



SUPPORTING GOVERNANCE IMPROVEMENT

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY & FINANCE

CABINET

27 MARCH 2008

Wards Affected

County-wide

Purpose

To note progress made in implementing actions agreed following the Special Report by the Director of Resources and the subsequent Independent Review of Herefordshire Council's ICT Financial and Contractual Governance Arrangements (Crookall Review); and to approve future reporting arrangements.

Key Decision

This is not a Key Decision.

Recommendations

- THAT (a) progress made against the agreed actions be noted; and**
- (b) future monitoring and reporting be included within the Integrated Performance Report.**

Reasons

To provide Cabinet with assurance that work on the issues identified in the two action plans has been progressed and to ensure that in future progress is monitored within the overall performance and risk reporting framework provided by the Integrated Performance Report (IPR).

Considerations

1. Cabinet, at its meeting on 20th September 2007, endorsed the action plan developed to address the issues identified within the Special Report from the Director of Resources. It also agreed that an independent external officer be appointed to carry out a financial and technical appraisal of ICT and Customer Services and to identify any lessons learned. On 15th November 2007 Cabinet received the report of the independent review and endorsed an action plan in response to the issues raised. Both plans, updated to include progress, are attached at Appendix 1 and Appendix 2 respectively.

2. The issues identified within the two reports can broadly be summarised as:
 - Compliance/internal control issues within a particular service (Information, Technology & Customer Services).
 - Ensuring that the council's constitution, policies and procedures are fit for purpose, understandable and accessible to all.
 - The culture of the organisation including: ensuring policies and procedures are embedded within the organisation, developing and maintaining trust, openness and constructive challenge within the organisation, and training & development for officers, managers and members.
 - Value for money of the Community Network Upgrade Project (CNU).
 - A further disciplinary investigation.
3. *Compliance/Internal Control* – those actions to address weaknesses within Information, Technology and Customer Services have been implemented. Whilst Audit Services maintain an ongoing overview of actions as they relate to this service, it is pleasing to note that the audit opinion in relation to the ICT Financial Management System, classed as a fundamental system, has progressed from 'unsatisfactory' in 2006/07 to 'satisfactory' in 2007/08. In addition the Audit Commission, in its Annual Audit & Inspection Letter (reported elsewhere on your agenda), notes there is no evidence "...to suggest that the abuse was more widespread and indeed our work and that of Internal Audit suggests it is not. There is also no evidence to suggest fraud or corruption."
4. *Constitution, Policies and Procedures* – Elements requiring immediate attention have been progressed. Financial & Contracting Regulations have been reviewed and amended, as agreed at Council on 7th March; a revised Financial Management course will commence in April. There has been further council-wide promotion of the Whistleblowing Policy, and a seminar for staff, to include Whistleblowing, Member Officer Protocols and Code of Conduct, has been scheduled for 31st March. The revised Travel and Subsistence Policy is near completion; in the meantime staff have been reminded of the requirements for travel and subsistence claims, and payments staff are rejecting any non-compliant claims.
5. A twelve month programme of policy and procedures reviews is being established, in line with the recommendation of the Crookall Review, to ensure that all corporate policies and procedures are fit for purpose and accessible. A procedure has been drafted, and is currently being consulted on, to ensure these reviews and any new policies coming forward in the future, are undertaken consistently and in a way which supports the achievement of corporate objectives. Those policies that relate to the HR function have been prioritised and work has begun on the development of a new policy relating to close (family and other) relationships at work. Where possible the policy development over the next nine months will also seek to achieve harmonisation with the PCT.
6. *Organisational Culture* – The various strands that relate to the culture of the organisation are being drawn together within an Organisational Development programme that will define the way in which officers and members, together with PCT colleagues, work together in the future to achieve corporate objectives and improve outcomes for the people of the county. External support for this process is being secured. The main elements of the initial phase of work will include:

- Creation of a strategic framework for a comprehensive organisational development programme, recognising that the process of development and change will extend over the medium term.
 - Initiation of some major change programmes to provide a visible demonstration of the benefits of change and maintain momentum. It is recognised that it is important that staff directly experience support in managing the change processes ahead
 - Support for the process of top team development, resulting in clearer managerial leadership underpinned by a corporate approach and more effective planning and delivery of services. The revised team structure will initiate changes in respect of members of the existing management teams working together whilst simultaneously supporting the Chief Executive in leading and delivering change.
 - Building further on existing management development provision through a joint Council/PCT Human Resources task and finish group. This work will be built into the strategic Organisational Development agenda to reflect the recommendations related to the need for comprehensive management development across the Council.
7. As a first step, the new, joint senior management structure is being announced the week commencing 17th March, and should be fully implemented by the end of July 2008. In the interim period the existing council Corporate Management Board now works with the PCT Management Team as a joint management team.
 8. Concurrently discussions are underway with the Leadership Centre for Local Government regarding the identification and delivery of a member development and support programme linked to the organisational development framework.
 9. *Community Network Upgrade* – Independent consultants SOCITM have undertaken a review and benchmarking of this contract, which will be presented to a future Cabinet. The benchmarking exercise concludes that:
 - The contract is comparable to others.
 - There is no evidence that it is overpriced.
 - It has delivered what it set out to and at a lower cost than some others close to the median.
 10. The SOCITM review also identifies that there is scope for improving the efficiency of the contract overall, and makes a number of suggestions to inform future renegotiation of the contract which are being considered by senior management. A further report will be brought to Cabinet on this issue.
 11. *Disciplinary Investigation* – The recommendation of the Crookall Review has been followed in full. An independent Human Resources expert was appointed to conduct the investigation, which was completed in February. His finding was that there was no cause for further action, and relevant officers have been advised accordingly.

Future reporting arrangements.

12. Ongoing actions are being incorporated into relevant service plans fro 2008/09, and progress will be monitored through existing performance management arrangements. However, to provide members with assurance that the key issues

are being addressed, a summary report will be included as an appendix within the bi-monthly IPR. Audit & Corporate Governance Committee will continue to receive reports on progress against critical actions.

Financial Considerations

13. The CNU contract review did not incur any additional costs arising from the recommendations of either the Special Report or the Crookall Review. The costs of the review have been met from within existing budgets.
14. Additional HR professional costs of £7,773 have been incurred, and have been met from within existing Chief Executive's budgets.
15. The organisational development programme being developed to further improve partnership working with the PCT will address the relevant activity at no additional cost. This work is being financed from a jointly resourced modernisation budget.

Risk Management

The action plans were developed to enhance the Council's existing corporate governance framework in the light of the issues identified. Bringing future monitoring and reporting arrangements within the IPR framework supports the delivery of a coherent and consistent approach to common themes within both the existing action plans.

Alternative Options

There are no Alternative Options.

Consultees

None

Appendices

Appendix 1 – Special Report Action Plan.

Appendix 2 – Crookall Review Action Plan.

Background Papers

None identified.