our contribution to other areas which takes pressure off those budgets currently equates to 2.1% of the PH grant, which is in line with Worcester (2.2%) and Shropshire (2.0%), and for very similar purposes.
- 4 Transformational commissioning work that is planned must take place to get money out of NHS contracts in order to free it up for use across other council services to increase the percentage as much as possible, the aim being the 20% target set out for public health. The funding is not free at the moment, and any slippage in the budget currently is lined up against the NHS pressures being worked through. In addition, we can expect our grant to be reduced due to the rectification of the “egregious errors” in the NHS allocation that will most likely be sent our way through a change to the allocation in 2014-2015. We are also currently 21.4% above our per head target and there is a fair pace process is in motion nationally to amend allocations to target. Many areas are at a significant distance from target therefore we can expect money to be shifted around the system. It has also been stated this week that the council, as part of its public health responsibilities, will have to pick up the cost of a medical reviewer from October 2014 that should cost £200-400k per year- this will have to come out of the existing budget, as no further allocation for this will be made. The best case scenario with this figure at the moment is contingent on a collaborative arrangement with neighbouring authorities.
- 5 The current underspend of £262k reflects consultant and other vacancies. A consultation on a review of the establishment has been completed and the assumptions are based on all posts filled during October 2013.
- 6 There is a further risk of £0.5m in relation to cervical cytology from the NHS Area Team, in addition to the £500k CCG pressures. This is not included within the outturn above but is a material risk to achieving a balanced budget. This issue is currently being worked through the system.

## 1.1. Current Status – Revenue Budget by Service

Service	Budget Expend	Budget (Income)	Net Budget	August Forecast Outturn	Projected (over)/ Underspend
	£000's	£000's	£000's	£000's	£000's
Public Health Grant	0	(7,753)	(7,753)	(7,753)	0
Pay Budget	1,873	0	1,873	1,689	184
Commissioning Budget	5,522	0	5,522	5,517	5
Contingency Budget	350	0	350	277	73
<b>Public Health Directorate</b>	<b>7,745</b>	<b>(7,753)</b>	<b>(8)</b>	<b>(270)</b>	<b>262</b>

### KEY POINTS

- 1 Due to the current recruitment freeze vacant posts within the structure aren't in the recruitment process. This is a risk to the delivery of the transformational commissioning strategy that will enable collaborative use of the public health grant across council services.
- 2 Commitments have been set against the contingency budget; £97k to support children's wellbeing, £138k, costs not included within transition from NHS and £41k for additional overheads.
- 3 These budgets are due for review on a bi-monthly basis therefore a robust review of any uncommitted expenditure will be completed in October for the next reporting cycle.

The net budget reflects the corporate savings target relating to 2 days additional leave. This does not apply to those TUPED over on NHS terms and conditions.

### Risks

1. The £0.5k risk in relation to cervical cytology testing has been challenged with the Local Area Team and is currently working through a resolution. Regardless of in-year outcome there is an implication that this amount could be taken from the 2014/15 ring-fenced grant allocation.
2. Concerns regarding the capacity of two major services currently commissioned by public to cope with practice pressures are being addressed by intensive work with the providers. The initial analysis indicates an immediate need for circa £100k of investment to make one of the current services safe. This work has also indicated an additional £700k will need to be added to the service so that it is safe and fit for purpose going forward. This is contingent on the transformation work on child facing front line health services beginning before the end of the financial year, which will take 6 to 12 months to complete.

### Opportunities

1. Work to identify opportunities to align funding in the current budget against pressures is ongoing.
2. Contingency for some service pressures was built into the new council public health budget from the beginning of the year.
3. Slippage in the recruitment process as described above offer vacancy contingency for pressures but risks delivery of use of the grant for pressures.
4. The work programme for redesign of inherited contracts and programmes for 2014-2015 is essential for being able to use the grant collaboratively across council services.

## Capital Forecast

1. The capital outturn forecast for 2013/14 as at the end of September totals £53.5 million a decrease of £0.5m from August's projected outturn. This is a result of expected cash spend decrease against affordable housing grants and housing revolving loans, both schemes have commitments that fall into 2014/15 year. A summary by directorate is provided in Table A below.

**Table A – Capital Outturn Forecast & Funding Summary**

Directorate	2013/14 Capital budget £'000	Capital spend to end of September £'000	Profiled original budget to end Sept £'000	Spend variance to original budget £'000	Projected outturn £'000
Adults Wellbeing	3,422	561	1,201	(640)	2,905
Childrens Wellbeing	9,508	4,106	3,686	420	9,586
Economy, Communities & Corporate	41,828	10,947	15,637	(4,690)	39,590
Chief Executive & Organisational Development	1,248	6	203	(197)	1,248
Contingency	242	90	-	90	242
<b>Total</b>	<b>56,248</b>	<b>15,710</b>	<b>20,727</b>	<b>(5,017)</b>	<b>53,571</b>
<b>Capital Grants</b>	<b>30,463</b>				<b>30,594</b>
<b>Prudential Borrowing</b>	<b>21,905</b>				<b>19,645</b>
<b>Capital Receipts</b>	<b>3,819</b>				<b>3,271</b>
<b>Reserve funding</b>	<b>61</b>				<b>61</b>
<b>Total</b>	<b>56,248</b>				<b>53,571</b>

## 2. Table B - Schemes with an outturn forecast exceeding £500k in 2013/14

Scheme	Spend to end September £'000	Profiled Budget to end Sept £'000	2013/14 Annual Forecast £'000	Comments
<b>Adults Wellbeing</b>				
Disabled Facilities Grants	496	466	1,119	Individual grants awarded through an application process, enabling independent living
Adult social care	3	-	636	Single capital pot grant funding for capital spend to be used on equipment purchases
<b>Childrens Wellbeing</b>				
Leominster Primary School	851	-	3,507	Works started on site, new school to open in October 2014
Blackmarstons Special School	2,451	2,719	2,719	Refurbishment scheme physically complete
Condition property works	350	-	1,634	Annual programme of works at various school sites committed on a highest need first basis
<b>Economy, Communities &amp; Corporate</b>				
Local Transport Plan including additional maintenance allocation	4,305	4,400	11,376	Annual programme of capital works to highways, footways and bridges
Corporate accommodation	1,365	2,449	7,690	Works started at Plough Lane, the new heritage, archive and record centre and Civic hub 2
Fastershire broadband pilot	-	1,333	4,000	Survey work underway on providing faster broadband service to rural areas, first funding claim yet to be approved
Masters House, Ledbury	534	865	2,076	Refurbishment works have commenced and will continue into next year
Link road	526	953	1,921	Anticipated one year construction programme expected to start in late summer of 2014
Connect 2	1,456	711	1,695	New bridge on site with continuing works leading to an opening before Christmas
Hereford Enterprise Zone	342	653	1,566	Utilities, access and public realm works underway to enable plot sales
Marches Redundant Building Grant Scheme	146	650	1,300	Grant funded grant awards following an approval process
Garrick House multi storey	1,061	1,146	1,146	Works to complete and car park to re-open before Christmas trade
LED street lighting	29	-	1,131	Improvements will generate revenue cost savings
Car Parking Strategy	13	499	999	Includes works underway at station approach



Solar Photovoltaic panels	-	45	979	Installations will generate energy revenue cost savings
Unavoidable backlog maintenance including smallholding estate	-	300	600	Programme of essential property estate improvement works allocated on a highest need basis
<b>Chief Executive &amp; Organisational Development</b>				
Electronic Record & Document Management System	48	-	800	Information Management Programme improvement to systems works supporting flexible working
<b>Sub Total</b>	<b>13,976</b>	<b>17,189</b>	<b>46,094</b>	
<b>Schemes with a budget &lt;£500k in 2013/14</b>	<b>1,734</b>	<b>3,538</b>	<b>7,477</b>	
<b>Total</b>	<b>15,710</b>	<b>20,727</b>	<b>53,571</b>	

### Capital Receipts Reserve

- The opening capital receipts reserve balance totalled £2.7 million as at 1st April 2013. This has been increased by £0.4m from the sale of a smallholding and £1.0m from the auction of a portfolio of smaller investment properties held. This funding will fund 2013/14 capital spend, the majority on Hereford Enterprise Zone, which is expected to generate sales receipts in the near future.



This report ensures the council demonstrates best practice in accordance with CIPFA's recommendations in their Code of Practice for Treasury Management, by keeping members informed of treasury management activity.

**1. The Economy**

1.1. Recent economic events and statistics show the following:

- GDP growth in the first quarter was 0.3%, the second quarter was 0.7% and the first estimate for the third quarter showed the UK economy growing by 0.8%.
- The year-on-year Consumer Price Index (CPI) has been fairly stable in recent months. In July the CPI was 2.8% and in August and September 2.7%.
- The unemployment rate fell from 7.8% to 7.7% in the June to August quarter. The Bank of England's forward guidance suggested that the Bank Base Rate would not increase until the unemployment rate falls below 7.0%, elevating the significance of this figure.
- At their meeting in October the Monetary Policy committee noted that unemployment appeared likely to fall faster than first anticipated. However, they also expected inflation to remain low relieving upward pressure on the Base Rate which is still expected to remain at 0.50% until 2016.

