

## **Annual governance statement 2018/19**

### **What is governance?**

1. Governance determines who has authority, who makes the decisions and how the council is kept accountable. It is how the council ensures 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.

### **What is the annual governance statement?**

2. The council is required by the Accounts and Audit Regulations 2015 to prepare and publish an annual governance statement, in order to report publicly on the extent to which we comply with our own [code of corporate governance](#), including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.
3. In this document the council:
  - acknowledges its responsibility for ensuring that there is a sound system of governance;
  - summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
  - describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
  - provides details of how the council has responded to any issue(s) identified in last year's governance statement; and
  - reports on any key governance matters identified from this review and provides a commitment to addressing them.
4. The annual governance statement reports on the governance framework that has been in place for the year ended 31st March 2019.
5. It should be noted however, that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

## Scope of responsibility

6. Herefordshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and efficient and effective services.
7. To meet these responsibilities the council has put in place proper arrangements for overseeing what we do. These arrangements are intended to make sure that we have the right people, doing the right things, at the right time, for the right reasons, and in the right way, in an open, inclusive and accountable manner.
8. The council has adopted a code of corporate governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (“CIPFA”)/Society of Local Authority Chief Executives (“SOLACE”) framework for delivering good governance in local government (2016).

## The purpose of the governance framework

9. The governance framework comprises the systems, processes, culture and values by which the council is controlled, and also sets out how the council accounts to, engages with and leads the community.
10. The governance framework enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
11. The system of internal control is a significant part of that framework and is based on an ongoing process designed to:
  - identify and prioritise the risks to the achievement of the council’s policies, aims and objectives;
  - assess the likelihood and impact of the risks should they be realised; and
  - manage the risks efficiently, effectively and economically.
12. The framework operates at three levels:

*Level 1 - Business and operational management.* Operational management and staff delivering objectives, Identifying risks and improvement actions, implementing controls, reporting progress, providing management assurance, and ensuring compliance: supported by

*Level 2 - Oversight and support.* Portfolio holders, scrutiny and audit and governance committees, senior managers and statutory officers provide strategic, policy and direction setting, decision-making, and assurance oversight; validated by

*Level 3 - Independent assurance.* Internal and external audit, inspection and review agencies, and regulators provide independent challenge and audit, reporting assurance, and audit opinion in relation to assurance levels.

### How has the annual governance statement been prepared?

13. The process, jointly led by the section 151 officer and the monitoring officer, has:

- a) reviewed our existing governance arrangements against the guidance included in CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework - 2016;
- b) reviewed our code of corporate governance to ensure it reflects this guidance and includes the recommended seven principles of good governance; and
- c) assessed the effectiveness of our governance arrangements against the code of corporate governance. The key sources of assurance that inform this review are set out in the following table.

What we are seeking assurances on	What sources of assurance we will use
<ul style="list-style-type: none"> <li>○ Delivery against corporate and service delivery plans whilst observing the principles of good governance</li> <li>○ Delivery of sustainable economic, social and environmental benefits</li> <li>○ Design and effectiveness of internal controls, risk management and counter fraud measures</li> <li>○ Strong commitment to ethical values</li> <li>○ Compliance with laws, regulations, and the council's constitution, strategies, policies and procedures</li> <li>○ Key governance tools (e.g. financial, performance and risk management and reporting) are fit for purpose</li> <li>○ Direction of travel of previously identified governance issues</li> </ul>	<ul style="list-style-type: none"> <li>○ Management assurances re compliance with laws and regulations, corporate strategies, policies, plans and arrangements e.g. constitution, financial and performance monitoring and reporting, and risk management</li> <li>○ Statutory officers' declarations</li> <li>○ Significant partnerships' governance risk assessments</li> <li>○ Internal audit reports and opinions</li> <li>○ Findings from Audit &amp; Governance and scrutiny committees</li> <li>○ External bodies and inspectorates reports</li> <li>○ Views of the council's appointed Independent Person(s)</li> </ul>

