

# AGENDA

## Audit and Governance Committee

Date: **Wednesday 26 November 2014**

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Time: **10.00 am**

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Place: **Committee Room 1, Shire Hall, St Peters Square,  
Hereford, HR1 2HX**

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

For any further information please contact:

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

## **Membership**

**Chairman**

**Councillor JG Jarvis**

**Vice-Chairman**

**Councillor EMK Chave**

**Councillor CNH Attwood**

**Councillor WLS Bowen**

**Councillor PGH Cutter**

**Councillor MAF Hubbard**

**Councillor Brig P Jones CBE**

**Councillor PJ McCaull**

**Councillor NP Nenadich**

**Councillor J Stone**

## AGENDA

	<b>Pages</b>
<b>Public Information and fire info</b>	5 - 6
<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. MINUTES</b>	7 - 14
To approve and sign the Minutes of the meeting held on 29 September 2014.	
<b>5. ANNUAL AUDIT LETTER 2013/14</b>	15 - 26
To consider and note the external auditor's statutory Annual Audit Letter (AAL) for 2013/14 which primarily sets out the unqualified audit opinion on both the financial statements and Value for Money conclusion.	
The AAL is intended to communicate key messages to the Council and external stakeholders.	
<b>6. FOLLOW UP TO OUTCOME OF PUBLIC INTEREST DISCLOSURE ACT INVESTIGATION</b>	27 - 34
To follow up the report to Audit and Governance Committee on 9 September 2014 regarding the findings of a Public Interest Disclosure Act (PIDA) investigation completed by external audit.	
<b>7. PROGRESS REPORT ON 2014/15 INTERNAL AUDIT PLAN</b>	35 - 48
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.	
The attached report (Appendix A) is a summary of the activity completed at 7 November 2014 for the 2014/15 audit plan.	
<b>8. DRAFT ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY 2014</b>	49 - 60
To present to the Audit and Governance Committee the draft Anti-Fraud, Bribery and Corruption Policy for comment.	
<b>9. BUDGET MONITORING REPORT</b>	61 - 72
To update the Committee on the financial position to end of August 2014 as reported to Cabinet on 9 October 2014.	
<b>10. RECORDING OF MEETINGS</b>	73 - 78
To note the technical amendment required to the constitution, and approve a protocol to guide recording of public meetings.	
<b>11. ROSS-ON-WYE COMMUNITY GOVERNANCE REVIEW</b>	79 - 90

To make further recommendations regarding the Ross-on-Wye Community Governance Review as the changes proposed by that review required the consent of the Local Government Boundary Commission for England and that consent has now been obtained.

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- 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.
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HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Audit and Governance Committee held at Grand Jury Room, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Monday 29 September 2014 at 10.00 am**

**Present:** Councillor JG Jarvis (Chairman)  
Councillor EMK Chave (Vice Chairman)

Councillors: CNH Attwood, ACR Chappell, PGH Cutter, Brig P Jones CBE, NP Nenadich, AJW Powers and J Stone

**In attendance:** Councillor Morgan

**Officers:** Bill Norman (Assistant Director Governance), Peter Robinson (Section 151 Officer), Phil Jones (Grant Thornton), Terry Tobin (Grant Thornton), Jacqui Gooding (South West Audit Partnership), Martin Savage (Management Accountant)

**18. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Bowen, Hubbard and McCaull.

**19. NAMED SUBSTITUTES (IF ANY)**

In accordance with paragraph 4.1.23 of the Council's Constitution, Councillor AJW Powers attended the meeting as a substitute Member for Councillor MAF Hubbard and Councillor ACR Chappell attended the meeting as a substitute Member for Councillor WLS Bowen.

**20. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**21. MINUTES**

RESOLVED: That the minutes of the meeting held on 9 September 2014 be confirmed as a correct record and signed by the Chairman.

**22. PROGRESS REPORT ON 2014/15 INTERNAL AUDIT PLAN**

Members were presented with a report from the internal auditors, South West Audit Partnership (SWAP), giving an update on the progress of internal audit work and to bring to their attention any key internal control issues arising from the work they have completed up to 31 August 2014.

In reply to a members query SWAP confirmed 'non opinion' is a term used to describe an audit where an opinion is not offered. Examples included Follow-Up Reviews, Grant Sign-Offs or specific audits where management have identified a potential issue and have sought Audit assistance.

SWAP confirmed that two new members of staff have been employed, one of whom is a very experienced auditor who has previously worked with Herefordshire Council.

In reply to a member's query, SWAP also went on to explain the hierarchy of risks that they use to make their conclusions.

**Resolved:**

**The contents of report are noted.**

## **23. REVIEW OF THE COUNCIL'S AUDIT FINDINGS REPORT FOR 2013/14**

Grant Thornton UK LLP (the Council's external auditors) presented members with the Review of the Council's Audit Findings Report for 2013/2014.

It was confirmed that this year the audit process went well; and was aided by having draft accounts and working papers of an improved quality compared with previous years. This has improved the transparency of the accounts. However, there is still room for improvement. Officers have been made aware of this and accept the points made.

### Audit Findings

Grant Thornton UK LLP expect to provide an unqualified opinion on the financial statements.

It was explained to members that the report shows the main financial risks the auditors had identified as a result of the 2012/13 audit and the conclusions they had reached. They show improvements in all of the areas previously rated as amber or red. All of these areas now have a green rating.

A member asked about the assessment rating of the council's reserves, which had been red in 2012/13 and was now green. In response, the Section 151 Officer confirmed that the forecast 12 months ago was for a large overspend. This would have taken the council into its minimum working balance, which is 3% of turnover. At that time there was no clear financial plan to replenish the reserve. This led to the previous red rating.

Today there is a clear financial plan in place and an increase in the reserves held.

Grant Thornton UK LLP confirmed that, when deciding their rating, they look at the plans a Local Authority has in place and the reserves held. The rating levels are set each year. They confirmed that budgetary control systems are much improved this year and all of the areas of risks they would expect to be identified have been. It was also confirmed they make comparisons with other Local Authorities and, this year, there was a more positive comparison with Herefordshire Council being at a medium point when compared to other councils.

The Section 151 Officer confirmed to members that there are also contingency monies within the budget, held for unforeseen issues such as Colwell School, which mean the reserves do not have to be used in these circumstances. If there is a severe winter, further reserves could be accessed.

With regard to the 3% minimum working balance, it was confirmed it is Herefordshire Council's own policy to set the limit at this amount. Grant Thornton LLP UK confirmed this is a typical position for Local Authorities.

### Value for Money

Grant Thornton UK LLP confirmed the Value for Money conclusion is unmodified. They confirmed there is now a stronger financial plan in place which has been a positive step.



There is still scope to improve how savings schemes are project managed.

It was confirmed to members there had been five specific risks identified when they made their Value for Money conclusion. They had been the Public Information Disclosure Act: CRM review (PIDA), the Better Care Fund, the Energy from Waste project (EfW), Adult Social Care and safeguarding of children.

With regard to EfW, Grant Thornton UK LLP confirmed they had received an objection to this matter from a member of the public and when presenting this item needed to ensure their objectivity. The summary of the findings of this matter were read directly from the published report.

In reply to a member's query, Grant Thornton UK LLP confirmed that the unqualified opinion had been reached having considered all matters, including the EfW, and they considered the appropriate arrangements were now in place.

Grant Thornton UK LLP felt it was a positive step that this committee is setting up a Working Group following the PIDA report as the scrutiny of the Audit and Governance Committee is needed to provide assurance of the council's response to the auditors' work. They confirmed that, as auditors, they cannot be advisors but can give constructive feedback.

The Committee were reminded by the Chairman that there were currently four members of the Working Group and a fifth is needed.

Further clarification was sought from members concerning the Better Care Fund. Grant Thornton UK LLP confirmed that it is still early days for what is a, national agenda led, major project. Adult Social Care and the NHS cannot operate without integrated services and a community infrastructure needs to be created. The progress made so far was commended, but there is still a long way to go. This was confirmed as the same position as most other Local Authorities.

Grant Thornton UK LLP confirmed the reason they have not been able to formally conclude the audit and issue an audit certificate is due to the objection they have received from a member of the public concerning the EfW part of the report.

**Resolved:**

**That the report be noted.**

## **24. STATEMENT OF ACCOUNTS**

The Section 151 Officer presented to members the 2013/14 Statement of Accounts and Annual Governance Statement and action plan.

### Statement of Accounts

The Statement of Accounts must meet with international financial standards and are laid out according to these requirements.

The key areas identified were that

- Although Adult Social Care did overspend, due to savings in other areas the result was a break even position.

- The general reserve funds were at £5.1million which exceeds the minimum policy requirement.
- Reserves for specific items of £23.9m had been set aside.

Each part of the Statement of Accounts was presented to the committee in turn.

The position on the Balance sheet showing an increase in Net Assets was highlighted to members. It was confirmed the previous reductions were due to schools taking on Academy status, the increase this year was partly due to the increase in reserves. The decrease in Pension liability was also highlighted.

With regard to Academy Schools, it was confirmed that the authority, although technically still owning the land, have no control over it for a number of years. Therefore, the asset will appear on the schools' balance sheets.

Concerning the Pension deficit, the Section 151 Officer confirmed that a lot of time has been spent with the pension actuary, Mercer, discussing the pension deficit. Triennial valuations take place to assess the amount that needs to be set aside.

Concerning point 2.4.2 of the report, members asked the Section 151 Officer to provide details of the 'Other Small Schemes' listed in the Summary of Capital Expenditure. The Section 151 Officer confirmed this will be provided to the next meeting of the committee. (UPDATE – this information was emailed to members of the committee on 17 October 2014)

Concerning officers' remuneration, members requested officer's supply details of how many staff are earning less than £50,000 per annum, in order to make a comparison with the number receiving over this amount. The Section 151 Officer confirmed this will be provided to the next meeting of the committee. (UPDATE – this information was emailed to members of the committee on 17 October 2014)

In answer to a query about the term 'Members Allowances,' the Assistant Director Governance, confirmed this is how the payments are referred to in the constitution. The Chairman confirmed this matter could be discussed when the committee next discuss the constitution.

Concerning a query about the apparent drop in the Collection Fund, it was confirmed that this is due to the change in Council Tax Benefit to the localised Council Tax Reduction Scheme.

### Annual Governance Statement

The Section 151 Officer advised that the Annual Governance Statement was in a different, stronger, format this year and was more action focused.

The six principles of good governance were explained, highlighting how Herefordshire Councils principles link to them. Taking these six principles an Action Plan has been written which has identified 12 areas, showing what action is to be taken, the lead officer and when action is due.

It was pointed out that para 17 on page 4 of the report should read

The Audit and Governance Committee's terms of reference encompass responsibility for review of the constitution and in 2014 a cross party working group *is to be* established to inform this work reporting to the committee.

Members of the committee welcomed the Action Plan and the following points were made in discussion.

- Having a rolling programme of actions in each meeting works well.
- A timetable of work should be drawn up based on the dates the actions are due to be completed.
- Changes in membership of committees should not mean good practices should be lost.
- Chairs of committees should work closely together to make sure areas of work are not either ignored or duplicated.
- Information needs to be passed to members early.
- Members should feel responsible for the action plan as well as officers.
- When creating working groups the committee should look outside for other members with relevant experience.
- Challenges will face the county in the future with regard to having an aging population. Pressure will be in place to recruit and retain staff.

**Resolved:**

**THAT the Audit and Governance Committee**

- (a) Approve the 2013/14 Statement of Accounts;**
- (b) Agree the draft letter of representation is signed by the Chair and Chief Finance Officer; and**
- (c) Approve the Annual Governance Statement.**

## **25. WASTE VFM**

The Grant Thornton UK LLP members of staff left the meeting before the presentation of this item.

The Section 151 Officer presented members with the conclusion of the waste PFI contract variation value for money assessment provided by Deloitte.

He pointed out that the recommendation being made to the committee was to note the value for money conclusion of the report.

The waste PFI contract variation had been approved by Cabinet in December 2013. Cabinet had taken into account the work done by Deloitte up to that point with regards to value for money.

The report provided to Committee concluded that the value for money provided by the chosen option is better than that reported to Cabinet in December 2013.

Members queried how this report sits against the External Audit report previously presented to the committee in this meeting. The Assistant Director Governance confirmed the Grant Thornton UK LLP report was written based on the information since December 2013. It was identified in December 2013, by Cabinet, that there was a potential risk concerning the value for money. However, the Deloitte report presented to this committee confirms that value for money has been obtained, and is better than anticipated in December 2013.