**2. The Council's Investments**

2.1 At 30<sup>th</sup> September 2013 the council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount invested	
				£m	£m
<u>Instant Access Bank Accounts:</u>					
National Westminster	N/A	N/A	0.50%	3.51	
Royal Bank of Scotland	N/A	N/A	0.70%	2.50	6.01
<u>Instant access Money Market Funds:</u>					
Ignis	N/A	N/A	0.43%	5.00	
Prime Rate	N/A	N/A	0.42%	0.96	5.96
<u>95 day notice accounts</u>					
Royal Bank of Scotland	N/A	N/A	0.95%	5.00	
Santander	N/A	N/A	1.10%	5.00	10.00
<u>1 month notice account</u>					
Close Bros	N/A	N/A	1.00%	5.00	5.00
<u>Fixed Term Deposits:</u>					
Lloyds	186 days	25/10/13	0.80%	3.00	
Nationwide	107 days	25/10/13	0.45%	3.00	
Barclays	365 days	01/11/13	1.07%	2.00	
Gateshead Council	549 days	18/11/13	1.10%	2.00	
Lloyds	111 days	25/11/13	0.70%	3.00	
Barclays	364 days	29/11/13	1.00%	1.00	
Barclays	365 days	05/12/13	1.00%	1.00	
Bank of Scotland	86 days	20/12/13	0.70%	4.00	
Barclays	367 days	21/04/14	0.87%	1.00	20.00
<b>Total</b>			<b>0.81%</b>		<b>46.97</b>

Shaded investment represents a term deposit made in September 2013.

2.2 The council's current eligible UK counterparties, together with the maximum maturity periods (as recommended by the council's treasury advisers, Arlingclose), are as follows:

Counterparty	Maximum maturity period from:	
	01/04/13	05/07/13
Close Brothers Ltd	100 days	100 days
Santander UK	100 days	100 days
Nat West and RBS	6 mnths	Overnight
Bank of Scotland and Lloyds TSB	6 mnths	6 mnths
Nationwide	12 mnths	12 mnths
Barclays	12 mnths	12 mnths
HSBC and Standard Chartered Bank	12 mnths	12 mnths

2.3 The council has earned interest on its investments as follows:

Month	Amount invested		Average rate of interest earned		Amount of interest earned / Forecast £	Budget £	Actual Surplus / Forecast £
	Actual / Forecast £m	Budget £m	Actual / Forecast %	Budget %			
Apr-13	30.41	30	0.85%	0.70%	20,987	17,500	3,487
May-13	50.50	40	0.86%	0.70%	37,098	23,000	14,098
Jun-13	52.57	40	0.84%	0.70%	36,360	23,000	13,360
Jul-13	51.18	40	0.84%	0.70%	36,744	23,000	13,744
Aug-13	49.75	35	0.83%	0.70%	35,156	20,000	15,156
Sep-13	50.52	35	0.82%	0.70%	34,118	20,000	14,118
					200,463	126,500	73,963
Oct-13	47.00	30	0.78%	0.70%	28,000	17,500	10,500
Nov-13	42.00	25	0.70%	0.70%	24,500	14,500	10,000
Dec-13	35.00	20	0.65%	0.70%	19,000	11,500	7,500
Jan-14	35.00	20	0.65%	0.70%	19,000	11,500	7,500
Feb-14	30.00	15	0.60%	0.70%	15,000	8,820	6,180
Mar-14	15.00	15	0.60%	0.70%	8,750	8,750	-
<b>Original budget and outturn</b>					<b>314,713</b>	<b>199,070</b>	<b>115,643</b>
<b>Savings already declared and budget increased</b>					<b>-</b>	<b>60,000</b>	<b>(60,000)</b>
<b>Revised budget and outturn</b>					<b>314,713</b>	<b>259,070</b>	<b>55,643</b>

2.4 The interest received in the six months to 30<sup>th</sup> September 2013 has exceeded budget due to both the amounts invested and the average interest rates achieved being higher than the budgeted amounts.

2.5 In recent months interest rates on the council's instant access bank accounts have fallen sharply. In order to maintain investment income the council has been utilising notice accounts and term deposits with an increased reliance on short-term borrowing to provide liquidity. However, the council has recently received notice that rates on the 95 day accounts are also being cut.

2.6 Interest rate reductions announced so far in 2013 are as follows:

	Rate as at 01/01/13	Date of Change	Revised Rate	Date of Change	Revised Rate
<b>Instant access accounts:</b>					
Bank of Scotland	0.85%			22/04/13	0.40%
Nat West Liquidity	1.10%	12/02/13	0.60%	19/08/13	0.50%
RBS Liquidity	1.10%	09/05/13	0.70%	02/12/13	0.60%
Santander	0.50%			21/10/13	0.40%
Barclays	0.65%			25/03/13	0.35%
<b>95 day notice accounts:</b>					
Nat West	1.20%	20/05/13	0.80%	22/10/13	0.60%
RBS	0.95%			09/01/14	0.80%
Santander	1.25%			22/10/13	0.55%
Further cuts in interest rates announced since last month's report.					

2.7 The council has given notice on all its 95 day accounts. In the case of National Westminster Bank and Royal Bank of Scotland the council needed to give notice at the beginning of July when Arlingclose reduced the recommended maturity limit to overnight.

### **3. The Council's Borrowing**

#### **Short-term borrowing**

- 3.1 The council is continuing its policy of utilising short-term borrowing from other local authorities to fund its capital programme and for short-term liquidity needs. These short-term interest rates are significantly below levels available from other sources.
- 3.2 Historically the council has always borrowed for longer periods at fixed interest rates. Whilst achieving stability in the amount of its interest payments, the council currently has a large cost of carry when comparing its fixed interest debt to current investment rates.
- 3.3 It is considered good practice to have an element of variable rate borrowing that removes or reduces this cost of carry and, to the extent that the level of short-term debt does not exceed the level of the council's investments, when interest rates rise increased investment income provides a hedge against increased borrowing costs.
- 3.4 The council's Treasury Management Strategy includes various prudential indicators as required by CIPFA's Prudential Code. One of the indicators is the upper limit for variable interest rate exposure. This limit is set with the approval of the council's treasury adviser and in recent years the limit has been set at 25%.
- 3.5 The Treasury Management Strategy for 2013/14 forecast that further borrowing of £34 million would be needed for 2013/14 and the borrowing budget was based on this figure. Even if the whole of this years borrowing was short-term the council would still be within the approved limits for variable borrowing.
- 3.6 The council can only borrow up to its Capital Financing Requirement, which represents the need to borrow for capital spend, and cannot borrow beyond this to finance the revenue budget.

3.7 At the end of September 2013 short-term borrowing from other local authorities consisted of nine loans totalling £33 million. These loans were for periods ranging from 58 days to 364 days with interest rates varying from 0.33% to 0.42% and averaging 0.39% (including brokers commission).

**Long-term borrowing**

3.8 No long-term loans have been taken out in the period to date.

3.9 In mid-September PWLB rates peaked but they have since fallen back. For example on 11<sup>th</sup> September the 20 year EIP rate reached a peak of 4.03% but today (29<sup>th</sup> October) the “Standard Rate” is 3.64%.

3.10 The medium term trend is for PWLB rates to increase however in the short-term they are expected to be volatile and sensitive to changing economic news and market sentiment.

3.11 The Treasury Management Strategy for 2013/14 estimated that additional new loans of £34 million may be needed to cover both borrowing required for the 2013/14 capital programme and the forecast fall in council reserves (which mean that the council has to externalise internal borrowing from previous years). The current position is summarised below.

<b>Summary of Borrowing Budget</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>(Over-spend) / Saving</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Minimum Revenue Provision</b>	9.58	9.58	-
<b>Interest on existing PWLB and bank loans (January 2013 position)</b>	5.65	5.65	-
<b>Variable rate borrowing for 2013/14</b> Rollover £12 million of short-term LA loans taken out for 2012/13 at an interest rate of 0.60%	0.07	0.07	-
Additional £17 million of short-term LA loans for 2013/14 (at an interest rate of 0.60%)	0.10	0.10	-
<b>Fixed rate borrowing for 2013/14</b> Budget: £17 million of EIP loans at 3.20% taken out mid-year	0.27	0.27	-
<b>Slippage in capital programme</b> Slippage of £7m of capital spend compared to the specific schemes included in original budget (£3m relating to Broadband)	-	(0.08)	0.08
<b>Reduction in budget contributions from service areas</b>	(0.13)	-	(0.13)

<b>Less capitalised interest (see note below)</b>	(0.30)	(0.30)	-
<b>Forecast overspend compared to budget</b>	<b>15.24</b>	<b>15.29</b>	<b>(0.05)</b>

3.12 The council is able to capitalise interest costs relating to interest paid on borrowing used to fund large capital schemes that take substantial periods of time to get to the point at which the assets may be utilised. Such interest, incurred at the construction or installation phase, may be added to the cost of the associated asset. As can be seen from the table above, capitalised interest of £300,000 has been included in the 2013/14 budget for capital financing costs.

**4. Summary of Outturn Position**

4.1 The current net treasury position, compared to budget, is estimated to be break-even with an overspend on the borrowing side being offset by a surplus on investment income.

<b>Summary of Budget underspend</b>	<b>£m</b>
Investment income receivable	0.05
Interest payable on borrowing	(0.05)
<b>Total (overspend) / savings</b>	<b>0.00</b>





<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>26 NOVEMBER 2013</b>
<b>TITLE OF REPORT:</b>	<b>INTERNAL AUDIT PROGRESS REPORT</b>
<b>REPORT BY:</b>	<b>INTERNAL AUDIT - FINANCE</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

The purpose of this Internal Audit Report is 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.

### **Recommendation**

**THAT subject to any comments the Committee wish to make the report be noted.**

### **Key Points Summary**

- Audit Services is in the process of completing audits that have been set out within the Internal Audit Plan for 2013/14. We have issued a draft report following up our recommendations on Food Licensing. We are also due to issue draft reports in respect of Procurement, Council Tax/NNDR and the ISO 27001 function shortly. The remaining audits within the plan are currently being completed or being agreed with officers.
- Audit Services have finalised a number of audits relating to the 2012/13 Internal Audit year, two reports remain in draft and will be finalised shortly.
- Audit Services is continuing to provide support, guidance and information in a number of areas to Council Officers in respect of specific reviews. We have provided further information on these areas at points 13 to 14.

