

Agenda

Audit and Governance Committee

Date: **Tuesday 23 July 2024**

Time: **2.00 pm**

Place: **Conference Room 1, Herefordshire Council Offices,
Plough Lane, Hereford, HR4 0LE**

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

For any further information please contact:

Jen Preece, Democratic Services Officer

Tel: 01432 261699

Email: jennypreece@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format, please call Jen Preece, Democratic Services Officer on 01432 261699 or e-mail jennypreece@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of the Audit and Governance Committee

Membership

Chairperson **Councillor David Hitchiner**

Vice-chairperson **Councillor Mark Woodall**

Councillor Chris Bartrum

Councillor Frank Cornthwaite

Councillor Peter Hamblin

Councillor Robert Highfield

Councillor Aubrey Oliver

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details of any councillor nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interest in respect of items on the agenda.</p>	
4.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 11 June 2024.</p>	11 - 20
<p>HOW TO SUBMIT QUESTIONS</p> <p>Deadline for receipt of questions is 5pm on Wednesday 17 July 2024.</p> <p>Questions must be submitted to councillorservices@herefordshire.gov.uk.</p> <p>Questions sent to any other address may not be accepted.</p> <p>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at www.herefordshire.gov.uk/getinvolved</p>		
5.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive any questions from members of the public.</p>	
6.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive any questions from councillors.</p>	
7.	<p>CODE OF CONDUCT FOR COUNCILLORS - 2023/24</p> <p>To assure the committee that high standards of conduct continue to be promoted and maintained. To provide an overview of how the arrangements for dealing with complaints are working together.</p>	21 - 64
8.	<p>2023/24 FINANCIAL STATEMENT AUDIT PROGRESS</p> <p>To report progress on the external audit of the council's 2023/24 financial statements.</p>	65 - 88
9.	<p>INTERNAL AUDIT UPDATE REPORT QUARTER 1 2024/25</p> <p>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.</p> <p>To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored through acceptance of agreed</p>	89 - 102

management actions and progress updates in implementing the action plans. In addition, occasions where audit actions not accepted by management are documented if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

10. UPDATE ON THE RECRUITMENT OF AN INDEPENDENT PERSON ON THE AUDIT AND GOVERNANCE COMMITTEE

A verbal update and discussion on the recruitment of an Independent Person on the Audit and Governance Committee.

11. WORK PROGRAMME

To consider the work programme for the committee.

12. DATE OF NEXT MEETING

Tuesday, 24 September 2024 2pm.

103 - 106

The public's rights to information and attendance at meetings

Please take time to read the latest guidance on the council website by following the link at www.herefordshire.gov.uk/meetings and support us in promoting a safe environment for everyone. If you have any queries please contact the governance support team on 01432 261699 or at governancesupportteam@herefordshire.gov.uk

We will review and update this guidance in line with Government advice and restrictions. Thank you for your help in keeping Herefordshire Council meetings safe.

You have a right to:

- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at www.herefordshire.gov.uk/meetings
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting (a list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all councillors with details of the membership of cabinet and of all committees and sub-committees. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title. The council's constitution is available at www.herefordshire.gov.uk/constitution
- Access to this summary of your rights as members of the public to attend meetings of the council, cabinet, committees and sub-committees and to inspect documents.

Recording of meetings

Please note that filming, photography and recording of this meeting is permitted provided that it does not disrupt the business of the meeting.

Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance services team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.

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

The council may make a recording of this public meeting or stream it live to the council's website. Such recordings form part of the record of the meeting and are made available for members of the public via the council's YouTube channel.

Public transport links

The Herefordshire Council office at Plough Lane is located off Whitecross Road in Hereford, approximately 1 kilometre from the City Bus Station.

The location of the office and details of city bus services can be viewed at:

www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Guide to the Audit and Governance Committee

The Audit and Governance Committee comprises seven members of the council and may also include an independent person who is not a councillor but is appointed by council and has the same voting rights as other members of the committee.

Councillor David Hitchiner (Chairperson)	Independents for Herefordshire
Councillor Mark Woodall (Vice-Chairperson)	The Green Party
Councillor Chris Bartrum	Liberal Democrats
Councillor Frank Cornthwaite	Conservative Party
Councillor Peter Hamblin	Conservative Party
Councillor Robert Highfield	Conservative Party
Councillor Aubrey Oliver	Liberal Democrats

The Audit and Governance Committee is responsible for proving assurance on the council's audit, governance (including risk management and information governance) and financial processes in accordance with the functions scheme.

The committee shall:

- (a) review and examine, and where required in depth examine, matters relating to internal audit, external audit, risk management, governance, assurance statement, anti-fraud and anti-corruption arrangements as well as any other function to meet the Council's audit committee requirements
- (b) enhance and promote the profile, status and authority of the internal audit function and to demonstrate its independence
- (c) contribute towards making the authority, its committees and departments more responsive to the audit function
- (d) review compliance with the relevant standards, code of conduct, codes of practice and corporate governance policies
- (e) act within the Council's Constitution.

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Tuesday 11 June 2024 at 2.00 pm

Committee members present in person and voting: Councillors: Polly Andrews, Frank Cornthwaite, Peter Hamblin, Robert Highfield, David Hitchiner (Chairperson), Aubrey Oliver and Mark Woodall (Vice-Chairperson)

Others in attendance: R Bamberger (Director of Continuous Improvement, South West Audit Partnership), R Hart (Head of Strategic Finance), A Lovegrove (Director of Resources and Assurance), J Preece (Democratic Services Officer), A Probert (Principal Auditor, South West Audit Partnership), C Smith (Public Sector Audit Manager, Grant Thornton), P Stoddart (Cabinet Member Finance and Corporate Services) and J Tranmer (Chief Accountant)

95. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Bartrum.

96. NAMED SUBSTITUTES (IF ANY)

Councillor Polly Andrews attended the meeting as a substitute member for Councillor Bartrum.

97. DECLARATIONS OF INTEREST

No declarations of interest were made.

98. MINUTES

RESOLVED:

That the minutes of the meeting held on 26 March 2024 were confirmed as a correct record and signed by the chairman.

99. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

100. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

101. APPOINTMENT TO STANDARDS PANEL

The Chair of Audit and Governance introduced the report the main purpose of which was to appoint two members from the Audit and Governance Committee as standing members on the Standards Panel and two substitute members.

RESOLVED:

In relation to the Standards Panel, the Committee:

- a) Noted the appointment of the Chair of Audit & Governance,**
- b) Appointed Brian Jones (Chairman of Lea Parish Council) as the Parish Council representative under recommendation by HALC;**
- c) Appointed Councillors Hamblin and Highfield as standing members; and**
- d) Appointed Councillors Cornthwaite and Oliver as substitute members.**

102. DRAFT ANNUAL REPORT OF THE AUDIT COMMITTEE

The Democratic Services Officer introduced the report and highlighted an amended version of the Draft Annual Report of the Audit and Governance Committee (Appendix A) was published as a supplement to the agenda.

It was explained that this was the first annual report of the Audit & Governance Committee which summarises the work of the committee during the last municipal year.

The report had been introduced as a recommendation from the LGA and is already being produced by many other council's. It would provide a visible demonstration of how the committee is fulfilling its role and compliments the council's objectives of being open and transparent.

The committee were invited to agree the draft report and highlight any adjustments they wished to make before it were published on the council's website.

In response to committee questions, it was noted

1. The Chair of the committee would obtain a response from the Chief Executive with regards to officer's response times not meeting the requirement of within 5 working days.
2. The Cabinet member finance and corporate services explained that as part of Thrive's transformation programme they were working towards making the website more user friendly, viable and transparent. He confirmed he would address the issues with ICT as a priority to be resolved as soon as possible.

RESOVLED:

The Committee considered and agreed the report be published on the Councils website.

Action(s)

2023/24-027 The Chair of Audit and Governance to follow up on officer's response times and not meeting the requirement of within 5 working days.

2023/24-028 The Cabinet member finance and corporate services to address the council's website issues with ICT as priority to be resolved as soon as possible.

2023/24-029 The Chair of Audit and Governance to circulate the link to the Annual Report to all councillors.

103. DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24

The Head of Strategic Finance (HSF) presented the draft Annual Governance Statement (AGS) for 2023/24, the key points included:

- The AGS is a document that the Council is required to publish as part of the council's statutory accounts and is a retrospective document which reports on the effectiveness of the governance arrangements and the internal controls that have been in place during the year ended 31st of March 2024.
- The report is prepared by reference to the seven core principles of good governance as identified by CIPFA, and the statement identifies the arrangements and activities that have been in place during the year, as well as areas where the council's arrangements could be strengthened. These areas will form an action plan and an update on the progress in delivering those actions will be presented to this committee in late autumn.
- The report is informed by director assurance statements, a review of compliance with laws and regulations and the work and opinion of both internal and external audit.
- The document will be tested by Grant Thornton, as part of their audit work and the final version will be brought to this committee at the meeting in September.

The Cabinet member for Finance and Corporate Services (CMFCS) and the Chairperson expressed their gratitude to the Director of Resources and Assurance, Head of Strategic Finance and their team for their collaborative efforts and hard work ensuring the production of the accounts on time.

In response to committee questions, it was noted;

1. It was explained that Improvements to governance arrangements for council business ventures as included at [page 42](#) was referring to the arrangements through the shareholder committee and the council's governance in respect of those shareholdings.
2. The HSF would consider the wording currently used with regards to Political Groups Consultations and whether there was an opportunity for the arrangements to be strengthened as referred to on [page 42](#).
3. The HSF to consider the wording used with regards to "positive risks" as referred to on [page 45](#).
4. In relation to loss of corporate knowledge it was explained that this was a key consideration for the corporate leadership team through the workforce strategy. The CMFCS assured the committee that knowledge had not been completely lost and that colleagues had been encouraged to record processes and procedures prior to their departures.
5. It was explained that the report takes each of the [seven core principles](#) and outlines what activities are currently in place and identifies those areas where arrangements could be improved. These are included in an action plan with specific tasks and an owner for each activity identified. This plan will be presented to this committee to be monitored in future periods.
6. The inclusion of interactive links similar to those included within the council's delivery plan to be included within the action plan would be explored.
7. In terms of the activity that is taking place during the year, the council's external auditors review this document and the updates provided by the council on each activity and confirm that they believe this is accurate throughout the year.
8. The CMFCS was comfortable with the approach to strategic risk and thought it was logical, sensible and worked well. With the departure of the current lead officer, it would provide an opportunity for it to be readdressed once the new director was in post.

9. The HSF explained that the council receives funding for schools via the dedicated schools grant (DSG) and that there was an increasing gap between the amount allocated and the amount required linked to increasing demand and complexity of need. The DSG deficit is accounted for as an unusable reserve on the council's Balance Sheet, as permitted via statutory instrument which will remain in place up to March 2026; beyond the period of the statutory override, any balance on the DSG unusable reserve will transfer back to the council's Earmarked Reserves. The deficit currently sits at 6.1 million. The council is committed to identifying actions to mitigate the DSG deficit, through the Deficit Management Plan, to reduce the potential impact on the council's overall financial position. It is managed as part of the medium term financial strategy risks and it is monitored on a monthly basis by financial budget monitoring and reported to cabinet quarterly. External auditors have also been monitoring as part of their value for money (VFM) work.
10. The HSF explained that usable reserves are those reserves that can be spent on future services and include general reserves as well as those earmarked for specific purposes. Unusable reserves arise as a result of statutory or accounting adjustments and cannot be used for expenditure on services.
11. It was highlighted that this was a national issue and that Herefordshire was in a much better position in terms of the deficit compared with other local authorities. It was noted that Herefordshire were collaborating with other councils, sharing knowledge and experience and within children's services.

RESOLVED

That:

- a) **the committee determined the draft annual governance statement in Appendix 1 properly reflected the risk environment the council is operating in and that areas where controls could be strengthened were appropriate.**

Action(s)

2023/24-028 The HSF to consider the wording currently used with regards to Political Groups Consultations as referred to on [page 42](#). and "positive risks" as referred to on [page 45](#).

104. 2023/24 DRAFT STATEMENT OF ACCOUNTS

The Head of Strategic Finance (HSF) presented the 2023/24 Draft Statement of Accounts, the key points included:

- The accounts had been prepared in accordance with the International Financial Reporting Standards (IFRS) and are compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of Practice.
- Herefordshire Council were amongst a small group of unitary authorities that had published the Draft Statement of Accounts in accordance with the statutory deadline of 31 May 2023 which presents the position and performance of the Council for the year ended 31st of March 2024.
- The financial outturn position for 2023/24 as reported to cabinet on the 16th of May, was an overspend of £8.7 million.
- 81% of the council's land and building assets had been revalued in the year through external valuers in line with the councils rolling programme.

- 100% of investment assets had been valued in the year which was a requirement by international standards.
- The accounts would now be subject to external audit testing. It was noted that additional resource had been identified by the external auditors and the audit had started three weeks earlier than anticipated and would hopefully support a timely audit opinion to be brought to this committee in September in line with the statutory audit deadline.

On behalf of the committee, the Chairperson thanked the officers involved for the efficient preparation of the Draft Statement of Accounts.

In response to committee questions, it was noted

1. The HSF explained the process and procedures for valuing council properties.
2. The Cabinet member for Finance and Corporate Services (CMFCS) advised the committee that an improvement recommendation had already been put forward to include the value of 100% in each case against the gross funding and income 2023/24 and gross expenditure 2023/24 pie charts as detailed on [page 60](#). An explanation of the correlation between the two pie charts would also be provided.
3. It was explained that the purpose of the narrative report on [page 58](#) is considered best practice to provide background for the user of the accounts of the Council and its operations throughout the year including its leadership and political structure.
4. The HSF explained that the [high risk areas](#) are those which are subject to volatility throughout the year and by reference to last year's outturn report, those areas where there were significant budget variances are looked at and informs the allocation of the councils resources and reporting of risk through the monthly financial monitoring.
5. The HSF would provide the committee with a written explanation of the decrease in Surplus/ deficit on the provision of services as recorded at 32.6m in 2022/23 to 7m in 2023/24.
6. The CMFCS explained each cabinet member had taken ownership of their own portfolios to work with officers to highlight any areas they think could be cut in order to make savings.
7. The movement in unusable reserves as referred to on [page 115](#) were explained.
8. The HSF explained that there is an accounting standard that governs the classification of council assets. Property, plant and equipment represents the council's operational assets and property for rental income purposes are classified as Investment property.
9. The HSF in relation to pooled budgets as referred to on [page 92](#), would provide the committee with a written explanation of how the consolidated children's services budget of 1.5m is funded.
10. The HSF would provide the committee with a full breakdown of where the £8.7m overspend was funded from.
11. The CMFCS confirmed that the general reserves had been maintained and it was their plan that they would continue to increase this year to an even better position.
12. In order to mitigate negative public perception, a simplified set of statements had been published this year alongside the statutory document which was hoped would provide a more user friendly document, alerting users and residents to a snapshot of the Council's position and performance.

RESOLVED

That:

- a) **The Audit and Governance Committee noted, and commented on the draft, unaudited Statement of Accounts for 2023/24.**

Action(s)

2023/24-029 The HSF to provide the committee with a written explanation of the decrease in Surplus/ deficit on the provision of services as recorded at 32.6m in 2022/23 to 7m in 2023/24.

2023/24-030 The HSF to provide the committee with a full breakdown of where the funding came from to cover the council's overspend of £8.7m

105. INTERNAL AUDIT UPDATE REPORT QUARTER 1 2024/25

The Principal Auditor (PA), South West Audit Partnership (SWAP) introduced the report, the following principals point were noted;

- No high organisational risks have been identified.
- Three limited assurance audits had been identified, full reports were located on pages [183 to 185](#).
- Fourteen priority two findings had been identified.
- Since the last update, good progress had continued to be made with the audit plan. 11 audits had been completed, 8 audits were in progress and one of those is at draft report stage.
- The indicative opinion was of reasonable assurance, with a sound system of governance, risk management and control in place.

In response to committee questions, it was noted;

1. The PA advised the committee that she had, had discussions with the Director of Transformation, PMO and Corporate Support and she was keen to see audit work completed in the early stages of projects rather than the end and for there to be assurance around the project management office (PMO) processes. These would be built in to the rolling plan moving forward.
2. The PA explained that It was in agreement between the Director of Resources and Finance and SWAP that the audit on the sampling of Hereford Enterprise Zone (HEZ) sales receipts still be progressed with what had been provided to date rather than delay any audit findings being completed. SWAP had been asked to revisit this and undergo more testing to provide more assurance around the sales which would be reported back to the committee as supplementary report.
3. The Service Director for Economy and Growth (SDEG) advised the committee that the HEZ board had not yet disbanded but it was going through a process of reconciling down the scale of the board as most of the work of the HEZ had been completed
4. The specific roles and responsibilities undertaken by the HEZ and the Council were explained and the committee were advised that the HEZ Board was still currently in operation but likely to be scaled down in size and scope as most plots had now been sold.
5. The SDEG explained that in general the approach and model used for the HEZ worked well and that they would look to replicate that with the Ross Enterprise Park development but to include a greater clarity around the terms of reference of the board with regards to roles and responsibilities at different stages.