## Review of effectiveness

14. The tables below set out the findings of the review.

<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>
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| <ul style="list-style-type: none"><li>➤ In May 2017 the council agreed a new <a href="#">constitution</a> which sets out the council's <a href="#">values</a>, how the council operates, how decisions are made and the procedures to be followed to ensure adherence to these principles. The constitution is reviewed biennially by the council's Audit and Governance Committee, and during 2018/19 the constitution was subject to a working group review with council adopting revisions to the constitution in May 2018. Revised financial and contract procedure rules were approved in November 2018, and training sessions are provided monthly on procurement and commissioning.</li><li>➤ Councillors are expected to follow the council's adopted <a href="#">code of conduct</a>. The Monitoring Officer provides advice to members on the code and reports on its effectiveness to the Audit and Governance Committee who regularly review the code. The council has an Independent Person to assist the council in promoting high standards of conduct by elected and co-opted members of Herefordshire Council and town and parish councils. During 2018/19 maintained recruitment campaign was undertaken resulting in the appointment in February 2019 of a further eight independent persons, providing resilience to the arrangements. Registers of interest are maintained and regularly reviewed and declarations of interest are routinely sought and recorded at the start of meetings. The <a href="#">standards procedure</a> supporting the code of conduct and the appeals procedure introduced in May 2018 have been reviewed and a number of changes made to improve clarity and provide consistency of approach. Responding to concerns raised by the Independent Person the development of a formal protocol between the Monitoring Officer and the police continues to be explored and there is ongoing dialogue between the two parties to ensure that there is a clear and shared understanding of the issues.</li><li>➤ During the year the report "Local Government Ethical Standards" was published by the government's Committee on Standards in Public Life. Whilst the government's response to the review findings is awaited, the report identifies a number of areas of good practice. Local practice is being mapped against that recommended good practice, some of which is already in place in Herefordshire. As part of the annual code of conduct report scheduled for consideration by the Audit &amp; Governance Committee in July 2019, options for implementation of remaining good practice recommendations will be set out.</li><li>➤ Employees are expected to follow the council's <a href="#">employee code of conduct</a>. A review of this code was undertaken in 2017 and a revised code was consulted on. Approval of a new code was given in July 2018, but implementation has been delayed pending development of an online reporting system to support the declarations process and will be effective from 1 April 2019. The revised code provides greater clarity about the standards of behaviour expected of employees, supported by improved processes for maintaining a register of employees' interests and a programme of communication and training for all employees.</li><li>➤ The required leadership employee behaviours and values are embedded into the council's employee Performance and Development Plan process which has been reviewed and refreshed during the year.</li></ul> |
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- A [member and officer relations code](#) is in place which provides guidance so that relationships are maintained in such a way as to ensure the smooth running of the council, that members receive impartial and objective advice, and officers are protected from accusations of bias or undue influence from councillors. Training has been provided to managers and offered to political groups to support the maintenance of effective member officer relationships; this will continue.
- The council has an [Anti-Fraud, Bribery and Corruption Policy](#) which is reviewed every two years to ensure it remains fit for purpose.
- The council has processes in place to [make a complaint](#), and to ensure complaints are investigated appropriately. All council members and employees are expected to deal with members of the public with dignity and respect at all times. This is embedded in the council's values, and codes of conduct. We also expect all members of the public to behave in a reasonable manner when dealing with representatives of the council, and has in place an [unreasonable behaviour policy](#).
- The council has a [Whistleblowing Policy](#) in place which has been reviewed and a revised policy and procedure was approved by the Audit and Governance Committee in May 2018. The revised policy and procedure has been widely communicated to all employees and managers; numbers of issues raised under the policy have [to be updated at year end when numbers and trends known].
- The constitution sets out clearly who fulfils the various roles and responsibilities of the council including decision making authority. The council ensures that advice is provided to decision makers to ensure compliance with the law and that the council can demonstrate how our decisions can support fulfilment of our public sector equality duty.
- There are processes in place to ensure that policies and procedures comply with the statutory requirements, and a programme of periodic review has been established to ensure that they remain compliant and fit for purpose, although this programme has not been progressed at the pace expected and an improvement in the implementation of this review programme will be sought in the coming year.
- During 2017/18 a high court judgement found that some historic children's social care practice in relation to the application of s20 of the Children's Act 1989 had not been in compliance with the current application of law. Whilst the findings noted that improvements in practice had already been made it was also acknowledged that a number of further cases relating to the same period were likely. Two further judgements were issued in 2018/19, and the issues identified were subject to debate at an extraordinary meeting of Council. Improvement actions are being implemented and the Children and Young People's Scrutiny Committee has continued to provide challenge and focus for the improvement activity.
- Following a high profile legal ruling against another council relating to deprivation of liberty (DoL) a significant rise in DoL assessments nationally was reflected in Herefordshire. Although resource for this service was increased demand remains at a high level and, pending anticipated legislative changes, assessments are being prioritised on a risk basis.