### **Alternative Options**

1. This report is for information and therefore alternative options are not applicable.

---

Further information on the subject of this report is available from  
Darren Gilbert – Head of Audit Services on (01432) 260425

## Reasons for Recommendations

2. To ensure compliance with good practice as set out in the Public Sector Internal Audit Standards (PSIAS).

## Introduction and Background

3. The purpose of this report is to ensure that the Committee is informed of the status of internal audit work and any key internal control issues identified from work completed.
4. Over the previous six months Audit Services has been completing internal audit work relating to the current Internal Audit Plan (2013/14) and also finalising work relating to the previous year's Internal Audit Plan (2012/13).

## Key Considerations

### Audit work completed – Internal Audit Plan 2013/14 (Current Internal Audit Year)

5. The Internal Audit plan for 2013/14 was approved by the Audit and Governance Committee on 13 May 2013. We have set out the number and type of audit reviews to be completed in Appendix 1.
6. We have issued a draft report on our follow up work on the Council's Food Licensing function. Additionally, we are due to issue draft reports on the Procurement, Council Tax/NNDR and ISO 27001 functions shortly. We have also commenced on site work on the following audits:
  - Treasury Management;
  - Budgetary Control;
  - Income Collection – Follow Up;
  - Asset Register; and
  - Data Protection – Follow Up.
7. Once these reports have been issued and finalised we will report any significant issues arising from these reviews to future meetings of the Audit and Governance Committee.
8. We are in the process of agreeing the remaining audits set out within the Internal Audit Plan with Council officers.

### Audit work completed – Internal Audit Plan 2012/13 (Previous Internal Audit Year)

9. Audit Services has completed and issued reports for all of the audits set out within the 2012/13 Internal Audit Plan. Two audit reports remain in draft because of delayed responses from management, these relate to Agresso Access Controls and Hoople (Governance and Performance Management). These reports will be finalised shortly.
10. Our follow up audits of Performance Management, Sustainability and Business Continuity were given "Adequate Assurance" gradings. These functions were given "Limited Assurance" gradings in 2011/12. The Council has worked hard to improve control frameworks in these areas and the improved grading does reflect the improvements that have been made. The

Council should continue to ensure processes and controls are improved so that effective control frameworks are embedded within these functions.

11. Our audits of General Ledger, Payroll and Creditors were also given “Adequate Assurance” opinions. In 2011/12 these were given “Limited Assurance” gradings. We noted that again the Council has made good progress in improving controls in these areas. Some further work is required to ensure that fully effective controls are in place and both the Council and Hoople are working hard to ensure that this occurs.
12. Our follow up review of the Council’s Health and Safety function was given a “Limited Assurance” opinion. There have been some improvements made to the Council’s health and safety management system since our last audit. For example, management reporting on health and safety has been developed and health and safety is included as a key risk within the Council’s risk register. However, other key processes have yet to be progressed. For example, developments to control systems which ensure that health and safety legislation is complied with, particularly in connection with legionella, asbestos and fire safety have not been implemented. We were informed by management that in some instances this has been due to a lack of Council resource. While we acknowledge that the Council is reducing its cost base due to decreases in its funding, it should ensure that this key area is appropriately resourced to ensure it is fully complying with its Health and Safety obligations. As part of our Audit Plan for 2013/14 we are due to review this function again and will report to the Audit and Governance Committee the progress the Council has made in this area in 2014.

#### **Other Audit Input**

13. At the request of management, Audit Services along with KPMG has also completed work in other areas, such as the Direct Payments process within Adult Social Care and reviewing the arrangements for monitoring and controlling the use of mobile phones within the Council.
14. Audit Services has also reviewed the systems and controls the Council has in place over the Troubled Families Grant process and has issued a draft report in this area to officers. One of the conditions of the grant paying body was that there is an appropriate internal audit assurance mechanism in place to support the periodic returns the Council has to submit.

#### **Community Impact**

15. This report does not impact on this area.

#### **Equality and Human Rights**

16. This report does not impact on this area.

#### **Financial Implications**

17. There are no Financial Implications.

#### **Legal Implications**

18. There are no Legal Implications.

#### **Risk Management**

19. There is a risk that the level of work required to give an opinion on the Council’s systems of Internal Control is not achieved.

## **Consultees**

20. The SLT and the Section 151 Officer were consulted in the drafting of this report.

## **Appendices**

Appendix 1 – Status of Audit Plan 2013/14

Appendix 2 – Audit Opinions – Definition of Assurance Grading

Appendix 3 – Rating of Recommendations

## **Background Papers**

21. None

## Appendix 1 – Status of Audit Plan 2013/14 – November 2013

Note

The scope and timing of audits is subject to confirmation and the agreement of the Project Sponsor.

Audit Review	Status	Audit Opinion	Recommendations		
			P1	P2	P3
<b>Core Support Systems</b>					
Payroll	November 2013	-	-	-	-
Creditors	January 2014	-	-	-	-
Treasury Management	November 2013	-	-	-	-
Income Collection (Follow up)	November 2013	-	-	-	-
General Ledger	January 2014	-	-	-	-
Council Tax/NNDR	-	-	-	-	Draft Report to be issued shortly
Benefits (Housing and Council Tax)	December 2013	-	-	-	-
Asset Register	In progress	-	-	-	-
Procurement	-	-	-	-	Draft Report to be issued shortly
Transport Team	December 2013	-	-	-	-
Root and Branch (Governance)	February 2014	-	-	-	-
Health and Safety	March 2014	-	-	-	-
Business Continuity	March 2014	-	-	-	-
Legal Services	March 2014	-	-	-	-

<b>Audit Review</b>	<b>Status</b>	<b>Audit Opinion</b>	<b>Recommendations</b>		
			P1	P2	P3
<b>IT Systems</b>					
ISO 27001 Information Security	-	-	Draft Report to be issued shortly		
Access Controls review - Agresso, Academy, ISIS and Abacus	February 2014	-	-		
Data Protection (Follow Up)	November 2013	-	-		
IT Strategy	February 2014	-	-		
<b>Anti-Fraud Systems</b>					
Anti-Fraud and Corruption – Hot Topics and Risk Areas	December 2013	-	-		
Audit Commission - Anti-Fraud Survey	March 2014	-	-		
<b>Governance Systems</b>					
Risk Management	December 2014	-	-		
Performance Management	March 2014	-	-		
Savings and Benefits Realisation	January 2014	-	-		
<b>Operational Systems – Directorates</b>					
Places and Communities - Public Health – Food Licensing (Follow Up)	-	-	Draft report issued		
Places and Communities – Highways Contract Management	March 2014	-	-		
Places and Communities – Delivery of Projects funded by the Skills Funding	February 2014	-	-		

Agency					
<b>Audit Review</b>	<b>Status</b>	<b>Audit Opinion</b>	<b>Recommendations</b>		
			P1	P2	P3
Places and Communities – Broadband rollout – project and financial management	December 2014	-	-		
Places and Communities - HALO	February 2014	-	-		
Places and Communities - Homelessness & Housing	December 2013	-	-		
Corporate Services - Digital channels project	January 2014	-	-		
<b>Schools</b>					
Financial Management	January 2014	-	-		

## Appendix 2 – Audit Opinions – Definition of Assurance Grading

Conclusion	Definition
<b>No assurance</b>	One or more priority one recommendations and fundamental design or operational weaknesses in more than one part of the area under review (i.e. the weakness or weaknesses identified have a fundamental and immediate impact preventing achievement of strategic aims and/or objectives; or result in an unacceptable exposure to reputation or other strategic risks).
<b>Limited assurance</b>	One or more priority one recommendations, <b>or</b> a high number of medium priority recommendations that taken cumulatively suggest a weak control environment (i.e. the weakness or weaknesses identified have a significant impact preventing achievement of strategic aims and/or objectives; or result in a significant exposure to reputation or other strategic risks).
<b>Adequate assurance</b>	One or more priority two recommendations (i.e. that there are weaknesses requiring improvement but these are not vital to the achievement of strategic aims and objectives - however, if not addressed the weaknesses could increase the likelihood of strategic risks occurring).
<b>Substantial assurance</b>	No or priority three only recommendations (i.e. any weaknesses identified relate only to issues of good practice which could improve the efficiency and effectiveness of the system or process).



### Appendix 3 – Rating of Recommendations

At the last Audit and Governance Committee Members requested further clarification on how audit recommendations are graded. We detail below how we assess the importance of recommendations which we make. Within the table we also set out how we can apply these priorities to recommendations we could make in a particular audit. This example is a review of Health and Safety.

Priority	Definition	Health and Safety Example Audit
<b>Red</b> <i>(Priority 1)</i>	A <b>significant</b> weakness in the system or process which is putting the Council at <b>serious risk</b> of not achieving its <b>strategic</b> aims and objectives. In particular: significant adverse impact on <b>reputation</b> ; non-compliance with key statutory requirements; or substantially raising the likelihood that any of the Council's strategic risks will occur. Any recommendations in this category would require <b>immediate attention</b> .	Issues that result in non-compliance with Health and Safety Legislation, i.e. No Health and Safety Policy in place.
<b>Amber</b> <i>(Priority 2)</i>	A <b>potentially significant</b> or <b>medium level</b> weakness in the system or process which <b>could</b> put the Council at risk of not achieving its strategic aims and objectives. In particular, having the potential for adverse impact on the Council's reputation or for raising the likelihood of the Council's strategic risks occurring, <b>if not addressed</b> .	Issues that may result in non-compliance with Health and Safety legislation if not corrected or improved, ie Health and Safety Policy in place, however, incomplete in one or two sections.
<b>Green</b> <i>(Priority 3)</i>	Recommendations which could <b>improve</b> the efficiency and/or effectiveness of the system or process but which are <b>not vital</b> to achieving the Council's strategic aims and objectives. These are generally issues of <b>good practice</b> that we consider would achieve better outcomes.	Issues that are best practice, ie Health and Safety Policy in place, however, could be subject to minor improvement, such as listing new job titles for staff.





