

Agenda

Audit and Governance Committee

Date: **Wednesday 18 September 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:

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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 Tuesday 23 July 2024</p>	11 - 16
<p style="text-align: center;">HOW TO SUBMIT QUESTIONS</p> <p>Deadline for receipt of questions is 5pm on Thursday 12 September 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>ANNUAL REVIEW OF THE COUNCIL'S INFORMATION REQUESTS & COMPLAINTS 2023/24</p> <p>To inform the committee of performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2023/24.</p>	17 - 24
8.	<p>UPDATE TO RISK MANAGEMENT ARRANGEMENTS</p> <p>To provide an update on the council's approach to risk management arrangements and present the revised Draft Risk Management Strategy.</p>	25 - 44
9.	<p>2023/24 EXTERNAL AUDIT FINDINGS REPORT</p> <p>To consider the external audit findings report for the year ended 31 March 2024.</p> <p>N.B Appendix 1: The Audit Findings (ISA260) Report for Herefordshire Council year ended 31 March 2024 – papers to follow.</p>	45 - 48

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| 10. ANNUAL GOVERNANCE STATEMENT 2023/24 | 49 - 52 |
| <p>To seek the view of the committee as to whether the Annual Governance Statement (AGS) for 2023/24 properly reflects the internal control environment the council is operating in and the appropriateness of actions identified to improve.</p> <p>N.B Appendix 1: Annual Governance Statement 2023/24 – papers to follow.</p> | |
| 11. 2023/24 STATEMENT OF ACCOUNTS | 53 - 56 |
| <p>To approve the 2023/24 Statement of Accounts and associated letter of representation from Grant Thornton, the external auditors.</p> <p>N.B Appendix 1: Statement of Accounts 2023/24 and Appendix 2: Letter of representation for 2023/24 – papers to follow.</p> | |
| 12. EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24 | 57 - 60 |
| <p>To present to the Audit and Governance Committee the External Auditor's Annual Report 2023/24 for information and discussion.</p> <p>N.B Appendix 1 Auditor's Annual Report on Herefordshire Council 2023/24 – papers to follow.</p> | |
| 13. WORK PROGRAMME | 61 - 64 |
| <p>To consider the work programme for the committee.</p> | |
| 14. DATE OF NEXT MEETING | |
| <p>Tuesday, 29 October 2024, 2pm.</p> | |

The public's rights to information and attendance at meetings

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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.

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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 23 July 2024 at 2.00 pm

Committee members present in person and voting: Councillors: Chris Bartrum, 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
G Hawkins	Senior Manager, Grant Thornton
D Nickson	Senior Lawyer
S O'Connor	Head of Legal Services and Deputy Monitoring Officer
J Preece	Democratic Services Officer
R Sanders	Head of Strategic Finance
Pete Stoddart	Cabinet Member Finance and Corporate Services
J Tranmer	Chief Accountant

109. APOLOGIES FOR ABSENCE

No apologies were received.

110. NAMED SUBSTITUTES (IF ANY)

There were no substitutes.

111. DECLARATIONS OF INTEREST

No declarations of interest were made.

112. MINUTES

RESOLVED:

That the minutes of the meeting held on 11 June 2024 be confirmed as a correct record and signed by the chairman.

113. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

114. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

115. CODE OF CONDUCT FOR COUNCILLORS - 2023/24

The Head of Legal Services (HLS) introduced the report the following points were highlighted:

- There had been a 50% increase in complaints over the previous year, the majority of which continued to be against Parish/Town Councillors and was not surprising considering the numbers of Parish/Town Councillors.
- 70% of complaints had been registered by residents with 22% of complaints having been registered by parish and town councillors. The high number of complaints from parish / town councillors was an improvement from the previous 6 months however it was still disappointing as the scheme is meant to be in place primarily for members of the public.
- 60% of complaints in the year related to 3 councils which included Herefordshire Council.
- 70% of all complaints included disrespect and 25% of the complaints related to a failure to disclose an interest. Attention was drawn to [appendix 4](#) of the report which provided the guidance circulated by the Monitoring officer to 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.
- 39 complaints had been resolved during the period, only two of those had amounted to a formal breach of the code after an investigation and a decision by the monitoring officer. The remainder of those required no further action.
- The average time taken in days from receipt of a complaint to the initial decision of the Monitoring Officer had decreased significantly from 61 days to 15 days.
- The response time for the Independent Persons to provide their views on matters is currently an average of 3.6 days which is considered to be exceptional and in many cases have been received the same day.
- The Independent persons had been consulted on the report and had provided their comments.
- Attention was drawn to [appendix 1](#), over 50% of the 158 complaints related to 44 councils, which was felt to be negative however only 11 parish councils had received more than two complaints during that same period which was felt to be positive given the number of parish councils in Herefordshire (137).
- The arrangements for dealing with complaints about the code of conduct for member's had been redrafted at [appendix 2](#) which was thought to be clearer, more streamlined and sequential. A step by step flow chart of the process was included at [appendix 3](#) of the report.
- The HLS and Chair expressed their thanks to the Independent persons and Cllr Woodall for their contributions.

In response to committee questions, it was noted:

1. The HLS would look to improve the visibility of the keys included within the charts for future reports.
2. The process for dealing with multiple complaints about the same incident was provided.
3. The guidance issued to Town/Parish councils in relation to disrespect be circulated to all ward councillors.
4. The HLS would look to incorporate a note to highlight where multiple complaints were concerning the same incident in future reports.
5. It was explained that the monitoring officer was responsible for determining an investigation officer by assessing the nature of the breach. Usually internal solicitors would be used based on their expertise or alternatively this could be outsourced to external providers.
6. It was noted that a notice period of 5 working days for a standards hearing to be heard would be given and was chosen merely as part of the minimum requirement of the Local Government Act 1972. It was practice for a date to be

chosen ahead of publication that suited all parties as long as it was within a reasonable amount of time.

7. The HSL would look in to ways to address the issue of welfare to a councillor in receipt of a complaint but was noted currently that a councillor could make contact with the paralegals dealing with their case and that there were contact details provided on their notice. It was noted that before a notice was issued to a councillor where the case was thought to be complex, lengthy and potentially overwhelming, contact would be made with them prior to sending the notice giving them advance warning it was coming and the next steps and process to be taken.

Resolved that the Committee:

- a) **noted 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;**
- b) **approved the updated Code of Conduct arrangements as set out in Appendix 2 & Appendix 3 to this report and delegated 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;**
- c) **requested the guidance issued to Town/Parish council in relation to Disrespect be circulated to all ward Councillors with a covering note and;**
- d) **a letter to be sent to Ministers to address the changes needed to better impose sanctions.**

Action(s)

2023/24-033 The HLS would look to improve the visibility of the keys included within the charts for future reports.

2023/24-034 The HLS would circulate the report issued by Solace to committee members.

2023/24-035 The HSL would look in to ways to address the issue of welfare to a councillor in receipt of a complaint

2023/24-036 The HLS in consultation with the chair and vice chair respond to comments received from Cllr Harvey.

116. 2023/24 FINANCIAL STATEMENT AUDIT PROGRESS

The Chief Accountant introduced the report, the principle points were noted:

- The report updates the Committee on the Progress of the external audit of the draft financial statements for the year end, 31st of March 2024.
- The draft financial statements were published in line with the statutory deadline of the 31st of May.
- The audit had been able to begin three weeks earlier than planned and is progressing in line with the audit plan.
- To date, no material errors had been found by the auditors in the draft financial statements.
- Grant Thornton (GT) had committed to completing the external audit to enable them to present the audit findings report and opinion to this committee in September enabling the Council to publish the audited financial statements by the statutory deadline of the 30th of September.

The Senior Manager (SM), GT highlighted a change since the audit plan which had been caused by the increase in spend for the Council. Herefordshire had exceeded the £500m

threshold and therefore resulted in being treated as a major local audit. Members would see an increase in areas of focus and samples in the audit and the audit findings report.

In response to committee questions, it was noted

1. The scale fee is set by the Public Sector Audit Appointments (PSAA).
2. The SM confirmed there was a team of 6 working on the audit and a large team behind that working on detail.
3. An explanation of ISA 315 was provided. It was explained that there would be more focus on IT systems, understanding the controls and business processes. When the PSAA set the scale fee this had not come into place yet which was why it was outlined as an additional fee line within the report.
4. With regards to preventing failure in local government the SM confirmed from attending previous meetings, viewing past minutes prior to joining she had no concerns with the functioning of the committee, that they challenged auditors and were risk focused.
5. The Head of Strategic Finance highlighted that as part of GT's value for money work, one of the key areas that is looked at is those charged with governance and the governance arrangements which includes the effectiveness of the role of audit and Governance Committee. To date the only recommendation made from GT was the appointment of an independent person on to the committee.
6. The chair recommended councillors reading the [councillor's workbook on community leadership](#).
7. The SM was meeting with the councils specialist grants team to check on the progress of the housing benefit subsidy certification and hoped this would be concluded in September.