### *Summary*

The council complies with this principle by ensuring its members and officers behave in ways that exemplify high standards of conduct and effective governance and that its organisational values are put into practice. The following activities are planned to ensure these standards and values are maintained:

- Implement the revised employee code of conduct
- Provide code of conduct training to all members after the election in May 2019.
- Develop options for implementation of the good practice recommended by the Committee on Standards in Public Life report “Local Government Ethical Standards”
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## **Principle B: Ensuring openness and comprehensive stakeholder engagement**

- The council has adopted openness as one of the values on which our culture is shaped and which underpin our work.
- The constitution includes a guide to [public participation](#) and provides opportunities for members of the public to ask questions at a public meeting of the council.
- The council's planning and decision-making processes are designed to include consultation with stakeholders, and we have adopted government's consultation principles within our [communications protocols](#)
- In order to achieve our vision for the county, the council works with a range of partners and has adopted a [partnerships' governance framework](#) which sets out how we promote high governance standards in the partnerships we enter into and how we monitor the effectiveness of partnership governance arrangements.
- The [corporate peer challenge](#) undertaken in February 2018 identified that whilst the council recognised the importance of developing effective working relationships with key partners and communities, it would benefit from supporting this work in a more strategic and co-ordinated way. The recommendations of the peer challenge team were considered by Cabinet on 28 June 2018 and a [response](#) to the recommendations was agreed which ensures that the recommendations inform future planning and improvement. The council has instigated a series of 'summit' meetings with parish councils to facilitate improved engagement and communications between the two tiers of local government in the county.

### *Summary*

The council complies with this principle by engaging with local people, stakeholders and partners. Although engagement could be strengthened further through the development of a more strategic and co-ordinated approach, no significant governance weaknesses are identified.

## **Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

- Herefordshire Council has agreed a four year [Corporate Plan](#) that sets out our priorities and the outcomes we expect to achieve; the plan is scheduled for review in 2019/20 following the local government elections in May 2019.
- In addition, a [register](#) is maintained of council strategies, policies and procedures. A programme of review is in place to ensure that all strategies and plans on the register are fit for purpose, and are clear about their intended outcome, although this programme has not been progressed at the pace expected and an improvement in the implementation of this review programme will be sought in the coming year.
- The council's planning and decision making processes are designed to ensure that expected outcomes and impacts are clear and that there are processes in place to measure how well they are achieved.

- The council has adopted a [performance, risk, and opportunity management framework](#) that provides the basis for the council to plan, monitor, and manage our performance to ensure we deliver the best service we can. It supports members and officers across the council to take responsibility for their own performance and lead the delivery of improved outcomes for residents.
- Social value is evaluated as part of our procurement arrangements.

### *Summary*

The council complies with this principle by developing and communicating its intended outcomes. Although some older strategies and plans have less clearly defined outcomes there is a process in place for reviewing these, although the pace of review requires improvement. The following activity is planned:

- Improve pace of implementing the programme of strategy, policy and procedure reviews.

### **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

- An annual [corporate delivery plan](#) sets out the key activities we will undertake to achieve the corporate plan priorities.
- The [medium term financial strategy and annual budget](#) demonstrate how the council's financial resources will be deployed to deliver the intended outcomes.
- The council's decision making processes, including input from the scrutiny committees, ensure that decision makers receive objective and robust analysis of a variety of options indicating how intended outcomes will be achieved.
- The council's framework for partnerships' governance prompts consideration of the added value to be gained from working in partnership, and has been used to assess the effectiveness of delivery options during the year, for example informing the decision to enter into a joint venture with the University of Wolverhampton to deliver a cyber security centre.
- The 2018 [corporate peer challenge](#) identified that a strategic review of resources, and a more cross-council rather than directorate-led approach, may be beneficial to ensure that the potential to resource achievement of the council's vision and priorities over the medium term could be maximised. As a result the chief executive has reviewed and revised the structure of the organisation to establish a corporate centre to assist in driving cultural change. A review of base budgets has been undertaken to inform the setting of the 2019/20 budget and a further review will be undertaken in association with the planned corporate plan review in 2019/20.