<b>MEETING:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2013</b>
<b>TITLE OF REPORT:</b>	<b>STANDARDS PANEL RECOMMENDATIONS</b>
<b>REPORT BY:</b>	<b>MONITORING OFFICER</b>

## 1. Classification

Open

## 2. Key Decision

This is not an executive decision.

## 3. Wards Affected

County-wide

## 4. Purpose

To consider the recommendations of the independent person, following meetings of the standards panel on 9<sup>th</sup> October 2013; 10<sup>th</sup> October 2013 AND 6<sup>th</sup> November 2013.

## 5. Recommendations

**THAT: The Audit and Governance Committee:**

- (a) approves the chairman's report of the standards panel meeting on 9<sup>th</sup> October 2013 (complaint reference 13026); and**
  - i) approves the recommendation of the standards panel following the standards panel meeting, and**
  - ii) requires the subject member to make a formal public written apology to the complainant;**
- (b) approves the chairman's report of the standards panel meeting on 10<sup>th</sup> October 2013 (complaint references 13020 and 13022); and**
  - i) approves the recommendation of the standards panel following the standards panel meeting, and**
  - ii) requires the subject member to make a formal written apology to the complainant in respect of complaint reference 13022;**

---

Further information on the subject of this Report is available from Hazel Lavelle, Democratic Services Officer on Tel (01432) 260167

- (c) endorses the view of the standards panel in respect of complaint reference 13020; and
  - i) approves the chairman's report of the standards panel meeting on 6<sup>th</sup> November 2013 (complaints reference 13001, 13016 and 13017); and
  - ii) endorses the view of the standards panel in respect of complaints reference 13001, 13016 and 13017; and
- (d) notes the content of this report and provides comments and feedback to the monitoring officer.

## 6. Alternative Options

- 6.1 The alternative options, in the case of complaints 13026 and 13022, are to:
  - (a) accept the findings in the chairman's report, but impose an alternative sanction;
  - (b) accept the findings in the chairman's report and impose no sanction;
  - (c) reject the findings in the chairman's report and the recommendations of the standards panel.
- 6.2 The alternative option in respect of complaint 13020 is to ask the standards panel to reconsider the complaint.
- 6.3 The alternative option in respect of complaints 13001, 13016 and 13017 is to ask the standards panel to reconsider the complaint.

## 7. Reasons for Recommendations

- 7.1 The reasons for the recommendations are:
  - 7.1.1 In relation to complaint 13026, the standards panel agreed that the subject member had failed to comply with the Code of Conduct. The relevant section of the code is:

### VI. Rules of Conduct

- 11. Members shall in particular observe the following rules when acting as a Member or co-opted Member of the Authority and Members are informed that you:
  - (a) **Do** treat others with respect and courtesy.

- 7.1.2 In relation to complaint 13022, the standards panel agreed that the subject member had failed to comply with the Code of Conduct. The relevant section of the code is:

### VI. Rules of Conduct

- 11. Members shall in particular observe the following rules when acting as a Member or co-opted Member of the Authority and Members are informed that you:
  - (a) **Do** treat others with respect and courtesy.

- 7.1.3 In relation to complaint 13020, the standards panel agreed that the subject member had not failed to comply with the Code of Conduct. The relevant section of the code is:

## VI. Rules of Conduct

11. Members shall in particular observe the following rules when acting as a Member or co-opted Member of the Authority and Members are informed that you:
  - (a) **Do** treat others with respect and courtesy.

7.1.4 In relation to complaints 13001, 13016 and 13017, the standards panel agreed that the subject member had not failed to comply with the Code of Conduct. The relevant sections of the code are:

### Part IV: General Principles of Conduct

#### Part V: Expectations of Conduct:

10. Members shall at all times conduct themselves in a manner which will tend to maintain and strengthen the public's trust and confidence in the integrity of the Authority and never undertake any action which would bring the Authority, or its Members or officers generally, into disrepute.

#### Part VI: Rules of Conduct:

11. Members shall in particular observe the following rules when acting as a Member or co-opted Member of the Authority and Members are informed that you:
  - (a) **Do** treat others with respect and courtesy.
  - (b) – (g) .....
  - (h) **Do not** disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where—
    - (i) – (iv)...
  - (i) .....
  - (j) **Do not** conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.

## 8. Key Considerations

- 8.1 Complaints alleging that councillors may have breached the members' Code of Conduct are considered, in the first instance, by the monitoring officer. The monitoring officer makes a judgement about how the complaint should be dealt with and consults the independent persons.
- 8.2 In relation to all the complaints that are the subject of this report, the monitoring officer and the independent persons agreed that further consideration would be required in order to determine the facts.
- 8.3.1 Complaint 13026 was made by Mr Russell Pryce, a council officer, against Councillor J. Knipe. The complainant alleged that the subject member had failed to treat the complainant with respect and courtesy. Following consideration by the monitoring officer, the complaint was referred for consideration and determination by a standards panel. The complaint was considered on 9<sup>th</sup> October 2013 by a standards panel chaired by David Williams, an appointed independent person.
- 8.3.2 The panel considered the facts of the case and the comments of both the complainant and the subject member, and found the subject member to be in breach of the members' Code of Conduct in that he had failed to treat the complainant with respect. The panel made a recommendation that the subject member should be

required to make a public written apology. The report of the independent person is at Appendix 1.

- 8.4.1 Complaint 13022 was made by Mrs Yvonne Coleman, a council officer, against Councillor E. Harvey. The complainant alleged that the subject member had failed to treat her with respect and courtesy, and that the subject member had bullied her. Following consideration by the monitoring officer, the complaint was referred for consideration and determination by a standards panel, and was considered on 10<sup>th</sup> October 2013 by a standards panel chaired by John Sharman, an appointed independent person.
- 8.4.2 The panel considered the facts of the case and the comments of both the complainant and the subject member, and found the subject member to be in breach of the members' Code of Conduct, in that she had failed to treat the complainant with respect. The panel made a recommendation that the subject member should be required to make a written apology. The report of the independent person is at Appendix 2.
- 8.5.1 Complaint 13020 was made by Mr Andrew Ashcroft, a council officer, against Councillor E. Harvey. The complainant alleged that the subject member had failed to treat him with respect and courtesy. Following consideration by the monitoring officer, the complaint was referred for consideration and determination by a standards panel, and was considered on 10<sup>th</sup> October 2013 by a standards panel chaired by John Sharman, an appointed independent person.
- 8.5.2 The panel considered the facts of the case and the comments of both the complainant and the subject member, and found that the subject member had not breached of the members' Code of Conduct. The report of the independent person is at Appendix 2.
- 8.6.1 Complaint 13001 was made by Councillor P. Edwards against Councillor G. Vaughan-Powell. The complainant alleged that the subject member had undertaken actions which would bring the authority, or its members or officers generally, into disrepute; disclosed information which was of a confidential nature and failed to treat him with respect and courtesy. Following consideration by the monitoring officer, the complaint was referred for consideration and determination by a standards panel, and was considered on 10<sup>th</sup> September and 6<sup>th</sup> November 2013 by a standards panel chaired by Rob Cook, an appointed independent person.
- 8.6.2 The panel considered the facts of the case and the comments of both the complainant and the subject member, and found that the subject member had not breached of the members' Code of Conduct. The report of the independent person is at Appendix 3a and b.
- 8.7.1 Complaint 13016 was made by Councillor A. Bridges against Councillor G. Vaughan-Powell. The complainant alleged that the subject member had undertaken actions which would bring the authority, or its members or officers generally, into disrepute and had failed to treat him with respect and courtesy. Following consideration by the monitoring officer, the complaint was referred for consideration and determination by a standards panel, and was considered on 10<sup>th</sup> September and 6<sup>th</sup> November 2013 by a standards panel chaired by Rob Cook, an appointed independent person.

The panel considered the facts of the case and the comments of both the complainant and the subject member, and found that the subject member had not breached of the members' Code of Conduct. The report of the independent person is at Appendix 3a and b.

- 8.8.1 Complaint 13017 was made by Mrs Elizabeth Kelso, the Belmont Rural Parish Clerk, against Councillor G. Vaughan-Powell. The complainant alleged that the subject member had undertaken actions which would bring the authority, or its members or officers generally, into disrepute and had failed to treat her with respect and courtesy. Following consideration by the monitoring officer, the complaint was referred for consideration and determination by a standards panel, and was considered on 10<sup>th</sup> September and 6<sup>th</sup> November 2013 by a standards panel chaired by Rob Cook, an appointed independent person.

The panel considered the facts of the case and the comments of both the complainant and the subject member, and found that the subject member had not breached of the members' Code of Conduct. The report of the independent person is at Appendix 3a and b.

## **9. Community Impact**

- 9.1 None identified

## **10. Equality and Human Rights**

The proposal pays due regard to the council's public sector equality duty.

## **11. Financial Implications**

- 11.1 None identified.

## **12. Legal Implications**

- 12.1 Complaints are dealt with in accordance with Chapter 7 of the Localism Act 2011. There is no right of appeal.

## **13. Risk Management**

- 13.1 All complaints received are risk assessed by the monitoring officer in an attempt to reduce the risk of future successful legal challenge. The risk of failure to comply with statutory requirements is addressed within the proposal.

## **14. Consultees**

- 14.1 None

## **15. Appendices**

- 15.1 Appendix 1: report of the standards panel relating to complaint 13026;  
Appendix 2: report of the standards panel relating to complaints 13022 and 13020

## **16. Background Papers**

- 16.1 None identified.