Resolved that:

- e) **The progress of the external audit of the financial statements for the year ended 31 March 2024 were noted.**

117. INTERNAL AUDIT UPDATE REPORT QUARTER 1 2024/25

The Director of Continuous Improvement (DCI), South West Audit Partnership SWAP) introduced the report, the following principals point were noted;

- The indicative opinion was of reasonable assurance, with a sound system of governance, risk management and control in place.
- No high organisational risks had been identified.
- Six audit reviews had been completed since the last progress report.
- Customer satisfaction continued to increase with recent surveys having feedback of succeeds expectations.
- There had been no limited or no assurance audits issued since the last committee in June
- The committee were reminded of their access to Auditboard where they could access full audit reports on any reports.
- Progress had been made with action tracking with historic or those actions no longer relevant having been cleansed. It was noted that 88 actions remained but these would likely be reduced once managers had updated SWAP on their progression. Swap would be responsible for coordinating, tracking and monitoring actions, the DCI emphasised they were not responsible for the completion of the actions.

In response to committee questions, it was noted;

1. The DCI would look to incorporate place holders against risks where no coverage had been identified to provide the committee with some indication of when they are likely to be reviewed.
2. The Head of Strategic Finance (HSF) highlighted that where an item features on the strategic risk register, it did not automatically mean that it would be included in the audit coverage because they could have mitigating risks against them that were being managed naturally through risk management arrangements and would only require internal audit to review if it was deemed something that needed extra focus as part of their rolling programme. The registers would be looked at ahead of the September meeting to ensure there is assurance over the coverage which enables the committee to challenge areas that did not receive internal audit focus.
3. An explanation of a non-opinion audit was provided.
4. The HSF re-emphasised the DCI introductory comments that the process of tracking actions had changed, that whilst it appeared that many actions were still outstanding it was thought this was due to action tracking being out of date opposed to the delivery of the activity. The council is very much focused on completing these actions and this should be evidenced in the next report.

The chair thanked the DCI for his contributions to the committee as the principal auditor would now be taking a leading role moving forward.

Resolved that the committee;

(a) Reviewed the areas of activity and concern and were satisfied that necessary improvements are outlined and delivered;

(b) Noted the report and considered the assurances provided and the recommendations which the report makes, commenting on its content as necessary.

Action(s)

2023/24-037 The DCI would look to incorporate place holders against risks where no coverage had been identified to provide the committee with some indication of when they are likely to be reviewed.

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

The Democratic Services Officer provided the committee with an update of the progress in appointing an Independent Person to the Committee.

It was noted after a failed attempt to attract viable candidates during the first advertisement for the position it was reported that since re-advertising a strong application had been received and it was hoped that this would lead to an interview and the potential to recruit to the committee. It was highlighted that the deadline for applications was 1 September 2024.

119. WORK PROGRAMME

The committee's updated work programme was presented, the chair highlighted the following updates:

- The Corporate Risk Registers had been delayed till September.

- The Annual review of the Council's use of the Regulation of Investigatory Powers Act 2000 (RIPA) had been added to the work programme for October.
- The Annual review of Information access/ Governance had been brought forward from January to September.

RESOLVED

That the updated work programme was agreed.

120. DATE OF NEXT MEETING

Wednesday, 18th September 2024, 2pm.

The meeting ended at 3:34pm

Chairperson

Title of report: Annual review of the council's Information Requests & Complaints 2023/24

Meeting: Audit & Governance Committee

Meeting date: 18 September 2024

Report by: Claire Jacobs & Tilly Page

Classification

Open

Decision type

This is not an executive decision

Wards affected

All wards

Purpose

To inform the committee of performance in the areas of complaints, data incidents and requests for information made to the council over the municipal year 2023/24

Recommendation(s)

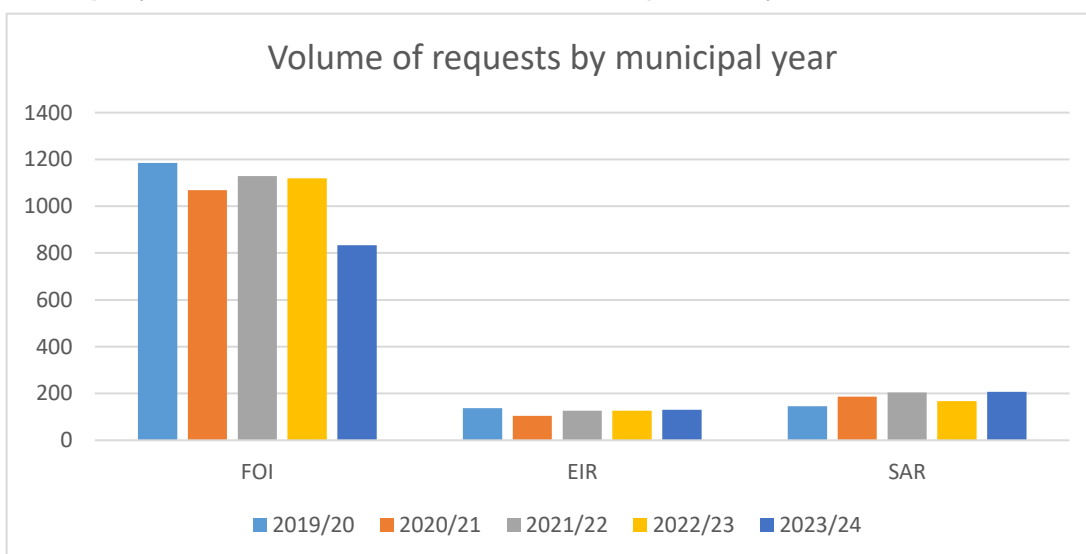
That the information set out in the report is noted.

Key considerations

Requests for information

1. The council is subject to legislation that requires openness and transparency, providing members of the public with qualified rights of access to information. At the same time, the council is also required by legislation to protect certain information from unauthorised disclosure, and to exempt information from being released. The council therefore makes decisions on disclosure of information based on the law and regulatory guidance, occasionally having to balance the public interest in releasing data with the confidentiality of the information and the harm that release would cause. When the council undertakes this balancing exercise, it does so taking into account relevant case law and decision notices.

2. From 1 May 2023 to 30 April 2024 the council dealt with 834 requests under the Freedom of Information (FOI) Act 2000, and 130 requests under the Environmental Information Regulations (EIR) 2004.
3. There were 13 such requests that were answered outside of the statutory deadlines for responses to be made, meaning that the overall response rate was 98.6%. This exceeded the council's target of 95% compliance and was well within the Information Commissioner's Office (ICO) threshold of 90% for responses within deadline. Where information was not provided in full this was because some of the information was exempt (for reasons such as the information consisting of personal data). In a small number of cases the information was not held, or refused in full due to the information being exempt from disclosure and no information was released.
4. There were 282 fewer requests received in comparison to the previous municipal year. We believe that this is due to the introduction of a disclosure log where we publish requests / responses to all FOI and EIR requests except for those which have had an exemption applied for personal data. We have also dealt with more requests as Business as Usual. These are requests for which the information is already publicly available either on the council's website or disclosure log or are otherwise easily answerable. During the municipal year we dealt with an additional 368 requests as business as usual. Handling them that way ensures a faster response for requesters and reduces the amount of time that service areas have to spend on FOI / EIR requests.
5. Three cases were referred to the ICO and in all cases the ICO upheld the council's decision.
6. During the last municipal year there were also 207 requests where individuals asked for personal data about themselves under their right of subject access in data protection legislation. The response rate for this period was 78% of requests responded to within the statutory deadlines. This was below the target for the calendar year, which we set at 95% response rate. The processing of these requests is very complex. For each request the Information Governance team have to review every single document to consider whether an exemption applies and redact accordingly. If the request is from a care leaver this can involve reviewing 1000+ documents. The graph below compares volumes of requests received in the municipal year 2023/24 with volumes received in previous years.