- The council's report templates, guidance and training for report authors and decision makers are designed to ensure that the principles of good decision making are upheld. The s151 officer has identified the need for a consistent approach to demonstrating value for money, particularly in relation to 'cost plus' contracts and work is planned for the forthcoming year to address this.

### *Summary*

The council complies with this principle by ensuring that decision makers are informed of alternative options and have objective and professional advice on the implications of those options. No significant governance weaknesses are apparent. The following activity is planned to continue improvement:

- A best practice review of establishing value for money will be undertaken to inform the council's approach.

### **Principle E: Developing the organisation's capacity including the capability of its leadership and the individuals within it**

- Herefordshire Council works with a wide range of partners to deliver our vision for the county and our corporate plan priorities. Partnership arrangements are entered into where appropriate and when they have the potential to deliver the desired outcomes.
- Following a period of limited investment in training and development a programme for manager development was implemented during 2018/19. Staff induction has been reviewed and a new programme was introduced in 2018/19. Mandatory training compliance is monitored by management and appropriate management action taken to address any individuals' non-compliance.
- Member induction arrangements have been reviewed and a revised programme agreed and implemented. All members have completed the identified mandatory training requirements. A draft member development programme had been developed for adoption in 2018/19, and is now scheduled for adoption following elections in May 2019.
- Having regard to the need to improve capacity in children's social work and legal services additional resources were made available during the year. In addition, having regard to the recommendations of the corporate peer challenge a corporate workforce and organisational development strategy has been developed to ensure that workforce resource is appropriately aligned to deliver the council's priorities. This strategy will be adopted and implemented early in the coming year. During 2018/19, Ofsted carried out a focussed visit and noted the improvements made regarding reductions in workload and increased stability since their previous visit; improvement activity in this regard continues.

- There is a continuous performance improvement programme in place which enables employees to put forward ideas, and embed continuous improvement as a culture in all our services.
- The council's performance and development plan process, which has been reviewed and revised, ensures that development needs are identified including those relating to leadership, and behaviours.

### *Summary*

The council complies with this principle by ensuring that members and officers receive a basic level of mandatory training. The following improvements are planned:

- Adopt and implement a member development strategy and plan
- Adopt and implement a corporate workforce strategy

### **Principle F: Managing risks and performance through robust internal control and strong public financial management**

- The council has adopted a performance risk and opportunity management framework that provides the basis for the council to plan, monitor, and manage our performance and risks to that performance. The framework is periodically reviewed by Cabinet, and further improvements to the framework are being considered to ensure that risks are appropriately considered and escalated.
- Risk registers are maintained at project, service, and directorate levels as well as corporately and the Audit and Governance Committee monitors the effectiveness of the risk management arrangements.
- Performance (including financial management) is reported formally to Cabinet on a quarterly basis and published on the website. The council also published an [annual performance report](#). In addition there are regular directorate performance challenge sessions which cabinet members, scrutiny chairs and political group leaders attend.
- The council is the accountable body for public funding directed to support the establishment of a new higher education institution in the county. Robust internal control arrangements agreed by the council's s151 officer are in place overseen by a robust partnership arrangement, to ensure effective oversight and management; these partnership arrangements are in the process of being reviewed to ensure they remain fit for purpose. During 2018/19 the Audit and Governance Committee received assurance reports regarding Hoople governance arrangements and NMiTE.