Members brought up in discussion the findings of the recent Public Accounts Committee held by Members of Parliament. That committee had suggested that local authorities

were not 'intelligent customers' due to the lack of resources they are able to put into procurement.

The Assistant Director Governance confirmed that the original waste contract was one of the early PFI contracts entered into in 1998. However, the issue for Cabinet in December 2013 was to choose an option for its future and the report by Deloitte confirms the option chosen gives value for money.

It was confirmed to the committee that both Herefordshire and Worcestershire Councils received materially identical cabinet reports when they make the decision in December 2013.

In reply to a member's question concerning the council's position as lender The Assistant Director Governance confirmed the interests of the councils as lender had been recognised throughout the contract negotiations in contract variation and had been overseen by separate specialist London solicitors.

Following a discussion concerning how the EfW plant will affect recycling levels, the Section 151 Officer confirmed the amount of waste currently sent to landfill is significantly higher than the amount we have committed to send to the EfW plant. The Assistant Director Governance went on to confirm that the council will have a commitment to provide waste to the EfW plant but, if the level of waste produced by the county reduces, there will be the opportunity to sell our capacity to others.

Further discussion was held between members concerning the history of the waste contract and how previous decisions had been reached to bring the council to the current position.

Concerning how this committee fits within the governance arrangements for the contract, The Assistant Director Governance advised that the Terms of Reference for the Audit and Governance Committee were a result of a requirement by Mercia's (the council's waste contractors) lawyers. It was to ensure the council's position as lender was given appropriate importance within the governance structure and had been an important issue for Mercia.

Members felt the flow chart at Appendix C of the report did not show this adequately. The Section 151 Officer confirmed he would inform Deloitte that this needs to be amended to show the Audit and Governance Committees place within the governance structure.

**Resolved:**

**THAT the Audit and Governance Committee note the value for money conclusion within the major constraints included in the original contract and the default penalties.**

**26. FUTURE WORK PROGRAMME**

The committee agreed the following item needed to be added to its future work programme:

- The committee is to look at the council's constitution at the next meeting (26 November 2014)

**27. DATE OF NEXT MEETING**

26 November 2014

The meeting ended at 12.50 pm

**CHAIRMAN**





<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>ANNUAL AUDIT LETTER 2013/14</b>
<b>REPORT BY:</b>	<b>CHIEF FINANCE OFFICER</b>

## Classification

Open

## Key Decision

This is not an executive key decision

## Wards Affected

County-wide

## Purpose

- 1 To consider and note the external auditor's statutory Annual Audit Letter (AAL) for 2013/14 which primarily sets out the unqualified audit opinion on both the financial statements and Value for Money conclusion.
- 2 The AAL is intended to communicate key messages to the Council and external stakeholders.

## Recommendation

**THAT**

**The Audit & Governance Committee discuss and take note of the content of the Annual Audit Letter for 2013/14 attached to this report.**

## Alternative Options

- 3 This is a report reflecting the statutory Annual Audit Letter process and therefore no alternative options are outlined.

## Reasons for Recommendation

- 4 The Code of Audit Practice in Local Government requires the external auditor to report to those charged with governance the conclusions they have drawn from their audit work and their opinion on the financial statements and Value for Money.

## Key Considerations

- 5 The external auditors issued an unqualified opinion on the statement of accounts for

2013/14 and reported improvements in both the quality and timeliness thereof.

- 6 An unqualified conclusion was issued in respect of Value for Money, an improvement on the qualified opinion issued in 2012/13. The external auditors are satisfied that the Council has proper arrangements in place securing the economy, efficiency and effectiveness in its use of resources.
- 7 The external auditors have highlighted four recommendations for the council to focus on in the coming year; the closedown process, property valuations, management of savings schemes and commitment accounting. Improvements are already being progressed in all of these areas.
- 8 The Letter refers to the Public Interest Disclosure Act (PIDA) report presented to the Committee on the 9 September 2014 and the receipt of a formal objection to the accounts in relation to the Energy from Waste facility.

## **Community Impact**

- 9 None.

## **Equality and Human Rights**

- 10 The content of the report has no direct impact on equality or human rights.

## **Financial Implications**

- 11 The external audit fee is detailed in Appendix B of the Letter and is slightly higher than envisaged due to the large volume of correspondence received in relation to the Energy from Waste plant.

## **Legal Implications**

- 12 This report has no legal implications.

## **Risk Management**

- 13 The Audit and Governance Committee has responsibility for corporate governance and will mitigate risks by overseeing the delivery of the recommendations identified in the external auditor's Annual Audit Letter for 2013/14.

## **Consultees**

- 14 None.

## **Appendices**

Appendix 1 Annual Audit Letter 2013/14

## **Background Papers**

None.





# The Annual Audit Letter for Herefordshire Council

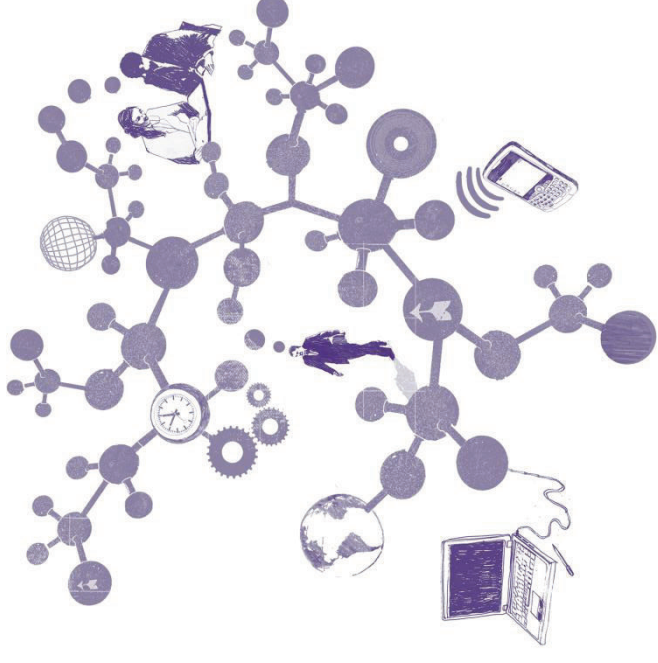
Year ended 31 March 2014

October 2014

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Herefordshire Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in February 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

## Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 29 September 2014 to the Audit and Governance Committee. The key messages reported were:

- The draft accounts presented for audit were of a good quality, a improvement on previous years.
- The accounts were produced earlier and the audit completed earlier than in previous years.
- There were no unadjusted errors or material misstatements.
- The quality of working papers and speed of response showed a real improvement on previous years and the Council is fully aware of the areas it still needs to improve on for future years.

We issued an unqualified opinion on the Council's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

# Key messages

<p><b>Public Interest Disclosure Act</b></p>	<p>We received a Public Interest Disclosure Act (PIDA) from a member of staff in relation to the procurement and implementation of a customer interface IT system, CRM, and carried out further work to look at the concerns raised. We presented our report on 9 September 2014 to the Audit and Governance Committee. It is important that the Council learns lessons from this project and to assist in this process our report contained recommendations. The Audit and Governance Committee has asked for a detailed action plan to address these recommendations and has also set up a group to take this forward.</p>
<p><b>Value for Money (VfM) conclusion</b></p>	<p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014. On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p> <p><b>Overall Financial Position</b></p> <p>Despite an overspend in the Adults Well-being Directorate of almost £3 million in 2013/14, the Council contained expenditure within the overall budget and at the same time increased reserves significantly. There is now greater assurance around the Medium Term Financial Plan and delivery of savings as the Council approaches the challenging years ahead. There is scope to improve the way that savings schemes are project managed and monitored and also the quality of information provided to Members on the progress of schemes.</p> <p><b>Energy to Waste Plant</b></p> <p>Given the large volume of correspondence from members of the public and the unique nature of the arrangement, we undertook a detailed review of the arrangements in relation to the energy to waste plant. This review highlighted a significant issue in relation to the documentation supporting the reporting to members of officers' views of the preferred technological solution.</p> <p><b>Safeguarding children</b></p> <p>The Council received an inadequate assessment from Ofsted in late 2012 in relation to its arrangements to safeguard children. It has subsequently worked hard through its Improvement Board to address the issues and in June this year Ofsted rated the Council as "in need of improvement".</p>

# Key messages

<p><b>Formal Objections to the Accounts</b></p>	<p>As part of the public inspection period we received a formal objection to the accounts in relation to the Energy from Waste facility which we are currently considering. As a result of this objection we have not been able to formally conclude the audit.</p>
<p><b>Whole of Government Accounts</b></p>	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.</p>
<p><b>Certification of grant claims and returns</b></p>	<p>We have not yet certified any grant claims, however work is in progress on the housing benefit claim, with a certification deadline of the end of November 2014. We will report the findings from the audit of this claim as part of our Grant Certification Report in February 2015.</p>
<p><b>Audit fee</b></p>	<p>Our fee for the core audit in 2013/14 was £165,873 excluding VAT which was £1,070 more than our planned fee for the year. The Audit Findings Report highlighted that as a result of the significant amount of correspondence from members of the public around the Energy From Waste facility we would be seeking approval from the Audit Commission for additional fee to cover the costs incurred. Further detail is included within Appendix B.</p>

# Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
1.	<p><b>Audit closedown process.</b></p> <p><b>Recommendation:</b> The Council should continue to redesign the process for closedown and audit of the accounts to ensure a more efficient process.</p>	High	<p>The aim is to closedown the accounts and audit one month earlier for the 2014/15 year end</p> <p>Responsible officer: Head of Technical Finance</p> <p>Due date: August 2015</p>
2.	<p><b>Property Valuations.</b></p> <p><b>Recommendation:</b> Officers need to consider their current valuation programme to ensure that the requirements of the code (now clarified in relation to classes of asset) are met.</p>	Medium	<p>Draft policy is in circulation and valuation work has commenced</p> <p>Responsible officer: Head of Technical Finance</p> <p>Due date: Policy to be agreed by 1 November 2014</p>

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
3.	<p><b>Management of savings schemes.</b></p> <p><b>Recommendation:</b>The Council needs to improve the project management and monitoring of savings schemes, including the information provided to Members on progress.</p>	High	<p>Continuous Improvement Programme work is including monitoring savings which will include the reporting to members. Cabinet reporting to be reviewed for further improvements going forward</p> <p>Responsible officer: Chief Finance Officer</p> <p>Due date: On going process</p>
4.	<p><b>Commitment Accounting</b></p> <p><b>Recommendation:</b>The Council should ensure that it has a working commitment accounting system in Adult Social Care.</p>	High	<p>Transformational work is underway with delivery of outcomes expected in 2015</p> <p>Responsible officer: Chief Finance Officer</p> <p>Due date: September 2015</p>

# Appendix B: Reports issued and fees

We confirm below the fee charged for the audit.

## Fees

	Per Audit plan	Actual fees
	£	£
Audit Fee *	164,803	TBC
Grant certification fee **	8,400	TBC
PIDA (proposed) ***	0	11,140
<b>Total fees</b>	<b>173,203</b>	<b>TBC</b>

\*\* The final certification fee will be reported as part of the grant certification report.  
 \*\*\* This fee is subject to agreement by the Audit Commission.

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Audit Plan	March 2014
Audit Findings Report	June 2014
PIDA	July 2014
Annual Audit Letter	October 2014

\*Both the significant level of correspondence from the public and the unique nature of the arrangements surrounding the waste contract means that the level of risk attached to the audit is significantly higher than envisaged by the Audit Commission when setting the scale fee which is quoted above. Work is on-going to determine the level of fee variation required for this work, particularly as we continue to receive correspondence in this area which we have a statutory duty to consider. We will discuss the level of additional fee required with officers and then submit this for approval to the Audit Commission. There is an additional fee of £1,070 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for unitary councils and this is also subject to agreement by the Audit Commission.





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<b>MEETING:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>FOLLOW UP TO OUTCOME OF PUBLIC INTEREST DISCLOSURE ACT INVESTIGATION</b>
<b>REPORT BY:</b>	<b>ASSISTANT DIRECTOR, GOVERNANCE</b>

## Classification

Open

## Key Decision

This is not an executive decision.

## Wards Affected

County-wide

## Purpose

To follow up the report to Audit and Governance Committee on 9 September 2014 regarding the findings of a Public Interest Disclosure Act (PIDA) investigation completed by external audit.