6. It was explained the locating of individual plot information and land sales had been difficult due to the change of processes and procedures over a ten year period.
7. The SDEG emphasised SWAP's findings with regards to the DBID and that the Council would look to improve co-ordination and that lessons would be learned from previous bids.
8. The PA provided the committee with assurance surrounding the two large organisations that had been making national news, that she were confident through communications between the council officers, information sharing, risk registers, whistleblowing arrangements and having a strong fraud team that the Hereford Council would not find themselves in a similar position.
9. The Director of Continuous Improvement (DCI) explained how and when an audit is triggered to in progression.
10. The DCI explained that SWAP covers as many strategic risks that the council faces as possible, or at least those strategic risks that are documented and corporate priorities. He is keen to see the risk management refreshed and reinvigorated so those strategic risks are an accurate reflection of the top risks Hereford faces.
11. The PA would provide context with regards to the scale of transactions made in relation to procurement cards and this would be provided on all reports moving forward.

RESOLVED

That the committee:

a) reviews the areas of activity and concern and be satisfied that necessary improvements are outlined and delivered; and

b) note the report and consider the assurances provided and the recommendations which the report makes, commenting on its content as necessary.

Action(s)

2023/24 031 The Service Director for Economy and Growth to circulate the latest reports for the HEZ and DBID.

2023/24 032 SWAP to submit an amended report on HEZ once further work has been completed.

106. INTERNAL AUDIT ANNUAL OPINION 2023/24

The Director of Continuous Improvement (DCI) for South West Audit Partnership (SWAP) presented the report on Internal Audit Annual Opinion 2023/24. The purpose of the annual report was outlined; attention was drawn to Appendix A - Internal Audit Annual Opinion 2023/24. The following key areas were highlighted:

- There were no 'High' residual organisational risks that had been identified throughout the year.
- There were no instances of material risks throughout the year where management did not accept the need for mitigating action.
- SWAP is providing insight and support in relation to the development of the risk management framework, based on their experiences in other local authorities.
- Following the departure of several of the councils corporate performance team, SWAP will now provide reporting and updates with regards to "following up on

agreed actions”, utilising AuditBoard to provide a live view to key council stakeholders of all outstanding audit actions across the authority.

- In relation to customer satisfaction questionnaires, 17 had been returned (a return rate of 74%, from the 23 issued), feedback was strong; especially in relation to SWAP’S professionalism and conduct.

In response to committee questions, it was noted:

1. The DCI explained the process for issuing and obtaining customer satisfaction surveys.
2. The DCI explained that not all audits will have a one to one relationship, but they would still try and make linkages where possible. Swap link all their work to the key risks and priorities, however will undertake other audits if and when requested to do so.
3. The DCI provided the committee with assurance that all past actions had been provided by the performance team and that they were currently being loaded on to their Auditboard system. It was noted that some of these actions were historic and work would be carried out to identify those actions that were no longer required or no longer relevant. Swap would provide the committee with an update at the meeting in July.
4. The DCI explained that normally a risk would be identified on one of the councils risk registers and there would be mitigating actions in place, where a risk is not recorded or no mitigating controls in place, SWAP would produce a list of expected controls to mitigate that risk. SWAP would formulate Audit tests to test each one of those controls and then give a view on the effectiveness.
5. The DCI explained that the Annual Opinion 2023/24 is retrospective and that it should be noted that the authority’s strategic risk register was significantly updated in March 2024. Therefore SWAP had provided a coverage assessment against the risks that appeared on the strategic risk register throughout 2023/24. The risks removed in this refresh had been prefixed with “Deescalated” in the Year-end assessment of internal audit coverage mapped to strategic risk as listed on [page 199](#).

RESOLVED

That the committee:

- a) **noted the report and considered the assurance provided by the annual opinion report.**

107. WORK PROGRAMME

The committee’s updated work programme was presented, it was noted that the work programme could be adjusted during the year and members could identify any potential items of further business to the Chairperson.

RESOLVED

That the updated work programme was agreed.

108. DATES OF FUTURE MEETINGS

The meeting dates for the remainder of 2024/25 were noted and agreed as follows:

Tuesday, 23 July 2024 2pm
Tuesday, 24 September 2024 2pm
Tuesday, 29 October 2024 2pm
Tuesday, 28 January 2025 2pm

Tuesday, 25 March 2025 2pm
Tuesday, 10 June 2025 2pm

The meeting ended at 15:55.

Chairperson



Title of report: Code of Conduct for Councillors - 2023/24

Meeting: Audit and Governance committee

Meeting date: 23 July 2024

Report by: Head of Legal Services and Deputy Monitoring Officer,
Senior Paralegal Officer, Corporate Services

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To assure the committee that high standards of conduct continue to be promoted and maintained. To provide an overview of how the arrangements for dealing with complaints are working together.

Recommendation(s)

That the Committee:

- a) **notes the update on the Code of Conduct complaints arrangements in respect to 2023/24 and guidance issued to Town/Parish council in relation to Disrespect; and**
- b) **approves the updated Code of Conduct arrangements as set out in Appendix 2 & Appendix 3 to this report and delegates to the Head of Legal Services provision to make any formatting, typographical or consequential additions or changes as necessary to give effect to this decision.**

Alternative options

1. There are no alternative options, the constitution requires the committee to annually review overall figures and trends from code of conduct complaints. This committee agreed that this should be 6 monthly and the committee's recommendations were approved by Council in March 2024. This report provides a summary of the work undertaken during the 2023/24 administrative year ('the review period').

Key considerations

2. Herefordshire Council, and all parish, city and town councils in the county, have a statutory duty under the Localism Act 2011 to 'promote and maintain high standards of conduct by members and co-opted members of the authority'.
3. The Monitoring Officer is responsible for dealing with allegations where councillors have failed to comply with their members' code of conduct and for administering the local standards framework. The Committee is responsible for receiving an annual review by the Monitoring Officer.

Changes to Code Arrangements (Investigation Process)

4. In December 2023, this committee approved recommendations to changes to the transparency and reporting of the Code of Conduct. This included officers making full disclosure of all decisions made under delegated powers to the Standards Panel and included fixing the membership of the Panel and chairing responsibilities.
5. The recommendation was approved by Council in March 2024, with the intention that the changes will take effect from the new administrative year.
6. In addition to the above, this committee resolved on 30 January 2024 to change the arrangements and guidance so that it was easier to understand the Council's process. Councillor Woodall was delegated to be the member of the Committee to be an early consultee on changes that would be recommended to this committee on the Code of Conduct arrangements (investigation process). Officers agreed with the committee to review the existing Code of Conduct arrangements and present this back to this committee. The Council had adopted the LGA model code of conduct (as amended) in [May 2022](#) but unusually, adopted the accompanying [LGA guidance](#) as Herefordshire's arrangements for dealing with complaints.
7. The Code of Conduct arrangements have been amended and officers have consulted with Councillor Woodall as planned. The proposed arrangements are appended to this report (Appendix 2). Since the amendments refine rather than alter the existing arrangements, they will not require approval by Council. The committee is requested to provide any comments and approve the arrangements.

Staffing Arrangements

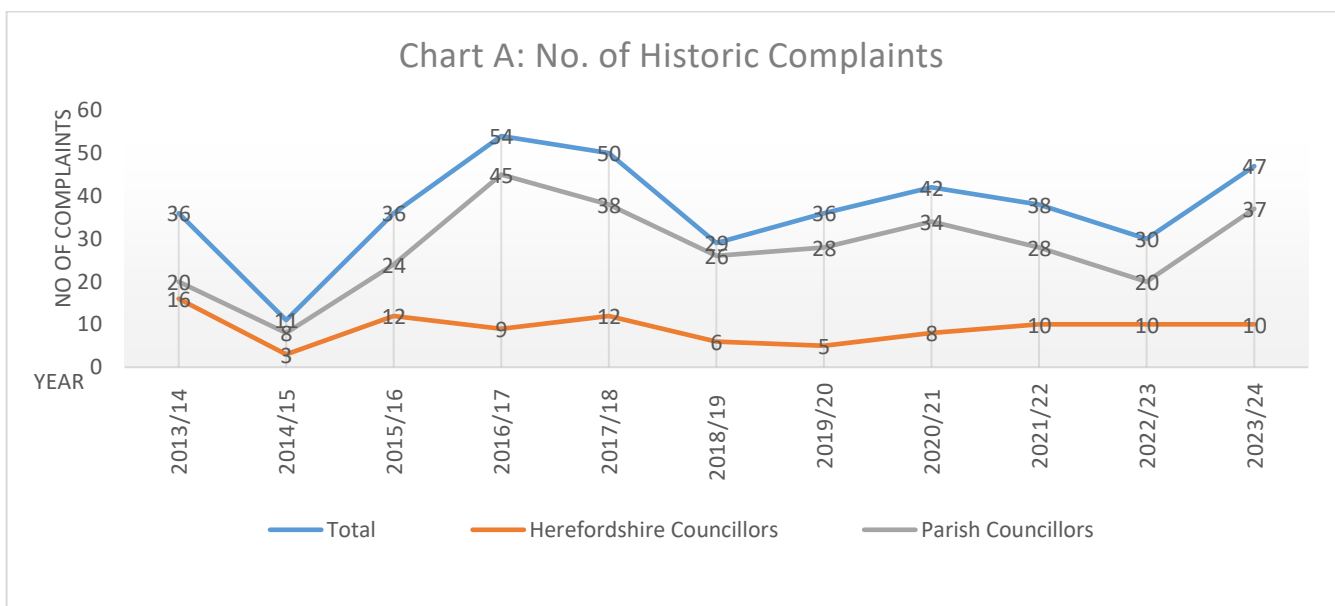
8. The Code of Conduct process is conducted by a lawyer, on a part time basis, with oversight by the Deputy Monitoring Officer, as well as administrative paralegal support which has been in place since February 2024. The process is therefore managed in a cost effective way, making appropriate use of legal and non-legal staffing resources.

Code of Conduct Complaints

This report refers to metrics for the entire administrative year but only reference to specific matters that have arisen since the update in the [6 month report](#) in January 2024.

Number of Complaints

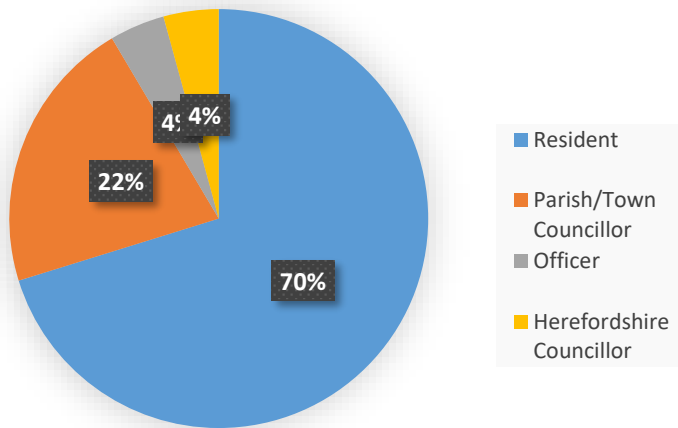
9. Since the introduction of the Localism Act 2011, the number of complaints handled by Herefordshire Council has been tracked. There are 53 Herefordshire councillors, 1225 parish council seats and 4 parish meetings each of whom is subject to a councillor code of conduct.
10. Since the last update to this Committee, from 1 November 2023 to 31 March 2024 the Council received a further 18 Code of Conduct complaints, bringing the total complaints for 2023/24 to 47.
11. Chart A below shows the number of complaints received since 2013. The numbers had been reducing since 2021 but the year ending 31 March 2024 saw a significant increase in complaints. The majority of complaints continue to be against Parish/Town Councillors which is not surprising when considering the numbers of Parish/Town Councillors.



Source of Complaints

12. Chart B shows that, for the review period, 70% of complaints has been from residents and 22% of complaints have been generated by Parish/Town Councillors. On a positive note, only a minority of complaints have been generated by members of Herefordshire Council.
13. The number of complaints generated by Parish/Town Councillors continues to appear higher than expected when we consider that the Code of Conduct complaints process is predominantly meant to be for the use of the public. The trend appears to indicate that some Parish/Town Councillors use the Code of Conduct process to resolve differences of opinion where matters are not resolved locally by the Councillors themselves. Local views appear, in some instances, to be that the matters should be dealt as a Code matter rather than Councillors and clerks settling their differences of opinion appropriately.

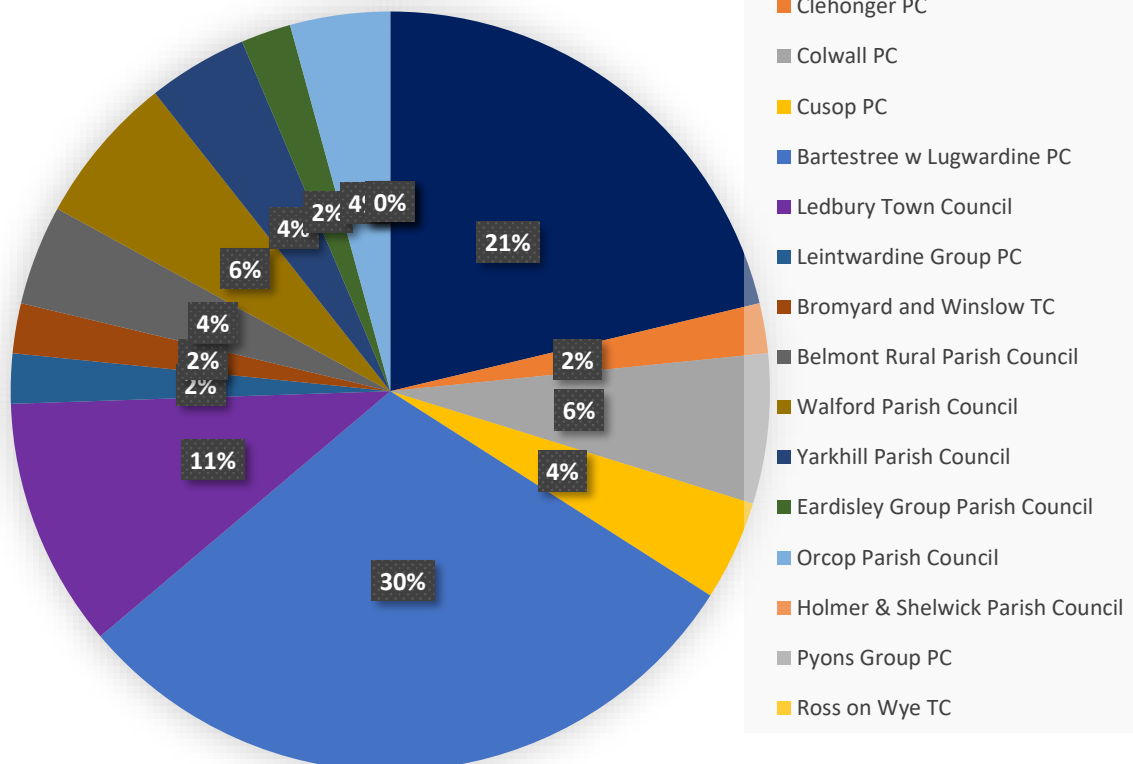
Chart B: Source of Complaint



Relevant Council

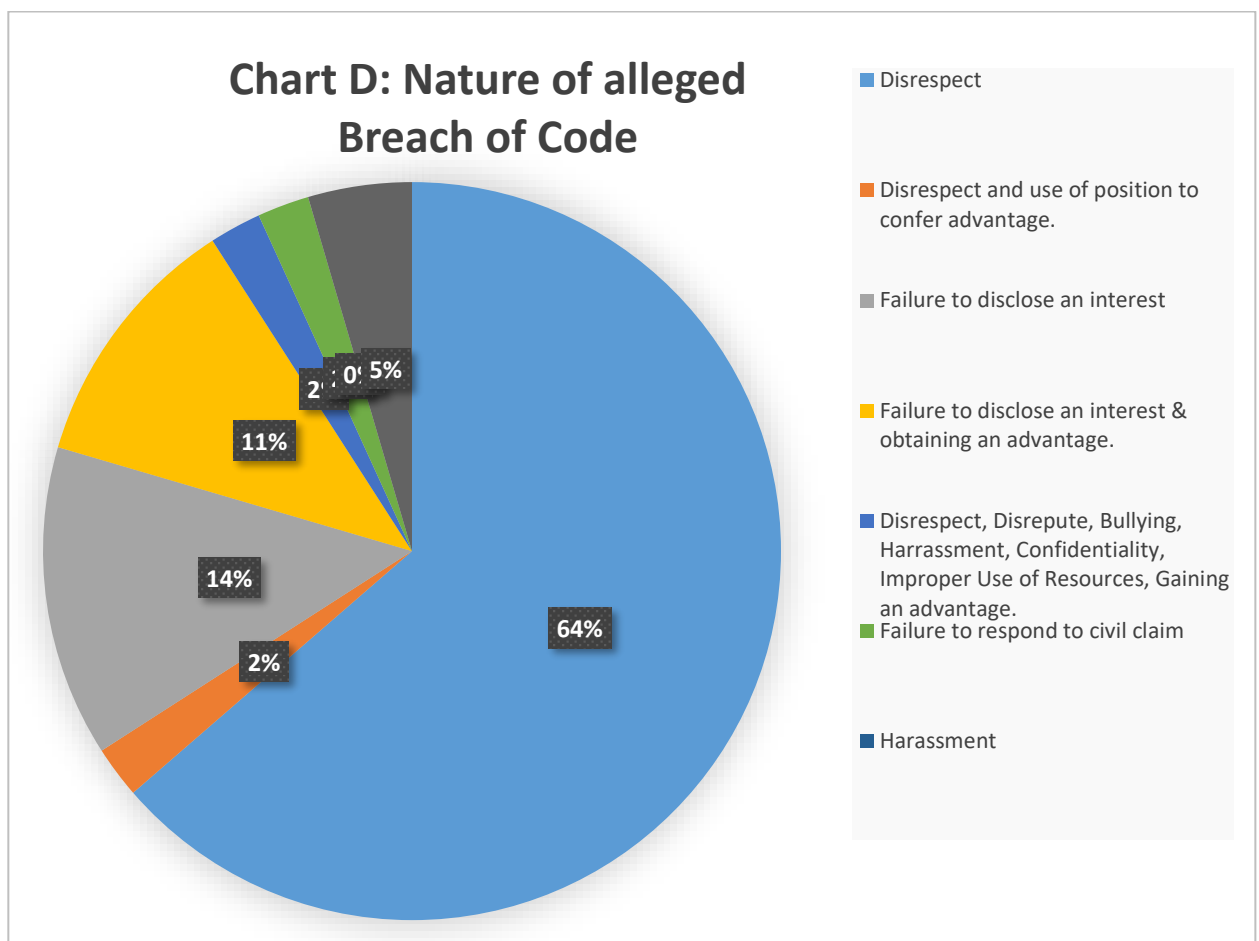
14. Chart C shows the council in which the complained about Councillor is located. The majority of complaints by number relates to members of Parish/Town Councils. Complaints were received in respect of 4 Councillors of Herefordshire Council.