- The council has entered into a development partnership arrangement. The contractual arrangements include robust governance and reporting arrangements and as each project will be subject to its own governance approval before any commitment is entered into through the partnership arrangement, accountability and transparency will be evident.
- Responding to an identified need for additional project management capacity to support effective delivery of major capital projects such as those within the development partnership and major transport schemes including the component parts of the Hereford bypass, and transformation projects such as implementation of the Ofsted improvement plan, additional dedicated project management resource has been secured within the corporate centre and is deployed as required across the organisation.
- Business continuity arrangements are in place for critical services and resilience arrangements regularly tested. The council has worked with regional and national resilience networks to prepare for the United Kingdom's departure from the European Union.
- The Audit and Governance Committee has monitored and overseen the implementation of an improvement plan to address identified weaknesses in internal controls relating to capital project management and reporting. Whilst improvements in the project management lifecycle and resourcing of project management support have been made it is too early to be assured that they have been consistently embedded across the council.
- The council has appointed a senior information risk officer who is responsible for ensuring arrangements are in place to maintain security of the council's information assets.
- The council's internal audit function provides an independent view on the adequacy and effective operation of the council's internal control environment. They have identified improvement areas during the course of their work and action plans have been agreed with management to address them. Implementation of these actions is tracked and reported to the Audit and Governance Committee. The internal audit opinion for 2018/19 .... [to be added once received].
- A thread remains in internal audit findings, that there are some instances of policies and procedures either not being followed or being applied inconsistently. The council has a [register](#) of council strategies, policies and procedures. There is now an agreed programme, owned by each directorate, to review the documents and ensure they are fit for purpose, that there is a communication plan to support each document, and measures are in place to monitor compliance with and effectiveness of the policy , although this programme has not been progressed at the pace expected and an improvement in the implementation of this review programme will be sought in the coming year.
- The council had robust arrangements in place to prepare for the implementation of GDPR, identified risk areas, and agreed plans to mitigate those risks. Overarching data sharing agreements are in place with key partners. Data sharing requirements are included in relevant contract

and procurement documentation and a rolling programme is in place linked to contract renewal to ensure data sharing arrangements are documented.

- During the year a misdirected treasury management investment was placed with an institution that was not on the council's approved counter party list. Although the investment in question, has been reviewed by the Chief Finance Officer and considered not a risk to the council, controls in place at the time did not prevent this investment from being actioned, despite all staff being aware that this should not be done. A review of processes has been carried out by internal audit to ascertain where controls need to be enhanced to prevent a repeat of this type of investment from being actioned in future.
- The council is committed to reviewing its performance and actively pursues opportunities to gain external input into that process.

### *Summary*

The council has appropriate processes in place through which it manages risk and performance. However there is evidence of the need to strengthen some internal controls and to ensure that policies and procedures are clear, effective and being followed. The following improvements are planned:

- Complete implementation and embed actions in response to the Internal Audit findings re Blueschool House.
- Strengthen internal controls in respect of treasury management investments.

### **Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- The council publishes information about the [decisions](#) it takes on its website; where there is a justification for withholding information or excluding the public from a meeting of the council in accordance with the [access to information rules](#) the reason for doing this is explained. During 2017/18 there were no meetings of cabinet from which the public were excluded.
- We explain what information we hold and how to [access](#) that information on our website, including publication of [open data](#) in accordance with the local government transparency code.
- The council has a performance challenge process through which directorate performance is regularly reviewed and challenged by senior managers and elected members including cabinet members, scrutiny chairmen and political group leaders.
- An annual review of the adequacy of the council's governance arrangements is undertaken and reported to senior managers and to the Audit and Governance Committee. A checklist for service managers to complete to inform the assessment and to inform directors assurance

statements and service improvement plans was implemented last year. To improve the efficiency of this process and enable compliance monitoring this process has been digitalised for 2018/19.

- The council has strengthened its scrutiny function by moving from two to three committees enabling additional focus to be given to the children and young people area of activity. Each committee determines its own workplan. All executive decisions, including those taken by officers under delegation are subject to the council's call in procedures. Of the [TBC] recommendations made to the executive which have been considered in 2018/19 [TBC] have been rejected, demonstrating the value of scrutiny input to policy development, performance challenge, and robust decision making.
- In their annual finding report for 2018/19 the External Auditor identified .....[to be added when received]
- A specific historic issue has prevented the external auditor from issuing the certificate of accounts since 2016/17; this has not affected the external auditor's opinion of the accounts in any year. The external auditor continues to work with the council to bring the matter to a resolution.
- Financial reporting arrangements are sound in relation to revenue but less well developed in relation to capital projects. Under the leadership of the council's s151 officer a programme of improvements to capital reporting has been led by the Strategic Capital Finance Manager. This post is working closely with capital project budget managers and capital project managers providing advice, support and challenge. The Council adopted a capital strategy in February 2019.
- The council's framework for partnerships governance requires a periodic assessment of the effectiveness of the governance arrangements for partnerships. Following reviews undertaken during 2017/18 that highlighted some potential to provide greater transparency of decisions taken by a small number of partnerships; we have secured improved transparency in relation to decisions taken by our partner Hoople; work with health partners continues to evolve with the changing national health and social care environment. Discussions are ongoing with partners regarding the transparency of West Mercia Energy decision-making.
- The process of assessing the effectiveness of partnership arrangements has not been consistently applied; to improve consistency the process is being moved from paper-based to digital in early 2019/20.
- In line with government requirements, changes in the governance arrangements for Local Enterprise Partnerships (LEP) must be implemented by May 2019, with the establishment of the Marches LEP as a stand alone legal entity. The Marches LEP will continue to be invited to attend the relevant scrutiny committee to account for its performance and to enable the committee to inform policy development.
- Internal audit undertook a 'Healthy Organisation' review to provide an objective assessment of the management control framework. The review looked at eight thematic areas and provided a high level of assurance in relation to financial, risk and information management, and medium