7. [Statistical data](#) on requests processed under FOI and EIR are published on the council's website and updated quarterly.
8. Where other council's publish their FOI / EIR request volume statistics, some informal benchmarking can be made based on requests received in the financial or calendar year, and the council is performing well in comparison to other such councils. Leicester City answered 98.6% of their requests within the statutory timescale in 2023, Worcestershire County had a response rate of 93.3% and Powys a response rate of 69%.
9. Information request data is monitored monthly within the council with Corporate Directors provided with monthly Information Governance reports, at the information governance steering group and bi-annually at Corporate Leadership Team. There is a section on processes for staff to follow regarding information requests within the mandatory training completed by all council staff annually.
10. The information governance team deals with requests made by the police in relation to criminal investigations to view council information, and requests from other public sector organisations in relation to such matters of investigation of fraud and child protection matters concerning closed social care cases. The volumes of the latter requests have again remained stable over the past year compared with previous years. Police requests have decreased over the past year and a total of 56 requests were processed, including the locating, proportionate sharing and redaction of records.

Information Governance

11. The council's information governance team monitors low-level data security incidents, near misses, and allegations of breaches of data protection legislation, of which 260 such cases were reported and dealt with over the past municipal year. Out of these, 4 met the threshold for reporting to the Information Commissioner's Office (ICO), however no action was taken against the council in 3 cases with the ICO satisfied as to how the council had dealt with the breaches. A decision is pending in the remaining case. The figures reflect that the council has sound processes in place for reporting data incidents, and that there is a high level of awareness from the mandatory training given to all council staff regarding data protection. It also indicates a more open culture around reporting things that have gone wrong. Incidents are reviewed at the information governance steering group and learning from incidents is fed back through staff training and changes in processes and procedures.
12. The information governance team also assesses the mandatory data protection impact assessments that are completed for new programmes, projects or systems that involve processing of personal data, advise on information sharing agreements, implement information security policies and procedures, and ensure that teams make information available on how the council processes personal data.
13. In addition to providing the council with a service, as of April 2024, 47 of the county's schools were signed up to a self-funding school's data protection officer service level agreement. A high level service and support to schools is provided whether on the end of the telephone or via a face to face visit.

Complaints

14. The council dealt internally with 483 corporate complaints, a significant decrease from last years 734. It could be suggested that since the change in categorisation of how 'complaints' are processed, we are able to deal with more 'complaints' as service requests or enquiries. In addition to the 483 corporate complaint, the Complaints team managed, 158 service requests.

15. In addition, 102 complaints were processed under the children’s complaints procedure for children’s social care, a 85.5% increase from last year. Complaints that fall under the children's complaints and representations policy are those that have a demonstrable impact on the child or young person and come from a person who is deemed able to complain on behalf of the child or come from the child or young person themselves. Whilst complaints over the past year have covered a wide range of issues, generally themes of not providing a satisfactory service prevail, and decisions being challenged as they are alleged to be unfair. Links to both complaints policies are provided below:

www.herefordshire.gov.uk/social-care-support/complaints-feedback-childrens-young-peoples-services

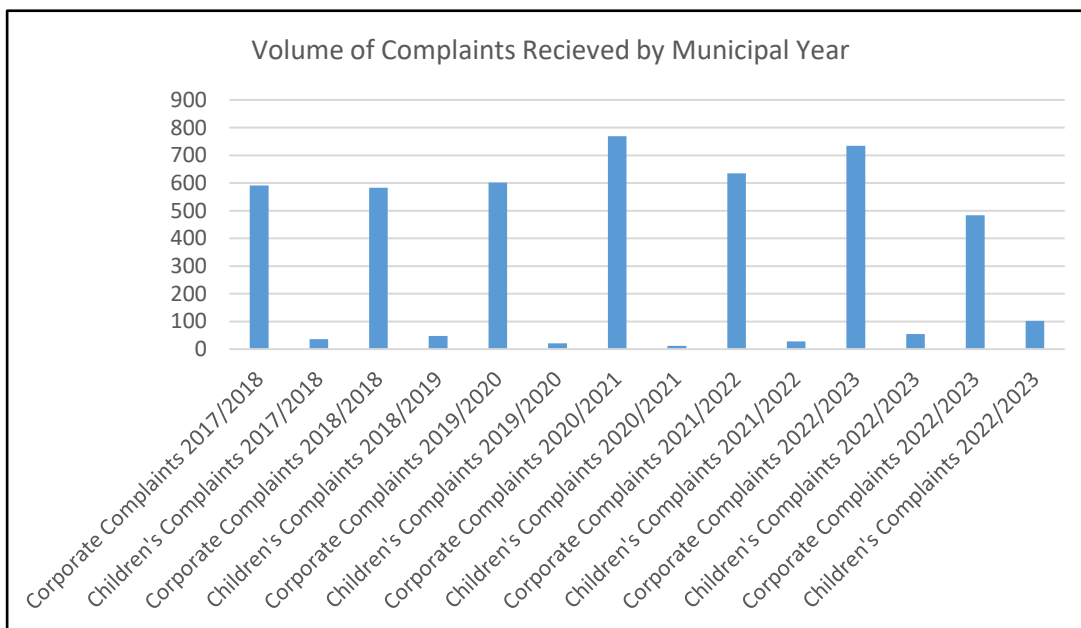
www.herefordshire.gov.uk/downloads/file/1334/corporate-complaints-policy

16. Quarterly reports to directorate management teams highlight these areas and recommend action to be taken, so that complaints trend data can be actively used to anticipate problem areas for service users and training needs for council staff. As one example, complaints about children’s services have been used to contribute to the improvement plan implemented last year, for more active listening to the issues experienced by people receiving children’s social care services.
17. When a complaint has exhausted the council’s complaints procedure administered by the Complaints team, complainants can approach the Local Government and Social Care Ombudsman (LGSCO) for an independent investigation. For findings by the LGSCO of maladministration and injustice (where the council has been found to be “at fault”) a decision notice will give recommendations that may include compensation payments.
18. The LGSCO themselves publish statistics by financial year. The review of complaints received by the LGSCO covering 1 April 2023 to 31 March 2024 provides figures for comparative authorities which are given in the table below. The council has seen an increase in the number of cases upheld against it, however in 2022-23 the LGSCO changed their investigation processes, contributing towards an increase in the average uphold rate across all complaints. Considering all complaints received by the council, 55 complaints were referred to the LGSCO of which they considered 10. This means 80% of complaints the LGSCO investigated were upheld. This compares to an average of 79% in similar organisations.

Authority	Number of complaints considered	Complaints upheld
Isle of Wight	12	67%
Rutland	2	100%
Cheshire West and Chester	19	62%
Northumberland	26	69%
East Riding of Yorkshire	19	89%
Herefordshire	10	80%
Shropshire	24	79%
Cornwall	43	77%
Wiltshire	26	62%

North Somerset	15	80%
Cheshire East	25	76%
Bath and North East Somerset	5	80%
Solihull	5	100%
Central Bedfordshire	10	70%

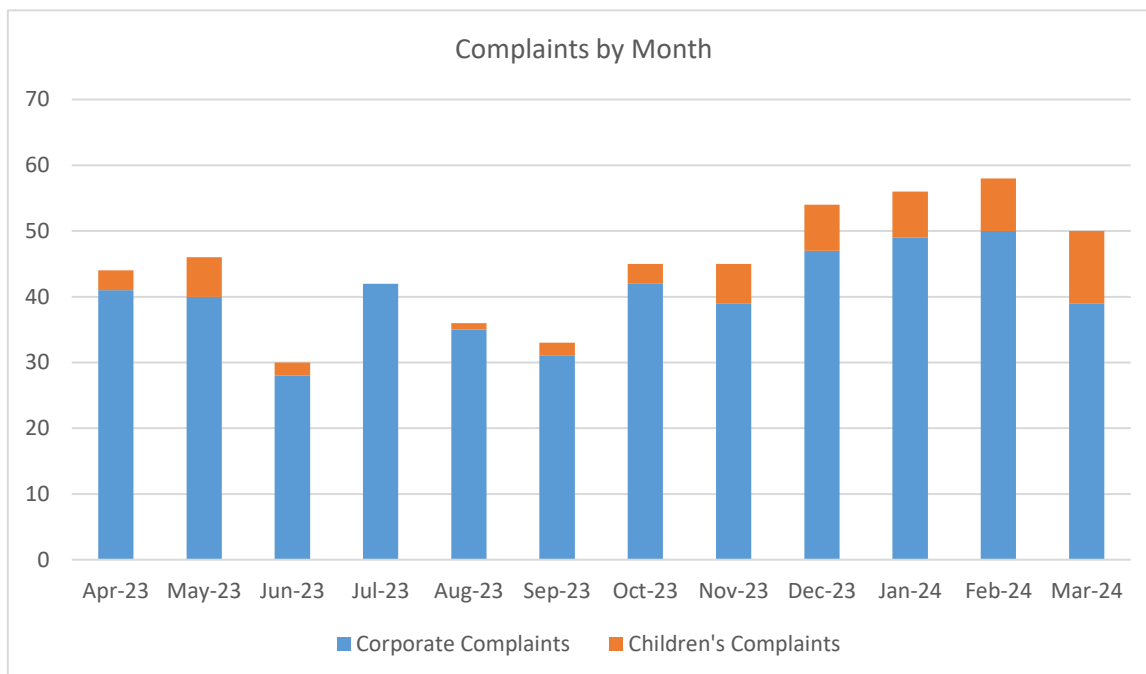
19. The LGSCO cases that were upheld against the council are set out on the LGSCO website which is at www.lgo.org.uk/decisions
20. In 100% of cases the council has complied with the recommendations made by the LGSCO to resolve the case. In some cases compensation was recommended. The council paid out a total sum of £250 as advised by the LGSCO for the period of 1 April 2023 to 31 March 2024, a notable decrease from the £2200 paid to complainants 1 April 2022 to 31 March 2023.
21. The following graphs show volumes of complaints processed under the council's corporate complaints procedure alongside those processed under the separate statutory children's complaints procedure.