**Meeting of the standards panel**  
**Wednesday 9 October 2013; Room 18a, Brockington**

**Complaint 13026: Councillor Jim Knipe; complainant: Mr Russell Pryce**

**Present:**

**The standards panel:**

David Williams, Appointed Independent Person (chairman)  
Councillor Chris Chappell (Herefordshire Council representative)  
Richard Gething (Town & Parish Council representative)

**Legal advisor:**

John Jones, Monitoring Officer

**Clerk:**

Hazel Lavelle, Democratic Services Support Officer

**Subject member:**

Councillor Jim Knipe

**Complainant:**

Mr Russell Pryce

**Witnesses for Councillor Knipe:**

Councillor Bob Matthews, Herefordshire Council  
Mr S. Madison, Chairman of the Kingstone Sportsfield Association  
Mr P. Wright, Vice-Chairman of Kingstone Parish Council

**Witness for Russell Pryce**

Mr Mike Willmont

**Also present:**

Mrs C. Jenkins, accompanying Cllr Knipe as a personal friend.  
John Sharman (Appointed Independent Person), observing

**Proceedings**

1. The chairman introduced all those present and outlined the structure of the meeting.
2. The monitoring officer advised the panel that he had received a communication from the subject member, Councillor Knipe, querying his ability to provide the panel with unbiased advice on the grounds that the monitoring officer had received Councillor Knipe's complaint against Russell Pryce. The monitoring officer confirmed that he had referred that complaint immediately to the council's complaints unit and had not been involved with it in any way and was not, therefore, prejudiced in any way.
3. The chairman asked Russell Pryce to explain the grounds for his complaint. Russell Pryce explained that he was a very experienced planning officer, with 16 years' experience, and had taken part in meetings of the planning committee over the last 10 years. During the last three years, he had dealt with large scale development plans and was experienced in handling heated discussions.
4. Russell Pryce explained that, at an informal meeting prior to a site meeting on 4 June 2013, Councillor Knipe's attitude towards him had been abrasive from the outset and, in particular, Councillor Knipe had said "I'm going to rip you to shreds at Committee tomorrow and enjoy it". Russell Pryce stated that, at the planning committee meeting, Councillor Knipe had made

personal comments relating to him, and that the chairman of the committee had intervened three times to ask Councillor Knipe to modify his conduct. The comments related to:

- a fee of £3,000 paid to the council for pre-planning advice. Russell Pryce alleged that Councillor Knipe had insinuated that he had received the payment and that this should have been declared to the committee as a conflict of interest. He had suggested that Russell Pryce acted improperly because he had been paid to help design the scheme, and then recommended approval;
  - an e-mail from an internal consultee, Hayley Crane, beginning 'Hi Russell', which Councillor Knipe had insinuated implied an unprofessional relationship;
  - a conversation with the chairman of the local Sports Field Federation (Steve Maddison);
  - data on affordable housing need in the village which Councillor Knipe claimed that Russell Pryce had deliberately omitted from a report.
5. Mike Willmont, the council's Head of Neighbourhood Planning, explained that Russell Pryce had acted at all times within the council procedures. He confirmed that case officers are allocated to deal with planning applications, providing pre-planning advice and seeing the application through to its conclusion. This provides continuity and is common practice. He explained that most authorities charge fees for pre-planning advice, that the pre-application process is encouraged by government policy and that Herefordshire Council had charged for this service for the last two years, which was normal procedure and good practice.
  6. Russell Pryce felt that Councillor Knipe had attempted to bully him before the committee site visit, sought to question and undermine his professional credibility both during the site visit and at committee and made personal remarks that were unfounded, inappropriate and irrelevant in a public arena.
  7. The chairman asked Councillor Knipe to respond to the allegations. Councillor Knipe said that any comments he had made had been the views of the community he represented, and that he had simply passed them on. He acknowledged that he had told Russell Pryce that he would 'rip him to shreds', but stated that he had been referring to the report and not to Russell Pryce personally.
  8. Councillor Knipe denied that any comments he had made were intended to be personal.
  9. Councillor Knipe's witnesses supported his statements that he had been voicing the views of the community, and that they had asked him to speak on their behalf.
  10. The chairman reminded Councillor Knipe that the minutes of the planning committee meeting recorded that three interventions by the chairman regarding Councillor Knipe's conduct. He ask Councillor Knipe whether he felt that, before making comments in public, he should have made a judgement about whether it would be appropriate to make them, whether they were the views of the community or Councillor Knipe's own views.

## **Conclusion**

11. The panel accepted that:

- Councillor Knipe had attempted to intimidate Russell Pryce at the informal meeting prior to the site visit;
- Russell Pryce was an experienced planning officer, who had been following the council's procedures;
- some of the comments made by Councillor Knipe could be interpreted by a reasonable person as being inappropriate;
- some of Councillor Knipe's comments implied an inappropriate relationship between Russell Pryce and the planning applicant;
- Councillor Knipe's comments implied that the pre-planning advice fee of £3,000 paid to the council meant that Russell Pryce was prejudicially biased;

- the minutes of the planning committee meeting were a true record of the proceedings, and supported the allegation that Councillor Knipe's conduct had been inappropriate;
- Councillor Knipe's comments had publicly called into question Russell Pryce's professional credibility.

### Relevant parts of the code of conduct

12. The panel agreed that Councillor Knipe had breached the following parts of the code of conduct:

#### VI. Rules of Conduct

11. Members shall in particular observe the following rules when acting as a Member or co-opted Member of the Authority and Members are informed that you:

- (a) Do treat others with respect and courtesy.

### Recommendation

13. The panel's agreed recommendation was that Councillor Knipe should be required to make a public, written apology to Russell Pryce



David Williams  
Independent Person  
Chairman of the standards panel

[Date] 21.10.13.



## Meeting of the standards panel

Thursday 10 October 2013; Room 18a, Brockington

**Complaints 13020 and 13022: Councillor Liz Harvey; complainants: Mr Andrew Ashcroft and Mrs Yvonne Coleman**

### Present:

#### The standards panel:

John Sharman, Appointed Independent Person (chairman)  
Councillor Chris Chappell (Herefordshire Council representative)  
Richard Gething (Town & Parish Council representative)

#### Legal advisor:

John Jones, Monitoring Officer

#### Clerk:

Hazel Lavelle, Democratic Services Support Officer

#### Subject member:

Councillor Liz Harvey

#### Complainants:

Mr Andrew Ashcroft  
Mrs Yvonne Coleman

#### Also present:

Councillor Mark Hubbard, accompanying Cllr Harvey as a friend and witness.

### Proceedings

1. The chairman introduced all those present and outlined the structure of the meeting. He asked Andrew Ashcroft to outline the grounds for his complaint.
2. The complaint related to events during the second phase of the work of the Community Infrastructure Levy Task and Finish Group (CIL T&FG), between February and July 2013. Cllr Harvey was the chairman of the CIL T&FG.
3. Three Dragons Consultants (3D), had been involved in the work of the T&FG, and a meeting had been arranged for 26 April. 3D had been unable to provide information requested by the group for inclusion in a report to be discussed at the meeting. In the absence of this information, Andrew Ashcroft had felt that the meeting should be postponed, and had said that he would not attend the meeting, but would use the time on other related tasks.
4. The first part of the complaint related to a series of phone calls with Councillor Harvey relating to the meeting, as a result of which, Andrew Ashcroft felt that Councillor Harvey had failed to understand or respect his decision not to attend the meeting, and did not treat him with respect or courtesy when he tried to explain the continuing relationship with 3D. He felt that Councillor Harvey had harassed him to attend the meeting of 26 April.
5. The second part of the complaint related to Councillor Harvey's preparation of a draft Task and Finish Group Report. Councillor Harvey had prepared a draft report without waiting for a response from 3D, and without discussion with Andrew Ashcroft, as 3D had recommended. Andrew Ashcroft identified particular statements in the draft report that he felt were unsubstantiated, and which went beyond what would be normal or appropriate for such a report. He felt that the statements in the report directly or indirectly made unsubstantiated criticisms of officers and other members in what was intended to be a document available to

the public in May 2013. He was also concerned that the report had been circulated one day before the meeting.