assurance overall; there were no areas of low assurance. The areas for attention identified in the review are informing senior managers improvement plans.

### *Summary*

The council complies with this principle by having robust arrangements in place which ensure transparency over how decisions are taken and reported and who is accountable for them. Scrutiny and audit support adherence to this principle. However improvements are required to strengthen capital financial reporting and to further improve the transparency of some partnerships' decision-making.

- Adopt and implement a revised process to close down the annual accounts including improving the processes for valuation of assets.
- Continue to implement improvements to capital reporting processes to improve transparency.
- Agree and implement arrangements to provide greater transparency of partnership decision-making by West Mercia Energy, and arrangements with health bodies
- Improve consistency of assessments regarding effectiveness of partnership arrangements

## Progress against actions agreed in response to the 2017/18 annual governance statement

15. The table below shows progress made as reported to the Audit and Governance Committee in January 2019. [to be updated for final report]

	Improvement required	Action planned	By when	Owner	Progress
1.	Members and officers modelling the values and behaviours expected and clear about the processes to follow if they have concerns.	Deliver a programme of training and awareness raising to support implementation of the revised employee code of conduct.	end August 2018  Revised date end March 2019	Head of HR and OD	This has been delayed so that the launch of the code of conduct can be supported by a new electronic process for declaring gifts, hospitality and interests via business world. The business world build is complete and is currently being tested for launch in the new year. The completion of the business world declaration will be mandatory for all employees and in completing it they must confirm they have read and understood the new code of conduct. This will be supported by an online mandatory training module in the code of conduct and communications throughout the council. Project management support to launch the new products has been identified to ensure future timescales are met.
		Promote the revised whistleblowing policy and procedure	September 2018	Solicitor to the Council	Completed. Management Board advised and cascaded to their own teams. Corporate communication via newscore and posters in council offices.
		Promote the member and officer relations code through development sessions with members and employees	October 2018  Revised date for employees end February 2019 and members	Head of HR and OD and Head of Corporate Governance	The implementation date has been delayed to accommodate finalisation of the manager development programme and revised employee code of conduct.  Development sessions for employees are now scheduled in January and February 2019.  Development sessions for members have been built into the planned member

	Improvement required	Action planned	By when	Owner	Progress
			end June 2019		induction programme to be implemented following the May 2019 elections and political group leaders have been offered briefings/development sessions on this subject for their groups, on request.
		a) Implement and promote a revised standards procedure for complaints against councillors. b) re engage with the police regarding a joint protocol.	September 2018	Solicitor to the Council	a) Completed. Revised procedure implemented and promoted. Following first six months of operation and having regard to the views of a working group of Audit and Governance Committee members and the Independent Person(s) further refinement of the procedure will be undertaken to ensure it is clear and operating as intended. b) In progress. Draft protocol is with West Mercia police
2.	Links between the various visions, budget and service planning and commissioning, risk management, performance and value for money are not consistently demonstrated or measured	Revised commercial and commissioning strategy adopted, communicated and monitored to ensure contractual arrangements reflect the council's priorities and can demonstrate value for money.	July 2018	Assistant Director Corporate Support	Completed. The revised procurement and commissioning strategy decision in July 2018 ( <a href="#">link</a> ), and strategy posted on the council webpages. Promoted in News Core with training in procurement taken place in 2018 and monthly in 2019 including outlining the requirements of the strategy.
		Options appraisal to establish whether a course of action represents best use of resources, to be a consistent element of business cases informing decisions	June 2018	Chief Finance Officer	Completed. The business case templates have been revised to incorporate a number of issues including value for money and best value.
3.	The level of awareness of fraud risk and potential mitigation is low in areas outside of financial transaction service areas.	Communication and training of the revised Anti-fraud, bribery and corruption policy will be delivered	June 2018	Chief Finance Officer	Initial training completed now an ongoing programme. On line training has been completed by the customer services team. Financial management training includes a section on "Serious and Organised Crime – your prevention role" confirming the council's policy along with confirming the single point of contact details. A rolling