## Recommendations

**THAT:**

- (a) **This report be noted; and**
- (b) **Members indicate which matters they wish to refer to the Task and Finish Group the Committee resolved to form at its meeting on 9 September 2014.**

## Alternative options

- 1 The committee may recommend that additional or alternative actions be considered.

## Reasons for recommendations

- 2 To ensure transparency regarding concerns raised, and provide assurance that any areas identified for improvement are being responded to appropriately.

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Further information on the subject of this report is available from:  
Bill Norman, Assistant Director, Governance on Tel (01432) 260200

## Key considerations

- 3 In January 2014 the council's external auditors, Grant Thornton, received a disclosure under the Public Interest Disclosure Act 1998 (PIDA) from a council member of staff. The disclosure concerned the procurement and implementation of the council's IT-based customer relationship management (CRM) system between 2009 and 2011. Grant Thornton undertook an investigation of the areas of concern raised in the disclosure and produced a report which was considered by this committee at its meeting on 9 September 2014.
- 4 In summary, the investigation found no evidence of impropriety in the procurement process, but did find some areas where lessons could be learned for future major project implementation.
- 5 The committee considered the PIDA report on 9 September 2014 and resolved that:
- (a) The external audit report, including agreed management action plan, at Appendix 1 be noted.
  - (b) The Audit and Governance Committee form a Task and Finish Group to scope and research work on governance structures, systems and procedures relating to procurement and projects, to include matters such as avoiding over reliance on any individual and incorporating 'what if' challenges.
  - (c) The Assistant Director, Governance brings a report to the committee on 26 November 2014 explaining what is now done differently with major projects within the organisation since the CRM implementation.
- 6 This report is in response to resolution (c) above. The approach adopted is to review (in **bold** type) the question raised by Members against each section of the detailed findings in the Grant Thornton Report, namely:
- Objectives and Scope of the Project;
  - Business Case and Benefits Appraisal;
  - Procurement Process;
  - Implementation and Post Implementation Review;
  - Has CRM provided value for money?
  - What are the Council's plans going forward? And
  - Did the Council deal with the complainant's concerns effectively?

### 7 Objectives and Scope of the Project.

- 8 This section is descriptive and does not contain any criticism of the Council's actions or generate any findings to be addressed. It identifies the objectives of the CRM project as:
- integrating front office service functions from all areas within scope into a single function;
  - making front office service delivery as efficient, convenient and accessible as possible;
  - demonstrating VfM and delivering efficiencies; and
  - improving customer and citizen satisfaction.

The intended project scope is described as covering three phases, as follows:

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Further information on the subject of this report is available from:  
Bill Norman, Assistant Director, Governance on Tel (01432) 260200

- **Phase 1:** broad service area coverage with 'shallow' integration based around existing customer service processes; strategic housing and revenues and benefits. There was to be system integration with the Local Gazeteer, Civica APP, Capita Academy, Morse Wisdom, Email and an Integration Platform was to be established to allow web self-service. The system was to be populated with data from revenues and benefits, the Gazeteer and Electoral Register;
- **Phase 2:** targeted service area coverage with 'deep' integration and front-to-back business process re-engineering to deliver further efficiencies. This would involve extending service coverage to: benefit and exchequer; children's services; provider services; legal & democratic; public health; NHS switch. A further acceleration of web based self-service was envisaged along with enhanced customer profiling; and
- **Phase 3:** further transformation and re-engineering of services, extending service coverage to environmental and cultural services; environmental health and trading standards; highways and sustainability; economic and community services and planning and transportation.

**No recommendations flow from this section of Grant Thornton's report.**

## **9 Business Case and Benefits Appraisal.**

- 10 Grant Thornton report that the preparation of the business case was overseen by the former assistant director for customer services and communications, who acted as Project Executive; and was supported by colleagues, including a day-to-day Project Manager (who prepared a detailed Project Initiation Document (PID)). The report records that the PID asserted that: 'through integrated channel management and innovative service re-design, savings of around 10%-20% per service area could be conservatively achieved.' A 'Net Benefit Model' ('NBM') was included in the PID.
- 11 Significantly, Grant Thornton conclude that: 'It is unclear from whence the cashable and non-cashable benefits were derived.' This is a key finding. However, it is linked to the next point (about the lack of corporate consultation) as well.
- 12 At page 10 of their report, Grant Thornton observe that: 'It is therefore clear that the bulk of the cashable benefits were seen to arise from reducing head count by centralising services and therefore deriving savings in back-office costs in departments; a switch to self-service and a reduction in system support costs.' In other words, the projected cashable savings were premised on roll out across all the authority's departments and services. This did not happen and it is important to understand why.
- 13 According to Grant Thornton, the reason is straightforward and, it would appear, eminently capable of being avoided in future: there was a lack of corporate consultation. In the language of the report: 'It does not appear that the relevant service departments, where the reductions in staff costs would arise, were properly consulted on the efficacy of the proposals or the robustness of the calculated savings, according to the staff we interviewed.'

- 14 The external auditors go on to find that: ‘... the figures were premised on delivery of all 3 Phases of the Project and therefore extending to services such as Children’s Safeguarding and Children’s Improvement and Inclusion.’ And, as the auditors note, ‘In reality the project subsequently did not progress much beyond Phase 1.’ This leads them to observe that: ‘such benefits could only have been delivered in full had the Council secured buy-in from all service departments at the outset’ and to conclude that: ‘This does not appear to have been the case.’
- 15 **There is good reason to believe that the failures identified above by Grant Thornton are unlikely to be repeated. The present senior management team (the Chief Executive, Directors and Assistant Directors) is fewer in number and different in make-up compared to 2010, with changes at all levels. Having joined the Council in mid-2013, no comment is made on the team in 2010, but the current team has a very clear sense of the authority’s priorities and its future direction of travel.**
- 16 **Today, as in the case of the 2010 CRM project, significant service changes are discussed at the Management Board before being the subject of reports for Member decision. Again, no comment is made on how matters were in 2010, but, today, Management Board discussions are inclusive and open, with officers attending encouraged to discuss issues and concerns. This collegiate atmosphere is conducive towards good quality decision making and a sense of ‘cabinet’ responsibility. Senior managers who have been able to participate in an open decision making process are far more likely to accept the outcome of that process. As a result, decisions tend to be implemented consistently across directorates with few instances of ‘silo working’ or non-compliance.**
- 17 The next issue noted by Grant Thornton is that: ‘... there does not seem to have been any independent report or cost-benefit evaluation of the project carried out by the Finance department, ...’ Although it is also noted that: ‘... there was Finance input into preparation of the financial information.’ The view of the external auditors is that: ‘The project was IT-led and therefore the robustness of the business case was lessened.’ Whilst the project also promised non-cashable benefits, these needed to be weighed against the costs and savings arising from the project. As Grant Thornton conclude: ‘This was not possible as the financial analysis was neither transparent, owned by all parts of the Council, nor fully realistic.’
- 18 **In the four years since 2010, the council (in line with local government generally) has become more experienced in procuring goods and services and better able to projecting the likely savings that will flow from service changes. Sustained year on year budget reductions since 2010 have resulted in a more realistic and robust approach to budgeting and the projection of savings from service changes.**
- 19 **Whilst, in the past, if projected savings turned out to be optimistic there were usually other areas where compensating efficiencies could be made, that is generally no longer the case. All budgets are under pressure and projected savings must be robust, or significant financial problems will be stored up for the future. This more aware approach to budgeting was illustrated by the manner in which the council’s budget for 2013-14 was balanced after the early in-year indication of a substantial, seven-figure overspend.**

- 20** Financial implications sections in reports are now completed by qualified finance staff, not by the report author. The financial business cases underpinning every proposed service change (including those involving IT systems) are tested and robustly challenged by finance officers. Reports will not be approved for publication with untested and unrealistic savings projections.
- 21** **Procurement Process.**
- 22 Grant Thornton conclusions in relation to the CRM procurement process are that:
- the Council appears to have carried out an appropriate tendering process with sufficient safeguards built in to ensure fairness and transparency; and
  - we have found **no** evidence to suggest that the tendering process was **not** carried out properly.
- 23** Compared to 2010, the council now has a commercial function which, through the adoption of a category management approach to procurement, has key officers dedicated to specific categories of expenditure. One of the specific categories is IT. The role of the team has been further strengthened by the appointment of a small number of specialist procurement professionals who provides additional expertise. In addition, the head of commercial services now provides sign-off to decision reports which provides increased assurance to compliance with the council's contract procedure rules.
- 24** **Implementation and Post Implementation Review.**
- 25 Grant Thornton record that the council itself, in an 'End Project Report,' reviewed the effectiveness of the implementation of the CRM project. That concluded that it had only been partially successful. At a more detailed level the council also produced a 'Dynamics-Lessons Learned' document which identified a number of other areas where benefits had not been fully realised or where lessons had been learned:
- difficulties were experienced in deploying the call centre technology in relation to 2 staff with visual impairments;
  - the Council realised late in the day that Amey had developed an in-house solution around the Infor system which resulted in an integration requirement not previously known;
  - there was late commitment to procure Ciber support which impacted on the implementation team having to provide support whilst also being tasked with new streams such as CIU, Reporting, Infor development; and
  - communications needed to be improved as teams were now working on sub projects and communications were more ad hoc than the previous formal governance arrangements.
- 26** Grant Thornton make no criticisms of the post implementation review activity undertaken by the council and this seems to have been undertaken with a commendable level of candour.

**27 Why was the project not fully Implemented?**

28 Grant Thornton attribute this failure to a mixture of factors, some within and some without the council's control. They conclude that: 'the Business Plan was very ambitious at the outset and the wider Council was not bought into it. When Austerity arrived, and 'the world changed' any commitment to deliver the original plan dissipated. The Council has a functioning system which delivers a unified call management system, but there does not appear much appetite to extend the system further. Elsewhere, Ciber has stated that similar systems have been delivered successfully to the full specification.'

**29 No additional recommendations flow from this section of Grant Thornton's report.**

**30 Has CRM provided value for money?**

31 Grant Thornton recognise that this is 'difficult to gauge,' but conclude that it is 'unlikely' that CRM delivered all of the cost savings on which the business plan was premised.'

**32 No additional recommendations flow from this section of Grant Thornton's report.**

**33 What are the Council's plans going forward?**

34 Grant Thornton note that the council is 'at a crossroads' in relation to corporate strategy in the light of significant budget challenges. This section of the report concludes with reference to the Cabinet receiving a report in April 2013 entitled 'Digital Strategy' which articulates 'a fundamentally different vision of digital engagement with customers ...' This will include a gradual migration to on-line engagement and away from in-person or phone contact.

**35 No additional recommendations flow from this section of Grant Thornton's report.**

**36 Did the Council deal with the complainant's concerns effectively?**

37 Grant Thornton record that they 'received every assistance from the Council in conducting this investigation;' and that the council 'treated the complaint with considerable seriousness.' However, they recommend that the council ensures that its internal procedures for dealing with informal complaints raised internally are 'well understood and remain robust.'

**38 The council's Whistleblowing Policy is currently being reviewed and this work will be reported to a future meeting of this committee.**

## **Community impact**

39 The council's corporate plan includes clear commitments both to maintaining openness and accountability for decision-making, service delivery and impact and to making the best use of resources available in order to meet the council's priorities. The areas for improvement identified in the report and the actions agreed in response support achievement of those.



## **Equality and human rights**

40 None identified.

## **Financial implications**

41 There are no financial implications arising from this report.

## **Legal implications**

42 The Public Interest Disclosure Act 1998 makes provision for the protection of whistle-blowers. The role of the auditor in conducting investigations once a disclosure has been made was set out in the report attached to the report to committee on 9 September 2014.

## **Risk management**

43 Areas for improvement identified within the external auditors' report have mitigating responding actions agreed.

## **Consultees**

44 None identified.

## **Appendices**

45 None.

## **Background papers**

- None identified.





<b>MEETING:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>PROGRESS REPORT ON 2014/15 INTERNAL AUDIT PLAN</b>
<b>REPORT BY:</b>	<b>INTERNAL AUDIT – SOUTH WEST AUDIT PARTNERSHIP</b>

## Classification

Open

## Key Decision

This is not an executive decision.

## 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.

The attached report (Appendix A) is a summary of the activity completed at 7 November 2014 for the 2014/15 audit plan.