Chart C: Relevant Council



Nature of Complaints

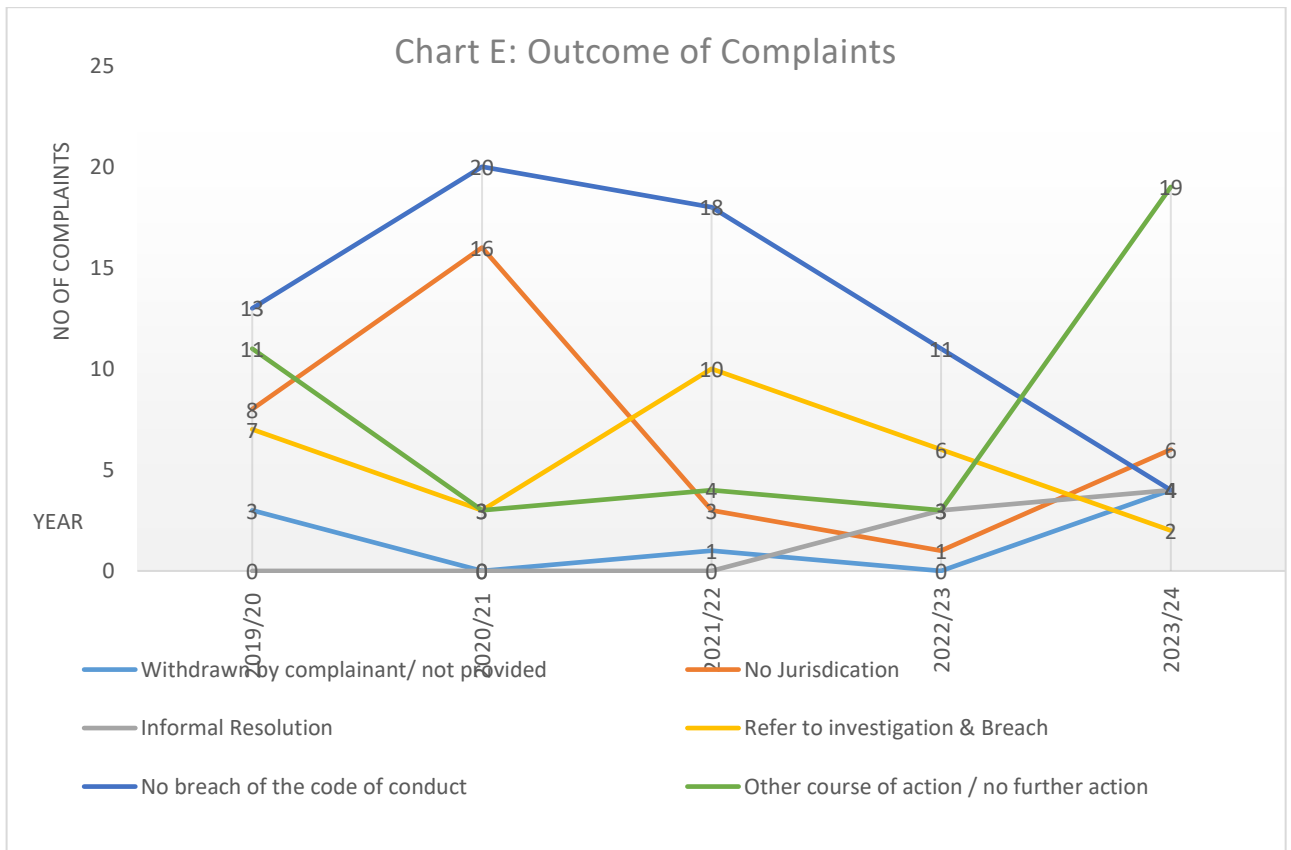
15. A complaint requires a potential breach of the relevant Code of Conduct. Although this has been recorded by officers, due to the fact there is not a standard Code of Conduct (not all Parish/Town Councils have adopted the Herefordshire Code), this means that there is overlap in the recorded potential breaches. As such there are wide ranging descriptions of potential breaches of the Code of Conduct of the relevant council.
16. Chart D shows the range of allegations raised. It is clear that the majority of complaints relate to 'disrespect' (sometimes in combinations with other allegations) and a failure to disclose an interest, typically in the context of representations about planning applications.



17. In relation to disrespect, although undesirable and unwarranted, complainants are unaware of the wide discretion given to Councillors when expressing political views and the fact that only the most egregious of comments could be in breach of the Code. The Courts have repeatedly upheld a Councillor's rights under Article 10 Human Rights Act 1998 (right of freedom of expression) even when it was considered to be a breach of the Code of Conduct.
18. After discussion with the Independent Persons and Monitoring Officer, guidance on disrespect was produced by officers and circulated to the Parish/Town Clerks in April 2024 in an effort to raise awareness of councillors' commitment under the Code of Conduct to treat others with respect (Appendix 4).

Outcome of Complaints

- 19. Chart E shows the outcomes of complaints registered against Councillors. Overall the number of complaints was reducing and as such the different outcomes were likewise reducing. This has changed for the review period.
- 20. At 31 March 2024, there were 39 complaints that had been closed during the review period. Closed complaints includes where a complaint was withdrawn, or resolved at the initial assessment stage and after the subsequent full investigation stage. Resolved includes where there is a finding of a breach, no breach or where there is no further action taken. No Further Action includes where the member has already taken remedial action to correct the matters in the complaint.



- 21. During the review period, after a full investigation, the Monitoring Officer determined that there were breaches of the Code of Conduct relating to a Councillor at Ledbury Town Council. This complaint was complex and required a significant amount of officer resource during the review period, culminating in the publication of a [Decision Notice](#) in February 2024.
- 22. A second complaint was the subject of full investigation during the review period. This determined a breach of the Code of Conduct relating to a Councillor at Orcop Parish Council, culmination in the publication of a [Decision Notice](#) in May 2024.

Current Complaints

23. No 2023/24 complaints remain open at the date of preparation of this report, the last for the review period having been closed by 31 May 2024. There are currently 12 open continuing complaints.

Historic Complaints per Parish/Town Council.

24. Appendix 1 to this report contains the number of complaints received against each Parish/Town Council since 2019/20.
25. Over that period, almost 50% of all complaints have been generated by 4 Parish/Town Councils (77 out of total 158), although 1 of those received no complaints in 2023/24.

Sanctions

26. Our arrangements are that where there has been a breach of the Code of Conduct and recommendations are made by the Monitoring Officer, the subject member is asked to comply. In the event it is a parish councillor, then the report and recommendations are sent to the Parish Council for them to agree. Under our revised procedures, they are not able to substitute their own sanction and either have to agree with the Monitoring Officer's recommendation, or not.
27. Both subject members (for Herefordshire Council) and the Parish Council are asked to confirm whether or not sanctions have been complied with.
28. Decision notices for all breaches are made public on the Council's [website](#).
29. Where a complaint is resolved without a formal investigation, no finding of breach can be made. This committee has agreed that it will nevertheless receive a copy of all decision notices made following initial assessment, no matter what the outcome is. In this instance, the decision notice is provided to the Complainant and Subject Member, as well as the Clerk as Proper Officer, but it is not published.
30. All Decision Notices are provided to the members of the Standards Panel.

Standards Panel

31. A Standards Hearings panel was not convened during the review period.

Key Performance Indicators

32. These are currently in an early form as data captured before the current administrative year was incomplete. Data is robustly captured currently and demonstrates the following key indicators.

Time for Initial Assessment

33. This is the average time taken in days from receipt of the complaint to the initial decision of the Monitoring Officer. This date is not a pure measure as it is dependent on a number of factors, including the subject member's response who may request an extension of time to respond, particularly if a complaint is complex. This reduced from an average of 61 days in March 2023 to 15 days in October 2023 and, during the review period, was an average of 25 days.

Time for Independent Person Response

34. This is the response time for the Independent Persons to provide their views on matters before a decision is made by the Monitoring Officer (as required by the Localism Act 2011). This is currently an average of 3.6 days which is considered to be exceptional and in many cases the response time is the same day.
35. Time between Initial Assessment and Outcome

This is the time taken from Initial Assessment decision when a matter is proceeding to formal investigation, to outcome following that investigation. During the review period, only two cases have been subject to investigation; one concluded during the review period and the other, shortly after the review period ended. The first case took 58 days from Initial Assessment decision that the matter was proceeding to formal investigation, to outcome; the second took 56 days. The Bartestree cluster of complaints has not been included due to the number interlinked complaints and the protracted period that such were received. The decision to combine all complaints into a single investigation means that precise days are not available. However, the first of the 17 complaints was received on the 24 March 2023 and the final report and decision was published on the 23 October 2023.

Council's Independent Persons

36. The Council current has three Independent Persons who support the Code of Conduct process. Their input is invaluable and much appreciated. In preparing this report, the observations of the Independent Persons were sought and these are as follows:
- a. The KPIs reflect the efficient administration and support provided by officers and positive working relationship with IPs.
 - b. It was agreed that the majority of cases concern the relationship between councillors, behaviour concerning declarations of interest, and planning matters.
 - c. Officers have been proactive in providing advice, guidance and positive actions which continue to add value to the process, as does the full and timely consideration of IP comments and questions given by officers.
37. One independent person resigned her position recently due to employment and training pressures. The Council is currently recruiting a further independent person.

Conclusions

38. The data represents a review period of 6 months but demonstrates the following trends and observations, particularly when the review period is considered in the context of the historic data that is included in the report:
- a. Over a fifth of all complainants during the review period were generated by Parish/Town Councillors;
 - b. The majority of all complaints are in relation to disrespect and do not reach the required threshold to amount to a breach especially when raised by a councillor against another councillor;
 - c. The resource required to conduct Code of Conduct cases is significant. When a case proceeds to formal investigation, the data demonstrates a particularly work intensive period and resource need;

- d. Many cases could be avoided by a clearer focus on the part of the Code of Conduct that requires councillors to refrain from conduct that is disrespectful. It is hoped that the additional guidance offered will raise awareness on this point;
 - e. Cases concerning councillor to councillor complaint are a particular concern, since the parties have each committed to adherence to the Code of Conduct and it is regrettable that those cases are not capable of resolution without recourse to the Monitoring Officer.
39. The Monitoring Officer and Chair of Audit & Governance may wish to write to the Chairman of the Parish/Town Councils to advise of these patterns and request that they take necessary action and training to raise awareness of the issues and possibly reduce reliance on the process. However, we must recognise that there are 1225 Parish Town Councillors but only 37 complaints in 203/24 (3%).

Community impact

40. This report provides information about the council's performance in relation to the Code of Conduct.
41. Having an effective process for dealing with Code of Conduct complaints upholds principles A and G of the code of corporate governance by ensuring that councillors behave with integrity and are accountable for their actions. This should provide reassurance to the community that councillors are behaving in the best interests of their constituents.

Environmental impact

42. There are no environmental impacts arising from this report.

Equality duty

43. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
44. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty. However, the model Code of Conduct requires that Councillors do not discriminate unlawfully. Should any complaint be received alleging this as a breach, then we would investigate accordingly and report such within this report. There have been no complaints about discrimination recorded to date.

Resource implications

45. There are no resource implications arising directly from this report which is for information.

The Council has a statutory duty in the Local Government and Housing Act 1989 to provide the monitoring officer with sufficient resources to allow them to perform their duties.

The Independent Persons currently receive no allowances and are only reimbursed their travel expenses for meetings with the Monitoring Officer, or for panel hearings/meetings.

Legal implications

46. There is no statute that specifically requires the Monitoring Officer to produce an annual report. However, the report evidences that the council complies with the duties required under the Localism Act 2011.

Risk management

47. There are no risks arising directly from this report which is for information. Maintaining high standards of conduct mitigates risks to the reputation of the Council. The fact that the Monitoring Officer is only able to make recommendations regarding a breach of the code of conduct exposes the Council and Monitoring Officer to risk of criticism, which was recognised by The Committee on Standards in Public Life.

Consultees

48. Independent Persons for Standards.

Appendices

Appendix 1 – Historic Complaints per Parish Council

Appendix 2 – Proposed Code of Conduct Arrangements

Appendix 3 – Arrangements for dealing with Code of Conduct complaints—Flowchart

Appendix 4 – Guidance Note on Respect under the Councillors' Code of Conduct

Background papers

None identified. Report Reviewers Used for appraising this report:

Governance	Jen Preece and John Coleman	Date 05/07/2024
Finance	N/A	
Legal	Sean O'Connor	Date 15/07/2024
Communications	Luenne Featherstone	Date 10/06 /2024
Equality Duty	Harriet Yellin	Date /2024
Procurement	N/A	
Risk	N/A	

Approved by	Claire Porter	Date /2024
-------------	---------------	------------

Appendix 1: Historic Complaints per Parish Council

Parish Council	2019/20	2020/21	2021/22	2022/23	2023/24	Total Per Council
Total	28	34	30	19	47	158
Herefordshire Council					10	10
Bartestree Parish Council		4	1	3	14	22
Ledbury Town Council	4	3	6	4	5	22
Walford Parish Council	6	7	4		3	20
Llangarron Parish Council	6	5	2			13
Belmont Rural Parish Council		3	1	2	2	8
Upton Bishop Parish Council			3	3		6
Callow Parish Council		1	1	2		4
Lyonshall Parish Council		4				4
Bromyard and Winslow Town Council	2				1	3
Tarrington Parish Council	3					3
Colwall PC					3	3
Ballingham, Bolstone & Hentland Parish Council		2				2
Cusop PC					2	2
Eardisland Parish Council			1		1	2
Holmer & Shelwick Parish Council			1	1		2
Stoke Lacy Parish Council		1		1		2
Wigmore Parish Council			2			2
Yarkhill Parish Council					2	2
Ashton Ingram Parish Council		1				1
Bishopstone Parish Council			1			1
Bodenham Parish Council	1					1
Bridstow Parish Council			1			1
Brimfield and Little Hfd Parish Council				1		1
Burghill Parish Council				1		1
Cradley Parish Council				1		1

Clifford Parish Council	1					1
Clehonger PC					1	1
Dilwyn Parish Council		1				1
Dorstone Parish Council			1			1
Edwyn Ralph Parish Council	1					1
Leintwardine Group					1	1
Leominster Town Council			1			1
Linton Parish Council	1					1
Little Birch Parish Council			1			1
Madley Parish Council			1			1
Orcop Parish Council		1			2	3
Orleton Parish Council			1			1
Pencombe Parish Council		1				1
Pixley and District Parish Council	1					1
Vowchurch Parish Council	1					1
Welsh Newton & Llanrothal Group Parish Council	1					1
Weston-Under-Penyard Parish Council			1			1
Avenbury Parish Council						0
Eardisley Parish Council						0
Marden Parish Council						0
Mathon Parish						0
Much Cowarne Parish Council						0

Appendix 2

ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS

A. Introduction

- A1 These Arrangements ('the Arrangements') set out the process which will be followed in the determination of allegations that a Herefordshire Council member, or a town/parish member or co-opted member within the Council's area, has or may have failed to comply with the adopted Code of Conduct for members at the time of the alleged breach. The purpose of the Arrangements is to ensure that every effort is made to deal with the complaint as smoothly as possible and to ensure that complaints are dealt with in accordance with the relevant legislation and within the agreed timescales. All allegations will be dealt with objectively, fairly and consistently. The Monitoring Officer will also have regard to what is in the public interest and the Council's fiduciary duty to the taxpayers.
- A2 The Arrangements consist of 4 stages. Depending on its nature, a complaint can be resolved informally at any stage up to Stage 3. Stage 4 will involve circumstances in which a meeting of Standards Panel will be called.
- A3 The Arrangements refer to the following terms:
- Monitoring Officer or "MO" also refers to the Monitoring Officer's duly appointed representative(s). The Council's Monitoring Officer (the Director of Law & Governance) is responsible for managing the member complaints process on behalf of the Council.
 - Complainant - the person making the complaint is referred to as the complainant.
 - Subject Member - the member being complained about is referred to as the subject member.
 - Action – this describes the matter to be considered or action to be taken at each stage of the process.
 - Decision Maker – this is the individual or panel required to make a decision or perform an action. This will also state with whom the decision maker will consult (if required).
 - Guidance – this includes guidance in this document under each stage of the process, the general guidance at Appendix I, and the further guidance from the Local Government Association ("LGA"), which Herefordshire Council adopted as the process for dealing with complaints against members, under the Code of Conduct, in May 2022.
 - Independent Persons – The Council has to appoint Independent Persons under S28 Localism Act 2011, to work with the Monitoring Officer to support them with Code of

Conduct complaints and standards issues. Independent Persons are people who are neither councillors nor officers of the Council.