22. The second graph breaks down complaints received by month with the data set out in the following table:

Month	Volume of complaints
April 2023	41 corporate complaints and 4 children's complaints
May 2023	40 corporate complaints and 8 children's complaints
June 2023	28 corporate complaints and 10 children's complaints
July 2023	42 corporate complaints and 10 children's complaints
August 2023	35 corporate complaints and 7 children's complaints

September 2023	31 corporate complaints and 10 children's complaint
October 2023	42 corporate complaints and 6 children's complaint
November 2023	39 corporate complaints and 10 children's complaints
December 2023	47 corporate complaints and 2 children's complaints
January 2024	49 corporate complaints and 10 children's complaints
February 2024	50 corporate complaints and 7 children's complaint
March 2024	39 corporate complaints and 18 children's complaint



Community impact

23. In accordance with the adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. The council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.
24. This report provides information about the council's performance in handling complaints and requests for information from members of the public, in order to provide assurance that the council handles requests and complaints effectively and derives learning from them to improve experiences for those who receive services from the council. It also provides information about the measures taken to protect personal data under the UK General Data Protection Regulations and the Data Protection Act 2018.

Environmental Impact

25. The 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.
26. 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, including through encouraging complaints and requests for information to be submitted electronically to the council.

Equality duty

27. 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.

This report is for information only and therefore there are no equality duty implications arising directly from this report.

Resource implications

28. There are no financial implications arising directly from this report, which is for information. As outlined above however, there are risks of fines from the Information Commissioner's Office for breaches of data protection legislation, and compensation payments if the council has acted in a way that results in maladministration and injustice. The council has sufficiently protected the personal data it holds to not incur fines so far. The council has however had to make some compensation payments following complaints, hence learning from complaints is being fed back into strategic planning.

Legal implications

29. There are no direct legal implications arising from the report as it is a factual summary provided for information purposes.

Risk management

30. The risks to the council are of non-compliance with legislation including the UK General Data Protection Regulations, the Data Protection Act 2018, the Freedom of Information Act 2000, the Environmental Information Regulations 2004, and the Local Government Act 1974. Effective operational and governance processes mitigate these risks of non-compliance with information legislation and standards, and maintaining high standards of compliance mitigates risks to the reputation of the council.

Consultees

Not applicable.

Appendices

None.

Background papers

None identified.

Title of report: Update to Risk Management Arrangements

Meeting: Audit and Governance Committee

Meeting date: Wednesday 18 September 2024

Report by: Director of Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To provide an update on the council's approach to risk management arrangements and present the revised Draft Risk Management Strategy.

Recommendation(s)

That:

- a) **The committee notes the activity completed to update the Draft Risk Management Strategy and determines any recommendations to the strategy.**

Alternative option

1. The committee could choose not to consider the report, however this is not recommended as managing risk is an important function of council operations.

Key considerations

2. Further to the report presented to this committee in March 2024, activity to review and update the council's risk management arrangements has continued, incorporating feedback and best practice from an evaluation completed by the council's external Risk Management Consultants.
3. This external review considered the Corporate Risk Register, Risk Management Plan and Policy. Feedback highlighted that the council's approach to risk management is largely informed by best practice and a small number of recommendations to update language and

descriptions in respect of risks were made. These recommendations are reflected in the updated Draft Risk Management Strategy, included at Appendix 1 to this report.

4. The review also identified areas for improvement to risk management arrangements including a review of the council's risk appetite to inform procedures for escalation of risks, timescales for the assessment of individual risks and the frequency of reviewing and reporting risk registers. These improvement recommendations will be addressed through focused risk management workshops in Autumn 2024 for the Corporate Leadership Team to:
 - a. agree the format of the Risk Register and determine the corporate risks to be monitored and managed (Draft Risk Management Strategy - Appendix A); and
 - b. complete the Risk Appetite Matrix (Draft Risk Management Strategy - Appendix B).
5. Following the planned workshops the Draft Risk Management Strategy will be updated, to include feedback from this Committee, and a final copy will be presented for review and approval.

Community impact

6. Effective risk management is essential to the delivery of the priorities set out in the County Plan.

Environmental Impact

7. 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.
8. Whilst this is a report for information 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

9. 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.
10. 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 document relates to presenting a report for information, we do not believe that it will have an impact on our equality duty.

Resource implications

11. There are no specific resource implications from the report itself.

Legal implications

12. There are no specific legal implications arising from this report itself.

Risk management

13. N/A.

Consultees

14. None.

Appendices

Appendix 1 Draft Risk Management Strategy

Background papers

None identified.

Draft Risk Management Strategy

AUTHOR(S):
Director of Finance
Head of Corporate
Performance and
Intelligence

DATE
September 2024

NEXT REVIEW DATE
September 2025

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Introduction

In an ever-evolving landscape marked by economic uncertainty, regulatory changes and shifting public expectations, Herefordshire Council ('the council' hereinafter) recognises the need to adopt a robust risk management strategy to safeguard public interests, enhance service delivery and ensure sustainable development. Effective risk management is not just a regulatory requirement; it is a critical tool for resilience, enabling the council to anticipate potential threats, mitigate adverse impacts and maximise opportunities. Moreover, mitigating against the risk of missed opportunities and non-action can be just as important as mitigating against the risks of actions that could cause potential harm.

Risk is unavoidable. By integrating risk management into strategic planning and operational decision-making, the council can navigate complex challenges; from financial pressures and cyber threats to climate change and public health crises. A proactive risk management strategy will not only protect public assets and services but will also provide valuable assurance to residents, partners, and stakeholders that effective risk management arrangements are in place. This approach ensures that the council remain agile, responsive and prepared to thrive amidst uncertainty, delivering value and improving outcomes for the communities they serve.

Aims and Objectives

A proactive and responsive risk management strategy will support organisational resilience; safeguarding public interests whilst maintaining service quality and operational efficiency.

Aims

- Protect public interests: ensure the safety, health and well-being of residents, visitors and businesses across the county through the identification, assessment and effective management of risks.
- Enhance service delivery: maintain and improve the quality and continuity of public services by minimising the impact of risks that could disrupt operations or reduce service standards.
- Safeguard public assets and resources: protect the council's physical, financial and human resources, including infrastructure, data and intellectual property, from potential threats and losses.
- Promote good governance: embed a culture of risk awareness and management across the council; ensuring accountability, transparency and compliance with statutory obligations.
- Support strategic objectives: align risk management practices with the council's strategic priorities and objectives, fostering resilience and adaptability in a changing environment.

Objectives

- Develop a comprehensive risk management framework: establish a clear, systematic approach to risk identification, assessment, mitigation, monitoring, and reporting that is integrated into all levels of the council.

- Identify and assess risks: regularly identify and evaluate risks that may affect the council's ability to achieve its objectives, including financial, operational, reputational, environmental and regulatory risks.
- Implement effective mitigation measures: develop and implement appropriate risk mitigation strategies, including risk avoidance, reduction, transfer and acceptance, tailored to the nature and severity of each risk.
- Promote risk awareness and training: provide regular training and guidance to employees and elected members to ensure a thorough understanding of risk management principles, practices and their roles in managing risks.
- Monitor and review risk management processes: regularly review and update risk registers, management plans, and controls to ensure they remain effective, relevant, and aligned with the council's evolving risk profile.
- Enhance decision-making: integrate risk management into the council's decision-making processes, ensuring that risks are considered when developing policies, projects, and partnerships.
- Ensure compliance and accountability: ensure compliance with relevant legislation, regulations, and standards while promoting a culture of accountability where risk management is seen as everyone's responsibility.
- Foster resilience and business continuity: develop and maintain robust business continuity and emergency response plans to ensure the council can respond effectively to incidents and crises.
- Risk reporting: establish a robust hierarchy of risks, and regularly report on the risks to all levels of the organisation, including service managers, directorate leadership teams, Corporate Leadership Team and elected members.