## Recommendation

**That subject to any comments the Committee wishes to make the report be noted.**

## Alternative Options

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

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Further information on the subject of this report is available from  
Jacqui Gooding – Audit Manager (SWAP) on Tel: 01432 260294 or 07872500675

## **Reasons for Recommendations**

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

## **Key Considerations**

- 3 See Appendix A

## **Community Impact**

- 4 The report does not impact on this area.

## **Equality and Human Rights**

- 5 The report does not impact on this area.

## **Financial Implications**

- 6 There are no financial implications.

## **Legal Implications**

- 7 There are no Legal implications.

## **Risk Management**

- 8 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. This is mitigated by the regular active management and monitoring of progress against the agreed internal audit plan.

## **Consultees**

- 9 The Chief Financial Officer (Section 151 Officer) was consulted in the drafting of this report.

## **Appendices**

Appendix A – SWAP Plan Progress Report 2014/15

Appendix B – 2014/15 Annual Plan Progress

Appendix C – Audit Framework Definitions

## **Background Papers**

- None identified.



## **Herefordshire Council**

Report of Internal Audit Activity  
Plan Progress 2014-15 up to 7th November 2014

# Contents

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Appendix 'B'  
Appendix 'C'

2014/15 Annual Plan Progress  
Audit Framework Definitions



Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**

## Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 23<sup>rd</sup> June 2014.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- School Themes
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Reviews

## Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Chief Financial Officer (Section 151 Officer) following consultation with the Senior Management Team. This year's (2014/15) Plan was presented to this Committee on 23<sup>rd</sup> June 2014.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.



These are actions that we have identified as being high priority or corporate risks that have been assessed as “Very High” or “High” and that we believe should be brought to the attention of the Audit Committee ‘

## Report on Significant Findings/Risk

Appendix B is a summary of the Annual Plan for 2014/15 – a list of all audits as agreed in the Annual Audit Plan 2014/15. It is important that Members are aware of the status of audits as this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Where a review has a status of ‘Final’ and has been assessed as ‘Partial’ or ‘No Assurance’, I will provide further detail to inform Members of the key issues identified.

For the audits completed to report stage no audits have been assessed as ‘Partial’ or ‘No Assurance’.

For Operational Reviews an assessment on the management of each risk is included in the report. Any risks where the auditor’s assessment of risk to the organisation is “Very High” or “High” will be reported to the Audit Committee. No risks have been assessed as Very High or High.



## Completed Audit Assignments in the Period

### Audit Plan Progress

The summary of the Annual Plan for 2014/15 (Appendix B) highlights progress to date. Based on the findings of each review, an overall control assurance is offered. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Risk Levels, please refer to [Appendix 'C'](#).

As can be seen from [Appendix 'B'](#), the following audits have been progressed to date:

#### Operational:

- In Progress, 4 Reviews
- In Development, 1 Review
- Not Started, 8 Reviews

#### Governance, Fraud and Corruption:

- Complete, 3 Reviews – (2 Reasonable, 1 Non-Opinion)
- In Progress, 3 Reviews
- Not Started, 0 Review

#### Follow Up Reviews: (Non-Opinion)

- Complete, 3 Reviews
- Draft, 1 Review
- Not Started , 2 Reviews

#### School Themes –: Prevention of Fraud

- In Progress, 1 Review
- Not Started , 1 Review



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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

<p><b>Completed Audit Assignments in the Period</b></p>	<p><b>Audit Plan Progress</b></p> <p><b>Key Control:</b></p> <ul style="list-style-type: none"> <li>• Complete, 1 Review</li> <li>• Draft Report, 1 review</li> <li>• In Progress, 4 Reviews</li> <li>• Not Started, 5 Reviews</li> </ul> <p><b>ICT Reviews:</b></p> <ul style="list-style-type: none"> <li>• In Progress, 3 Reviews</li> <li>• Not Started, 3 reviews</li> </ul> <p><b>Grants:</b></p> <ul style="list-style-type: none"> <li>• Complete, 3 Claims, 1 Grant Sign Off</li> <li>• In Progress, 1 Claim</li> </ul> <p><b>Special reviews</b></p> <ul style="list-style-type: none"> <li>• Draft report, 1 Review</li> </ul>
<p><b>Special Reviews</b></p> <p>Unplanned work, special reviews or projects carried out on a responsive basis are requested by the Chief Financial Officer (Section 151 Officer).</p> <p>No reviews requested since my last update.</p>	

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

## Future Planned Work

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Chief Financial Officer. Two Grant Certification reviews – Transport Capital funding and Troubled Families have been requested as additional work not in the original annual plan.

## Conclusion

There have been three additional audit reviews that have impacted on the delivery of the plan and so progress for quarter 2 has not been as expected. Quarter two audits that are not complete are in progress. The School theme review – Prevention of fraud is now underway with some Schools visits already completed. The focus of this review is to ensure the School has adequate controls in place to safeguard against fraudulent or improper use of public money and assets. On completion of this work a summary report of control weaknesses and areas of good practice identified during the audit visits will be produced and issued to all Herefordshire Council Schools.

Some work has started on Key Control audits – these audits are completed to assist the External Auditor in their assessment of the Council's financial control environment and to give assurance to management and this Committee that all key controls are operating effectively.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

## Conclusion

As stated above I am pleased to report of the reviews completed to date there have been no Partial or No Assurance opinions and no significant findings or high corporate risks to report at this time but I will update the Committee if this changes.

The Special review reported in my last update is currently at Draft report with management. There are a number of recommendations for the Council to improve planning, procedures and to define roles and responsibilities which will help to mitigate the risk of similar situations occurring in the future.

**Appendix B**

**Herefordshire Council 2014-15 Audit Plan**

Audit Type	Audit Area	Quarter	Status	Opinion	No. of reccs	Recommendations				
						5	4	3	2	1
Key Control	Payroll 2014-15	1	Draft	Reasonable	9	0	0	9	0	0
Key Control	Accounts Payable 2014-15	1	Completed	Reasonable	3	0	0	3	0	0
Governance, Fraud & Corruption	Expense Fraud	1	Completed	Reasonable	6	0	0	5	0	0
Governance, Fraud & Corruption	Members Expenses	1	Completed	Reasonable	3	0	0	3	0	0
Operational	Housing - Home Point	1	In Progress		0	0	0	0	0	0
ICT	HC_User Access Management	1	In Progress		0	0	0	0	0	0
Grant Certification	Green Deal Pioneer Places Grant	1	Completed	Substantial	4	0	0	0	4	0
Grant Certification	HC Adoption Reform Grant	1	Completed	Non-Opinion	0	0	0	0	0	0
Grant Certification	Care Bill grant	1	Completed	Non-Opinion	0	0	0	0	0	0
Governance, Fraud & Corruption	Fraud & Corruption Survey	1	Completed	Non-Opinion	0	0	0	0	0	0
Follow Up	Income Collection	2	Drafting		0	0	0	0	0	0
Follow Up	Legal Services	2	Completed	Non-Opinion	1	0	0	1	0	0
Follow Up	Data Protection	2	Completed	Non Opinion	1	0	0	1	0	0
Follow Up	Gypsy & Traveller Service	2	Completed	Non Opinion	22	0	0	0	0	0
Governance, Fraud & Corruption	Risk Management	2	In Progress		0	0	0	0	0	0
Governance, Fraud & Corruption	Fraud & Corruption Policy	2	In Progress		0	0	0	0	0	0
Governance, Fraud & Corruption	Whistleblowing Policy	2	In Progress		0	0	0	0	0	0
Operational	Procurement	2	In Progress		0	0	0	0	0	0
Operational	Financial Contributions & Fairer Charging	2	In Progress		0	0	0	0	0	0
Operational	Framework i-case management system	2	In Progress		0	0	0	0	0	0
Schools	Schools - Prevention of Fraud	2	In Progress		0	0	0	0	0	0
Operational	Looked After Children	2	Deferred to qrt 4		0	0	0	0	0	0
Grant Certification	Transport Capital Funding	2	Completed	Non-opinion	2	0	0	2	0	0
Special Investigation	Colwall Primary School- Damp Problems - Lesson Learned	2	Draft		0	0	0	0	0	0
Follow Up	Payroll	3	Not Started		0	0	0	0	0	0
Follow Up	Accounts Payable	3	Not Started		0	0	0	0	0	0
Key Control	Accounts Receivable	3	In Progress		0	0	0	0	0	0
Key Control	Main Accounting	3	Not Started		0	0	0	0	0	0
Key Control	Treasury Management	3	Not Started		0	0	0	0	0	0
Key Control	Capital Accounting	3	Not Started		0	0	0	0	0	0
Key Control	Council Tax	3	In Progress		0	0	0	0	0	0

**Appendix B**

**Herefordshire Council 2014-15 Audit Plan**

Audit Type	Audit Area	Quarter	Status	Opinion	No. of recs	Recommendations				
						5	4	3	2	1
Key Control	NDR	3	In Progress		0	0	0	0	0	0
Key Control	Housing & Council Tax Benefits	3	In Progress		0	0	0	0	0	0
Follow Up	Health & Safety	3	Deferred to quarter 4		0	0	0	0	0	0
Grant Certification	Troubled Families	3	Draft							
Operational	Use of Agency Staff	3	Not Started		0	0	0	0	0	0
ICT	Software Asset Management	3	In Progress		0	0	0	0	0	0
ICT	Education, Health & Care Plans data	3	Not Started		0	0	0	0	0	0
Operational	Preparations for the Care Bill	3	Not Started		0	0	0	0	0	0
Operational	Homelessness	4	Not Started		0	0	0	0	0	0
Operational	Peer Challenge/Benefits Realisation	4	Not Started		0	0	0	0	0	0
Operational	Registrars & Coroners	4	Not Started		0	0	0	0	0	0
Operational	Home School Transport	4	Not Started		0	0	0	0	0	0
Operational	Elections	4	Not Started		0	0	0	0	0	0
School	Schools - Safer Recruitment	4	Not Started		0	0	0	0	0	0
Operational	Safer Recruitment - Excluding Schools	4	Not Started		0	0	0	0	0	0
ICT	Hardware Asset Management	4	Not Started		0	0	0	0	0	0
ICT	ISO27001 Implementation	4	Not Started		0	0	0	0	0	0

## Audit Framework Definitions

### Control Assurance Definitions

<b>Substantial</b>	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

### Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

### Definitions of Risk

Risk	Reporting Implications
<b>Low</b>	Issues of a minor nature or best practice where some improvement can be made.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>High</b>	Issues that we consider need to be brought to the attention of senior management.
<b>Very High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.







<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>DRAFT ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY 2014</b>
<b>REPORT BY:</b>	<b>CHIEF FINANCIAL OFFICER AND INTERNAL AUDIT – SOUTH WEST AUDIT PARTNERSHIP</b>

### **Classification**

Open

### **Key Decision**

This is not an executive decision

### **Wards Affected**

County-wide

### **Purpose**

To present to the Audit and Governance Committee the draft Anti-Fraud, Bribery and Corruption Policy for comment.

### **Recommendation**

**That the Audit and Governance Committee comment on the draft update of the Anti-Fraud, Bribery and Corruption Policy**

## **Alternative Options**

- 1 There are no alternative options as this is a draft for comment.

## **Reasons for Recommendations**

- 2 The audit and governance code requires this committee to approve the council's anti-fraud and corruption policies and to review them on a biennial basis. The policy attached at Appendix A has been drafted using best practice from other authorities but needs to go through the council's governance and decision framework for policy revisions to ensure that the policy is legal and any other policies affected by it are also revised. The committee are invited to comment on the draft before it goes through this process.

## **Key Considerations**

- 3 The draft policy summarises the culture of the council with regard to its opposition to fraud and corruption.

The policy also sets out clearly to members, employees, contractors, the council's partners, and the public:

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

## **Community Impact**

- 4 The report does not impact on this area.

## **Equality and Human Rights**

- 5 The report does not impact on this area.

## **Financial Implications**

- 6 There are no financial implications.

## **Legal Implications**

- 7 There are no legal implications as the report is seeking comments on the draft.

## **Risk Management**

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

## **Consultees**

- 9 The Chief Financial Officer (Section 151 Officer) was consulted in the drafting of this policy.

## **Appendices**

Appendix A – Anti-Fraud, Bribery and Corruption Policy

## **Background Papers**

- None identified.