- Standards Panel - Council has agreed that the arrangements for determining breaches of the Code of Conduct for members will include, where the matter cannot be resolved by the Monitoring Officer, consideration of the complaint by the Standards Panel: [Committee details - Standards Panel - Herefordshire Council](#).

A4 A flowchart summarising the procedure that will be followed under these Arrangements is attached.

DRAFT

Stage 1 – Complaint Received

Action:	To determine whether the Complaint has been properly received.
Decision Maker	Monitoring Officer
Guidance	

- 1a. All complaints must be submitted in writing, preferably by electronic submission.

The electronic form is available here: [Complaint about a councillor's conduct - Your details - Section 1 - MyHerefordshire](#); the form should be sent by email to: Code-of-Conduct@herefordshire.gov.uk; or by post to: The Monitoring Officer, Herefordshire Council, Plough Lane, PO Box 4, Hereford HR4 0XH.

- 1b. A complaint is considered to have been received when the MO has sufficient information to complete the initial assessment stage of the complaint (Stage 2 below). Completion of the online form in full will normally mean the MO does have sufficient information to receive the complaint.
- 1c. Once the MO has received a complaint they will acknowledge it to the Complainant within five (5) working days of receipt.
- 1d. Where the MO considers there is not sufficient information in respect to identifying a possible breach of the Code of Conduct or where the facts underlying the breach are not evident, then the MO will request further information. The MO may make further requests where the information is not sufficient.
- 1e. If the complaint contains insufficient evidence to demonstrate a potential breach of the Code, then the MO will advise the complainant that there is insufficient evidence to make a decision and, unless or until further information is received, the Council will take no further action on the complaint. The complainant will be given a further 10 days to submit any additional evidence they want to present. Where information is not provided by the date specified then the MO will reject the complaint.

Stage 2 - Acceptance of Complaint

Action:	To determine whether the Council will accept the complaint as a valid complaint under the Arrangements.
Decision Maker	Monitoring Officer, in consultation with two Independent Persons.
Guidance	

- 2a. The complainant must provide enough information/evidence for the MO to reach a conclusion at Initial Assessment stage.
- 2b. If the complaint contains sufficient evidence, the MO will assess the complaint, using the following criteria (known as the Legal Jurisdiction Criteria), to decide whether the Council can deal with the complaint:
- (i) The complaint is against one or more named members or co-opted members of the Council or a town/parish council within the Council's area;
 - (ii) The subject member was in office at the time of the alleged misconduct/or at the time of the complaint;
 - (iii) The complaint relates to matters where the councillor was acting as a councillor or representative of the Council and it is not a private matter;
 - (iv) The complaint, if proven, would be a breach of the Code under which the councillor was operating at the time of the alleged misconduct.
- 2c. All complaints will be received by the MO, who will make a decision on whether a complaint is valid and should be accepted by the Council, or whether the complaint should be rejected.
- 2d. Once accepted as a complaint, the MO will provide a summary of the complaint, redacted if appropriate, to the subject member and invite them to comment within 10 working days. The MO will also determine what simple or straightforward additional information or investigations could be made at this stage. This may include checking corroborative minutes and agendas of meetings, information on websites, emails etc. or conversations with officers that will assist the initial assessment process. This is not intended to be comprehensive or investigative, but will make best use of time and resources, and will inform the Initial Assessment stages of the 'Legal Jurisdiction Criteria' and the 'Local Assessment Criteria' below.
- 2e. If the complaint concerns the conduct of an elected member or co-opted member of a town or parish council, the MO will notify the Clerk to the town or parish council (unless there is a conflict of interest, in which case the Chair or Vice Chair will be so

notified) once (i) the subject member has acknowledged receipt or (ii) 5 working days have passed and the subject member has not replied.

- 2f. Members are entitled to privacy in their personal lives and the provisions of the Code of Conduct only apply to members when they are acting as a member or co-opted member or as a representative of their council.
- 2g. When reaching a decision as to whether the Code of Conduct applies to a member at a particular time, the MO will have regard to the particular circumstances and the nature of the conduct at that time.
- 2h. If the complaint fails one or more of the legal jurisdiction tests, it will be rejected i.e. Rejected at Preliminary Stage ('Legal Jurisdiction Criteria test not met'). The MO will consult with the Independent Persons before rejecting the complaint. The MO will have regard to the views of the Independent Persons.

DRAFT

Stage 3 – Initial Assessment of Complaint

Action:	Decision about what steps will be taken under the Arrangements at Initial Assessment.
Decision Maker	Monitoring Officer, in consultation with two Independent Persons.
Guidance	

3a. If the complaint satisfies the Legal Jurisdiction criteria, the MO will consider the complaint and the information provided by the subject member against the Local Assessment Criteria test described below:

1. Does the complaint contain sufficient evidence to demonstrate a potential breach of the Code?
2. Are there alternative, more appropriate, remedies that should be explored first?
3. Where the complaint is by one councillor against another, a greater allowance for robust political debate may be given, bearing in mind the right to freedom of expression.
4. Is the complaint trivial, malicious, politically motivated, or 'tit for tat'?
5. Whether an investigation would not be in the public interest or the matter, even if proven, would not be serious enough to warrant any sanction?
6. Has a substantially similar complaint been considered and no material evidence has been submitted?
7. Has a substantially similar complaint been submitted and accepted?
8. Does the complaint relate to conduct in the distant past?
9. Has the behaviour already been dealt with?
10. Does the complaint relate to dissatisfaction with a local authority decision rather than conduct?
11. Is the complaint about someone who is seriously ill?

3b. The MO will reject a complaint and the complainant will be informed that no further action will be taken if one or more of the Local Assessment Criteria applies i.e. 'Rejected at Preliminary Stage ('Local Assessment Criteria not met').

The MO will aim to complete initial assessment within 15 working days of acceptance of the complaint.

3c. **Anonymous complaints**

The MO will normally reject anonymous complaints, since accepting anonymous complaints would be against the principles of transparency and fairness and make matters difficult, or impossible, to investigate. However, there may be exceptional, compelling, reasons why an anonymous complaint could be accepted without detriment

to the process and where the allegation can be evidenced without reference to the complainant.

3c. Subject member is no longer a member

The MO will reject a complaint where the subject member is no longer an elected member of Herefordshire Council, or a town/parish member, or co-opted member, within the Council's area. However, if the subject member is a member of another authority the MO shall, if appropriate, refer the complaint to that authority.

3d. Behaviour that has been dealt with

The MO will reject a complaint has already been the subject of an investigation or other action relating to the Code of Conduct by the Council, or the complaint has been the subject of an investigation by other regulatory authorities.

3e. Conduct in the distant past

Where a matter happened some time ago, the MO will consider whether any further action would be warranted. The MO will normally reject a complaint about conduct that happened more than six months prior to receipt of a complaint, unless there is good reason why a complaint is 'late' – for example, victims of bullying or harassment may have needed time and courage before coming forward or been made aware of other incidents which has prompted them to make a complaint about things in the past.

3f. Conduct that is trivial, malicious, politically motivated, or 'tit for tat'

Where a complaint is rejected on these grounds the MO will be clear about the reasons and will discourage politically motivated or tit-for-tat complaints in particular. When considering this part of the Local Assessment Criteria, the MO will, however, consider whether the complaint itself is sufficiently serious to warrant further action regardless of the motive. For example, a complaint may appear on the face of it to be politically motivated but if it raises sufficiently serious matters it would nevertheless be considered fully.

3g. Matters that require reporting to the Police

The MO will reject a complaint and the complainant will be informed that they should refer the matter to the Police if the complaint is sufficiently serious (whether a single act or repeated acts) to require reporting the matter to the Police. In the alternative, the MO may refer the matter to the Police.

3h. The MO will consult with two of the Council's Independent Persons in making a decision on the complaint at Initial Assessment stage.

3i. The MO will decide on one of the following three outcomes at Initial Assessment:

1. No further action should be taken on the allegation (e.g. there is no breach or no jurisdiction);
 2. The matter should be dealt with through a process of informal resolution in the first instance (e.g the member has agreed to apologise); or
 3. The matter should be referred for a formal investigation.
- 3j. The subject member and the complainant will be notified in writing of the outcome of the Initial Assessment. There is no right of appeal of the decision.

DRAFT

Possible outcomes following Initial Assessment

Stage 3A – No Further Action

Action:	To perform all actions to complete ‘No Further Action’
Decision Maker	Monitoring Officer, in consultation with two Independent Persons.
Guidance	

- 3Aa. No Further Action may be the decision where the MO has decided that there may be substance to the complaint but where (i) the subject member has already taken the action that the MO would determine as being the appropriate sanction (for example, having already apologised); (ii) there is insufficient evidence to establish whether a breach took place or; (iii) there is no public interest in taking the complaint any further. Where the MO reaches this decision, and where an allegation may have disclosed a potential breach of the Code, the MO will nevertheless have made no finding of fact if it is not considered to be in the public interest to pursue the matter further.

Stage 3B – Informal Resolution

Action:	To perform all actions to complete 'Informal Resolution'
Decision Maker	Monitoring Officer, in consultation with two Independent Persons.
Guidance	

- 3Ba. Informal resolution does not mean that a subject member has been found to have breached the Code of Conduct because the matter has not been investigated at this stage. Complaints will not be referred for informal resolution when an investigation is in the public interest.
- 3Bb. If the MO considers, after consultation with the Independent Persons, that the complaint could be dealt with through informal resolution then the subject member and the complainant will be informed of this proposal and given 10 working days to comment before the MO reaches a final decision. The purpose of this is to establish how successful the resolution might be. It does not give either party the right of veto.
- 3Bc. Both parties will be informed by the MO of the action to be taken and the time scales in which it will be undertaken. They will also be advised on what will happen if the action is not undertaken (if any). If the relevant action is taken within the timescales, the Monitoring Officer will notify both parties that the matter is then closed.
- 3Bd. The MO will seek confirmation that the suggested resolution has been complied with. Where a subject member or the complainant disagrees with or refuses to comply with the proposed resolution, fails to co-operate or has taken inadequate action, then the MO will consider whether a formal investigation is needed, having regard to the public interest test and the agreed criteria within this procedure. The MO will consult the Independent Persons before making a decision whether to commence a formal investigation. The MO may consider that no further action is required even where the resolution has not been complied with.
- 3Be Matters which are suitable for informal resolution include:-
- The same breach of the Code by a number of members, indicating a lack of understanding of procedures;
 - A general breakdown of relationships, including between members and officers, of a minor nature;
 - Misunderstanding of procedures of protocols;
 - Misleading, unclear or misunderstood advice from officers;
 - Lack of experience or training;
 - Interpersonal conflict;

- Allegations and retaliatory allegations from the same members;
- Allegations about how formal meetings are conducted;
- Allegations which may be more symptomatic of governance problems within the council.

3Bf. The range of possible actions that the MO will be appropriate to the nature of the complaint. Such actions, though this is not an exhaustive list, may include:

- a letter of apology being issued by the subject member to the complainant;
- training of the subject member;
- a meeting with the complainant and the MO for the subject member to listen to the complainant and understand the reasoning why the complaint was raised.

3Bg. If informal resolution is determined as appropriate and the complainant declines to comply with a proposed action or does not accept the action as appropriate, then no further action will be taken.

DRAFT

Stage 3C – Referral for formal investigation

Action:	To perform all actions to completion of formal investigation and Monitoring Officer's decision thereafter.
Decision Maker	Monitoring Officer, in consultation with two Independent Persons.
Guidance	

- 3Ca. Where, in the opinion of the MO, following consultation with the Independent Persons, a formal investigation is required, the MO will investigate or appoint an investigating officer to investigate the complaint, gather further evidence and prepare a report.
- 3Cb. The MO or the Investigator will advise the relevant parties so that they know who is dealing with the case, the scope of the investigation and what will happen next. The subject member will also be informed that they have the right to seek the views of the Independent Persons and be accompanied at any interviews with the Investigator.
- 3Cc. In the event of a town or parish council investigation, a notice will be sent to the Parish Clerk (unless there is a conflict of interest, in which case it will be sent to the Chair or Vice Chair). The MO will set out what action they consider the town or parish council should take with regards the complaint and the requirements relating to confidentiality, given that standing orders may require the clerk to report the complaint to the town or parish council.
- 3Cd. The scope of the delegation of the investigation will be kept in writing, and there will be agreed timelines for delivery of the report, usually within two months. Any extension of time will be agreed by the MO.
- 3Ce. The Investigator may make inquiries of any person they think necessary, however there is no obligation for such persons to respond /this will not delay the investigation, but it will be made clear in the Investigator's report.
- 3Cf. During the investigation, there may be evidence of further breaches which extend beyond the scope of the investigation. These cannot be investigated and should be the subject of a separate complaint to the Council if necessary.
- 3Cg. The Investigator can refer the investigation back to the MO in the event that circumstances change during the investigation, and it will be for the MO to decide whether the investigation should continue, after consulting with the Independent Persons.

- 3Ch. All information gathered will be kept confidential and all those being interviewed will be asked to maintain confidentiality. Any draft report will be marked as confidential and all requests for information will be dealt with having regard to the relevant legislation.
- 3Ci. The Investigator will produce a draft report which will be shared with the MO and the Independent Persons. It will contain the agreed and disputed facts, the Investigator's view on whether there has been a breach of the Code and their reasons for their conclusion. Once the MO is satisfied, it will be sent to the relevant parties with a deadline for comment. The Investigator is under no obligation to accept any comments from the parties, but where they do not, then they will make a note explaining why.
- 3Cj. Upon completion of an investigation, the MO will make one of the following decisions:-
1. There has been no breach and therefore no further action will be taken;
 2. There have been one or more breaches, but no further action is needed (for example: the member has already apologised for the breach);
 3. There have been one or more breaches, but the matters should be resolved in a way other than by a hearing (e.g. an appropriate form of resolution or actions to be taken); or
 4. That the matter be referred to a hearing.

The investigation will be regarded as complete if the MO receives the final report and accepts that no further investigation is necessary.

- 3Ck. If the MO considers that there has been a breach of the Code, the MO will decide what action, if any, to take and notify the relevant parties. For example, the MO may decide to seek an informal resolution at this stage or decide that the matter is merely a technical breach which will not lead to any sanction. In doing so the MO will consult with the Independent Persons.
- 3Cl. Following completion of a formal investigation, if the MO decides that the matter should be referred to the Standards Panel, the MO will convene a meeting of the Standards Panel and shall give the complainant and the subject member at least 20 working days' notice. The authority to make a determination of breach rests solely with the Hearing Panel once the Monitoring Officer decides to refer the matter to a hearing.
- 3Cm. Stage 4 will take effect if the matter is referred to a Standards Panel for hearing.

Decision Notices following Initial Assessment or Formal Investigation

- 3Da. In all circumstances after the Initial Assessment or the Formal Investigation, the outcome will result in either the complaint being closed or a referral to the Standard Panel (Stage 4).
- 3Db. Where a complaint is closed, a Decision Notice will be issued by the MO. This will be provided in writing to the complainant and the subject member and, in the case of complaints concerning an elected member of a town or parish council, to the clerk as Proper Officer.
- 3Dc. The Decision Notice will set out the outcome to the complaint and the decision made by the MO.
- 3De. All Decision Notices are provided to the Standards Panel. A Decision Notice will not be provided where the substantive complaint is being referring to the Standards Panel (Stage 4).
- 3Df. All Decision Notices detailing a breach of the Code of Conduct will be published on the Council's website for 6 years.