6. The final part of the complaint related to statements in an e-mail dated 7 May 13, from Councillor Harvey to him, which he alleged were inaccurate. He felt that the e-mail failed to identify that neither he nor Yvonne Coleman had contributed to the preparation of the draft report, or that the draft report had been made available only one day before the meeting on 26 April 2013. He was also concerned that Councillor Harvey had asserted her disappointment that 'none of you considered it appropriate to raise the matter with me and the T&FG members directly', when, in fact, Andrew Ashcroft had previously raised concerns directly with Councillor Harvey during phone calls and in e-mails.
7. Andrew Ashcroft felt that Councillor Harvey had failed to treat him with respect and courtesy, had bullied him and had, by her actions, compromised, or risked compromising, the impartiality of those who work for, or on behalf of, the authority.
8. The panel asked Yvonne Coleman to outline her ground for complaint. Yvonne Coleman was the Planning Obligations Manager for the council, and had been working on the Herefordshire Local Plan Core Strategy and the Community Infrastructure Levy (CIL).
9. Yvonne Coleman explained that before the CIL could be introduced, a draft charging schedule based on evidence demonstrating economic viability was required, which must be subject to public consultation, and 3D, as specialist consultants, had been appointed by the council to undertake the necessary viability evidence. A public consultation had taken place between 4<sup>th</sup> March and 22<sup>nd</sup> April 2013, and responses were currently being analysed.
10. Yvonne Coleman stated that, although Councillor Harvey had been aware of the public consultation, she had decided to undertake her own parish consultation, and e-mailed all parish clerks inviting them to return comments directly to her. This had been done without discussion with officers involved in the formal consultation process. In addition, the e-mail to parish clerks had not been copied to officers, so they were unaware that it had been sent.
11. The e-mail to parish clerks was subsequently withdrawn, but Yvonne Coleman felt that Councillor Harvey should have sought her advice before sending the email, and that her failure to do so showed a lack of respect for both the process Yvonne Coleman was undertaking, and for her personally. She felt that Councillor Harvey had intended, by her action, to undermine the agreed process, and that she had placed Yvonne Coleman's reputation at risk with other members and parish councils, and had therefore failed to treat her with respect and courtesy.
12. The second part of the complaint alleges bullying. Yvonne Coleman stated that, although she could not identify any specific incident, Councillor Harvey's general conduct towards her had made her feel anxious and troubled, and it had affected her mental health and wellbeing to the point where she had been forced to take sick absence. She stated that colleagues and family members had noticed a change in her, and witnessed her increasing anxiety before meetings with Cllr Harvey or before making a telephone call. She felt that Councillor Harvey's tone of voice was belittling and like a 'scolding parent', rather than the courteous and respectful approach that would normally be expected between officers and members, and that Councillor Harvey's body language reinforced that negativity. Yvonne Coleman said that, while Councillor Harvey was polite and professional in written emails, she failed to show the same respect in verbal communication, and that Councillor Harvey's conduct constituted bullying.
13. The final part of the complaint related to Councillor Harvey's draft report, referred to in Andrew Ashcroft's complaint above. Yvonne Coleman felt that the report was contrary to advice that she had offered, and was critical of assumptions made by 3D, but that it failed to offer evidence to support those criticisms. Yvonne Coleman felt that the report compromised or was likely to compromise, the impartiality of those who work for, or on behalf of, the authority.
14. In response to these complaints, Councillor Harvey referred to the extreme pressure that officers had been under and the pressure on the CIL T&FG to complete their work according to a strict timetable. The T&FG was required to produce a report in time for issue on 2nd May to go to GOSC on 10th May to meet the June Cabinet timescales. The meeting on the 26th April had been scheduled to review the draft report, make any amendments and circulate for

electronic review to meet these timescales. In preparation for this meeting Councillor Harvey drafted the report using all the information available from various sources. She delayed circulating it pending a response from 3D to questions the group had put to them.

15. When it became clear that 3D would not be responding in time to complete the report, Andrew Ashcroft had suggested that the meeting on 26th was unnecessary. Councillor Harvey had felt that it was unnecessary to delay the draft report any further, and had asked Andrew Ashcroft to attend the meeting to provide direct input into the report. She felt that he was prioritising support to the consultation process ahead of attending the meeting. Councillor Harvey had felt frustrated by the failure of 3D to respond to questions put to them by the group in time to complete the report, and their reprioritising of work, since they were being paid by the council to assist the group. She stated that she had made it clear to Andrew Ashcroft that the meeting to review the draft report would go ahead on 26th April in order to keep to the schedule and remain in step with the broader policy timetable. Councillor Harvey did not consider that she had, at any time during telephone conversations or emails, been disrespectful or discourteous towards Andrew Ashcroft. She acknowledged that she had been exasperated that there was to be no officer present to review the draft report and provide advice at such a critical moment in the group's work, and that she had been firm in expressing this view, but no more so than the circumstances warranted or justified. Councillor Harvey said that she had argued persuasively in the hope that Andrew Ashcroft would change his mind about attending, but did not consider that her behaviour was inappropriate, particularly in view of the fact that Andrew Ashcroft is a senior and experienced officer.
16. Councillor Harvey stated that she had drafted the report with reference to the notes produced from previous group meetings, emails and comments from group members, research into previous reports to the council from 3D, and advice from the clerk. She had delayed circulating the draft, pending a response from 3D to the group's questions. When Andrew Ashcroft contacted her, she reminded him that the meeting on the 26th would be reviewing the draft report. She advised him that if 3D were not going to provide a response there was no need to hold up the draft report any further, and said that the report would be with him the following day. Councillor Harvey stated that Andrew Ashcroft had made no comments on the contents of the report and had left it to her to decide whether or not to hold the meeting.
17. Councillor Harvey said that she failed to understand Andrew Ashcroft's complaint that she had shown a lack of respect towards current and on-going relationships with 3D. While it was disappointing that 3D would not be providing answers to the group's questions in time to contribute to the report, it was clear that they had been working over the previous fortnight on technical queries passed to them by officers monitoring the responses to the public consultation.
18. At the meeting on 26th April, the group made a number of changes to the draft report. Following that meeting a final draft report was produced and circulated to officers. It was asserted on 2nd May that the report contains a number of inaccuracies, but they were never specified by officers and Councillor Harvey remained unclear where the draft required correction. Councillor Harvey felt that Andrew Ashcroft had had an opportunity to raise any issues relating to the draft report at the meeting to review it on 26th April, or immediately before or afterwards, but did not do so. Councillor Harvey did not accept that the report brought either her, the office of scrutiny or the authority into disrepute or presented a risk to the impartiality of those who work for or on behalf of the authority.
19. In response to Andrew Ashcroft's complaint that Councillor Harvey had failed, in her e-mail dated 7 May, to point out that officers had had no input to the draft report, and that the report was circulated only one day ahead of the meeting. Councillor Harvey stated that the purpose of the email was to request action following Andrew Ashcroft's non-attendance at the meeting on the 26<sup>th</sup>, and to record that he had made no comments on the contents of the report before or after the meeting. Councillor Harvey pointed out that the e-mail had been sent to members of the T&FG, to the cabinet member and the director, Andrew Ashcroft's manager – all of whom were aware that officers had played no part in drafting the report and suggested that the omissions were, therefore, irrelevant. Councillor Harvey suggested that Andrew Ashcroft had misinterpreted the point she was making in the email.

20. Councillor Harvey felt that Andrew Ashcroft had chosen to withdraw from engagement with the work of the scrutiny group and that there were no ground for complaint regarding her disagreement with his decision to do so, and the alleged consequent shortcomings of the resulting draft report
21. Turning to Yvonne Coleman's complaint, Councillor Harvey referred to the e-mail she had sent to parish clerks. She stated that, at the outset of the CIL review, T&FG members had expressed a desire to visit some parish councils to explain the plans for the implementation of CIL, discuss some of the options available in doing this and canvass views from parishes on these and any other matters of concern at local level, but this had not been possible during the first phase of the work. The group had remained concerned to make parishes aware of the parallel scrutiny activity, to seek their comments on the recommendations from the December interim report, and to invite comment on the outstanding areas of work which the group had reconvened to address. Councillor Harvey stated that she had also been made aware that a number of parish councils were struggling to respond to the public consultation within the timescale, due to their meeting cycles. As chairman of the T&FG, she had decided to write to the parishes to alert them to the scrutiny work, invite comment and advise them that the group would be working on the report beyond the closure of the public consultation. She was never informed that this might be inappropriate or that the mechanism by which she proposed to make contact was unusual. Councillor Harvey stated that the contact was solely for the purpose stated, and that there was no intention to undermine or duplicate the public consultation. Nor was there any intention to undermine Yvonne Coleman.
22. Councillor Harvey expressed her deep regret that Yvonne Coleman had felt her actions to be a personal attack on her and her work, and took the opportunity to apologise unreservedly for the upset Yvonne Coleman had experienced.
23. Turning to the allegation of bullying, Councillor Harvey pointed out that Yvonne Coleman had not provided any instances of bullying or harassment. Councillor Harvey stated that she respected Yvonne Coleman, and thought that she had come under increasing pressure as the workload had increased. Councillor Harvey was upset and concerned by this allegation because, while she recognised that Yvonne Coleman had suffered mentally and physically, there was no specific information to link her problems with Councillor Harvey's conduct. Councillor Harvey did not consider that she had been more demonstrative of the frustration experienced than other members of the T&FG, but felt that, in her role as chairman, she might have been more of a focus for Yvonne Coleman's attention than other members. This might mean that her comments had appeared to concerns which Yvonne Coleman saw as persistent criticism, given her pivotal role in the development of documents.
24. Councillor Harvey thought that, in her position as an opposition councillor and as a member with significant concerns about the core strategies relating to her ward, it was likely that Yvonne Coleman had observed her mostly challenging the work in which she was involved. She stated that this was in no way personal to Yvonne Coleman.
25. The final part of this complaint concerned the draft report referred to in Andrew Ashcroft's complaint. Councillor Harvey explained that all members of the T&FG were anxious to question 3D on their work for the council. They had no reason to wish to damage or impugn the professionalism and impartiality of 3D, but there were concerns that the advice provided by 3D to officers, and the assumptions they had made, had changed significantly over the period of their work for the council, and the group would be failing in their responsibilities to scrutiny and to council if they did not raise those concerns. Councillor Harvey stated these concerns were not unfounded and that, had officers attended the meeting on 26 April, this could have been made clear to them. She felt that, had either Andrew Ashcroft or Yvonne Coleman contacted her regarding their concerns, those issues might have been addressed.
26. Councillor Harvey expressed her regret that these complaints had been made by officers whose knowledge and experience she respected. She felt that timescales, workload, staff



shortages and budgetary constraints had come together to create intolerable pressure on officers and that the scrutiny activity had, perhaps, been the final straw.

## Conclusion

27. The panel agreed that, in relation to Andrew Ashcroft's complaint (13020), Councillor Harvey had not breached the code of conduct.

28. In reaching this decision, the panel:

- recognised that Councillor Harvey, as chairman of the T&FG, was under pressure to deliver to a timetable;
- recognised that Andrew Ashcroft was a senior, experienced officer of the council, who was used to dealing with the demand of members, and there was an expectation that he should be able to deal with Councillor Harvey's demands;
- felt that there should have been an opportunity within the system to challenge the draft T&FG report, thus avoiding the risk of compromising the authority and officers prior to publication;
- accepted that Councillor Harvey was demanding, assertive and working to a tight deadline, but felt that she might be more aware of the impact of her conduct on others;
- recognised that the complaint had not been made lightly, and that there had been a breakdown in communication;
- hoped that good working relationships would now be restored.