## Anti-Fraud, Bribery and Corruption Policy

Reference Number	
Approved by	Audit and Governance Committee
Date Approved	
Version	2.0
Last reviewed	12 March 2012
Review Date	13 November 2014
Category	Corporate Governance
Owner	Chief Financial Officer
Target Audience	All Council Staff, Members, Contractors, the Council's partners and the Public

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

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

## 1. Introduction

1.1 The Council is determined to pursue a policy of zero tolerance to fraud, bribery and corruption.

1.2 The purpose of this Policy is to set out clearly to members, employees, contractors, the Councils Partners, and the public:

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

1.3 The council controls millions of pounds of public money and takes very seriously its stewardship of this money and the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject. Proper accountability achieved through probity, internal control and honest administration is therefore essential.

1.4 The Government has made it clear as they attempt to reduce Public Sector spending that they expect both central and local government to take the issue of fraud seriously and do more to tackle the issues from public sector funding to prevent fraud. In June 2011 'Eliminating Public Sector Fraud' set out four priorities to tackle fraud effectively in the public sector:

- Collaboration
- Zero Tolerance
- Better assessment of risks and measurement of losses
- Greater focus on fraud prevention activity

1.5 This was followed by the National Fraud Authority (NFA) producing a National Local Government Fraud Strategy (April 2012) 'Fighting Fraud Locally'. The strategy contains examples of good practice which should enhance the fight against fraud based around three key themes:

- Acknowledge – acknowledging and understanding fraud risks
- Prevent – Preventing and detecting fraud

- Pursue – being stronger in punishing fraud and recovering losses
- 1.6 Whilst there is a need for an Anti Fraud, Bribery and Corruption Policy it is equally important to emphasise the faith the council places in the integrity and honesty of its entire staff. The Council also expects that all outside individuals and organisations including suppliers, contractors and claimants will act towards the Council with honesty and integrity.
- 1.7 All Members and staff are expected to be aware of standards of conduct and the procedures designed to reduce the risk of fraud, bribery and corruption occurring.
- 1.8 All staff shall be responsible for their own conduct, with managers being additionally responsible for maintaining internal checks and control procedures within their service area.
- 1.9 Fraud, Bribery and Corruption risks will be considered as part of the Council's Strategic Risk Management arrangements.

## 2. What is Fraud, Bribery and Corruption

- 2.1 **The Fraud Act 2006** created a criminal offence of fraud and identifies three main ways it can be committed with a maximum penalty of 10 years imprisonment:
- Fraud by false representation
  - Fraud by failing to disclose information
  - Fraud by abuse of position
- 2.2 The Act also created four related criminal offences of:
- Possession of articles for use in frauds
  - Making or supplying articles for use in frauds
  - Participating in fraudulent business
  - Obtaining Services dishonestly
- 2.3 **The Bribery Act 2010** defines bribery as “giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so”. There are four key offences under the Act:
- Bribery of another person

- Accepting a bribe
- Bribing a foreign public official
- A corporate offence of failing to prevent bribery

2.4 **The Proceeds of Crime Act 2002 and the Terrorism Act 2000** place obligations on the Council and its staff with respect to suspected money laundering and makes it a criminal offence to help a criminal 'launder' the proceeds of crime.

### 3. Culture

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

3.2 There is an expectation that and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that members and staff at all levels, will lead by example.

3.3 The Council's staff are an important element in its stance on fraud and corruption and are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Council's activity. This they can do in the knowledge that such concerns will be treated in confidence and properly investigated.

### 4. Reporting

4.1 Employees should normally raise concerns with their immediate manager or that manager's manager. This depends, however on the seriousness of the issues involved and who is suspected of the malpractice. If staff believe that their management is involved they should approach:

- i) The Chief Executive – Tel : 01432 260044
- ii) The Chief Financial Officer - Tel: 01432 383519
- iii) The Assistant Director - Governance - Tel: 01432 260200
- iv) Internal Audit Manager - 01432 260294 or 07872500675



- 4.2 Elected members should normally report any concerns to the appropriate Senior Leadership Team Member or one of the officers listed in 4.1
- 4.3 The Council also discourages anybody who has reasonably held suspicions from doing nothing, trying to investigate the matter themselves, approaching or accusing the individual themselves. Any of these actions could result in any counter fraud investigation being compromised.
- 4.4 Senior Management are responsible for following up any allegation of fraud or corruption and will do so in line with the Council's Financial Regulations.
- 4.5 Senior Management are expected to deal swiftly and firmly with those who have defrauded the Council or who are corrupt.
- 4.6 There is a need to ensure that any investigation process is not misused and therefore, any abuse such as raising unfounded malicious allegations will be dealt with as a disciplinary matter.

## **5. Prevention**

- 5.1 The Council recognises that a key preventive measure in the fight against fraud, bribery and corruption is the taking of effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard temporary and contract staff will be treated in the same manner as permanent staff.
- 5.2 The Council will regularly review and keep its Disciplinary Procedures up to date and in line with good practice.
- 5.3 The Council has Standing Orders for the Regulation of Contracts, Financial Standing Orders and Financial Regulations in place that provide a lead and requirement on staff ,when dealing with the Council's affairs to act in accordance with best practice.
- 5.4 The Chief Financial officer will ensure that Financial Standing Orders and Financial Regulations are kept up to date and made available to all staff.
- 5.5 The Assistant Director - Governance will ensure that the Code of Conduct and Standing Orders for the Regulation of Contracts are up to date and made available to all staff.

- 5.6 The Council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the Directors, Assistant Directors and Heads of Service and other key managers will ensure that such controls, including those in a computerised environment are properly maintained. Their existence and appropriateness will be independently reviewed by the Council's Internal Audit Service.
- 5.7 The council will work with the primary Care Trust and NHS Trust to develop where possible a joint approach to antifraud activity.

## **6. Detection**

- 6.1 Directors, Assistant Directors, Heads of Service and other key managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the Chief Internal Auditor.
- 6.2 Internal Audit shall from time to time, inspect systems to give assurance to the Audit and Governance Committee that internal control is adequate and operating satisfactorily.
- 6.3 Herefordshire Council will take part in National Fraud Initiative operated by the Audit Commission.
- 6.4 The Audit and Governance Committee will review and approve as part of the Annual Audit Plan the Internal Audit programme for fraud prevention and detection work.
- 6.5 The Council's Code of Practice on Whistleblowing allows employees and members to raise any concerns they may have in confidence and anonymously should they wish.

## **7. Investigations**

- 7.1 The investigation of fraud, bribery and corruption is a complex and specialist area and will usually be undertaken by Internal Audit, or for less complicated cases, managers, under Internal Audit advice. Internal Audit will ensure that there is a procedure that can be implemented to ensure that all evidence is correctly obtained, stored and recorded.

- 7.2 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies to ensure that all allegations and evidence is properly investigated and reported on.
- 7.3 To facilitate audit work and investigations, Internal Audit staff are accorded rights, by the Accounts and Audit Regulations 2011, to access all necessary documents, records, information and explanations from any member of staff.
- 7.4 When undertaking fraud investigations, Council investigators will observe the Police and Criminal Evidence Act Codes of Practice.
- 7.5 Any decision to refer an investigation to the Police will be taken by the Audit Manager in consultation with the Chief Financial Officer and others, as appropriate.

## **8. Discipline and Prosecution**

- 8.1 The Council's Disciplinary Procedures will be used where the outcome of any investigation indicates improper behaviour.
- 8.2 The Chief Financial Officer is responsible for deciding in consultation with the relevant member of Joint Management Team and the Audit Manager as appropriate, whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters

## **9. Recovery of Losses**

- 9.1 The Council will normally seek to recover losses incurred as a result of fraud, bribery and corruption.
- 9.2 If anyone under investigation offers money in settlement of any losses to the Council, it should be made clear that any monies offered will be accepted:
- Without prejudice to any other actions the Council may wish to take
  - That acceptance is only in respect of losses identified to date
  - And that the council reserves the right to seek recovery any further losses that may come to light in the future
- 9.3 Consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to cover the Council's losses.

## **10. The Council's Equal Opportunities Policy**

11.1 All investigations, internal procedures and codes of conduct will comply with and take account of Herefordshire Council's Equal Opportunity Policy.

## **11. Data Protection**

12.1 The Council will share any personal data with the police or any other body in connection with the detection, investigation or prosecution of fraud in line with the Data Protection Act 1998.

## **12. Working with Other Agencies**

13.1 There are arrangements in place to continue to develop and encourage the exchange of information between the Council and other Agencies in relation to fraud, bribery and corruption to help prevent, deter and detect fraud. These include

- Police
- DWP
- HMRC
- Audit Commission (NFI)
- Other Authorities



<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT – AUGUST 2014</b>
<b>REPORT BY:</b>	<b>CHIEF FINANCIAL OFFICER</b>

## Classification

Open

## Key Decision

This is not a key decision

## Wards Affected

County-wide

## Purpose

To update the Committee on the financial position to end of August 2014 as reported to Cabinet on 9 October 2014.

## Recommendation(s)

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

## Alternative Options

- 1 There are no alternative options.

## Reasons for Recommendations

- 2 The forecast outturn for the year, based on spend to the end of August 2014 is break-even.

## Key Considerations

### Revenue Outturn

- 3 The Cabinet report sets out a forecast break-even position at year-end based on

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Further information on the subject of this report is available from  
Peter Robinson, Chief Finance Officer on 01432 383519

information at the end of August 2014. Directorate pressures are being mitigated by underspends in corporate budgets. This compares with a forecast £4.5m over-spend forecast in 2013/14 at the same point in the year. External Audit consider the authority to be in a much stronger financial position than it was 12 months ago and has rated all areas of financial performance as green.

- 4 There are in year pressures in relation to Adults, £1m and Children's, £0.5m. Additional spend of £600k Learning Disability transitions, including £300k pressure relating to young people in residential educational and care setting, £320k on Colwall school temporary accommodation needs and £400k on grass cutting have been partially mitigated by using the revenue contingency of £700k. The treasury management budget will underspend due to continued low interest rates and the corporate managing change budget of £2m will underspend by an estimated £1m as voluntary leavers have reduced the need for redundancies.
- 5 The overall council budget made allowance for slippage on savings, taking into consideration the reductions required, £15m. This will mean the 2014/15 budget remains on target, however caution must be exercised in reviewing the realism of savings and budgets set out in the Medium Term Financial Plan (MTFP) when reviewing the 2015/16 budget over the coming months. This may mean other savings initiatives need to be considered above those planned.
- 6 As well as the revenue contingency the council budget includes £1.6m set aside for the 13/14 anticipated overspend that could be used if other unforeseen items occur that otherwise will be used to increase reserve levels. This has not been used in the forecast to mitigate pressures.

Service	Budget Exp.	Budget (income)	Net budget	August Forecast Outturn	Projected Over/ (under) spend
	£000	£000	£000	£000	£000
Adults and Wellbeing	78,274	(22,908)	55,366	56,338	972
Children's Wellbeing	43,616	(22,179)	21,437	21,921	484
Economy, Communities & Corporate	124,583	(71,456)	53,127	52,902	(225)
<b>Directorate total</b>	<b>246,473</b>	<b>(116,543)</b>	<b>129,930</b>	<b>131,161</b>	<b>1,231</b>
Treasury management	16,060	(180)	15,880	15,350	(530)
Other budgets and reserves	6,759	(6,434)	325	(675)	(1,000)
<b>Total</b>	<b>269,292</b>	<b>(123,157)</b>	<b>146,135</b>	<b>145,836</b>	<b>(299)</b>

### Adults and Wellbeing

- 7 The latest forecast predicts an over-spend against budget of £972k at the year-end.

- 8 The Directorate has a target of £5.5m savings to deliver in 2014/15 and the majority of transformation and project plans are underway to address these efficiencies. Of the £5.5m savings target the main shortfalls in delivery relate to £1.1m demand management savings and £900k that was assumed to be delivered from reassessments leading to exits from care following the introduction of the new FACE RAS.
- 9 The area of main risk continues to relate to growth in adult social care, specifically the growth in residential and nursing home admissions, which has again continued during the last month. In addition additional costs associated with transitions, young people moving into adult social care is £300k higher than was previously forecast.
- 10 The trend of increased activity within nursing and residential care, and demand for social care assessment across older people, is reflected across the health system and in particular the acute and urgent care system. During August, the hospital was reporting its highest level of occupancy and had to activate major incident plans due to demand. This has inevitably led to pressure on the adult social care system to move more people into residential and nursing care rapidly, rather than look at alternative community based options. Other areas that require further investigation and action put in place are community equipment, older people and working age mental health costs. Actions have already been put in place to accelerate savings plans in these areas.
- 11 The majority of the contracts in Public Health need to be procured in 2014/15. The commissioning and procurement programme is now in place with the first tendering process due to start in October 2014.