Stage 4 - Standards Panel Hearing Procedure

Action:	To arrange the Meeting of the Standards Panel; To hold the meeting of the Standards Panel and determine the outcome of the complaint.
Decision Maker	Standards Panel (in consultation with one of the two Independent Persons)
Guidance	

- 4a. Unless determined by the MO, all matters considered by the Standards Panel under these Arrangements shall be open to the public. The meeting shall only be exempt under Schedule 12A of the Local Government Act 1972 by a decision of the Standards Panel after receiving a recommendation from the MO. The press, public and members who are not the relevant subject members, witnesses or the Standards Panel shall be excluded where the Standards Panel deems the matter is exempt.
- 4b. At least 10 working days prior to the meeting the Democratic Services Manager will issue the paperwork for the Standards Panel. The paperwork will be sent to each member of the Standards Panel, to the subject member, the Independent Person, the complainant and to the MO. The paperwork will include the agenda for the meeting of the Panel, a copy of any investigator's report (whether performed by the MO or a third party) and copies of any written statements.
- 4c. The report will contain the investigator's recommendation and may provide guidance on decisions or law in similar matters. The report will clear set out the allegations, the breach of the Code reported and the decision required from the Panel.
- 4d. The meeting of the Standards Panel shall be held as soon as practicably possible after issue of the agenda but no sooner than 10 working days after issue of the agenda. The Democratic Services Manager shall arrange a time and date for the Standard's Panel to meet and consider the matter.
- 4e. At least 5 working days before the date of the meeting of the Standards Panel, the Democratic Services Manager shall notify the subject member, complainant and any relevant witnesses of the date, time and place of the meeting and the membership of the Standards Panel at which the matter will be considered.
- 4f. The Democratic Services Manager shall request that any copy documentation is kept confidential and all members and officers of the Council shall maintain such confidentiality. Where any third party does not comply with any request for

confidentiality then the MO will advise the parties as to the further right of disclosure in relation to the paperwork.

- 4g. All paperwork associated with the Standards Panel meeting will be subject to the Council's Access to Information Procedure Rules save that no other member of the Council shall receive the agenda.
- 4h. The Democratic Services Manager shall use reasonable endeavours to arrange a date which is convenient to the Standards Panel, subject member, complainant and MO provided that where the subject member or complainant are unable to attend within 20 working days of the date the Democratic Services Manager intends to issue the agenda then the meeting shall go ahead in their absence.
- 4i. Once the Democratic Services Manager fixes the date of the meeting, if the subject member, complainant or any witness fails to attend (or indicates they will not attend) the meeting, then the meeting shall proceed in their absence.

Attendance of the Subject Member and Complainant

- 4j. The subject member may be accompanied at the meeting by one person. An officer may be accompanied by one officer colleague. Any third party can be accompanied by one colleague. All attendance shall be at their own expense. The agenda shall not be sent to persons accompanying the parties.
- 4k. Any party opting to be accompanied at the meeting must notify the Democratic Services Manager of their intention to do so and identity of the person at least three clear working days before the meeting.
- 4l. If the subject member or complainant are not present, unless the Panel is satisfied that there is sufficient reason for their failure to attend, then the Panel shall proceed in their absence. Where the Panel proceeds in their absence, the procedure for the meeting shall be adapted as necessary.

Order of business

- 4m. The order of business at the meeting shall be as follows:
 - (i) elect a person to preside if the Chairperson or Vice-Chairperson are not present;
 - (ii) receive apologies for any inability to attend the meeting;
 - (iii) receive any Declarations of Interest from Members;
 - (iv) consideration as to whether to adjourn or to proceed in the absence of the subject member or complainant;

- (v) introduction of the Panel, MO (or their representative), independent investigator (if instructed), the Democratic Services Manager (or their representative), the subject member, the Independent Person, complainant and any other witnesses present;
- (vi) hear any representation from the MO (or their representative) and/or the subject member as to reasons (if any) why the Panel should exclude the press and public and a determination as to whether to exclude the press and public. Where the Panel decides that it will not exclude press and public, the Democratic Services Manager shall at this point provide copies of the agenda and reports to any members of the press and public who are present;
- (vii) the Panel shall determine whether all witnesses need to attend to give oral evidence and the timing of such attendance; and
- (viii) consideration of the complaints in the order in which the Panel shall determine.

Speaking

4l. The order of speaking shall be as follows:

- (i) The MO shall introduce the complaint and (where an independent investigator is not in attendance) any report;
- (ii) The independent investigator (if requested and in attendance) shall introduce the report;
- (iii) Complainant (or their representative) shall introduce their complaint;
- (iv) Complainant (or their representative) shall call their witnesses to give evidence;
- (v) The subject member (or their representative) shall introduce their rebuttal of the complaint;
- (vi) The subject member (or their representative) shall call their witness to give evidence;
- (vii) The complainant (or their representative) will sum up their complaint;
- (viii) The subject member (or their representative) will sum their position.

4m. In respect of each speaker, the Chairperson of the Panel shall allow questions in such order as the Chairperson considers appropriate from:

- (i) The complainant (or their representative)
- (ii) The subject member (or their representative)
- (iii) The Panel
- (iv) The MO
- (v) The Independent Person

4n. The Chairperson shall determine the order, manner and time necessary to enable the orderly conduct of the meeting with the aim that the meeting is conducted in a fair manner within the time and resources available. Such discretion will include deciding if:

- (i) a further right of reply is required from a party;

- (ii) whether questions by the subject member or complainant (or by their representatives) of each other should be put directly or by directing appropriate questions to through the Chairperson);
- (iii) limiting the number of witnesses to be heard by the Panel to only those considered critical to the substance of the complaint; or
- (iv) deciding when a person shall be heard (or not heard) further.

4o. The Panel shall permit a representative to present the case and ask questions on behalf of the subject member or the complainant but any questions put shall be answered only by the subject member or the complainant.

4p. At the conclusion of the presentation by the last speaker, the Chairperson will close this part of the meeting and request the subject member, representatives, witnesses and complainant & members of press & public leave the meeting. The Chairperson will inform the parties that the Panel will convene in private with the Independent Person, MO and Democratic Services Manager. The Panel will then decide in the private session to either:

- (i) Adjourn the meeting if further investigation or information is required; or
- (ii) Make a decision on the facts presented at the meeting.

4q. The Chairperson will notify the parties that the MO shall communicate the parties of the decision within 5 working days of the meeting (unless an adjournment is requested).

Making a Decision

4r. In the private session, the Chairperson will ask the MO whether there was any matter raised during the course of meeting which was not addressed in the report or requires further investigation. The views of the Independent Person will be sought.

4s. The Panel will decide whether to adjourn to enable the MO to investigate and report on that new matter and/or to secure the attendance of witnesses as to the new matter.

4t. If no adjournment is requested, then the MO will sum up the evidence presented in respect to denying or supporting the alleged breach of the Code of Conduct and if upheld then the appropriate sanction that could be recommended.

4u. The Panel shall then make a decision whether the subject member has breached the relevant Code of Conduct, and the reasons for that decision. If the subject member is in breach of the Code of Conduct, the Panel shall further decide whether there shall be:

- (i) letter of censure but no further action;
- (ii) letter of censure and recommendation of further sanctions.

4v. No further action shall be appropriate where there is a minor or incidental breach of the Code of Conduct, or where the member has demonstrated to the Panel acceptance and regret as to the

breach, or where the member has performed an act of mitigation (such as an apology) prior to the decision of the Panel.

4w. The Panel may refer to previous decisions of the Standards Panel or the MO when making its decision.

Sanctions

4x. Where a member has been found by the Panel to have breached the Code of Conduct, the Panel may apply any one or more of the sanctions below:

- (a) Report its findings to Council or relevant Town/Parish Council
- (b) Recommend to the Council or Parish/Town Council that the member be issued with a formal censure (i.e. the issue of an unfavourable opinion or judgement or reprimand);
- (c) Recommend to the subject member's Group Leader, or Parish/Town Council, or in the case of an ungrouped Member to the Council, that they be removed from Cabinet, committees or sub-committees of the Council;
- (d) Recommend to the Leader of the Council that the member be removed from positions of responsibility;
- (e) Instruct the Monitoring Officer, or recommending to the Parish/Town Council, to arrange training for the member, and requiring that confirmation of completion of such training is provided to the Monitoring Officer;
- (f) Recommend to the Council or Parish/Town Council that the member be removed from one or more outside appointments to which they have been appointed or nominated by the Council or Parish/Town Council;
- (g) Recommend to the Council or Parish/Town Council that it withdraws facilities provided to the member by the Council, such as a computer, website and/or email and internet access, for a specified period;
- (h) Recommend to the Council or Parish/Town Council the exclusion of the member from the Council or Parish/Town Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council or Parish/Town Council committee and sub-committee meetings;
- (i) If relevant, recommend to Council/political group that the subject member be removed from their role as Leader of the Council or group Leader or other position of responsibility.

Reporting Decision of Standards Panel

4y As soon as reasonably practicable (usually within 24 hours) after the Panel has made its determination in respect of an allegation, the MO shall take reasonable steps to notify the subject member and complainant of the decision only.

4z. As soon as reasonably practicable (usually within five working days) after the Panel has made its determination in respect of an allegation, the MO shall take reasonable steps to give written notice of that determination and the reasons for such determination to the complainant and subject member.

4aa. Where the Panel determines that there has not been a breach of the Code of Conduct the Decision Notice shall state that the Panel found that the subject member concerned had not failed to comply with the code of conduct of the Council and shall give its reasons for reaching that finding.

4ab. Where the Panel determines that there has been a breach of the Code of Conduct the Decision Notice shall:

- (i) state that the Panel found that the subject member concerned had failed to comply with the Code of Conduct;
- (ii) specify the details of the failure;
- (iii) give reasons for the decision reached by the Panel; and
- (iv) state what sanction, if any, is recommended.

H31. There is no right of appeal against the decision of the Standards Panel or recommended sanctions.

Transparency Arrangements

5a All decision notices where there is a finding of a breach of the Code of Conduct, either following a decision by the Monitoring Officer after formal investigation, or by a Standards Panel, will be published on the Council's website. Such notices will be retained until the later of 6 years, or the subject member ceasing to be an elected member.

5b The Monitoring Officer (in consultation with the Chair of Standards Panel) may also publish for such period as considered appropriate other decision notices that do not amount to a breach.

- 5c All decision notices, whether following initial assessment by the Monitoring Officer or formal investigation by the Monitoring Officer, will be copied to the members of the Standards Panel. This will include:

Following Initial Assessment:

1. No further action should be taken on the allegation (e.g. there is no breach or no jurisdiction);
2. The matter should be dealt with through a process of informal resolution in the first instance (e.g the member has agreed to apologise); or
3. The matter should be referred for a formal investigation.

Following Formal Investigation by the Monitoring Officer:

1. There has been no breach and therefore no further action will be taken;
2. There have been one or more breaches, but no further action is needed (for example: the member has already apologised for the breach;
3. There have been one or more breaches, but the matters should be resolved in a way other than by a hearing (e.g an appropriate form of resolution or actions to be taken); or
4. That the matter be referred to a hearing.

Appendix I General Guidance

Requests for Anonymity ie. Complainant's identity withheld from subject member

- 1 In the interests of fairness and in compliance with the rules of natural justice, the subject member has a right to know who has made the complaint and the substance of the allegation(s) made against them.
- 2 Complainants have the right to request that their identity is not revealed to the subject member and the MO, may grant such requests at their discretion in exceptional circumstances. The MO is unlikely to withhold a complainant's personal details or the details of the complaint unless they consider there to be good reasons to believe that a complainant has justifiable grounds for anonymity.
- 3 When considering a request for anonymity the MO will consider any such request alongside the substance of the complaint and will apply the following criteria:
 - the complainant has reasonable grounds for believing that they will be at risk of physical harm from, or that they may be victimised or harassed by the subject member(s) against

whom they are submitting the complaint (or from or by a person associated with the subject member(s));

- the complainant has reasonable grounds for the belief that they may receive less favourable treatment from the Council because of the identity and/or seniority of the subject member(s) in terms of any existing Council service provision or any tender/contract that they may have or are about to submit to the Council.

4 When considering a request for anonymity against these criteria the MO will also:

- balance the request for anonymity against the substance of the complaint;
- consider whether it is possible to investigate the complaint without making the complainant's identity known to the subject member, given the requirement for a proper investigation.

Confidentiality of process

5 The subject member and officers shall keep all matters confidential and shall only disclose any information (including the existence of any complaint) as necessary to pursue or defend as appropriate.

6 The parties acknowledge that the Council is unable to prevent any third parties from disclosing the existence of a complaint, the use of the Arrangements or any documentation produced to the party as a requirement of the Arrangements.

Withdrawal of complaint

7 If a complainant wishes to withdraw a complaint, at any stage prior to the Monitoring Officer's referral to Standards Panel, the Monitoring Officer will consider this. However, the Monitoring Officer will proceed with assessment or investigation of the case if that is considered to be in the public interest.

8 Authority to make a determination of breach rests solely with the Hearing Panel once the Monitoring Officer decides to refer the matter to a hearing.

Evidential Standard

9 Decisions shall be made on a civil basis of balance of probabilities.

10 A decision maker under these Arrangements shall give weight and regard to evidence based upon its content but also on the method such evidence is delivered).

11 A decision maker shall place greatest weight and regard to first hand witness testimony which has been subject to question and examination. Lesser weight (to be determined by decision maker) will be placed on evidence delivered in another method (for example, written statements only, hearsay evidence).

Persistent and Serious Breaches; referrals to the Police

- 12 Persistent, repeated or serious breaches will not be considered under these Arrangements and the complainant will be advised by the MO to refer the matter to the Police.
- 13 If, following the initial assessment stage, the MO decides that the matter should be referred to the Police, the subject member and the complainant will be informed.
- 14 The MO will pass to the Police any relevant evidence relating to the allegations received which disclose behaviour that may constitute serious misconduct or a criminal offence, whether under the ethical standards provisions of the Local Government Act 2000 or otherwise.
- 15 The Arrangements will be put on hold until such time as the Police have completed their investigations and receipt of confirmation of completion the matter (including any information or directions received from the Police) will be referred to the Standards Panel.

Deferral

- 16 An investigation will be deferred when any of the following conditions are met:-
 - Ongoing criminal proceedings or a police/regulatory investigation;
 - The investigation cannot proceed without investigating similar conduct;
 - The investigation might prejudice another investigation or court proceedings;
 - Because of serious illness or genuine unavailability of a key party.

Any deferred investigation will be kept under regular review and all parties will be notified once it is recommenced.

If the matter has been deferred or ended the subject member and the complainant will be notified of the decision, and timescales if it has been deferred, unless the matter has been referred to the Police.

Referral of Monitoring Officer decisions to Standards Panel

- 17 Members of Standards Panel will receive copies of all decisions made by the Monitoring Officer under the Code of Conduct complaint process and may directly provide feedback of their views on the decision or meet informally with the Monitoring Officer. Where requested by the Chairperson of the Standards Panel, the Monitoring Officer will convene a meeting to discuss a specific decision.

Code of Conduct function of Audit & Governance Committee

- 18 Audit & Governance Committee will twice yearly review overall figures and trends from Code of Conduct complaints which will include number of upheld complaints by reference to individual councillors within unitary, town and parish councils with the Independent

Persons in attendance who can provide feedback on decision making and trends for complaints / suggestions for training.

Changes to the Arrangements

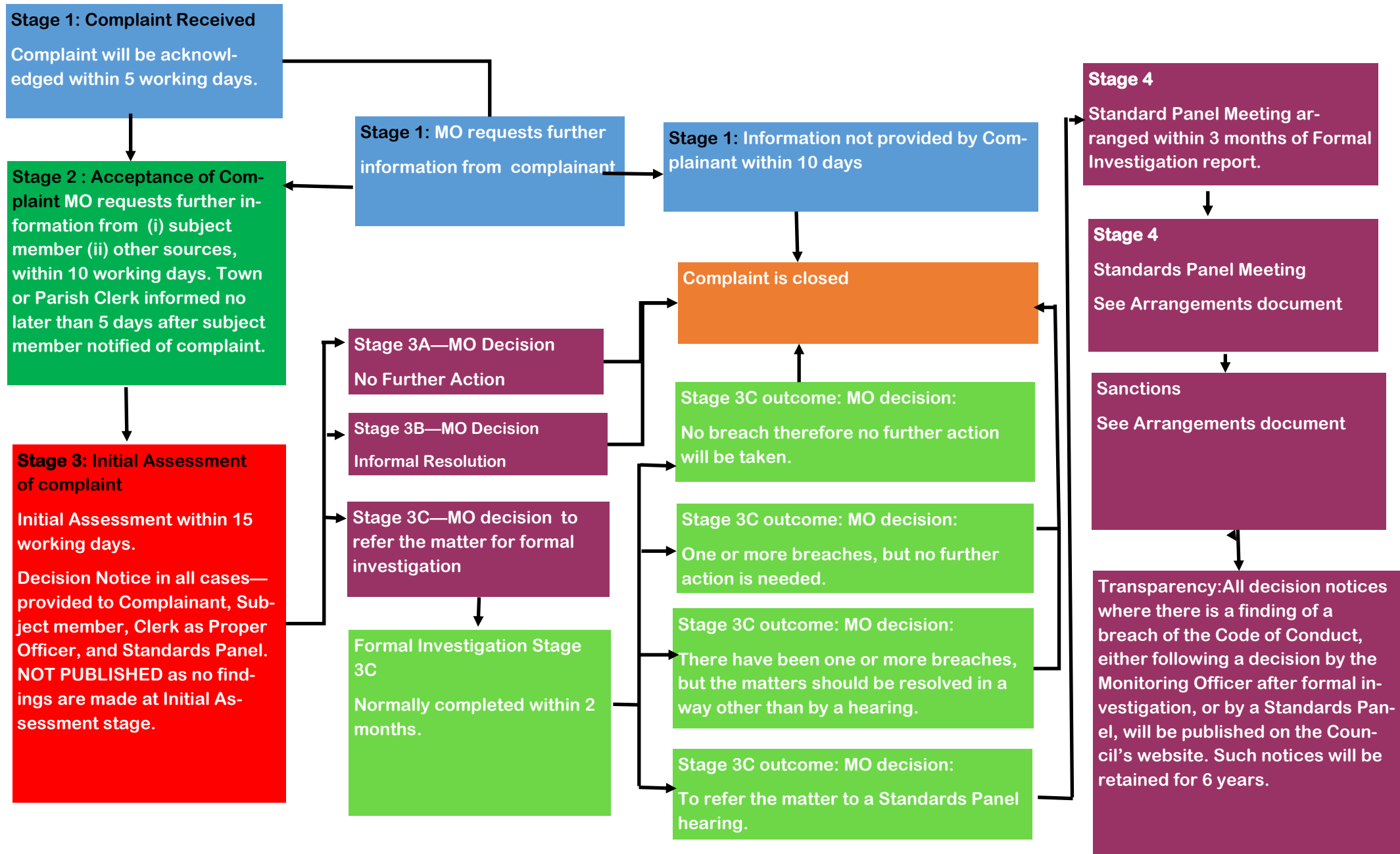
- 19 The MO is authorised to change the ‘Guidance’ sections of these Arrangements in consultation with the Chairperson of the Council’s Audit and Governance Committee where improvements and clarifications are required.
- 20 The MO may also make changes of an editorial nature as appropriate to make the Arrangements consistent with the other Council Protocols or any decision made by the Council, is up-to-date and understandable.
- 21 Any changes made under paragraph 19 will be notified to the members of the Audit and Governance Committee together with the reasoning for the change.