29. The panel agreed that, in relation to Yvonne Coleman's complaint (13022), Councillor Harvey had breached the code of conduct in that she had failed to treat Yvonne Coleman with respect. In reaching this decision, the panel:

- acknowledged that Yvonne Coleman was a less senior officer than Andrew Ashcroft, and had found Councillor Harvey's demands difficult to manage, resulting in her feeling under pressure;
- noted that, in respect of the e-mail sent to parish clerks, Councillor Harvey had accepted, in retrospect, that she should have notified Yvonne Coleman in advance, and that she had apologised unreservedly for any hurt caused;
- felt that there should have been an opportunity within the system to challenge the draft T&FG report, thus avoiding the risk of compromising the authority and officers prior to publication;
- accepted that, during the period in question, the relationship between Councillor Harvey and Yvonne Coleman had a detrimental effect on Yvonne Coleman, but that it reflected a lack of respect on Councillor Harvey's part, rather than bullying.

## Recommendation

30. The panel's agreed recommendation was that Councillor Harvey should be asked to make a written apology to Yvonne Coleman



John Sharman  
Independent Person  
Chairman of the standards panel  
22 October 2013



**Meeting of the standards panel  
Tuesday 10 September 2013; Room 22a, Brockington**

**Complaints**

- 13001: Cllr Glenda Vaughan-Powell (complainant Cllr Phil Edwards)
- 13002: Cllr Phil Edwards & Cllr Adrian Bridges (complainant Cllr Glenda Vaughan-Powell)
- 13016: Cllr Glenda Vaughan-Powell (complainant Cllr Adrian Bridges)
- 13017: Cllr Glenda Vaughan-Powell (complainant Mrs Elizabeth Kelso)

**Present:**

**The standards panel:**

Rob Cook, Appointed Independent Person (chairman)  
Councillor Chris Chappell (Herefordshire Council representative)  
Nicky Carless (Town & Parish Council representative)

**Legal advisor:**

John Jones, Monitoring Officer

**Clerk:**

Hazel Lavelle, Democratic Services Support Officer

**Complainants:**

Councillor Phil Edwards  
Councillor Adrian Bridges  
Mrs Elizabeth Kelso

**Person accompanying Mrs E Kelso:**

Councillor Andy Myatt, chairman of Belmont Rural Parish Council

**Observers:**

David Williams (Appointed Independent Person)  
John Sharman (Appointed Independent Person)

**Proceedings**

1. The chairman introduced all those present and explained that Councillor Glenda Vaughan-Powell had said that she would not be attending. Cllr Vaughan-Powell had been advised that the meeting would proceed in her absence.
2. All other parties were present at the start of the meeting. The monitoring officer referred the chairman to an additional written statement submitted by Cllr Edwards and advised him that the panel would need to judge whether that material was relevant to the complaints. The monitoring officer also advised that the panel should consider whether it would be possible to make a decision on these complaints in the absence of Councillor Vaughan-Powell.
3. The chairman outlined the role of the panel and the provisions of the Localism Act 2011. He asked Cllrs Edwards and Bridges and Mrs Kelso to confirm that they were content to address the panel together, rather than individually, and they confirmed that they were.
4. The chairman referred to a written apology received from Cllr Vaughan-Powell. Mrs Kelso said that the apology related only to complaint 13001, and Cllr Edwards said that he would not accept the apology. He felt that it was an attempt by Cllr Vaughan-Powell to gain credit for herself.

### **Complaint 13001: Cllr Phil Edwards's complaint against Cllr Glenda Vaughan-Powell**

5. Cllr Edwards said that there was a history of Cllr Vaughan-Powell's inappropriate behaviour towards him dating back several years, which he had referred to the various monitoring officers at the time. He stated that he had agreed to proposals put forward to try to resolve the problem informally, but that Cllr Vaughan-Powell had refused to participate.
6. Cllr Edwards summarised his complaint, saying that:
  - Cllr Vaughan-Powell had publicly claimed credit for improvements made to the Belmont Haywood Country Park when she had actually opposed the improvements. He felt that he had a public duty to expose these untruths;
  - Confidential information had been leaked relating to the development of the Newton Farm Oval area, which had jeopardised the project. Cllr Edwards alleged that Cllr Vaughan-Powell had leaked this information;
  - Cllr Vaughan-Powell had published a newsletter in which she had stated that the other ward members for Belmont [*ie: Cllrs Edwards and Bridges*], had told residents that she was no longer their councillor when, in fact, the minutes of the parish council meeting had made it clear that Cllr Vaughan-Powell continued to be a ward councillor following her resignation from the parish council. Cllr Edwards felt that this was intended to deceive residents.
7. In relation to the alleged leaking of confidential information, the complainant conceded that no evidence could be produced to support the allegation. In relation to the other two points, parish council minutes would show that Cllr Vaughan-Powell had actively opposed the improvements to the country park and that she had resigned from the parish council due to ill-health, as stated on the parish council website. The monitoring officer asked Cllr Edwards whether he felt that Cllr Vaughan-Powell's claims made on her website could have conferred on her any advantage within the meaning of paragraph VI.11(f) of the Code of Conduct.
8. When asked what outcome he would like from this complaint, Cllr Edwards replied that he felt that Cllr Vaughan-Powell needed help, and hoped that she would receive it.

### **Complaint 13016**

9. Councillor Bridges stated that Cllr Vaughan-Powell had published details on the 'Belmont Voice' website of improvements made to a play area, and claiming credit for achieving the improvements. Cllr Bridges had posted a response on the website asking Cllr Vaughan-Powell why she had failed to inform the parish council of her activities in relation to the play area. In response, Cllr Vaughan-Powell had stated that the parish council had been approached by residents but had failed to respond to requests for improvements to be made and referred to an injury to a child resulting from the poor condition of the play area. Cllr Bridges stated that there was no evidence of any such injury occurring, and that the parish council minutes would show that the parish council had been actively pursuing improvements to the play area over a considerable time. The minutes of parish council meetings were published on the parish council website and would have been available to Cllr Vaughan-Powell. The parish clerk, Mrs Kelso, provided copies of the minutes of meetings to support Cllr Bridges's statement. Cllr Bridges felt that Cllr Vaughan-Powell's published statements on the website brought into question his reputation [*paragraph V.10 of the Code of Conduct*] and that she had failed to treat him with respect and courtesy [*paragraph VI.11(a) of the Code of Conduct*].
10. When asked what outcome he would like from this complaint, Cllr Bridges stated that he wished to see a public apology, published on the Belmont Voice website, acknowledging that previous statements and claims had been untrue, and training for Cllr Vaughan-Powell in the appropriate way to publish information, including checking facts before publishing.

### Complaint 13017

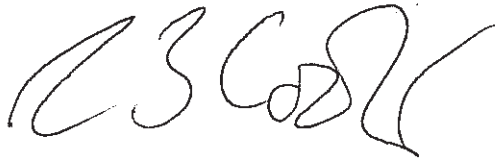
11. Mrs Kelso's complaint also related to the publication on the Belmont Voice website of statements that the parish council had failed to respond to requests from residents to improve the play area and that a child had been injured as a result of that failure. Mrs Kelso felt that this had been a deliberate attempt to bring the parish council into disrepute based on resentment following Cllr Vaughan-Powell's failure to be re-elected to the parish council. Mrs Kelso wished to see a public apology acknowledging that the statements about the parish council had been untrue.

### Complaint 13002

12. The chairman decided that Cllr Vaughan-Powell's complaint against Cllrs Edwards and Bridges could not be considered in her absence. Cllr Bridges stated that he would wish to see evidence to support Cllr Vaughan-Powell's allegations that Cllrs Edwards and Bridges were conducting a vendetta against her.

### Conclusion

13. The panel decided that it would be appropriate to give Cllr Vaughan-Powell the opportunity to attend a panel meeting to address the complaints made against her, and to explain her complaint against Cllr Edwards and Bridges. The chairman decided, therefore, that the panel meeting would be adjourned to enable Cllr Vaughan-Powell to attend. Should Cllr Vaughan-Powell decide not to attend the adjourned panel meeting, that meeting would proceed in her absence and a decision on all the complaints would be made.



Rob Cook  
Independent Person  
Chairman of the standards panel  
[Date]

18<sup>th</sup> Sept 2013



**Meeting of the standards panel**  
**Wednesday 6 November 2013; Room 14a, Brockington.**

This was a continuation of the adjourned panel meeting on 10 September 2013.

**Complaints**

**13001:** Councillor Glenda Vaughan-Powell; complainant: Councillor Phil Edwards

**13016:** Councillor Glenda Vaughan-Powell; complainant: Councillor Adrian Bridges

**13017:** Councillor Glenda Vaughan-Powell; complainant: Mrs Elizabeth Kelso

**Present:**

**The standards panel:**

Rob Cook, Appointed Independent Person (chairman)

Nicky Carless (Town & Parish Council representative)

**Legal advisor:**

John Jones, Monitoring Officer

**Clerk:**

Hazel Lavelle, Democratic Services Support Officer

**Subject member:**

Councillor Glenda Vaughan-Powell

**Complainants:**

Not present

**Also present:**

Mrs Jones, accompanying Councillor Vaughan-Powell as a personal friend.