### **Children's Wellbeing**

- 12 The latest forecast predicts an over-spend against budget of £484k at the year –end, an increase of £364k since May.
- 13 The Directorate has a target of £2.5m savings to deliver in 2014/15 and the majority of the actions have been concluded and savings delivered across the whole directorate, or are underway to address this. Of the target the main shortfalls in delivery and also growing pressure relate to £986k of children in care costs and £480k of staffing costs in Safeguarding Services. These two areas remain the highest areas of risk for the Children's budget.
- 14 The number of children in care currently stands at 265, a 12% increase since this point last year (235). Significant effort has been made to control these costs, despite the growth in numbers. This work has seen a reduction in the use of independent foster agency placements which are more costly than the Council's own fostering service; no new residential placements since May; and little variation in spend for the last six months. The Herefordshire Intensive Placement Support Service has now been commissioned and commences work this autumn, with a specific remit to reduce costs and improve outcomes in this area of the children's system.
- 15 The Council still has a planned significant reliance on long term agency staff. The turnover of permanent staff has slowed down. The commitment to keep caseloads at

a manageable level has led to an increase in the number of front line staff. The staffing budgets are currently being reprofiled to ensure the year end forecasts accurately reflect the management savings, and changing profile of permanent and agency staff. In the past six months staffing costs have remained relatively stable despite halving the number of cases per worker and achieving a positive outcome from OFSTED.

- 16 The Directorate is finalising a series of further transformation projects to address over the medium term the underlying pressures within the Children's budget, which currently has an overreliance on individual grants such as the Education Support Grant (£1.7m) used to support the safeguarding position.

### **Economy, Communities and Corporate**

- 17 The projected outturn of £225k underspend is after providing for additional grass cutting of £400k; £250k for children's play areas and £150k verge cutting. This was partially funded by use of £200k corporate revenue contingency.
- 18 Car parking income is expected to exceed income budget by £225k based on current trends. Income from the Old Market site is currently being monitored and is expected to increase the forecast underspend in future months.
- 19 Planning Income continues to increase and is currently expected to exceed income budget by £510k. There are further large applications expected over the next 24 months which may improve the current year position dependant on the timing of these.
- 20 There are further in year pressures in relation to property repairs and maintenance £125k, energy costs £120k and legal services £90k. Improvement plans are currently being developed to reduce these pressures.
- 21 Further detail on the current projected position for the year within Directorates are summarised in Appendix A.

### **Treasury Management**

- 22 The treasury management budget is forecast to underspend by £530k this year as a result of deferring the take up of prudential borrowing and obtaining short term loans at a lower interest rate.

### **Other budgets and reserves**

- 23 Earmarked reserves and contingency budgets are set-aside for in year pressures. Of the £2m change management budget a £1m underspend is predicted due to less than forecast redundancy costs. The revenue contingency budget of £700k will be vired to:

	£000
Colwall School temporary accommodation (CWB)	200
Grass cutting	200
Learning Disability transitions - Adults	<u>300</u>
Total	700



24 Following the 2012/13 Audit of our Accounts in September 2013 Grant Thornton rated the following areas as amber:

- Key indicators of financial performance
- Strategic Financial Planning
- Financial Governance
- Financial Control

The assessment for levels of reserve was assessed as red.

Their report to the Audit and Governance Committee 29 September 2014 all areas were re-assessed as green, meaning adequate arrangements are now in place. The External Auditor commented that both financial discipline had improved and that budget monitoring arrangements were much stronger than in previous years.

### **Capital**

25 It is forecast that capital spending will be £8.8m higher than budgeted, £85.3m for 2014/15, changes relate to government grants or re-profiling expenditure between years.

- Transfer of £0.6m to Children's Wellbeing from the Capital Contingency contributing towards the temporary building costs of Colwall School.
- An increase of £3.87m on highways improvements relating to additional funding announced by the Department for Transport. This consists of Pot Hole Funding of £2.57 million; and Severe Weather Repair Funding of £1.3 million.
- An additional £1.3m relating to the purchase of wheeled bins which are to be funded by transfer from the Waste Reserve.
- Re-profiling of expenditure on Leisure Centre Improvements, an increase of £2m to £5.3m in 2014/15 with a corresponding reduction in 2016/17.

### **Community Impact**

26 The budget monitoring report helps the council demonstrate how its resources are being directed to meet corporate priorities.

### **Equality and Human Rights**

27 The recommendations do not have any equality implications

### **Financial Implications**

28 These are contained within the report.

### **Legal Implications**

29 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.

## **Risk Management**

30 Monthly reporting gives the Chief Finance Officer assurance on the robustness of budget control and monitoring, highlighting key risks and identifying any mitigation to reduce the impact of pressures on the council's overall position

## **Consultees**

31 None

## **Appendices**

Appendix A - Revenue forecast

## **Background Papers**

None identified

## Appendix A

Directorate Net Budget	Net Budget August £000	August Variance £000	May Variance £000	Difference £000	Explanation
Adults and Wellbeing	55,366	972	250	722	Mainly due to under-delivery of saving targets relating to demand management and numbers of service users exiting care following the implementation of FACE RAS
Children's Wellbeing	21,437	484	120	364	Ongoing pressure on placement costs and the need for agency staff.
Economy, Communities & Corporate	53,127	(225)	90	(315)	Grass cutting pressure increased by £310k to £400k, partly mitigated by £200k revenue contingency
<b>DIRECTORATES TOTAL</b>	<b>129,930</b>	<b>1,231</b>	<b>460</b>	<b>771</b>	Increased income in Planning £510k and Parking £225k
Treasury Management	15,880	(530)	(520)	(10)	Further reduction in borrowing costs
Other budgets and reserves	325	(1,000)	0	(1,000)	Underspend on Managing Change reserve
<b>TOTAL</b>	<b>146,135</b>	<b>(299)</b>	<b>(60)</b>	<b>(239)</b>	

	<b>£000</b>
<b>Movement in respect of budget changes is comprise as follows:</b>	
<b>ADULTS &amp; WELLBEING</b>	
Transfer from revenue contingency budget	300
Transfer of Healthwatch budgets to Adults & Wellbeing	107
Adjustments to match centralised budgets to grant funded budgets	36
<b>CHILDRENS WELLBEING</b>	
Transfer from revenue contingency budget	200
Adjustments to match centralised budgets to grant funded budgets	(5)
<b>ECONOMY, COMMUNITIES &amp; CORPORATE</b>	
Transfer from revenue contingency budget	200
Transfer of Healthwatch budgets to Adults & Wellbeing	(107)
Adjustments to match centralised budgets to grant funded budgets	(31)
<b><u>Allocation form Revenue Contingency budget</u></b>	<b><u>(700)</u></b>
<b><u>TOTAL</u></b>	<b><u>NIL</u></b>

## Adults & Wellbeing

Service	Annual Budget				August		Main reasons for change since May
	Budget Expenditure £000's	Budget (Income) £000's	Net Budget £000's	August Forecast Outturn £000's	Projected Over/ (Under)spe nd £000's		
Learning Disabilities	17,042	(1,692)	15,350	15,777	427	Young People placements - Transitions	
Memory and Cognition	6,332	(1,272)	5,060	5,047	(13)		
Mental Health	3,151	(741)	2,410	3,201	791	6% Increase in care package approvals	
Physical Support	25,456	(4,953)	20,503	21,276	774	5% Increase in care package approvals. £100k increase in Residential Care weekly fee rates.	
Sensory Support	579	(107)	472	748	276	8% Increase in care package approvals	
<b>Client Sub-Total</b>	<b>52,559</b>	<b>(8,766)</b>	<b>43,794</b>	<b>46,049</b>	<b>2,255</b>		
Operations	8,779	(1,541)	7,239	6,937	(301)	Vacancy savings identified. Slippage on training.	
Commissioning	7,206	(727)	6,479	6,162	(317)		
Directorate Management	285	(3,886)	(3,601)	(3,601)	0		
Public Health	8,075	(7,989)	86	86	(0)		
Transformation and Safeguarding	1,369	0	1,369	1,169	(200)	Vacancy savings identified.	
Use of one off reserves/grants	0	0	0	(465)	(465)		
<b>Non Client Sub-Total</b>	<b>25,715</b>	<b>(14,143)</b>	<b>11,572</b>	<b>10,289</b>	<b>(1,284)</b>		
<b>Adult's Wellbeing</b>	<b>78,274</b>	<b>(22,908)</b>	<b>55,366</b>	<b>56,338</b>	<b>972</b>		

## Children's Wellbeing

Service	Annual Budget				August Forecast Outturn £000's	August Projected Over/ (Under) spend £000's	Main reasons for change since May
	Budget Expenditure £000's	Budget (Income) £000's	Net Budget £000's	August Forecast Outturn £000's			
Directorate Costs	7,757	(8,266)	(509)	(1,352)	(843)	One off grant funding and refund of £73K due from Worcs for YOPS service	
<b>Directorate Costs</b>	<b>7,757</b>	<b>(8,266)</b>	<b>(509)</b>	<b>(1,352)</b>	<b>(843)</b>		
Additional Needs - less DSG	6,660	(4,331)	2,329	2,263	(66)	Vacancy savings identified	
Children's Commissioning	1,405	(106)	1,299	1,298	(1)		
Commissioning Management	493	(83)	410	250	(160)	Business support costs now included here	
Development and Sufficiency	9,121	(7,661)	1,460	1,562	102		
Education Improvement	698	(451)	247	257	10		
<b>Education &amp; Commissioning</b>	<b>18,376</b>	<b>(12,632)</b>	<b>5,745</b>	<b>5,630</b>	<b>(115)</b>		
Safeguarding & Review	797	(81)	716	758	42		
Early Help & Family Support	2,360	(908)	1,452	1,550	98		
Fieldwork	3,019	(5)	3,014	3,394	380	Continued use of agency staff, originally only forecast for 6 months now assumed to be in post until year end	
Looked After Children	7,178	(257)	6,921	6,653	(268)		
LAC External placements	2,666	(30)	2,636	3,622	986	Placements currently under review with a hope that some young people will move to the HIPPS programme by the end of the financial year	
Safeguarding training	720	0	720	775	55		
Safeguarding Management	742	0	742	891	149	Business support costs now included here	
<b>Safeguarding &amp; Family Support</b>	<b>17,483</b>	<b>(1,282)</b>	<b>16,201</b>	<b>17,643</b>	<b>1,442</b>		
<b>Children's Wellbeing</b>	<b>43,616</b>	<b>(22,179)</b>	<b>21,437</b>	<b>21,921</b>	<b>484</b>		

## Economy, Communities and Corporate

Service	Annual Budget			August Forecast Outturn £000's	August Projected Over/ (Under)spend £000's	Main reasons for change since May
	Budget Expenditure £000's	Budget (Income) £000's	Net Budget £000's			
Economic, Environment and Culture	9,652	(8,853)	799	168	(631)	Increased income in car parking £225k and planning £510k.
Placed Based Commissioning	42,117	(3,990)	38,127	38,364	237	Pressures for Grass cutting increased from £90k to £400k of which £200k will be met from contingency budget.
Finance & ICT	56,217	(52,708)	3,509	3,476	(33)	
Community and Customer Services	3,716	(696)	3,020	3,009	(11)	
Governance	4,424	(826)	3,598	3,687	89	Pressures within Legal Services after centralisation
Directorate Support	457	(36)	421	424	3	
Property Services	6,930	(4,267)	2,663	2,784	121	Pressures in relation to rates and repairs
<b>Economic, Communities and Corporate</b>	<b>123,513</b>	<b>(71,376)</b>	<b>52,137</b>	<b>51,912</b>	<b>(225)</b>	
Public Relations Office	624	(80)	544	544	0	
Chief Executive	446	0	446	446	0	
<b>Chief Executive</b>	<b>1,070</b>	<b>(80)</b>	<b>990</b>	<b>990</b>	<b>0</b>	
<b>Total ECC and Chief Executive</b>	<b>124,583</b>	<b>(71,456)</b>	<b>53,127</b>	<b>52,902</b>	<b>(225)</b>	







<b>Meeting:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>Meeting date:</b>	<b>26 NOVEMBER 2014</b>
<b>Title of report:</b>	<b>RECORDING OF MEETINGS</b>
<b>Report by:</b>	<b>GOVERNANCE MANAGER</b>

## Classification

Open

## Key Decision

This is not an executive decision.