	Improvement required	Action planned	By when	Owner	Progress
					programme of awareness raising communications for all staff is being implemented.
4.	Further develop the capacity of the organisation and individuals within it	Adopt and implement a member development strategy and plan	March, 2019	Democratic Services Manager	In progress. As part of phase 1 of this work an induction and role specific training plans have been produced and will be deployed after local elections in May. As part of a phase two development of the strategy democratic services will set out the ways in which councillors will be supported, including the types of training given, the variety of methods used and how the training programme will be evaluated.
		Adopt and implement a manager development programme	October 2018	Head of HR and OD	Completed. A management development programme has been designed and procured. The programme has been launched in the council and the first two cohorts have been nominated by the leadership team. The delegates have now received their joining instructions.
		Adopt and implement a corporate workforce strategy	March 2019	Head of HR and OD	On target. The workforce strategy is in draft and has been thorough consultation with directors and the leadership team. It is on course to be implemented by the end of March 2019
5.	Strengthen internal controls and financial management	Implement the actions in response to internal audit's recommendations re Blueschool House	March 2019	Chief Finance Officer	A series of changes have been made in response to the internal audit recommendations in respect of the joint services hub. At the request of the Audit & Governance Committee a follow up review is scheduled to be completed by the end of March 2019, In addition a range of reviews have been scheduled in the internal audit work plan.

	Improvement required	Action planned	By when	Owner	Progress
		Implement improvements to capital reporting	July 2018	Chief Finance Officer	Completed. A revised reporting process has been implemented that brings greater transparency to financial reporting of capital schemes.
6.	Enhance transparency in relation to significant partnerships	Review joint committee governance where governance support is not provided by Herefordshire Council	TBC	Solicitor to the Council	Ongoing. The implementation date has been delayed; meetings with relevant partner councils' monitoring officers are to be rescheduled in 2019.
		Review and publish schemes of delegation in respect of decisions to be taken by Hoople employees, and in discussion with the Hoople Board review the processes in place to support effective transparency and communication.	October 2018	Acting Director Economy and Place	Completed. Schemes of delegation for Economy and Place and Corporate Support have been reviewed following corporate restructure and reference decisions taken by Hoople employees. Schemes of Delegation will continue to be kept under review to ensure they remain up to date. The Hoople Board considered a report in relation to transparency and communications at its meeting in September 2018. The Board decided to publish minutes of its meetings on the Hoople website starting with those of the meeting in September 2018.
		In consultation with health partners review the governance arrangements in place to ensure they support effective transparency and communication whilst respecting the respective partners distinctive governance processes	November 2018	Director for Adults and Communities	Ongoing - governance arrangements for partnership boards are reviewed annually. Current board structures and arrangements have been considered and the role of council representation in terms of decision making recognises distinctive governance process. Council officers who make representation at partnership boards have also been briefed to ensure that effective transparency and communications are in place and are fed back through appropriate council governance arrangements

**Key governance actions planned**

- 16. In response to the issues identified during the review of effectiveness, the following action plan has been developed which includes outstanding actions from the previous year’s plan (above). The Audit and Governance Committee will receive a six-monthly report in order on progress made in delivering this action plan.

Table to be inserted

**Statement**

To the best of our knowledge, the governance arrangements, as set out above and within the council’s Code of Corporate Governance, have been effectively operating during the year with the exception of those areas identified in the table following paragraph 14 above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

**Councillor  
Leader of the Council**

**Date:**

**Chief Executive**

**Date:**