**Proceedings**

1. The chairman introduced all those present and outlined the structure of the meeting.
2. The monitoring officer explained that this meeting was a continuation of the meeting on 10 September, which had been adjourned because the subject member, Councillor Vaughan-Powell, had been unable to attend. At the meeting on 10 September, the complainants had been given the opportunity to explain the reasons for their complaints, and to explain in more detail any evidence they had provided to support their allegations. Similarly, at today's meeting, Councillor Vaughan-Powell would be given the opportunity to respond to each complaint, and to explain in more detail any evidence she had provided to support her position.
3. The chairman explained that the panel would consider each complaint in turn, and ask Councillor Vaughan-Powell to respond to the allegations.
4. Complaint 13001 (Councillor Phil Edwards)

The complainant alleged that:

- Councillor Vaughan-Powell had publicly claimed credit for improvements made to the Belmont Haywood Country Park when she had actually opposed the improvements. He

felt that he had a public duty to expose what he considered to be untruths. Councillor Vaughan-Powell's response was that she had not opposed the improvements and that, while her newsletter had referred to the progress made at the country park, it did not claim credit for herself as having achieved it. The newsletter was provided as evidence to support her statement.

- Confidential information had been leaked relating to the development of the Newton Farm Oval area, which had jeopardised the project. Councillor Edwards alleged that Councillor Vaughan-Powell had leaked this information. Councillor Vaughan-Powell stated that she had attended an open meeting at the Three Counties Hotel, at which residents had expressed concern that not all of them would be able to move back to the Oval area, because only 125 properties were to be made available for Herefordshire Housing tenants. Councillor Vaughan-Powell explained that the information was public knowledge, and that she had not divulged any information that was not in the public domain.
- Councillor Vaughan-Powell had published a newsletter in which she had stated that the other ward members for Belmont [*ie: Councillors Edwards and Bridges*], had told residents that she was no longer their councillor when, in fact, the minutes of the parish council meeting had made it clear that Councillor Vaughan-Powell continued to be a ward councillor following her resignation from the parish council. Councillor Edwards felt that this was intended to deceive residents. Councillor Vaughan-Powell responded that she had been approached by a number of residents who were under the impression, as result of a newsletter from the parish, that Councillor Vaughan-Powell was no longer their councillor. Councillor Vaughan-Powell stated that she had not been aware of the newsletter, but felt compelled, as a result of the approaches made to her, to publish a statement in her own newsletter clarifying the position.

5. The panel considered each part of Councillor Edwards's complaint in turn.

- In considering the first point, the panel had regard to the wording of the article in Councillor Vaughan-Powell's newsletter. While they recognised that the wording was capable of being interpreted as claiming credit for the achievements, it did not do so overtly and was open to other interpretations. There was no evidence that Councillor Vaughan-Powell had opposed the development and the panel considered that, if Councillor Vaughan-Powell had objected to particular details of the development during the discussions, this would have been part of the normal activities of her role as a councillor. The panel had regard to the following section of the code of conduct:

Part IV: General Principles of Conduct

Part V: Expectations of Conduct, paragraph 10:

The panel felt that Councillor Vaughan-Powell did not deliberately attempt to claim personal credit by emphasising the achievement at the country park, and that her action had not brought the authority, or its members or officers generally, into disrepute.

Part VI: Rules of Conduct, paragraph 11:(a):

The panel did not consider that Councillor Vaughan-Powell had failed to treat others with respect and courtesy in publishing her newsletter;

Part VI: Rules of Conduct, paragraph 11(j):

The panel did not consider that in publishing the item in her newsletter, Councillor Vaughan-Powell could reasonably be regarded as bringing her office or authority into disrepute.



The panel considered, therefore, that there had been no breach of the code of conduct.

- In considering the second point, the panel noted that the discussions in question had taken place at a public meeting, and accepted Councillor Vaughan-Powell's statement that she had reiterated only what residents of the Oval had told her, and had sought to represent their concerns. In considering this allegation, the panel had regard to the following sections of the code of conduct:

Part IV: General Principles of Conduct

Part V: Expectations of Conduct, paragraph 10:

The panel considered that Councillor-Vaughan Powell had been acting in the interests of her constituents, and had not undertaken any action which would bring the authority, or its members or officers generally, into disrepute.

Part VI: Rules of Conduct, paragraph 11(h):

The panel considered that there was no evidence to support the allegation that Councillor Vaughan-Powell had disclosed information given to her in confidence, or which she believed, or ought reasonably to have been aware, was of a confidential nature.

The panel decided, therefore, that there had been no breach of the code of conduct in respect of this allegation.

- In considering the third point, the panel felt that an ordinary member of the public might well be confused between parish, district and ward councillors, and considered that a possible misunderstanding of those roles had prompted residents to approach Councillor Vaughan-Powell. In considering the allegation, the panel had regard to the following sections of the code of conduct:

Part IV: General Principles of Conduct

Part V: Expectations of Conduct, paragraph 10:

Although Councillor Vaughan-Powell's newsletter made reference to the other ward members, the panel felt that this arose from a lack of communication and co-operation between the members of the parish council and Councillor Vaughan-Powell. Whilst this was regrettable, the panel did not consider that it amounted to a breach of the code of conduct.

Part VI: Rules of Conduct, paragraph 11(a):

The panel felt that Councillor Vaughan-Powell's newsletter item arose from a serious lack of co-operation and communication between all the members, rather than any failure on Councillor Vaughan-Powell's part to treat others with respect and courtesy.

Part VI: Rules of Conduct, paragraph 11(j):

The panel did not feel that Councillor Vaughan-Powell's newsletter article could reasonably be regarded as having brought her office or authority into disrepute.

6. The panel then considered the complaint made by Councillor Bridges. Councillor Bridges alleged that Councillor Vaughan-Powell had published details on the 'Belmont Voice' website of improvements made to a play area, and claiming credit for achieving the improvements. Councillor Bridges had posted a response on the website asking Councillor Vaughan-Powell why she had failed to inform the parish council of her activities in relation to the play area. In

response, Councillor Vaughan-Powell had stated that the parish council had been approached by residents but had appeared not to have responded to requests for improvements to be made and referred to an injury to a child resulting from the poor condition of the play area. Councillor Bridges stated that there was no evidence of any such injury occurring, and that the parish council minutes would show that the parish council had been actively pursuing improvements to the play area over a considerable time. Councillor Vaughan-Powell stated that she had been approached by both a resident and the local MP (who had been approached by the same resident), asking her to take action with regard to the play area. Councillor Vaughan-Powell accepted, in retrospect, that the parish council had been taking action, but she had not been aware of it. In considering the allegation, the panel had regard to the following sections of the code of conduct:

Part IV: General Principles of Conduct

Part V: Expectations of Conduct, paragraph 10:

The panel recognised that Councillor Bridges felt aggrieved, on behalf of the parish council, because their efforts in relation to the play area had not been acknowledged. The panel also recognised that no evidence had been provided to support the statement that a child had been injured on the play area. However, the panel did not feel that Councillor Vaughan-Powell's website post was such that it could have brought the authority or its members into disrepute.

Part VI: Rules of Conduct, paragraph 11(a):

The panel felt that this complaint had arisen from the regrettable lack of communication and co-operation between the members of the parish council and Councillor Vaughan-Powell. The panel recognised the risks involved with the use of social media and instant messaging, and the need for all users to exercise discretion. However, they did not feel that Councillor Vaughan-Powell's actions demonstrated a failure to treat others with respect and courtesy.

Part VI: Rules of Conduct, paragraph (j):

The panel did not feel that Councillor Vaughan-Powell's failure to acknowledge the efforts of the parish council, or her statements regarding an injury to a child could reasonably be regarded as having brought her office or authority into disrepute.

7. The panel finally considered the complaint made by Elizabeth Kelso, the Belmont Rural Parish Clerk. Mrs Kelso's complaint also related to the publication on the Belmont Voice website of statements that the parish council had failed to respond to requests from residents to improve the play area and that a child had been injured as a result of that failure. Mrs Kelso felt that this had been a deliberate attempt to bring the parish council into disrepute based on resentment following Cllr Vaughan-Powell's failure to be re-elected to the parish council. Mrs Kelso wished to see a public apology acknowledging that the statements about the parish council had been untrue. In considering the allegation, the panel had regard to the following sections of the code of conduct:

Part IV: General Principles of Conduct

Part V: Expectations of Conduct, paragraph 10:

The panel recognised that Mrs Kelso, as parish clerk, felt aggrieved that the efforts of the parish council in relation to the play area had not been acknowledged. The panel also recognised that no evidence had been provided to support the statement that a child had been injured as a result of a failure to improve the play area. However, the panel did not feel that Councillor Vaughan-Powell's website post was such that it could have brought the authority or its members into disrepute.

Part VI: Rules of Conduct, paragraph 11(a):

The panel felt that this complaint had arisen from the regrettable lack of communication and co-operation between the members of the parish council and Councillor Vaughan-Powell. The panel recognised the risks involved with the use of social media and instant messaging, and the need for all users to exercise discretion. However, they did not feel that Councillor Vaughan-Powell's actions demonstrated a failure to treat others with respect and courtesy.

Part VI: Rules of Conduct, paragraph (i):

The panel did not feel that Councillor Vaughan-Powell's failure to acknowledge the efforts of the parish council, or her statements regarding an injury to a child could reasonably be regarded as having brought her office or authority into disrepute.

**Conclusion**

8. The panel accepted that, although the allegations drew attention to a serious breakdown in communication and co-operation between the members of the parish council and Councillor Vaughan-Powell, and the risks involved in the use of social media, it could not be demonstrated, in relation to any of the allegations, that Councillor Vaughan-Powell had breached the members' code of conduct.
9. The panel also had regard to Councillor Vaughan-Powell's written apology, dated 4 September 2013 in which she had stated that she had never intended to cause embarrassment to members of Belmont Rural Parish Council, and had apologised to anyone who had been offended or upset by any written or verbal comment she had made. Councillor Vaughan-Powell confirmed that her apology had been intended to extend to all three complainants, and that it related to all the issues raised in the complaints.



Rob Cook  
Independent Person  
Chairman of the standards panel

13 NOV 2013