## Wards Affected

Countywide

## Purpose

To note the technical amendment required to the constitution, and approve a protocol to guide recording of public meetings.

## Recommendation(s)

**THAT:**

- (a) **the amendment of paragraph 4.1.24.1 of the constitution being undertaken by of the Assistant Director Governance to comply with legislation is noted; and**
- (b) **The draft protocol (at appendix 1) for recording of public meetings of the council be approved.**

## **Alternative options**

- 1 There is no alternative to permitting recording as it is a statutory requirement.
- 2 A protocol is not essential; however adoption of a protocol mitigates the risk that those attending meetings are unaware of their rights and responsibilities as regards to the recording of meetings

## **Reasons for recommendations**

- 3 To ensure compliance with legislative requirements.

## **Key considerations**

- 4 In August 2014 the government introduced new regulations which, amongst other things, seek to ensure that members of the public are able to report on public meetings of local government bodies. Reporting may be by filming, photographing, audio recording or any other means.
- 5 The regulations form part of the Local Audit and Accountability Act 2014 which was promoted by the government as the key to helping those using social media channels (e.g. blogs and tweets), as well as journalists, to help demystify local government and make it more transparent for all.
- 6 The regulations allow anyone to attend a public meeting of the council for the purposes of reporting, and allow anyone with the aim of reporting to use any communication method, including the internet, to publish, post or otherwise share the results of their reporting activities, during or after the meeting.
- 7 The changes made by the regulations do not affect the current circumstances in which a private meeting may be held or a person may be excluded (for example where exempt information would be disclosed).
- 8 The council's constitution (at paragraph 4.1.24.1) forbade the filming or recording of any meeting without the prior consent of the meeting chairman. To ensure continued compliance with current legislation it is proposed to amend this paragraph to confirm that recording of public meetings is permitted and indicating that regard should be had to the council's protocol on recording of meetings. The constitution delegates authority to the Assistant Director Governance (as monitoring officer) to make amendments to the constitution which are technical in nature or required by law.
- 9 A protocol has been drafted and is attached at Appendix 1. It is designed to ensure that those undertaking recording are aware that they should do so in a way which is not disruptive to the meeting itself; they should respect the privacy of other members of the public who may be attending the meeting; and that they remain responsible for the use to which they put the material.
- 10 To ensure that everyone attending public meetings is aware that recording may be taking place it is also proposed to display notices to that effect in public meeting rooms and in the agenda pack; the chairman should also make a brief announcement to that effect.

## **Community impact**

- 11 The council has adopted a set of values which underpin its work and which include a commitment to openness and transparency. A protocol to guide those wishing to record public meetings will assist in maintaining this commitment.

## **Equality and human rights**

- 12 The general duty placed on public bodies has three aims, those being to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act
  - Advance equality of opportunity between people who share a protected characteristic and those who do not
  - Foster good relations between people who share a protected characteristic and those that who do not.
- 13 The public sector equality duty requires the council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying “due regard” in our decision making in the design of policies and in the delivery of services. By ensuring that those wishing to record or report on public meetings of the council have clarity about doing so will assist in ensuring that decision making is as open as possible.

## **Financial implications**

- 14 There are no financial implications arising from the recommendations.

## **Legal implications**

- 15 These are discussed in the body of the report.

## **Risk management**

- 16 Any risk that those attending meetings are not aware of the rights and responsibilities arising from the regulations is mitigated by adoption and implementation of a protocol.

## **Consultees**

- 17 None.

## **Appendices**

Appendix 1 – Draft protocol re recording at public meetings of the council.

## **Background papers**

- None identified.



## **RECORDING, PHOTOGRAPHY AND USE OF SOCIAL MEDIA IN COUNCIL MEETINGS: PROTOCOL AND GUIDANCE**

The Openness of Local Government Bodies Regulations 2014 allow reporting at meetings of the council which are open to the public to attend (such as Council, Cabinet and any committees). Reporting includes filming, photographing and making an audio recording of proceedings at a meeting, and also any other means, including social media, for enabling a person who is not present to see or hear proceedings at a meeting as it takes place or later.

Reporting is not permitted where the public have specifically been excluded from the meeting in accordance with lawful requirements. If this is the case an explanation will be given of those reasons by the chairman at the meeting.

The regulations do not permit oral reporting or commentary on a meeting as it takes place if the person reporting or providing the commentary is present at the meeting.

The reporting of meetings should not disrupt the business of the meeting. If it does the person reporting can be asked to stop doing so and if they do not, they may be asked to leave the meeting.

The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure they comply.

If you are intending to film, photograph or otherwise record at the meeting

- please let the governance services team know as far in advance of the meeting as possible so that any appropriate arrangements can be put in place
- please remain within the area designated for the public and minimise movement
- please do not use flash photography or additional lighting without prior approval
- please respect the privacy of members of the public and do not film or photograph any member of the public speaking at, or attending the meeting if they have indicated that they do not wish to be included
- please do not put undue restrictions on the material produced, so that it can be reused by local people and organisations on a non-commercial basis

If you are attending a meeting and do not wish to be filmed or photographed please let the governance services team know before the meeting starts so that anyone who intends filming or photographing can be made aware.

### **Further information**

Further advice or guidance may be sought from the governance team  
([GovernanceSupportTeam@herefordshire.gov.uk](mailto:GovernanceSupportTeam@herefordshire.gov.uk))

Notice to be displayed in all public meeting rooms:

#### Recording of meetings.

Anyone is welcome to record public meetings of the council using whatever, non-disruptive, methods you think are suitable. Please note that the meeting chairman has the discretion to halt any recording for a number of reasons including disruption caused by the recording, or the nature of the business being conducted. Recording should end when the meeting ends, if the meeting is adjourned, or if the public and press are excluded in accordance with lawful requirements.

Anyone filming a meeting is asked to focus only on those actively participating.

If, as a member of the public, you do not wish to be filmed please make a member of the governance team aware.

DRAFT



<b>MEETING:</b>	<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>
<b>MEETING DATE:</b>	<b>26 NOVEMBER 2014</b>
<b>TITLE OF REPORT:</b>	<b>THE ROSS-ON-WYE COMMUNITY GOVERNANCE REVIEW</b>
<b>REPORT BY:</b>	<b>ASSISTANT DIRECTOR, GOVERNANCE</b>

## Classification

Open

## Key Decision

This is not an Executive Decision

## Wards Affected

Ross-on-Wye East and Ross-on-Wye West

## Purpose

To make further recommendations regarding the Ross-on-Wye Community Governance Review as the changes proposed by that review required the consent of the Local Government Boundary Commission for England and that consent has now been obtained.

## Recommendations

**THAT:**

**Audit and Governance Committee recommends to Council that:**

- (a) The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) Order 2014 be revoked with immediate effect; and
- (b) The Assistant Director, Governance be given delegated authority to execute The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) (No. 2) Order 2014 (to be substantially in the form set out in Appendix 2 to this report, subject to any necessary typographical and/or technical amendments) and publicise the outcome of the community governance review in accordance with section 96 of the Local Government and Public Involvement in Health Act 2007.

## Alternative Option

1. Retain both Ross-on-Wye Town Council and Ross-on-Wye Rural Parish Council as two separate authorities. The advantage of this option is that governance would continue unchanged. However, this option is not recommended as the Ross-on-Wye Community Governance Working Group accepted the view of Ross-on-Wye Town Council that the current arrangements were inappropriate. This was particularly in view of the proposed expansion of the Ross-on-Wye area outlined in the Herefordshire Local Development Framework. The total population is approximately 10,600, with about 9,600 living in the town and 1,000 living in the rural area. There are nearly 8,000 electors in the combined area. The rural parish area currently has one councillor for every 105 electors, while the town council has one councillor for every 591. Because the Ross-on-Wye Rural area is geographically spread around the town, it does not form one community and is, in effect, the outer edges of the town.

## Reasons for Recommendations

2. On 26 September 2014 Council endorsed the recommendations made by this committee on 9 September 2014 and authorised the making of the County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) Order 2014 ('the First Reorganisation Order') to implement the recommendations of the Ross-on-Wye Community Governance Review.
3. Subsequently, the Local Government Boundary Commission for England ('the Boundary Commission') pointed out that their consent is required to any parish level governance changes in Ross-on-Wye. This is because the Herefordshire (Electoral Changes) Order 2014 included provisions relating to Ross Town Council and Ross Rural Parish Council. Consequently those arrangements are 'protected' for five years and the consent of the Boundary Commission must be obtained before those provisions may be changed. The Boundary Commission's written consent to the proposed parish level changes for Ross-on-Wye has now been obtained. A copy of the Boundary Commission's Chief Executive's letter dated 6 November 2014 is attached at Appendix 1.
4. Having obtained the Boundary Commission's consent, it is necessary to recommend to Council that it revokes the First Reorganisation Order and replaces it with a new order in very similar form. This is because Council's approval of the proposed changes can only be legally effective **after** the Boundary Commission has given its consent to those proposals. The recommended new order is attached at Appendix 2, with the changes compared to the First Reorganisation Order shown as track changes for ease of reference.

## Key Considerations

5. These are set out in the preceding section of this report.

## Community Impact

6. The impact of the recommended option will be felt mainly by residents of the Ross-on-Wye Rural area, who will see an increase in their council tax contribution. However, they will also be better represented on the council.



## **Equality and Human Rights**

7. No equality or human rights implications arise as a result of this report.

## **Financial Implications**

8. No financial implications arise for Herefordshire Council from this report

## **Legal Implications**

9. These are set out in the reasons for the recommendations. The Ross-on-Wye Community Governance Review has been conducted in accordance with the requirements of Chapter 2 to Part 4 of the Local Government and Involvement in Health Act 2007; and the Guidance on Community Governance Reviews published by the Local Government Boundary Commission for England in March 2010.

## **Risk Management**

10. No risk management implications arise for Herefordshire Council from this report.

## **Consultees**

11. Both Ross-on-Wye Town Council and Ross-on-Wye Rural Parish Council were consulted. There was a public consultation exercise. Details of the responses are in the annexes to the report to Council on 26 September 2014.

## **Appendices**

Appendix 1: Letter dated 6 November 2014 from the Local Government Boundary Commission for England.

Appendix 2: Draft: The County of Herefordshire District Council (Reorganisation of Community Governance) (No. 2) Order 2014.

## **Background Papers**

None identified.



The  
Local Government  
Boundary Commission  
for England

Mr Bill Norman  
Assistant Director Governance  
Herefordshire Council  
Economy, communities and corporate  
directorate  
PO Box 211, Hereford, HR1 9FL

6 November 2014

Dear Mr Norman,

**Local Government and Public Involvement in Health Act 2007 – Proposed changes to protected electoral arrangements in Herefordshire**

I refer to your letter dated 5 November 2014 requesting consent to amalgamate the parish of Ross-on-Wye and Ross Rural to form a single parish.

Electoral arrangements for both parishes were provided for in the Herefordshire (Electoral Changes) Order 2014 and, as such, are a protected electoral arrangement under the Local Government and Public Involvement in Health Act 2007. Having considered your Council's request, the Commission hereby grants its consent for the Council to amalgamate the parishes of Ross-on-Wye and Ross Rural and provide for revised parish warding arrangements. This allows the Council to make an Order amending parish boundaries, as provided for in section 86 of the Act.

I draw your attention to section 96 (7) of the Act concerning the bodies to be notified once the Council has made the Order.

Should you have any further questions, please do not hesitate to contact my colleague Tim Bowden at [tim.bowden@lgbce.org.uk](mailto:tim.bowden@lgbce.org.uk) or on 020 7664 8514.