What is risk management?

Risk is ‘the effect of uncertainty’, and risk management is ‘the coordinated set of activities and methods that is used to direct [the council] to control the risks that affect its ability to achieve the objectives’.¹ Risk management for the council involves identifying, assessing, managing and mitigating risks that could impact the delivery of services, projects or statutory duties. The council is responsible for a wide range of services, such as social care, education, housing, waste management, and public safety. Good risk management helps ensure these services are delivered effectively, safely and within budget, while also maintaining public trust.

Examples of risks include (not an exhaustive list):

- Financial risks: budget/funding reductions or unexpected costs.
- Reputational risks: negative media coverage, public dissatisfaction or failure to meet statutory duties.
- Operational risks: disruption of services, technological system failures, data breaches or infrastructure damage.
- Compliance risks: non-compliance with laws, regulations or statutory duties.
- Political and social risks: changes in central government policy, demographic shifts or social trends that affect long-term planning.
- Environmental risks: extreme weather events, climate change impacts or sustainability challenges.

Regulatory and Best Practice Frameworks

The council is guided by frameworks and standards such as:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework: offers guidance on good governance and risk management practices.
- The Public Sector Internal Audit Standards (PSIAS): provides standards for internal audit functions, including the assessment of risk management processes.
- ISO 31000: an international standard for risk management, which many local authorities adopt to structure their approach.

¹ Source: ISO 31000 ‘Risk Management – Principles and guidelines’

Types of Risks

The council will identify the type of risk under four broad categories as below. It is possible for a risk to apply to more than one category.

Type of risk	Description	Examples
Internal	These are risks over which the organisation has some control, for example risks that can be managed through internal controls and, where necessary, additional mitigating actions. This often involves traditional risk management, such as risk registers, controls and assurance.	Fraud, health & safety, legal & regulatory, information security, data protection, safeguarding, contracts, people capability & capacity.
External	External risks represent significant events/perils and their impact on organisational resilience. The approach to managing external risks is through considering the impact those external events could have on infrastructure, finance, people, operations and reputation. A common example is a business continuity plan.	Economic downturn, central government cuts, terrorist attack, extreme weather, cyber-attacks.
Strategic	Strategic risks represent risks to the timely achievement and delivery of priorities and objectives of the council's Council Plan and associated Delivery Plan.	These can be immediate impact risks to the organisation's ability to continue operating, e.g. loss of customer data; or slow-burning risks that grow and eventually prevent delivery of objectives, e.g. staff turnover or leadership capability.
Major programmes and projects	Major projects form such a critical part of the plans for the council and should have their own risk management arrangements in place aligned to the programme/project governance arrangements. Risks identified in respect of significant projects should be escalated as required.	These risks will be specific to the major project in question and could involve shifting requirements, budget overspend, slippage in delivery timeframes, failure to deliver. <i>Project and programme risks have separate guidance, available from the Project Management Office. Significant project and programme risks are escalated in the directorate risk registers.</i>

Roles and Responsibilities

Role	Responsibilities
Cabinet	<ul style="list-style-type: none"> • Has the ultimate accountability for risk and related control environment • Sets the direction in the Council Plan and articulate risk appetite to realise those objectives through the Council Plan's Delivery Plan in line with the risk management strategy • Oversees the effective management of risk by officers • Upholds the responsibilities within the risk management strategy • Reviews regular reports from the Audit and Governance committee • Considers the risks in all decision-making • Individual Cabinet members should also regularly review risks within their portfolio as part of Cabinet Member Briefings
Audit and Governance Committee	<ul style="list-style-type: none"> • Approves the risk management strategy • Approves the Corporate Risk Register on a quarterly basis and monitor its progress • Receives assurance that effective risk management arrangements are in place • Approves the Annual Governance Statement <p>It is not a function of the committee to examine specific risks in detail, but satisfy itself that risk management in the council is operating effectively. Should the committee have a concern about the scoring or detail of the risk, it might refer back to officers attending the committee.</p>
Corporate Leadership Team	<ul style="list-style-type: none"> • Owns the council's Corporate Risk Register • Monitors and review risks on the corporate risk register on a quarterly basis ensuring adequate response • Challenges one another in their delivery of activity which effectively mitigates identified risks • Articulates risk appetite • Champions and drives the effective management of risk across the council • Ensures the corporate risk function is supported in carrying out its role
Internal Audit	<ul style="list-style-type: none"> • Provides independent assurance on the effectiveness of the organisation's risk management arrangements • Shares good practice through comparative assessment across the local government sector
Risk Manager	<ul style="list-style-type: none"> • Proactively identifying, assessing, monitoring and reviewing corporate risks in collaboration with the Corporate Leadership Team and maintaining the registers associated with these risks • Assessing risks for inclusion on the corporate risk register from the directorate risk registers, strategic risks and external risks • Ensuring a consistent approach on the scoring of risk

	<ul style="list-style-type: none"> • Considering any risks identified in internal and/or external audit reports and challenging directorates on their inclusion • Undertaking a regular review of national risks and considering local implications • Ensuring there are plans in place to mitigate and control risks, and that they are being closely monitored, managed and reviewed • Reporting corporate risks to the Corporate Leadership Team and the Audit and Governance Committee • Undertake risk review requests on decision reports for Cabinet • Provide advice on operational risks as requested and during the service planning processes, and advise on when to escalate the risks • Adhering to, reviewing and updating the risk management strategy • Monitoring compliance with regulation and legislation • Promoting risk awareness across the council through clear communication and training, e.g. e-learning and workshops
Corporate and Service Directors	<ul style="list-style-type: none"> • Have clear understanding of the risks to the business • Assess risks and have a clear action plan on mitigating against risks depending on the level of council's risk appetite, and ensuring the implementation of the action plan • Monthly reviews of risks and maintaining a directorate risk register • Accountable for effective risk management within their directorate • Escalate risks to the corporate register as appropriate • Responsible for providing cabinet members of the oversight of significant risks within their portfolios
Heads of Service and Service Managers	<ul style="list-style-type: none"> • Accountable for effective risk management within their service • Identifying risks in the service delivery planning processes, and on an ongoing basis • Assessing and mitigating against risks according to the risk appetite of the council • Escalating risks to the directorate risk register as appropriate • Maintaining a live service risk register
Risk Owners	Risks owners are Service Manager or above
All Staff	<ul style="list-style-type: none"> • Responsibility to be risk aware; to identify, assess, manage and review risk effectively in their job • Report/ escalate potential hazards or risks to their managers • Work to mitigate risks and to work within the appropriate risk management guidelines

Risk Appetite

Risk Appetite Statement

Herefordshire Council is committed to delivering high-quality services to our community while ensuring the safety, wellbeing, and financial stability of the council. The risk appetite matrix outlines our approach to risk-taking, setting clear boundaries for the levels of risk we are willing to accept in pursuing our strategic objectives and will always be dependent on the specific circumstances of the risk. It provides guidance to staff and decision-makers on acceptable risks, ensuring that we balance innovation and service improvement with prudent management of resources.

If the risk values approach or exceed the specified appetite for risk, there must be escalation to the Corporate Leadership Team.

Risk Appetite Matrix

The four levels of risk appetite are as follows:

- Averse: Avoidance of risk and uncertainty wherever possible.
- Cautious: Tolerance for risk taking is limited to those events where there is little chance of any significant adverse impact.
- Aware: Tolerance for decisions with potential for significant risk, but with appropriate measures to minimise exposure and deliver benefits.
- Hungry: Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

See Appendix B for the council's risk appetite matrix.

Risk Management Process

Identifying Risks

All staff must systematically identify potential risks across all service areas, activities, projects and programmes. Considerations of risks in the national risk register and external factors must also take place during the monthly update of the service, project, directorate and corporate risk registers.

Risks can emerge at any point and from various sources and processes. Risks should also be given particular attention as part of service business planning, but it is not necessary that all risks must originate from a service risk register. External and strategic risks can be identified at directorate or corporate level that is not service-specific, such as, a pandemic.

The mechanism used to identify risks may vary, but might include SWOT (strength, weakness, opportunity and threat) analysis or PESTLE (political, economic, social, technological, legal and environmental) analysis. It is vitally important that the risk clearly identifies the impact it will have on achieving the council objectives, and the potential consequences.