Version Control and Changes

Version	Date	Authority	Changes
1.0	June 2024	HC	Amended Arrangements proposed to replace previous Arrangements for dealing with complaints about members under the Code of Conduct.

Arrangements for dealing with Code of Conduct complaints—Flowchart

59



Guidance Note on Respect under the Councillors' Code of Conduct

The principle of treating others with respect appears in two places in Herefordshire Council's Code of Conduct, which itself reflects the Local Government Association's Model Code of Conduct:

1. General principles of councillor conduct:

In accordance with the public trust placed in me, on all occasions I treat all persons fairly and with respect; and

2. General Conduct

1. Respect: As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

The Code of Conduct says:

'Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening, you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.'

At Herefordshire Council, a significant proportion of complaints considered by the Monitoring Officer each year, include an allegation of disrespect. Some recent examples are appended to this note. Many allegations about conduct that breaches the principle of respect have been deemed suitable for informal resolution.

This additional guidance, by reference to recent decisions made by the Monitoring Officer, is therefore intended to assist councillors to ensure adherence to their responsibilities under the Code of Conduct, with particular reference to respect.

Throughout the public sector, there are growing concerns about the impact bullying, harassment, and intimidation can have on local (parish and town) councils, councillors, clerks and council staff and the resulting effectiveness of local councils.

As a result, National Association of Local Councils (NALC) and other interested associations have responded by setting up the Civility and Respect Project. Its work is supported by a significant amount of resources that can be seen here: [Civility and Respect Project \(nalc.gov.uk\)](https://www.nalc.gov.uk/civility-and-respect-project). In particular, NALC has invited councils to take a 'Civility and Respect Pledge', with a mission statement that includes the aim that civility and respect should be at the heart of public life.

Article 10 of the European Convention of Human Rights, given effect by Schedule 1 of the Human Rights Act 1998, affords a level of enhanced protection to the expression of opinions on matters of public interest in the political arena, Those rights have been upheld by the courts on a number of occasions.

However, it is the Monitoring Officer's advice that the responsibility to behave respectfully, as one of the tenets of public life, remains paramount.

Appendix

Summary of outcomes from the Monitoring Officer's decisions

- A subject member who used inflammatory language in a leaflet distributed to the public was found to have breached the Code of Conduct: this involved conduct by a councillor which could reasonably be regarded as reducing public confidence in their council's ability to fulfil its functions and duties and would bring the authority into disrepute.
- A subject member who recorded the meetings of a local council and then used the recording to publically query and criticise the clerk over the accuracy of the minutes of a previous meeting was found to have breached the Code of Conduct. It was recommended that the subject member apologised in writing to the clerk.
- A subject member who was found to have, on occasion, demonstrated domineering, aggressive and confrontational behaviour was found to have breached the Code of Conduct. Although clearly an enthusiastic councillor, the manner in which they had conducted themselves had, at times, caused others to feel intimidated.
- An email exchange that verged on being abusive and personal towards the complainant resulted in a finding that a subject member had been in breach of the Code of Conduct: the subject member was advised not to make personal comments about members of the public or councillors in correspondence.
- At a meeting, a subject member responded aggressively to a question, banged the table and left the room. The subject member was found to be in breach of the Code of Conduct and was asked to apologise in writing to the complainant for their behaviour and to undertake further Code of Conduct training particularly in the areas of disrespect and equalities.
- At a public meeting, a subject member interrupted a member of the public who was addressing the council as they were permitted to do under the council's standing orders. The subject member proposed that the member of the public should be stopped from speaking; the council voted on this and agreed to the member of the public have a short while longer to speak, whereupon the subject member banged the table and walked out of the meeting saying that 'he was not prepared to listen to this [nonsense]'. The subject member was found to have breached the Code of Conduct although no sanction was suggested because, by the date of the decision notice, the subject member stood down.



Title of report: 2023/24 Financial Statement Audit Progress

Meeting: Audit and Governance Committee

Meeting date: Tuesday 23 July 2024

Report by: Head of Strategic Finance (Deputy S151 Officer)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To report progress on the external audit of the council's 2023/24 financial statements.

Recommendation(s)

That:

- a) **Progress of the external audit of the financial statements for the year ended 31 March 2024 be noted.**

Alternative options

1. There is no alternative option, The Local Audit and Accountability Act 2014 requires the council to produce a Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 (as amended), which are subject to audit by the council's external auditors.

Key considerations

2. The council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulation 2015 (as amended) and the 2023/24 Code of Practice on Local Authority Accounting in the United

Further information on the subject of this report is available from
 Rachael Hart, Tel: 01432 261867, email:
judith.tranmer@herefordshire.gov.ukRachael.Hart@herefordshire.gov.uk

Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the council and comprises: a narrative report and annual governance statement, comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts and supporting notes.

3. The council prepared the draft Statement of Accounts for 2023/24 and published them on 31 May 2024, in line with the statutory deadline. The council provided these accounts to the external auditor (Grant Thornton) on the same date. Only 41% of UK Local Authorities met the deadline to publish the 2023/24 accounts.
4. The external audit of the financial statements was planned to start on 24 June 2024 as per the External Audit Plan 2023/24 presented to this Committee on 26 March 2024. Due to resource becoming available within Grant Thornton and readiness of working papers and audit evidence, audit testing commenced on 5 June 2024. Grant Thornton have committed to completing the audit to present the Audit Findings Report and opinion for 2023/24 to this Committee on 24 September 2024, meeting the statutory deadline of 30 September 2024.
5. The council's Finance Team has worked with the external auditors to provide detailed working papers, evidence for sample testing and explanations to support management judgements and accounting estimates for transactions and balances reported in the financial statements for the year ended 31 March 2024. The council's Finance Team has responded to requests promptly and with high quality working papers.
6. Progress has been made in line with the external audit plan with no material errors in the accounts noted to date.

National Context: Local Authority Reporting Delays

7. Whilst the council is up to date with published financial statements and a corresponding audit opinion for all financial reporting periods up to and including 31 March 2023, delays in publishing local government audited accounts have increased significantly in recent years and there are a significant number of local audits in England which remain outstanding.
8. This Committee received a report on 26 March 2024 detailing two consultations that sought views on measures to clear the backlog and to put the system on a more sustainable footing. The Department for Levelling Up, Housing & Communities (DLUHC) consulted on three phases of delivery to include the implementation of backstop dates for historic audit opinions and longer term reforms of the financial reporting framework. The Chartered Institute of Public Finance & Accountancy (CIPFA) consulted on temporary changes to the Code of Practice to simplify reporting requirements.
9. The dissolution of Parliament on 30 May 2024 meant that the legislation requirements to put these changes into effect did not happen. The outcomes for both of these consultations have been put on hold.

Community impact

10. The audit of the Statement of Accounts in accordance with statutory requirements helps the council to achieve its code of corporate governance commitment to behave with integrity, demonstrate strong commitment to ethical values, and respect the rule of law. The council is accountable for how it uses the resources under its stewardship, including accountability for

outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

11. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
12. This report is to note audit progress in respect of the financial statements so will have minimal environmental impacts, however considerations has been made to minimise waste and resources use in line with the council's Environmental Policy. For example, the external audit on the draft accounts will be completed remotely, reducing travel impact and paper usage.

Equality duty

13. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
14. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

15. There are no new resource implications from this report.

Legal implications

16. The Accounts and Audit Regulations 2015 (as amended) (the Regulations) requires the council to produce and publish an annual statement of accounts in accordance with the Regulations.
17. The Local Audit and Accountability Act 2014 outlines the general powers and duties of the auditor. Part 5, s20 of The Local Audit and Accountability Act 2014 details the duties of the auditor as follows:

(1) In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied—

(a) that the accounts comply with the requirements of the enactments that apply to them,

(b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and

(c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Risk management

18. The council is required to make arrangements for the proper administration of its financial affairs and to secure that the Chief Financial Officer has the responsibility for the administration of those affairs. The council is also required to secure economic, efficient and effective use of resources on which Grant Thornton provide a value for money opinion.

Consultees

19. None

Appendices

Appendix A: Grant Thornton – LG Audit Progress and Sector Update

Background papers

None identified

Herefordshire Council

Audit progress report and sector updates

June 2024



Contents

Section	Page
Introduction	03
Progress at May 2024	04
Audit Deliverables	07
Sector Update	12

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Introduction

Your key Grant Thornton team members are:

Grace Hawkins (Incoming)

Key Audit Partner

T 0292 034 7542

E Grace.E.Hawkins@uk.gt.com

Roz Apperley (Outgoing)

Audit Manager

T 0117 305 7810

E Roz.E.Apperley@uk.gt.com

Cathy Smith (Incoming)

Audit Manager

T 0141 223 0657

E Cathy.Smith@uk.gt.com

Tsitsi Ganga

Audit In-Charge

T 0117 305 7772

E Tsitsi.Ganga@uk.gt.com

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- a series of sector updates in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at May 2024

Financial Statements Audit

We have undertaken our interim audit work in March 2024. This work included performing our initial risk assessment and planning work in preparation for the final audit stage in late June – September 2024. As part of our interim audit work, we have not identified any matters to report to you today.

Value for Money

Our ambition is to then complete all 2023/24 value for money audit reviews by 31 December 2024.

From current trends around inflation, employee cost pressures and service demand, we anticipate that risks around financial sustainability and reserves will require consideration across most local government value for money reviews both for 2023/24. Arrangements for governance and improving economy, efficiency and effectiveness will also be reviewed. The current estimated financial trajectory of the sector is shown within the sector update in this report.

Team Changes

At the March Audit and Governance committee there was discussion around how Grant Thornton planned to deliver the audit and what Grant Thorntons plans were to find a replacement audit manager. Following the committee we can confirm that Cathy Smith will be acting as the audit manager for the 2023/24 final accounts work.

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work is outstanding for the years from 2020/21 to 2023/24. 2020/21 work is in progress, work relating to the financial years after this has not yet commenced.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in February 2024, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Fees

PSAA have published their scale fees for 23/24 [2023/24 auditor appointments and audit fee scale – PSAA](#).

For Herefordshire Council these fees are £356,839 for the Council audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

Below are some of the audit deliverables planned for 2023/24.

2023/24 Deliverables	Planned Date*	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2023/24 financial statements.</p>	March 2024	Completed
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the Audit and Governance Committee.</p>	September 2024	Not yet due
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	September 2024	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	December 2024	Not yet due

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period. However, our expectations is to complete all necessary work by 31/12/2024

Audit Deliverables

Below are some of the audit related deliverables.

Audit related deliverables

Status

Housing Benefit Subsidy – certification

This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.

In line with our March Audit Plan work is outstanding for four years from 2020/21 to 2023/24.

2020/21 - In progress

2021/22 – Not yet started

2022/23 – Not yet started

2023/24 – Not yet started

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Audit fees

	Proposed fee 2023/24
Herefordshire Council Audit	£344,289
ISA 315	£12,550
Total audit fees (excluding VAT)	£356,839*

75

*IFRS 16 adoption – As set out on page 26, IFRS 16 will need to be implemented by local authorities from 1 April 2024. The impact of this change will require disclosure in the 2023/24 statements and may necessitate further audit procedures. The impact on our fee of any additional audit work undertaken will be considered at the conclusion of the audit.

Previous year

In 2022/23 the scale fee set by PSAA was £106,417. In the March Audit Plan, we communicated that the actual fee due to be charged for the audit subject to PSAA approval was £159,042, we can confirm that the final fee approved by PSAA for 2022/23 was £157,417.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \[revised 2019\]](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

79 We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Addressing the local audit backlog - consultation

Consultation

The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- FRC landing page - [Consultations on measures to address local audit delays \[frc.org.uk\]](https://www.frc.org.uk/consultations)
- DLUHC landing page - [Addressing the local audit backlog in England: Consultation - GOV.UK \[www.gov.uk\]](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
- NAO landing page - [Code of Audit Practice Consultation - National Audit Office \[NAO\]](https://www.nao.org.uk/consultations/code-of-audit-practice)

77

Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect.

Preparing for the backstop

For any outstanding years up to 2022/23, local authorities should:

- Prepare, adopt and publish financial statements in line with Code and Statutory requirements (Accounts and Audit Regs 2015 – ‘true and fair’)
- Support statements with a proper set of working papers and audit trail
- Work with the auditor to support the completion of outstanding audit work (where possible) and for the completion of Value for Money Work.

For 2023/24, local authorities should:

- Agree a timetable and working paper requirements with the auditor
- Put project planning and key milestones in place
- Consider the implications of CIPFA consultation (property valuation and pensions)
- Ensure the Audit Committee is properly briefed and prepared

As your auditor we will:

- Keep you updated on all national developments
- Set out clear expectations of the information we will require to conclude our work
- Agree a plan for the delivery of our work programme with a commitment to key milestones

Next steps

We await the government’s response to the consultation. We will discuss next steps including any implications for your audit once we have further information.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We show the current estimated financial trajectory of the sector and we cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

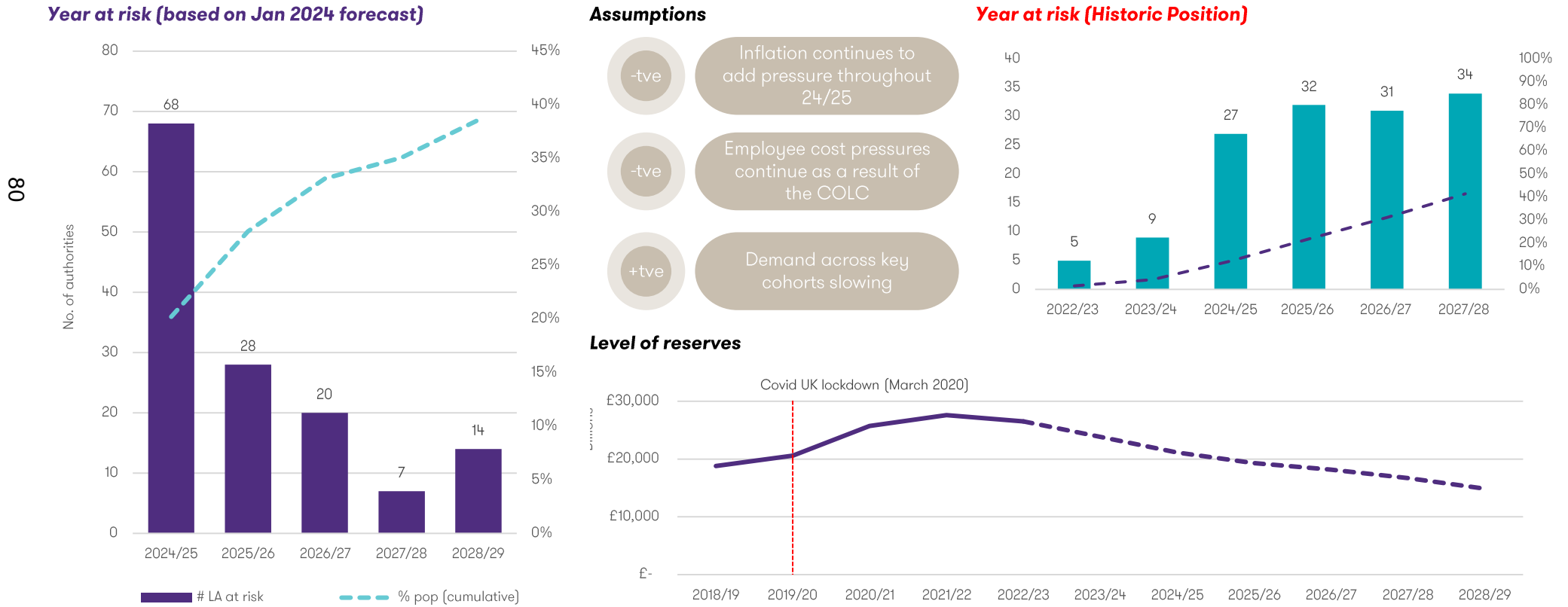
Public Sector

Local
government

The financial trajectory of the sector

This is taken from the Grant Thornton/CIPFA Financial Foresight model, which provides long-term forecasts (revenue income and expenditure) for all councils in England. These forecasts are based on multiple assumptions relating to financial, demographic and economic factors. Councils at risk are defined by the level of usable reserves being less than 5% of net revenue expenditure.

