

MINUTES of the meeting of Audit and Governance Committee held at Town Hall Chamber, Town Hall, 10 St Owen Street, Hereford. HR1 2SP on Tuesday 9 September 2014 at 2.00 pm

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

Councillors: CNH Attwood, WLS Bowen, PGH Cutter, Brig P Jones CBE, PJ McCaull, AJW Powers, J Stone and DB Wilcox

In attendance: Councillors CM Bartrum and EPJ Harvey

Officers: Bill Norman (Assistant Director Governance), Phil Jones (Grant Thornton), Terry Tobin (Grant Thornton)

12. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor MAF Hubbard and Councillor NP Nenadich.

13. 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 DB Wilcox attended the meeting as a substitute Member for Councillor NP Nenadich.

14. DECLARATIONS OF INTEREST

There were no declarations of interest.

15. MINUTES

RESOLVED: That the minutes of the meeting held on 23 June 2014 be confirmed as a correct record and signed by the Chairman.

16. HEREFORDSHIRE COUNCIL PIDA INVESTIGATION: REVIEW OF CUSTOMER RELATIONSHIP MANAGER IMPLEMENTATION

External Auditors, Grant Thornton UK LLP, presented the findings of a recent Public Interest Disclosure Act (PIDA) investigation concerning the implementation of the council's IT based customer relationship management (CRM) system and an agreed management action plan as a result of its findings.

Grant Thornton looked at two broad areas in its investigation, procurement and implementation of the CRM system, and made the following key points from the report:

- The business case for the project was very ambitious and not fully owned by parts of the council.
- The estimated savings in the business case of £1.6million were not supported by robust analysis. However it is difficult for the exact savings to be calculated.
- There is no evidence to suggest the procurement was not carried out properly.

- The senior officers involved in the project are no longer employed by Herefordshire Council. Every co-operation has been given to the investigation by the current senior officers.
- The CRM system in place is reasonably effective. However, it does not deliver all that was envisaged. It does not extend to all areas of the council and its partners, and it does not join up customer data to give a proactive response system.
- The cost of the implementation was £1million, an underspend of £0.5million. It is difficult to gauge if this was value for money as, although the system is over engineered for its current use, the spend is not incommensurate with an IT system of this kind.
- When looking at why the system has not delivered, the following conclusions were made –
 - The world changed, for example the Primary Care Trust was abolished.
 - The impact of austerity on the authority.
 - Changes in senior management.
 - The model of required customer service changed.
 - Corporate changes were not recognised.
- An action plan has been written with 5 key points, all of which have been agreed by the management board.

Grant Thornton UK LLP pointed out an error in their report. On page 9 the Annual Costs total figure should read £671,540 rather than £1,820,383. Grant Thornton confirmed that an amended version of the report would be sent to committee members as soon as possible.

Grant Thornton UK LLP confirmed the report and action plan has been shared with the complainant and that they are broadly satisfied with its content.

The following points were raised by members during the resulting discussion:

- Staff turnover has meant projects fail to continue or be driven through when staff leave. The driving factor needs to be projects rather than people.
- Contracts should have flexibility within them to enable the authority to cope when changes happen.
- With major projects the whole council needs to own the business case.
- What is being done to improve what is currently in place for CRM?
- Concerns were raised with the action plan. Members felt more details are needed to give assurance that the same mistakes will not happen again and that lessons have been learnt.

Following discussion from members, it was decided a Task and Finish Group should be created to scope and research work on governance structures, systems and procedures relating to procurement and projects. The membership of this group is to be confirmed at the briefing meeting on 23 September 2014 and circulated to all members prior to the next meeting on 29 September 2014.

The Assistant Director Governance pointed out that since the CRM implementation took place new senior officers are in post and now follow updated procedures. Members requested a report to the committee meeting on 26 November 2014 to give a perspective on what is done differently now and the current processes and procedures.

The Committee wished to commend the whistle blower for bringing the issue to the council's attention.

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.

17. COMMUNITY GOVERNANCE REVIEW, ROSS-ON-WYE

The Assistant Director, Governance, presented a report following the Ross-on-Wye Community Governance Review. The principal recommendations were that Ross Rural Parish Council and Ross Town Council cease to exist and a new Ross-on-Wye Parish Council be formed all with effect from 1 April 2015.

Following the results of the consultation with Ross Rural Parish Council and Ross-on-Wye Town Council the Assistant Director, Governance, explained he had made an amendment to the recommendations as published in the agenda. He recommended that Point (n) be replaced with a recommendation that the new parish be represented by the councillors of Ross Rural Parish Council and Ross-on-Wye Town Council, as at 31 March 2015, for the period 1 April 2015 until the councillors for the new council, to be elected on 7 May 2015, come into office. As currently one councillor sits on both councils this will mean there will be 18 councillors representing the new parish for this period. Any councillor representing both councils on 31 March 2015 will only have one vote.

It was confirmed an effective date of 1 April 2015 is preferred as this ensures a consistent precept will be set for 2015/2016 for the whole of the new parish council's area. If the commencement date of the new council is later than 1 April 2015 there is a risk that different precepts could be charged. A precept can only be set once for the whole financial year.

For legal reasons, the name of the new council is recommended to be Ross-on-Wye Parish Council. However, it was confirmed the new council has the right to change its name and could change it to 'Town Council' if it so wished. If this were to happen the Chairman of the new council would have the right to be called Mayor.

It was pointed out that practical matters, such as staffing structure and financial issues, will need to be resolved by the new council. It would be very sensible if joint working between the two existing councils takes place prior to the commencement of the new council for practical arrangements to be discussed to ensure a smooth transfer. If any legal or administrative advice is required Legal and Governance Services at Herefordshire Council will provide this if requested.

Resolved: That

Audit and Governance Committee recommends to Council that with effect from 1 April 2015 ('the effective date'):

- (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 parish council for the new parish of Ross-on-Wye;**
- (f) The name of that new 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;**
- (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;**
- (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 the 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.**
- (o) That no recommendations be made to the Electoral Commission to request consequential alterations be made to any electoral areas of the County of Herefordshire District Council;**
- (p) The Assistant Director, Governance be given delegated authority to execute The County of Herefordshire District Council (Reorganisation of Community Governance) (Ross-on-Wye) Order 2014 ('the Reorganisation Order') (to be substantially in the form set out in Annex 3 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; and**
- (q) The Electoral Registration Officer be requested to commence preparatory electoral administrative work from 15 October 2014 as a consequence of the above changes; and that the Reorganisation Order shall have effect from that date for those purposes.**

The meeting ended at 3.33 pm

CHAIRMAN