Yours sincerely,



**Jolyon Jackson CBE**  
**Chief Executive**  
[jolyon.jackson@lgbce.org.uk](mailto:jolyon.jackson@lgbce.org.uk)  
020 7664 8537



# LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

## The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) (No. 2) Order 2014 **DRAFT**

Made: ~~26 September~~ 12 December 2014

Coming into force: in accordance with Article 1

The County of Herefordshire District Council ('the council'), in accordance with section 82 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), has undertaken a community governance review and on 26 September 2014 made the following recommendations:

That, with effect from 1 April 2015:

- a) The existing parishes of Ross-on-Wye Rural and Ross-on-Wye Town shall be amalgamated to constitute a new parish;
- b) The new parish shall be known as 'Ross-on-Wye';
- c) The existing parishes of Ross-on-Wye Rural and Ross-on-Wye Town shall cease to exist;
- d) The parish councils for the parishes of Ross-on-Wye Rural and Ross-on-Wye Town shall be dissolved;
- e) There shall be a new parish council for the new parish of Ross-on-Wye;
- f) The name of that new parish council shall be 'Ross-on-Wye Parish Council';
- g) The first election of all parish councillors for the new parish of Ross-on-Wye shall be held on the ordinary day of election of councillors in 2015;
- h) The term of office of every parish councillor elected on the ordinary day of election of councillors in 2015 for the new parish of Ross-on-Wye shall be four years;
- i) The existing Ross Rural East and Ross Rural West wards of the parish of Ross-on-Wye Rural; and the existing Ross-on-Wye East and Ross-on-Wye West wards of the parish of Ross-on-Wye Town, shall all be abolished;
- j) The number of parish councillors to be elected for the new parish of Ross-on-Wye shall be eighteen;
- k) The new parish of Ross-on-Wye shall be divided into three wards which shall be named: ~~Ross-on-Wye~~ East, ~~Ross-on-Wye~~ North, and ~~Ross-on-Wye~~ West; and shall comprise the respective areas of the district wards bearing the same names [in the Herefordshire \(Electoral Changes\) Order 2014](#);
- l) The number of parish councillors to be elected for each ward in the new parish of Ross-on-Wye shall be six;
- m) All the land, property, rights and liabilities of Ross-on-Wye Rural Parish Council and Ross-on-Wye Town Council shall transfer from those councils to the new Ross-on-Wye Parish Council; and
- n) From the effective date until the councillors to be elected to the new parish council come into office, the new parish shall be represented by those persons who were councillors for Ross-on-Wye Rural Parish Council and/or Ross-on-Wye Town Council on 31 March 2015 provided that any person who was a councillor for both of those councils on that date shall have only one vote on the new Ross-on-Wye Parish Council.

The council has decided to give effect to those recommendations and, in accordance with section 93 of the 2007 Act, has consulted with the local government electors and other interested persons and has had regard to the need to secure that community governance reflects the identities and interests of the community and is effective and convenient.

The council, in accordance with section 100 of the 2007 Act, has had regard to guidance issued under that section.

On 26 September 2014 the Council resolved to give effect to those recommendations and made The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) Order 2014 ('the First Reorganisation Order 2014'), but the council did not have consent from the Local Government Boundary Commission for England ('the Commission') to make that Order. The requisite consent of the Commission has now been granted and The council accordingly makes the following Order in exercise of the powers conferred by sections 86, 98(3), 98(4), 98(6) and 240(10) of the 2007 Act.

## Citation and commencement

1.—(1) This Order may be cited as ‘The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) [\(No. 2\) Order 2014](#)’.

(2) Subject to paragraphs (3) and (4) below, this Order shall come into force on 1 April 2015.

(3) Article 7(2) below (which establishes the number of parish councillors for the new Ross-on-Wye Parish Council) shall come into force on the ordinary day of election of councillors in 2015.

(4) For the purposes of proceedings preliminary or relating to the election of parish councillors for the new Ross-on-Wye Parish Council, to be held on the ordinary day of election of councillors in 2015, this Order shall come into force on ~~15 October~~ [12 December](#) 2014.

[\(5\) The First Reorganisation Order 2014 is revoked with immediate effect.](#)

## Interpretation

2. In this Order:

‘**district**’ means the district of the County of Herefordshire;

‘**effective date**’ means [1 April 2014](#)

‘**existing**’ means existing on the date this Order is made;

‘**map**’ means the map marked ‘Map referred to in The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) [\(No. 2\) Order 2014](#)’ and deposited in accordance with section 96(4) of the 2007 Act;

‘**new parish**’ means the parish constituted by article 4 below;

‘**ordinary day of election of councillors**’ has the meaning given by section 37 of the Representation of the People Act 1983; and

‘**registration officer**’ means an officer appointed for the purpose of, and in accordance with, section 8(c) of the Representation of the People Act 1983.

## Effect of Order

3. This Order has effect subject to any agreement under section 99 of the 2007 Act (agreements about incidental matters) relevant to any provision of this Order.

## Amalgamation of existing parishes of Ross-on-Wye Rural and Ross-on-Wye Town and constitution of new parish of Ross-on-Wye

4.—(1) The existing parishes of Ross-on-Wye Rural and Ross-on-Wye Town shall be amalgamated to constitute a new parish comprising the area edged blue on the map.

(2) The new parish shall be known as ‘Ross-on-Wye’.

(3) In consequence of paragraph (1), the existing parishes of Ross-on-Wye Rural and Ross-on-Wye Town shall cease to exist.

## Dissolution of parish councils for the parishes of Ross-on-Wye Rural and Ross-on-Wye Town

5. The existing parish councils for the parishes of Ross-on-Wye Rural and Ross-on-Wye Town shall be dissolved.

## Parish council for the parish of Ross-on-Wye

6.—(1) There shall be a new parish council for the new parish of Ross-on-Wye.

(2) The name of that new council shall be ‘Ross-on-Wye Parish Council’.

## Election of Parish Councillors for the parish of Ross-on-Wye

7.—(1) The first election of all parish councillors for the new parish of Ross-on-Wye shall be held on the ordinary day of election of councillors in 2015.

(2) The term of office of every parish councillor elected on the ordinary day of election of councillors in 2015 for the new parish of Ross-on-Wye shall be four years.

(3) Where any provision of an Order made before the making of this Order requires an election of parish councillors for a parish mentioned in paragraph 4(1) above to be held on a date other than that for which paragraphs 7(1) and 7(2) provide, it shall cease to have effect to that extent.

### **Wards of the new parish of Ross-on-Wye and number of parish councillors**

8.—(1) The existing Ross Rural East and Ross Rural West wards of the parish of Ross-on-Wye Rural; and the existing Ross-on-Wye East and Ross-on-Wye West wards of the parish of Ross-on-Wye Town, shall all be abolished;

(2) The number of councillors to be elected for the new parish of Ross-on-Wye shall be eighteen.

(3) The new parish of Ross-on-Wye shall be divided into three wards which shall be named: Ross-on-Wye East, Ross-on-Wye North, and Ross-on-Wye West; and shall comprise the respective areas of the district wards bearing the same names;

(4) The number of parish councillors to be elected for each ward in the new parish of Ross-on-Wye shall be six.

### **Annual meeting of the new parish council**

9. The annual meeting of the new Ross-on-Wye Parish Council in 2015 shall be convened by the Assistant Director, Governance of the Council. The meeting shall take place no later than 14 days after the day on which the councillors elected to the new parish council take office.

### **Electoral register**

10. The registration officer for the Council shall make such rearrangement of, or adaptation of, the register of local government electors as may be necessary for the purposes of, and in consequence of, this Order.

### **Transfer of property, rights and liabilities**

11. All the land, property, rights and liabilities of Ross-on-Wye Rural Parish Council and Ross-on-Wye Town Council shall transfer from those councils to the Ross-on-Wye Parish Council on the date specified in Article 1(2) above.

### **Transitional provision**

12. Until the parish councillors elected to the new Ross-on-Wye Parish Council at the elections to be held on the ordinary day of election of councillors in 2015 come into office, the new parish shall be represented by those persons who were councillors for Ross-on-Wye Rural Parish Council and/or Ross-on-Wye Town Council on 31 March 2015 provided that any person who was a councillor for both of those councils on that date shall have only one vote on the new Ross-on-Wye Parish Council.

### **Order date**

13. 1 April 2015 is the order date for the purposes of the Local Government (Parishes and Parish Councils) (England) Regulations 2008.

### **The Common Seal of the County of Herefordshire District Council**

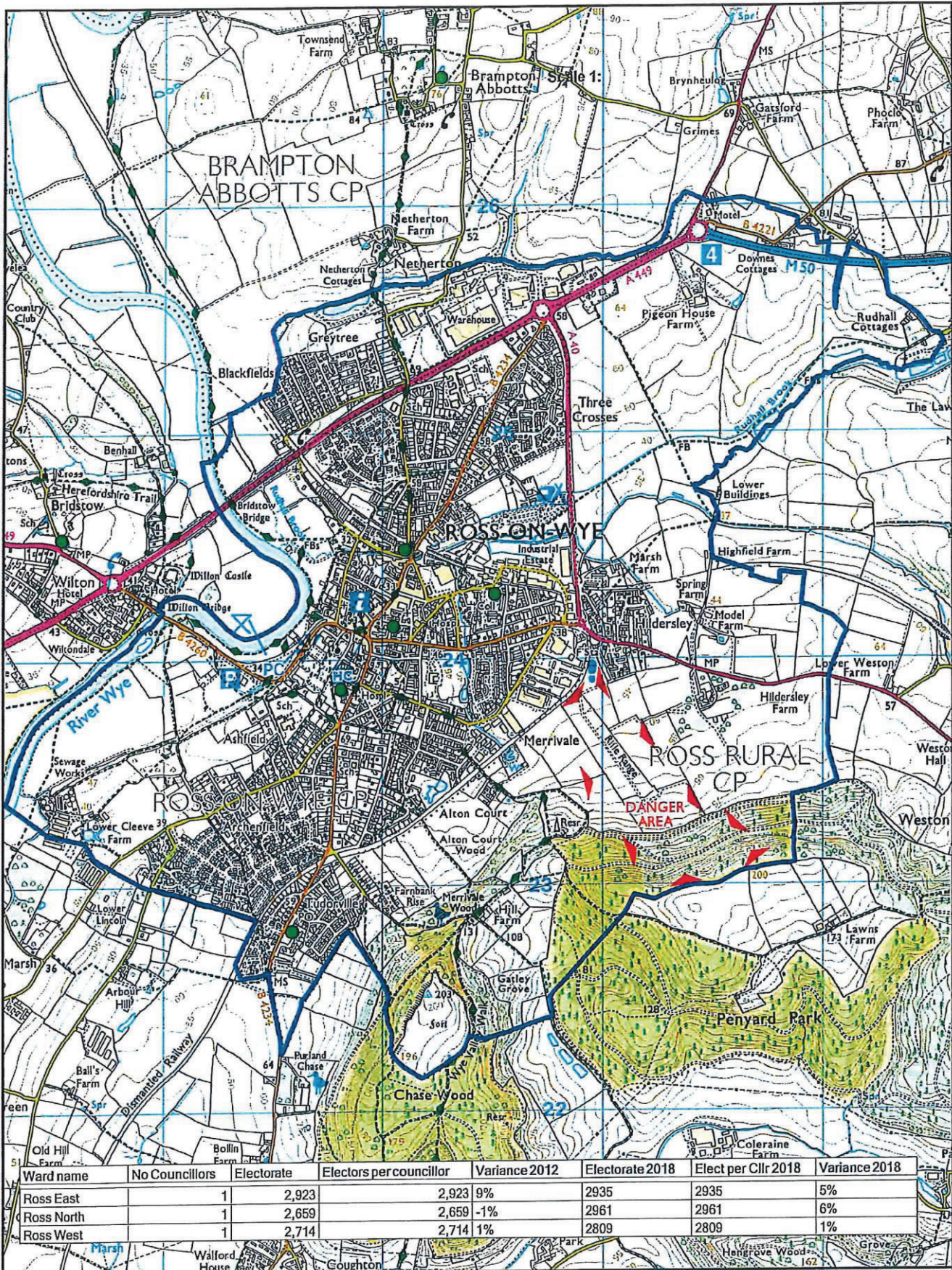
was hereunto affixed on ~~26 September~~ 12 December 2014 in the presence of:

#### **Bill Norman**

Assistant Director, Governance  
(Authorised Officer)







Ward name	No Councillors	Electorate	Electors per councillor	Variance 2012	Electorate 2018	Elect per Cllr 2018	Variance 2018
Ross East	1	2,923	2,923	9%	2935	2935	5%
Ross North	1	2,659	2,659	-1%	2961	2961	6%
Ross West	1	2,714	2,714	1%	2809	2809	1%

**ROSS-ON-WYE**

Scale 1: 15,500



Ross-on-Wye Boundary



Polling Station

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Created on 03/07/2014

Technology and Transformation  
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NORTH