Risks are often identified as a result of audit activity, and at this stage mitigating activity is typically agreed. Risks are also identified as part of decision reports. Risks emerging from decision reports and audits should be discussed by managers at all levels and an assessment undertaken as to whether they should be included in the relevant risk register.

Assessing Risks

After identifying risks, the next step is to assess the risks in terms of their likelihood and potential impact. This involves a scoring exercise from 1 to 25 utilising the assessment criteria below to assess the probability and the severity of potential consequences.

		IMPACT					
		Catastrophic	Major	Moderate	Minor	Minimal	
		5	4	3	2	1	
LIKELIHOOD	(Almost) certain	5	25	20	15	10	5
	Likely	4	20	16	12	8	4
	Credible	3	15	12	9	6	3
	Unlikely	2	10	8	6	4	2
	Highly unlikely	1	5	4	3	2	1

Risk Scoring – Likelihood

A timeframe within the next 12 months should be considered.

Score	Likelihood	Assessment criteria
5	(Almost) certain	The event is expected to occur or occurs regularly.
4	Likely	The event will probably occur (significant chance)
3	Credible	The event may occur (realistic chance)
2	Unlikely	The event may occur in certain circumstances (unlikely chance)
1	Highly unlikely	The event may occur in only rare circumstances (remote chance)

Risk Scoring – Impact

Score	Impact	Assessment criteria
5	Catastrophic	Potential to threaten the existence of a service Budgetary issues that cannot be resolved Death of employees or a member of the public Inability to function effectively, council-wide Central government intervention
4	Major	Widespread medium to long-term impact on operational efficiency, performance and/ or reputation Major disruption to council's critical services for more than 48 hours (e.g. major ICT failure) Breach of legal or contractual obligation attracting medium-term attention of legislative or regulatory bodies Adverse coverage in national press/ front page news locally Budgetary issues that can only be resolved by Section 151 Officer/ Chief Executive/ Members in accordance with the finance procedure rules Serious injury to employees or members of the public
3	Moderate	Significant loss, delay or interruption to services Disruption to one critical council service for more than 48 hours Non-delivery of corporate and service plan objectives during a quarter Significant stakeholder concern Attracting short-term media attention and potential for litigation/ prosecution from legislative or regulatory bodies Long-term regional damage to reputation Budgetary issues that can be resolved at directorate level in accordance with financial procedure rules Injury to employees or members of the public Significant complaints
2	Minor	Budgetary issues that can be resolved within service in accordance with the finance procedure rules Manageable disruption to services Noticeable internal impact, but the service would remain on course to achieve priorities for the year Localised reputational damage
1	Minimal	Day to day operational problems that can be dealt with relative ease

Addressing Risks

Following the assessment of a risk, the next step is to develop and implement strategies to manage and mitigate identified risks. Risk treatments include:

- Avoidance: taking steps to eliminate a risk entirely (e.g., discontinuing or not starting a risky activity)
- Removal: removing the risk source
- Reduction: implementing controls or measures to reduce the likelihood or impact of a risk (e.g., improving internal controls, enhancing staff training)

- Transfer: transferring the risk to a third party (e.g., through insurance or outsourcing)
- Acceptance: accepting the risk if it falls within the council's risk appetite, is deemed manageable and/ or by informed decision in pursuit of an opportunity

Where the risk is significantly outside our control, preparation for emergencies and contingencies will need to be made. This includes but is not limited to:

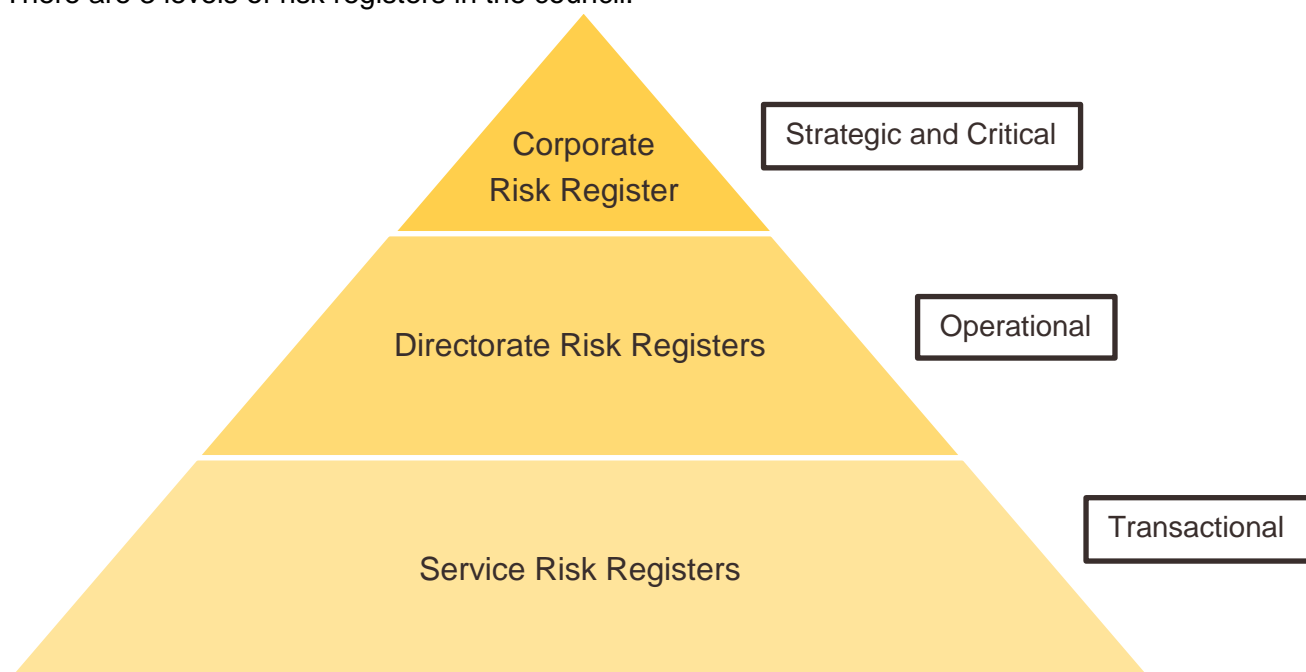
- Develop business continuity plans and disaster recovery plans to address risks associated with emergencies, such as natural disasters, cyber-attacks, or public health crises
- Conduct regular tests and drills to ensure readiness for unforeseen events

Monitoring and Reviewing Risks

Risk treatments, even if carefully designed and implemented might not produce the expected outcomes and could produce unintended consequences. Monitoring and reviewing risks need to be an integral part of the risk treatment implementation to give assurance that the different forms of treatment become and remain effective.

Risk registers are a documented list of identified risks, their assessments, and mitigation strategies (see Appendix A for a template of a risk register). Risk registers should be a live document, with a minimum of monthly reviews. This process ensures that risks are identified, managed and escalated in a timely manner.

There are 3 levels of risk registers in the council:



It is not necessary that all risks originate from the service risk register; risks can be identified at any level, and can remain monitored by that level even if the score is relatively low, for instance risks that affect more than one service can be included in the directorate risk register. Likewise,

risks that are council-wide, such as cyber security threats, will be included in the corporate risk register.

The maximum score that is monitored at each level before escalation becomes mandatory is as follows:

- Service Risk Register: 7
- Directorate Risk Register: 14
- Corporate Risk Register: no maximum

Closing risks

Whilst some risks will be ever-present, as work is done to mitigate risks, some risks will reach a point where they no longer need to be monitored. At this stage, the risk should be moved to a list of accepted risks in the risk register for 12 months.

Reporting Risks

Register	Reviewer(s)	Minimum Frequency of Reporting
Service Risk Register	All staff within the service; Heads of Service; and Service Managers	Monthly
Directorate Risk Register	Directorate Leadership Team	Monthly
Corporate Risk Register	Corporate Risk Team; Corporate Leadership Team; Audit and Governance Committee; Internal Audit	Monthly by the Corporate Risk Team; Quarterly for other reviewers

Appendix A – Risk Register Template

(Corporate Risk Register to be completed at CLT workshop)

Risk reference number	Risk description	Date opened	Target risk score	Risk score before controls	Existing controls in place	Risk score after controls	Risk appetite	Further counter measures required	Residual risk trend (12 months)	Risk owner
R001	Risk title Short description <i>Outline potential consequences should the risk be realised</i> Type of risk	DD/MM/YY		Impact x Likelihood		Impact x Likelihood				

Appendix B – Risk Appetite Matrix

(to be completed at CLT workshop)

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Risk Area	Definition	Appetite Level	Commentary
Financial Management			
Regulatory Compliance			
Operational Risk			
Staff Safety and Wellbeing			
Public Health and Safety			
Reputational Risk			
Environmental Impact			
Digital Transformation			
Cyber Security			
Partnership and Collaboration			
Economic Growth			



Title of report: 2023/24 External Audit Findings Report

Meeting: Audit and Governance Committee

Meeting date: Wednesday 18 September 2024

Report by: Chief Accountant

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To consider the external audit findings report for the year ended 31 March 2024.