The year at risk graph on the left represents the most recent update of the assumptions including the impact of the Autumn Statement and draft 2024/25 finance settlement. The graph on the right provides the position before this most recent update. This highlights that the year at risk for many councils has moved forward to 2024/25. The graph at the bottom of the page highlights the forecast depletion of reserves nationally, as councils manage ongoing financial pressures.



Source: Financial Foresight (Grant Thornton and CIPFA)

Addressing the delay in local audit

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November 2022. There has not been a significant improvement since, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated: [About time?: key challenges in local audit accounting](#).

Since 2019 Grant Thornton have increased our public sector audit team from 340 people to circa 470 which reflects both the additional work required by new accounting and auditing standards as well as the NAO Code of Practice requirements on value for money.

On 8th February 2024, DLUHC and the NAO both issued consultations on measures to address the delay in local audit. Consultations are open until 7th March 2024 and relate to:

- DLUHC - changes to the Accounts and Audit Regulations 2015 to introduce a backstop date of 30 September 2024 for the publication of audited accounts up to and including 2022/23, and a series of future backstop dates covering the remainder of the PSAA appointment period; and

- NAO - changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements.

The FRC, as shadow system leader, is facilitating the consultations. CIPFA/LASAAC are expected to go live on their proposals for time limited changes to the Financial Reporting Code for English bodies shortly.

To have your say, navigate to the consultations here:

The DLUHC landing page is here - [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](#)

The NAO landing page is here - [Code of Audit Practice Consultation - National Audit Office \(NAO\)](#)



Grant Thornton report: preventing failure in local government

Grant Thornton's December 2023 report Preventing Failure in Local Government offers prescriptions for remedies to support better health across the local government sector. The report looks at the opportunities that councils and their key internal and external players have to prevent failure, noting that the chain (of good governance) is only as strong as its weakest link.

The Audit Committee is listed as one of the key internal bodies with a role to play in preventing failure, along with the Executive, the Overview and Scrutiny Committee and the golden triangle of Chief Executive Officer; Finance Director; and Monitoring Officer. **Opportunities for the Audit Committee to make a difference surround:**

- focusing on risk management alone (not having multiple roles);
- independence (having an independent chair and at least one independent member);
- specialist training and support for members of the committee;
- direction over internal audit (setting the standard for strategic risk focus and timeliness); and
- curiosity and asking the right questions.

Sharing the Auditor's Annual Report with full council is also listed as important. The challenge for Audit Committees will be not only to maximise their own opportunities to prevent failure, but knowing the right questions to ask about whether the Executive and other committees and the three key statutory officers are making the most of their opportunities as well.

For insight into effective questions to ask, read the full report from Grant Thornton here: [How can further local authority failures be prevented? \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)



Mitigating financial distress in Local Authorities

On 29th January 2024, a report by the Levelling Up, Housing and Communities Committee highlighted that in the last six years, eight local authorities have issued a section 114 notice, whereas none had done so in the eighteen years before that.

Income related issues were highlighted in the report around the below-inflation cap on increasing council tax rates (referendum thresholds) and formulaic weaknesses with the business rates retention scheme. Council tax especially was singled-out as regressive, long overdue for reform, and contributing to a disproportionately negative impact on funding levels in the most deprived areas of the country.

Expenditure related issues were listed in the report as surrounding social care; special educational needs and disabilities; and homelessness. The report highlighted that for children's social care, even the Competition and Markets Authority has recognised that the level of competition in the market is "not working as well as it should be" at maintaining prices at reasonable levels for local authority purchasers.

The report shows that nearly one in five Leaders and Chief Executives of other local authorities who have not already issued a s114 notice do assess themselves as being at "tipping point" due to lack of funding.

Whilst most of the recommendations in the report are aimed at Government, there are some **key takeaways for local authorities while they wait for any change that may come:**

- have we set Council Tax at the highest level possible without a referendum? Future changes could see referendum thresholds increased or removed. Are Councils doing all they can now to maximise this source of income?
- are we collaborating as effectively as we can with other local authorities to influence market prices for the services we buy in?

For insight into effective questions that Audit Committees can ask, read the full report here [*Financial distress in local authorities \(parliament.uk\)](https://www.parliament.uk/resources/reports/financial-distress-in-local-authorities)



Learning from the Office for Local Government

On 15th February 2024, the Secretary of State for Levelling up, Housing and Communities set out, in an open letter to the Chief Executive of Oflog, the strategic remit for Oflog for the financial years 2024 to 2027, and the Office's priorities for the financial year 2024/25. The priorities are to:

- inform;
- warn;
- support; and
- engage.

84

Using the new Local Authority data explorer tool (launched in July 2023), the Office can currently use metrics on waste management, planning, adult social care, roads, adult skills and corporate/ finance to compare any one authority with the English median, CIPFA nearest neighbours and trends over time. The Office is expected to develop a new early warning system to identify local authorities that are at risk of serious failure (but have not raised the alarm themselves) and to conduct 'early warning conversations' with local authorities at risk. It will be also be offering a programme of webinars to share best practice between local authorities, and to help improve performance, productivity and value for money.

Local Authorities and their members can familiarise themselves now with the data explorer metrics already publicly available. **Challenge questions for Audit Committees to ask include:**

- are the metrics consistent with our own benchmarking?
- are we showing early warning signs?
- what arrangements will we be making to make best use of the learning that will be on offer?



For a full copy of the remit letter and for access to data explorer metrics for your Local Authority see here:

[Remit letter from DLUHC Secretary of State to the Oflog Chief Executive - GOV.UK](#)

[\[www.gov.uk\]](https://www.gov.uk)

[About - Local Authority Data Explorer](#)

New workbook to support councillors in their work on community leadership

On 8th February 2024, the Local Government Association published a new workbook for Councillors, covering community leadership.

Effective community leadership matters because communities that are engaged tend to have happier, healthier people and lower levels of crime and anti-social behaviour. Declining voting and increased social detachments from local areas are also a concern. Councillors are in the unique position of being able to interface between citizens and the council and demonstrate directly what they have achieved for the people they represent.

8 The workbook shows that for effective community leadership, councillors need to:

- listen to and involve their local communities;
- build vision and direction;
- work effectively with partners;
- make things happen;
- stand up for communities;
- empower communities;
- be accountable; and
- use resources effectively.

With challenge questions; case studies; guidance, hints and tips; and a dedicated section for the opposition, the workbook makes for interesting reading for any councillor – new or already established.

[A councillor's workbook on community leadership | Local Government Association](#)



Making the most of levelling-up funds to local government

In November 2023, the National Audit Office published its report on whether the Department for Levelling Up, Housing and Communities' levelling up funds are likely to deliver value for money. The three significant funds are the Towns Fund (Town Deals and Future High Streets Fund programmes); the Levelling Up Fund (local priorities with a visible impact); and the UK Shared Prosperity Fund (to increase life chances and build pride in place). Between them, these funds are worth up to £10.6 billion and aim to allocate £9.5 billion to local places to be spent by 31 March 2026. However, less than half of the monies given to local places across the three schemes by 31 March 2023 had been spent. Because under current arrangements the funds are time limited, there is a risk that some projects may never be started and others, in the haste to complete, may include sub-optimal decisions.

Many of the delay factors are beyond Local Authorities' control: Rising costs, skills shortages and supply issues in the construction industry. However, the report does highlight that there are things Local Authorities can do to help with unblocking.

Key questions that Audit Committees can ask are:

- do we know which of our projects are on track and which are at risk?
- have all projects got their main contractor in place?
- has full advantage been taken of the ability to move money between sub-projects within individual bids?
- is advantage being taken of the ability to make changes to the scope and scale of projects without seeking approval if the changes do not exceed a 30% threshold?
- are projects being prioritized? So that those that can complete to time, do complete to time?

For the full report and an insight into wider recommendations for the Department, see [*Levelling up funding to local government \(nao.org.uk\)](https://www.nao.org.uk/reports/levelling-up-funding-to-local-government/)

£10.6bn	total amount announced through the Towns Fund, Levelling up Fund and UK Shared Prosperity Fund, to support the government's levelling-up agenda across the United Kingdom between 2020-21 and 2025-26
£9.5bn	the amount the Department for Levelling Up, Housing & Communities (DLUHC) has allocated to local places to be spent by 31 March 2026
£2.0bn	the amount DLUHC has given to local places so far across the three funds at 31 March 2023
£0.9bn	the amount spent by local places at 31 March 2023



© 2024 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Title of report: Internal Audit Update Report Quarter 1 2024/25

Meeting: Audit and Governance Committee

Meeting date: Tuesday 23 July 2024

Report by: Head of Strategic Finance/ Head of Internal Audit

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

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.

To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored through acceptance of agreed management actions and progress updates in implementing the action plans. In addition, occasions where audit actions not accepted by management are documented if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

Recommendation(s)

- (a) Review the areas of activity and concern and be satisfied that necessary improvements are outlined and delivered;**
- (b) Note the report and consider the assurances provided and the recommendations which the report makes, commenting on its content as necessary;**

Further information on the subject of this report is available from
Rachael Hart, email: rachael.hart@herefordshire.gov.uk

Alternative options

1. There are no alternative recommendations; it is a function of the committee to consider these matters in fulfilling its assurance role

Key considerations

2. The committee should consider the report to gain assurance that, from the work undertaken by internal audit, the council has a robust internal control environment that effectively manages risk.
3. The internal audit progress report is attached at Appendix A. A glossary of terms is provided in the report.

Community impact

4. The council's code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet its corporate plan priority to secure better services, quality of life and value for money.

Environmental Impact

5. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
6. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy

Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back-office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

9. None arising from the recommendations; any additional recommendations made by the committee will be considered by the relevant manager or cabinet member and the financial implications of accepting those recommendations will be considered then.

Legal implications

10. None.

Risk management

11. 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 the programme of internal audit work, and subsequent coverage assessments.
12. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is now reported to this committee as part of the internal audit progress reports.

Consultees

13. None

Appendices

Appendix A – SWAP Internal Audit Progress Report Quarter 1 2024/25

Background papers

None identified

Appendix A

Herefordshire Council

Internal Audit Update Report

As @ 5th July 2024

93

Internal Audit Progress Report 2024/25

Indicative Rolling Opinion



Our work highlighted there is generally a sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives.






Summary of high corporate risks, limited or no assurance opinions and high priority actions agreed.

No High organisational risks identified this period.

No Priority 2 Findings identified.

No Limited Assurances identified.

Summary of this reporting period

	<p>Ongoing coverage of internal audit work is aligned to the corporate priorities, the Council's corporate risks, SWAPS sector wide top 10 risk areas and the 8 strands of our 'Healthy Organisation' framework to demonstrate coverage across these key areas.</p> <p>Links to corporate risks remain limited at present due to the influx of new corporate risks identified in March 2024.</p>
	<p>Six assignments have been completed since our last progress report.</p> <p>Seven assignments are currently in progress. Two of these are at draft report stage.</p>
	<p>An update on the tracking of internal audit actions has been included in this report. There are currently 88 live actions pending remediation.</p> <p>Further detail of the status of internal audit actions, as well as additional functionality, is available through AuditBoard. This will be made available to Committee Members in July.</p>
	<p>Our Internal Audit Rolling Plan dashboard provides further oversight on the internal audit activity and can be accessed at any time to show live information.</p>
	<p>Internal Audit work either met or exceeded expectation in 99% of audits where a post audit questionnaire was completed.</p> <p>This is based on a 75% return rate (21 of 28 post audit questionnaires completed and returned).</p>

Assurance Opinions

Substantial	1
Reasonable/Certified	3
Limited	0
No Assurance	0
Advisory	1
Follow Up	1
Investigations	0

Internal Audit Agreed Actions this period

Priority 1	0
Priority 2	0
Priority 3	0

Internal Audit Progress Report 2024/25

A risk assessment for 2024/25 has been undertaken which maps internal audit work to the Councils Corporate risks and SWAPs Top 10 Organisation Risks. This will ensure that internal audit coverage is focused into key areas.

A continuous risk assessment will be undertaken throughout 2024/25 which will inform the internal audit work programme for 2024/25.

Full coverage of internal audits can be seen in the Rolling Plan Dashboard within AuditBoard.



Internal Audit Work Programme and Coverage

We have assessed internal audit coverage for 2024/25 based on the corporate risks taken from Herefordshire Council's Corporate Risk Register presented to committee in March 2024 and SWAPs top 10 risks.

The risk coverage will be updated as and when the risk register and SWAP Top 10 risks are updated as part of rolling plan approach. Please note as future proposed audits are not scoped yet there is potential for coverage to increase.

Coverage against the Councils Corporate Risks is limited at present as there was an influx of new risks to the risk register in March 2024. As part of the rolling plan, we hope to see coverage increase over the year.

Strategic Risk	Coverage	Average Opinion
HC R64 - Inability to recruitment and retain social care staff and other key roles within the service	None	
HC R74 - School Assets	None	
HC R75 - SEND Inspection - Risk of adverse inspection	Some	Non Opinion Audits
HC R77 - Increase in out of county educational placements	Some	Non Opinion Audits
HC R80 - Supply chain capacity	None	
HC R81 - Reviews - capacity, timeliness and statutory duty of care	None	
HC R82 - Contract Fleet Lease Expiry	None	
HC R83 - BBLP Payment Mechanism Value for Money	None	
HC R84 - Contract Management Software	None	
HC R85 - Waste Management services contract	Some	Non Opinion Audits
HC R86 - Insufficient range and quantity of placements for children in our care and care experienced young people	None	
HC R87 - Lack of pace in development of Performance	None	
HC R88 - Lack of pace in development of Mosaic	None	
HC R89 - Business Support	None	
HC R90 - EYFS Sufficiency	None	
HC R91 - Secondary School Places	None	
HC R92 - Special School Demand	None	

* Right click on any line in the table above and "Drill through" to see details of the audits that make up the coverage

Top 10 Risks	Coverage	Average Opinion
Planning, Housing, Environment and the Local Economy	Some	Reasonable
Governance	Some	Non Opinion Audits
Sustaining Care	Some	Non Opinion Audits
Finance	Some	Non Opinion Audits
Health & Safety	None	
Education	None	
Contracts, Procurement and Commissioning	In Progress	
Workforce	In Progress	
Technology, Digital and Security	In Progress	
Strategic Asset Management	None	

Internal Audit Progress Report 2024/25

Definitions of coverage and average opinion are shown here.

The assessment of none, some, and good is based on the number of audits in these areas and the scope of the audits.

This gives the Committee oversight as to whether internal audit is aligned to the corporate priorities and risks, although we would not expect all audits to align to all corporate risks.



Internal Audit Work Programme and Coverage

Description of coverage and the assurance are outlined here.

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

96

High organisational risks are brought to the Committee's attention.

Limited Assurance Audits are brought to the Committee's attention.



High Organisational Risks 2024/25 and Limited Assurance Opinions

There have been no high organisational risks identified in this period of reporting.

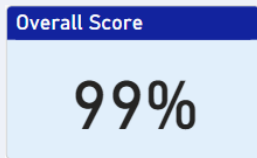
There have been no limited assurance reports issued in this period of reporting.

Internal Audit Plan Progress Q1 2024/25

One of the roles of the Audit & Governance Committee is to oversee the independence, objectivity, performance and professionalism of internal audit.

SWAP promote a range of performance areas and indicators to assess our effectiveness and professionalism.