Recommendation(s)

That:

- a) **The report of the external auditor attached at Appendix 1 be considered; and**
- b) **The committee determine whether any issues raised in the report require inclusion in the committee's future workplan.**

Alternative options

1. None; the audit of the council's statutory accounts is a requirement of the Accounts and Audit (England) Regulations 2015 (as amended).
2. It is open to the committee to determine its future work programme to enable it to provide assurance on the adequacy of the council's risk management, financial reporting and annual governance processes. It is also open to the committee to comment on the scope and depth of external audit work and to ensure it gives value for money.

Key considerations

3. The external audit findings report is attached at Appendix 1. The report has been prepared by the council's external auditor, Grant Thornton, and summarises the key findings and other matters arising from the statutory audit and the preparation of the financial statements for the year ended 31 March 2024 for the attention of those charged with governance.
4. Under International Standards on Auditing (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the Code), the external auditor is required to report whether, in their opinion, the group and council's financial statements:
 - a. Give a true and fair view of the financial position of the group and council and the income and expenditure for the year, and
 - b. Have been properly prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
5. External audit is also required to report on whether the information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report) is materially inconsistent with the financial statements or knowledge obtained through the audit or otherwise appears to be misstated.
6. The Audit Findings Report highlights the national issues with the audit backlog and provides an update on the backstop dates.
7. The audit plan was amended to reflect a change in audit categorisation due to the council's expenditure level in 2023/24. The council is now categorised as a major local audit, which has resulted in a higher level of audit scrutiny through a lower materiality and increased review by an additional audit partner and the technical financial reporting team.
8. The key issues arising are summarised below;
 - a. The audit work to date has not identified any material errors or adjustments to the financial statements and Grant Thornton expect to issue an unqualified audit opinion following the meeting of this committee on 18 September 2024;
 - b. Grant Thornton have concluded that the other information to be published with the financial statements is consistent with their knowledge of the organisation and the financial statements they have audited;
 - c. A small number of disclosure and presentation adjustments have been recommended; and
 - d. As part of audit testing, the appropriateness of the council's accounting policies, accounting estimates and financial statement disclosures have been evaluated.

Community impact

9. In accordance with the code of corporate governance to support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Environmental Impact

10. 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.
11. Whilst this is a report for information 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

12. 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.
13. 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

14. The external audit fee detail is provided in Appendix 1. Grant Thornton agree the fee payable through Public Sector Audit Appointments (PSAA) who manage the external audit. This proposed fee has increased due to the impact of the work involved in the change in the audit categorisation.

Legal implications

15. Under Part 3 paragraph 5.11 of the Constitution, it is a function of the Audit and Governance Committee to review and agree the External Auditor's Plan.

Risk management

16. The council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. The external audit is not designed to test all internal controls or identify all areas of control weakness, however, if external audit identify any control weaknesses, these are reported. The

external audit work continues in this area, the audit findings report attached at Appendix 1 details the conclusions on work completed.

Consultees

17. None.

Appendices

Appendix 1: The Audit Findings (ISA260) Report for Herefordshire Council year ended 31 March 2024.

Background papers

None identified.

Title of report: Annual Governance Statement 2023/24

Meeting: Audit and Governance Committee

Meeting date: Wednesday 18 September 2024

Report by: Chief Accountant

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To seek the view of the committee as to whether the Annual Governance Statement (AGS) for 2023/24 properly reflects the internal control environment the council is operating in and the appropriateness of actions identified to improve.

Recommendation(s)

That:

- a) **The committee determines whether the Annual Governance Statement at Appendix 1 properly reflects the risk environment the council is operating in and that actions identified represent an appropriate response.**

Alternative options

1. None, the publication of an Annual Governance Statement is a requirement of the Accounts and Audit (England) Regulations 2015 (as amended).

Key considerations

2. The council is required, as part of an ongoing review of the effectiveness of its governance arrangements, to produce an AGS which forms part of the Annual Statement of Accounts. The AGS is primarily retrospective. It reports on the governance framework and internal controls in place for the financial year 2023/24 and considers any significant governance issues up to the date of publication of the audited Statement of Accounts. The AGS notes actions taken or proposed to address the governance issues identified.

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

3. The AGS is informed by Directors' and Statutory Officers' declarations, reviews of compliance with laws and regulations, corporate strategies, policies, plans and internal audit reports and opinions. It is updated to include any governance issues identified between the balance sheet date and the publication of the statutory accounts.
4. The AGS is a review of activities to ensure that the council's internal control and governance framework is operating effectively. The statement explains how the council has discharged its governance responsibilities during 2023/24 and the key governance mechanisms in place to manage risks of failure in delivering outcomes and decision making.
5. The preparation and publication of the AGS has been undertaken with reference to the seven core principles of good governance as identified in the Chartered Institute of Public Finance (CIPFA) Delivering Good Governance in Local Government Framework 2016.
6. The CIPFA guidance advises that statements should be meaningful but brief, high level, strategic and written in an open and readable style, and should include:
 - a. an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance.
 - b. reference to and assessment of the effectiveness of the key elements of the governance framework (set out in the code of corporate governance) and the role of those responsible for the development and maintenance of the governance environment, such as the council, the executive, the audit committee, internal audit and others as appropriate.
 - c. an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
 - d. an agreed action plan showing actions taken, or proposed, to deal with significant governance issues.
 - e. reference to how issues raised in the previous year's annual governance statement have been resolved
 - f. a commitment to monitoring implementation as part of the next annual review.
7. There are several components that contribute to the AGS as follows:
 - a. Statutory officer comments;
 - b. Manager's checklist to inform each corporate director's statement;
 - c. Self-assessment of significant partnerships.
8. The actions identified to deliver continuous improvement in governance arrangements following the review will form part of an action plan and progress will be reported to this committee.

Community impact

9. Corporate governance is the term used to describe the systems, processes, culture and values the council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. Good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to scrutiny with a view to improving performance and managing risk.
10. The annual review ensures that our arrangements are effective in supporting achievement of the council's vision and county plan priorities.

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. Whilst this is a factual update 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

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 factual update we do not believe that it will have an impact on our equality duty.

Resource implications

15. Whilst the recommendations themselves do not have a direct resource implication, some of the actions may result in additional expenditure. Where this is the case separate governance will take place. The AGS does take resource to produce and deliver action plans but these are from existing staffing. If the committee proposes further actions the resource implications of implementing those actions will need to be considered.

Legal implications

16. The Accounts and Audit (England) Regulations 2015 include a requirement for all councils to produce an AGS, and set out the timescales by which they must be published. Approval of the statement ensures that the council will comply with these requirements.

Risk management

17. The statement itself identifies any high level or strategic governance risks and the action plan provides mitigation to those risks.

Risk/opportunity	Mitigation
Not all relevant information is captured.	There are several routes to collecting information – including additional feedback to finalise the AGS.
Not all gaps in assurance are covered.	Where there are gaps in information internal audit will be considered; inspections and peer reviews.
There are insufficient resources to implement.	Additional resources will be identified as part of in year financial monitoring for approval in line with financial governance arrangements, if required.

Consultees

18. The consultees have largely been internal, with internal and external audit and members of the Audit and Governance Committee commenting on the draft. Independent persons have been asked for their view on the draft AGS, along with internal and external audit. This has influenced the final version presented to the Audit and Governance Committee.

Appendices

Appendix 1: Annual Governance Statement 2023/24

Background papers

None identified.



Title of report: 2023/24 Statement of Accounts

Meeting: Audit and Governance Committee

Meeting date: Wednesday 18 September 2024

Report by: Chief Accountant

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To approve the 2023/24 Statement of Accounts and associated letter of representation from Grant Thornton, the external auditors.

Recommendation(s)

That:

- a) The 2023/24 Statement of Accounts (at Appendix 1) be approved; and**
- b) The letter of representation (at Appendix 2) be signed by the chairperson of the committee and the Chief Finance Officer.**

Alternative options

1. To not provide a Statement of Accounts. This is not an 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 (England) 2015 (as amended). The process requires the final accounts to be approved by the Audit and Governance Committee.

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 Regulations 2015 and the 2023/24 Code of Practice on Local Authority Accounting in the United 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 draft Statement of Accounts for 2023/24 and published them on 31 May 2024, in line with the statutory deadline determined by the Accounts and Audit Regulations 2015 and provided accounts to the external auditors on this date. These draft, unaudited accounts were presented to this committee at its meeting on 11 June 2024.
4. The financial statements are prepared in accordance with international financial reporting standards. The S151 Officer is satisfied that the Statement of Accounts present a true and fair view of the financial position of the council and its group as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.
5. The financial outturn position reported for 2023/24 is an overspend of £8.7 million against a net budget of £193.3 million (4.5%). The net deficit on the provision of services presented in the comprehensive income and expenditure statement is £7.0 million; this represents the accounting deficit after financial accounting adjustments including pension actuarial costs and capital costs allowable under International Financial Reporting Standards (IFRS). These accounting adjustments are explained in note 8 to the accounts: Expenditure and funding analysis.
6. The general fund balance has remained at £9.6 million and earmarked reserves have decreased from £81.8 million to £73.2 million. These figures include balances of £9.9 million held for individual maintained schools.
7. The cumulative dedicated schools grant (DSG) deficit brought forward from last financial year of £1.1 million has increased by £5.0 million, representing the deficit in 2023/24, to £6.1 million. In line with the School and Early years Finance (England) Regulations 2020, the deficit reserve is classified as an unusable reserve instead of an earmarked reserve.
8. The council instructed external valuers Wilks Head & Eve LLP to carry out the land and buildings asset valuations in 2023/24 in line with the rolling programme of valuations. Valuations were completed in accordance with the professional standards of the Royal Institution of Chartered Surveyors (RICS) as per the planned timetable and revaluations have been processed to update carrying values at 31 March 2024 which are reflected in the 2023/24 Statement of Accounts.
9. The group accounts consolidate the performance of the council with its subsidiary undertaking: Hoople Ltd. The impact of the consolidation is an increase in the group reserves of £3.3 million, which includes reserves applicable to the minority interest of £0.7 million
10. The external audit has identified a small number of presentation and disclosure adjustments and where appropriate these have been reflected in the accounts. Changes to the Statement of Accounts following the external audit are listed in the External Audit Findings Report.
11. The approved 2023/24 Annual Governance Statement will be added to the Statement of Accounts attached at Appendix 1.

12. Attached at Appendix 2 is the council's Letter of Representation confirming that, to the best of the council's knowledge and belief, the financial statements, at Appendix 1, give a true and fair view in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

Community impact

13. Publication 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

14. 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.
15. 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. For example, the external audit on the draft accounts has been completed remotely, reducing travel impact and paper usage.

Equality duty

16. 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.
17. 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

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

Legal implications

19. Regulation 9 of the Accounts and Audit Regulations 2015 requires the following:
- a. The S151 officer to sign and date the Statement of Accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the council at the end of the financial year to which it relates together with the income and expenditure for that financial year; and
 - b. A period of time to allow the public to inspect the accounts. This commenced on 1 June 2024 and lasted for six weeks; and
 - c. Following the conclusion of the period for inspection, the committee must approve the statement of accounts by a resolution and ensure that the statement of accounts is signed and dated by the person presiding at the committee. In order for the committee to do so the S151 officer has re-confirmed that they are satisfied that the statement of accounts presents a true and fair view.

Risk management

20. The external auditors have issued an unqualified opinion on the statement of accounts, as per the External Audit Findings Report included in today's agenda.
21. 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 for which Grant Thornton provide a Value for Money opinion, this report is included on today's agenda.

Consultees

22. The Statement of Accounts was made available for public inspection for a six week period commencing 1 June 2024. No objections were received.

Appendices

- Appendix 1: Statement of Accounts 2023/24
Appendix 2: Letter of representation for 2023/24

Background papers

None identified.



Title of report: External Auditor's Annual Report 2023/24

Meeting: Audit and Governance Committee

Meeting date: Wednesday 18 September 2024

Report by: Director of Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

All Wards

Purpose

To present to the Audit and Governance Committee the External Auditor's Annual Report 2023/24 for information and discussion.

Recommendation(s)

That:

- a) **The committee reviews the external auditor's report, notes its findings and recommendations and considers the management responses.**

Alternative options

1. There are no alternative recommendations. The auditor's Annual Report forms part of the statutory external audit of the Council.

Key considerations

2. The external auditor's draft Annual Report for 2023/24 is attached at Appendix 1. Under the National Audit Office Code of Audit Practice, the external auditor is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. The Annual Audit Report looks back over the 2023/24 year and summarises all of the reports and work that the external auditors have undertaken. The report closes the 2023/24 audit.

3. As well as reporting on overall arrangements, the external auditor has considered whether there were any significant risks or weaknesses in the arrangements in place. The report includes the external auditor's findings together with their recommendations as to how any weaknesses identified can be addressed.
4. Across the public and private sectors, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting and the requirement for auditors to demonstrate increased scepticism and challenge; to undertake additional and more robust testing referred to as 'raising the quality bar' of audit.
5. The report focuses on the arrangements in place during the financial year ended 31 March 2024 under three key themes: financial sustainability, governance and improving economy, efficiency and effectiveness in the use of resources. Improvements noted across these themes during 2023/24 are summarised on pages 3 and 4 of the report.

Financial Sustainability

6. The auditor's work considers the council's arrangements to identify risks to financial resilience, financial pressures and funding gaps as well as the robustness of financial planning and monitoring activity to support strategic priorities.
7. In this area, the report notes that there are no significant weaknesses in arrangements; with appropriate arrangements for identifying, monitoring and reporting on savings. The auditor's work included a review of budget setting arrangements, testing the detailed calculation and evidence in respect of 75% of the proposed saving schemes, to confirm the 2024/25 budget is based on realistic assumptions in key areas.
8. Testing of financial sustainability confirms that the council's financial planning identifies and manages key pressures and risks to financial resilience and the council's budget is consistent with other organisational plans.
9. Additional work was undertaken to understand the drivers of overspend in Children's Services to determine whether expenditure assumptions are realistic. This review confirms that the council:
 - a. recognises financial pressures and has included additional funding in the 2024/25 budget;
 - b. is taking steps to reduce costs whilst ensuring placements are safe and appropriate; and
 - c. has set a budget for Children's Services for 2024/25 which is based on realistic assumptions.

Governance

10. The auditor's work considers how the council monitors and assesses risk, gains assurance over the effectiveness of internal controls and how the council makes properly informed decisions, supported by appropriate evidence to allow for challenge and transparency.
11. In this area, the report notes that there are no significant weaknesses in the council's governance arrangements for ensuring that it makes informed decisions and properly manages risks. There are sound arrangements in place, including internal audit and counter fraud and to ensure appropriate behaviours and standards.
12. Improvement recommendations, informed by best practice, have been made in respect of the frequency of risk reporting arrangements and tender waivers to Audit & Governance Committee and Cabinet.

Improving economy, efficiency and effectiveness in the use of resources

13. The auditor's work considers how the council uses financial and performance information to identify areas for improvement and evaluate service delivery, stakeholder engagement and expected benefits from commissioning and procurement activity.
14. In this area, one significant weakness remains in respect of improvement in children's services and a key recommendation has been included at page 7 of the report. The report also notes improvements in contract management arrangements, confirming there are appropriate arrangements in place for reviewing the cost effectiveness of services and assessing performance to identify areas for improvement.
15. The improvement of children's services remains a key priority for the council and work continues with the Department for Education, the appointed Commissioner for Children's Services and its improvement partner, Leeds City Council, to address required transformation and improvement.

Community impact

16. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Environmental Impact

17. 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.
18. Whilst this is a report for information 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

19. 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.
20. 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 document relates to presenting a report for information, we do not believe that it will have an impact on our equality duty.

Resource implications

21. There are no specific resource implications from the report itself. However, there may be resource implications from implementing specific recommendations. If these cannot be contained within approved budgets, then a specific decision will be presented for approval.

Legal implications

22. There are no specific legal implications arising from this report itself.

Risk management

23. Specific risks are included within the external auditor's report.

Consultees

24. None.

Appendices

Appendix 1 Auditor's Annual Report on Herefordshire Council 2023/24

Background papers

None identified.



Title of report: Work programme

Meeting: Audit and Governance Committee

Meeting date: 18 September 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	1) External Audit Findings Report 2) 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 Corporate Risk Registers	Work Programme Annual review of the Council’s use of the Regulation of Investigatory Powers Act 2000 (RIPA).	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

Audit and Governance Committee Constitution		Report	January 2024	March 2024	June 2024	July 2024	September 2024	October 2024	January 2025	March 2025	June 2025
f	The council's arrangements for corporate governance and agreeing necessary actions to ensure compliance.	Annual Governance Statement Progress Report									
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.										
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			