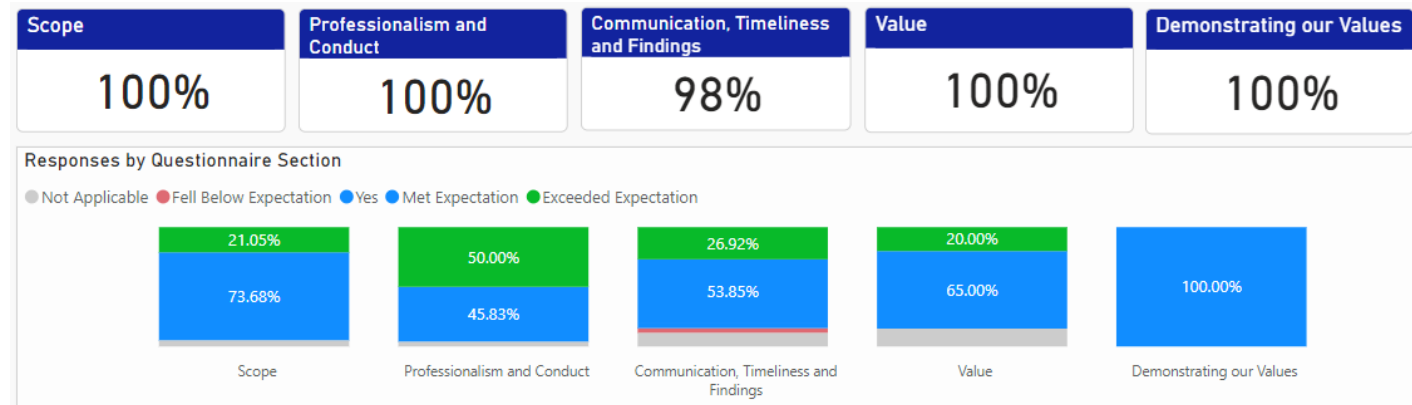
The overall customer satisfaction level for Herefordshire Council is:



Quality Assurance

Following the conclusion of internal audit work, a customer satisfaction questionnaire is issued to the key audit contact to complete. This asks a range of questions; including the value that the audit delivered, the professionalism and conduct of the auditor, and the communication and timeliness of the review.

From the 21 returned questionnaires (a return rate of 75%, from the 28 issued), feedback was strong; especially in relation to our professionalism and conduct. The below visual summarises this feedback across five themes:



Internal Audit Progress Report 2024/25

Action Tracking

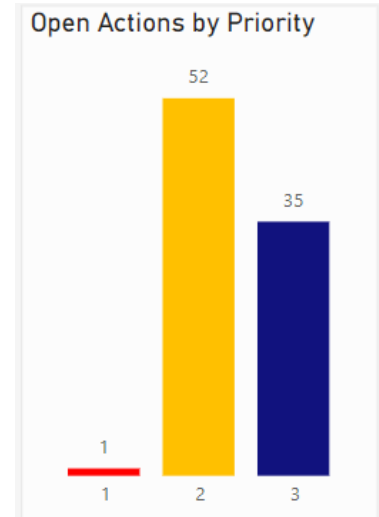


Action Tracking

Historically, the Council’s Corporate Performance team have reported an update of the agreed audit actions to the Audit and Governance Committee. Since April 2024 SWAP Internal Audit Services have taken over this reporting function. The progress of audit actions will now be included in the regular progress reports to this committee. The Council and its officers remain responsible for implementing the actions.

A data cleanse has been completed as part of the action tracking to refine and reduce the number of actions to provide an up-to-date record of current actions.

There are currently 88 actions for Herefordshire Council pending remediation. A breakdown of these actions and their priority is shown here.



Work will now commence to gain an update from the responsible officers allocated to the actions and report this progress to committee. This work will concentrate on those that are most overdue. Those actions that have not been remediated will have updated due dates agreed with officers. Pending Remediation Actions by due date are shown below:

Not yet due	Due within 30 days	1-30 days overdue	31-60 days overdue	61-90 days overdue	91+ days overdue	Total Actions
12	4	1	6	5	60	88

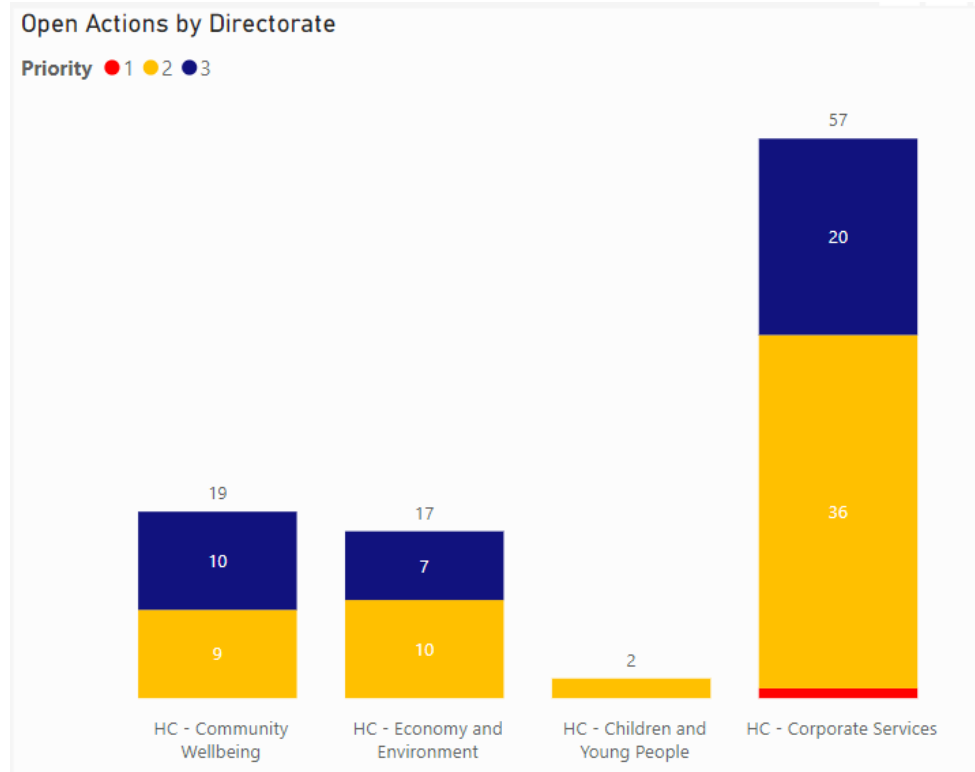
Internal Audit Plan Progress Q1 2024/25

Action Tracking



Action Tracking

Within July we will provide the committee and senior management with access to the Action Tracker – Management Actions Dashboard to allow a full overview of progress against actions. This will also have the ability to drill down further to specific actions and display actions in different formats e.g., per directorate.



Internal Audit Progress Report 2024/25 - In Progress and Waiting to go Live Audits

Filter by Directorate

All 'IN PROGRESS' audits

Audit Title	Fieldwork Complete				Draft Report Issued	Final Report Issued	Type of Work	Fieldwork Start Date	Notes
	25%	50%	75%	100%					
HC ICT Security Assurance Framework Review (SAFR)	█	█	█	█	01/07/2024		ICT	08/04/2024	
HC Foster Care Placements	█	█	█	█	25/04/2024		Assurance	13/04/2023	Awaiting client meeting to agree report.
HC Action Tracking	█						Assurance	01/07/2024	Tracking of agreed audit actions with an update provided to Audit & Governance Committee in progress reports.
HC Court of Protection	█						Assurance	01/05/2024	
HC Planning Benchmarking	█	█					Advisory	18/01/2024	
HC Safeguarding in Recruitment Processes	█	█	█				Assurance	28/05/2024	
HC Waste Contract Mobilisation							Assurance	04/07/2024	

Filter by Directorate

All 'WAITING TO GO LIVE' audits

Audit Title	Type of Work	Notes
HC All Ages Commissioning - Use of Spot Purchasing Non Placement Activity	Assurance	Waiting for brief to be agreed with Corporate and Service Director.
HC CIFAS Support of Implementation	Proactive fraud work	
HC Local Authority Designated Officer (LADO) and Referrals to the DBS	Assurance	Audit brief agreed 21/06/24.
HC Supporting Families Q2 24/25	Grant Certification	
Hereford Enterprise Zone Follow Up of Actions (including extended review of sales)	Assurance	Request from Chief Executive, Chief Finance Officer to follow up on previous audit actions with an extended specific scope of sales of the plots. Brief to be drafted and agreed.

100

Internal Audit Progress Report 2024/25 – Completed Audits

Filter by Audit Period		Filter by Directorate			All 'COMPLETED' Audits		
2024/25		All			Number of Actions & Priority		
Audit Title	Assurance Opinion	1	2	3	Organisational Risk Assessments	Completed Date	Link to Final Report
HC Home Upgrade Grant - HUG 2	Substantial (Low)				Low	04 July 2024	🔗
HC Risk Management Consultancy	Advisory				N/A	03 July 2024	🔗
HC Planning Enforcement	Reasonable (Medium)				Low	26 June 2024	🔗
HC Rough Sleeping Accommodation Programme (RSAP) – Statement of Grant Usa...	Grant Certification				N/A	25 June 2024	🔗
HC Supporting Families Q1 24/25	Grant Certification				N/A	25 June 2024	🔗
HC Registration Service Follow Up	Follow Up				N/A	12 June 2024	🔗



Title of report: Work programme

Meeting: Audit and Governance Committee

Meeting date: 23 July 2024

Report by: Democratic Services Officer

Classification

Open

Decision type

This is not an executive decision.

Wards affected

(All Wards)

Purpose

To consider the committee's work programme (Appendix A).

Recommendation(s)

- (a) **That, subject to any further updates made by the committee, the work programme for the Audit and Governance Committee be noted.**

Alternative options

1. There are no alternative options, as the committee requires such a programme in order to set out its work for the coming year.
2. Updating the work programme is recommended, as the committee is required to define and make known its work. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.

Key considerations

3. The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.
4. The committee is asked to consider any adjustments.

Community impact

5. A clear and transparent work programme provides a visible demonstration of how the

committee is fulfilling its role as set out in the council's constitution.

Environmental impact

6. Whilst this is an update on the work programme and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

7. This report does not impact on this area.

Resource implications

8. There are no financial implications.

Legal implications

9. The work programme reflects any statutory or constitutional requirements.

Risk management

10. The programme can be adjusted in year to respond as necessary to risks as they are identified; the committee also provides assurances that risk management processes are robust and effective.

Consultees

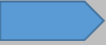
11. The Director of Finance and Assurance / S151 Officer, Director of Governance and Legal Services / Monitoring Officer, and committee members contribute to the work programme; the work programme is reviewed at each meeting of the committee.

Appendices

Appendix A Work programme for the Audit and Governance Committee

Background papers

None identified.

Audit and Governance Committee Constitution		Report	January 2024	March 2024	June 2024	July 2024	September 2024	October 2024	January 2025	March 2025	June 2025
3.5.10	Internal Audit	Internal Audit									
a	To consider the Head of Internal Audit's annual report and opinion, and a summary of internal Audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.	Internal Audit Plan and Internal Audit Charter Progress Report on Internal Audit Plan (see part b for timing) Internal Audit Annual Report and Opinion		Internal Audit Plan and Charter	Annual Report and Opinion					Internal Audit - Planning Approach and Charter	Internal Audit - Progress Report (including update on audit actions)
b	To consider summaries of specific Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.	Progress Report on Internal Audit Plan	Progress Report	Progress Report	Internal Audit Progress Report	Internal Audit - Progress Report (including update on audit actions)		Internal Audit – Progress Report (including update on audit actions)		Internal Audit - Annual Report and Opinion	
c	To consider reports dealing with the management and performance of the providers of Internal Audit Services.										
d	To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.	Update on Audit Recommendations Report									
e	To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee.	No specific activity required as part of normal questioning activity									
f	The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.	Progress report on internal audit plan (see part b for timing)									
3.5.11	External Audit	External Audit									
a	Review and agree the External Auditors annual plan, including the annual audit Fee and annual letter and receive regular update reports on progress.	External Audit Annual Plan Annual Audit Fee Letter External Audit Progress Update External Audit Findings Report External Auditor's Annual Report Update on Audit Recommendations Report	2022/23 External Auditors Annual Report (VFM findings)			External Audit Progress Report	External Audit Findings Report		External Audit – Auditor's Annual Report 2023/24	External Audit - Audit Plan 2024/25	External Auditor's Draft Plan (including indicative fee)
b	To consider specific reports from the External Auditor.	External Audit Progress Update	External Audit Progress Report and Sector Update	External Audit Plan /Progress Report							
c	To meet privately with the External Auditor once a year if required.	Not required to be scheduled on work programme									
d	To comment on the scope and depth of external audit work and to ensure it gives value for money.	No specific activity required as part of normal questioning activity									
e	To recommend appointment of the council's local (external) auditor.										
f	Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.	No specific activity required as part of normal questioning activity. External Audit can place limited reliance on Internal Audit Work.									
3.5.12	Governance										
a	To maintain an overview of the council's Constitution, conduct a biennial review and recommend any changes to council other than changes to the contract procedure rules, finance procedure rules which have been delegated to the committee for adoption.	Accounting Policy Update Contract and Finance Procedure Rules Proposed Changes to the Constitution	Contract and Financial Procedure Rules Update (if required)	Accounting Policy Update (if required)			Contract procedure and financial procedure rules Update		Contract and Financial Procedure Rules Update (if required)	Accounting Policy Update (if required)	
b	To monitor the effective development and operation of risk management and corporate governance in the council.	Work Programme Corporate Risk Register	Work Programme	Work Programme Risk Registers Approach to Strategic Risk Management Update	Work Programme Dates of Future Meetings Draft Annual Report of the Audit & Governance Committee Appointment to Standards Panel	Work Programme 	Work Programme Coporate Risk Registers	Work Programme	Work Programme	Work Programme	Work Programme Risk Registers Dates of future meetings / work programme Draft Annual Report of the Audit & Governance Committee
c	To maintain an overview and agree changes to the council policies on whistleblowing and the 'Anti-fraud and corruption strategy'.	Whistleblowing Policy Anti-Fraud, Bribery and Corruption Strategy	Annual Fraud Report					Whistleblowing Policy	Annual Fraud Report		
d	To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.	Statement of Accounts				2023/24 Draft Statement of accounts					2023/24 Draft Statement of accounts
e	To annually conduct a review of the effectiveness of the council's governance process and system of internal control which will inform the Annual Governance statement.	Annual Governance Statement				Draft Annual Governance Statement		Final Annual Governance Statement	Governance Statement Progress Report on Actions		Draft Annual Governance Statement
f	The council's arrangements for corporate governance and agreeing necessary actions to ensure compliance.	Annual Governance Statement Progress Report									

Audit and Governance Committee Constitution		Report	January 2024	March 2024	June 2024	July 2024	September 2024	October 2024	January 2025	March 2025	June 2025
g	To annually review the council's information governance requirements.	Annual Review of Information Access / Governance							Annual Review of Information Access / Governance		
h	To agree the annual governance statement (which includes an annual review of the effectiveness of partnership arrangements together with monitoring officer, s151 officer, caldicott guardian and equality and compliance manager reviews).	Annual Governance Statement Annual Governance Statement Progress Report									
i	To adopt an audit and governance code.										
j	To undertake community governance reviews and to make recommendations to Council.	On an ad hoc basis only									
3.5.13 Waste Contract											
a	To review, in conjunction with external advisers advising the council as lender, the risks being borne as a result of the funding provided by the council to Mercia Waste Management Ltd and consider whether the risks being borne by the council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice.	Energy from Waste Loan Update						Energy from Waste Loan Update			
b	To monitor the administration of the loan to the waste project in line with best banking practice having regard to any such external advice, including the terms of any waivers or amendments which may be required or are desirable.	Energy from Waste Loan Update						Energy from Waste Loan Update			
c	Consider what steps should be taken to protect the interests of the council as lender in the event of a default or breach of covenant by Mercia Waste Management Ltd, and make recommendations as appropriate to Council, the council's statutory officers or cabinet as appropriate to ensure the appropriate enforcement of security and litigation in relation to the loan to Mercia Waste Management Ltd	Energy from Waste Loan Update						Energy from Waste Loan Update			
d	Consider and recommend appropriate courses of action to protect the position of the council as lender to the waste project: (i) make recommendation as appropriate to Council with regards to its budget and policy framework and the loan to the waste project (ii) generally to take such other steps in relation to the loan within the scope of these terms of reference as the committee considers to be appropriate.	Energy from Waste Loan Update						Energy from Waste Loan Update			
3.5.14 Code of Conduct: To promote and maintain high standards of conduct by members and co-opted members of the Council											
a	To support Town and Parish Councils within the county to promote and maintain high standards of conduct by members and co-opted members of the Council.	Annual Code of Conduct Report					Code of Conduct for Councillors – 2023/24				
b	To recommend to Council the adoption of a code dealing with the conduct that is expected of members and co-opted members of the Council.										
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate.					Code of Conduct for Councillors - 6 monthly update				Code of Conduct for Councillors - 6 monthly update	
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct.										
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment.	Recruitment done on an as required basis									
f	To annually review overall figures and trends from code of conduct complaints which will include number of upheld complaints by reference to individual councillors within unitary, town and parish councils and when a code of conduct complaint has been upheld by the Monitoring Officer or by the Standards Panel, after the option of any appeal has been concluded, promptly to publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.	Annual Code of Conduct Report									
g	To grant dispensations under Section 33 (2)(b)(d) and (c) Localism Act 2011 or any subsequent amendment.	On an ad hoc basis only									
h	To hear appeals in relation to dispensations granted under section 33 (2)(a) and (c) Localism Act 2011 by the monitoring officer.	On an ad hoc basis only									
3.5.15 Accounts											
	To review and approve the Statement of Accounts, external auditor's opinion and reports on them and monitor management action in response to the issues raised by external audit.	Statement of Accounts External Auditor Report						Final Statement of Accounts			