

**Minutes of the meeting of Audit and governance committee held at Council Chamber, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Tuesday 19 November 2019 at 10.00 am**

**Present:** Councillor Nigel Shaw (chairperson)  
Councillor Christy Bolderson (vice-chairperson)

**Councillors:** Dave Boulter, Peter Jinman, Bob Matthews, Diana Toynbee and Yolande Watson

**Officers:** Chief Executive, Chief Finance Officer, Solicitor to the Council/Monitoring Officer, Head of Corporate Performance and Information Access and Records Manager

**395. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**396. NAMED SUBSTITUTES (IF ANY)**

There were no named substitutes.

**397. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**398. QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions from members of the public.

**399. QUESTIONS FROM COUNCILLORS**

There were no questions from councillors.

**400. MINUTES**

Following a query from a member of the committee, the solicitor to the council confirmed that Matters Arising were not an agenda item on public meetings of the council as under the access to information rules, members of the public needed to know what items were due to be discussed by the committee.

**RESOLVED:**

**That the minutes of the meeting held on 24 September 2019 be confirmed as a correct record and signed by the chairperson.**

#### **401. ANNUAL EXTERNAL AUDIT LETTER**

Grant Thornton presented the report and explained that this was a summary of the audit completed over the previous year. There was no new information for consideration as it had previously been discussed in committee meetings.

In response to a query from a member of the committee, the chief finance officer agreed to confirm the current value of the land and assets owned by the council. It was noted that assets would be valued on different valuations.

Grant Thornton confirmed that they do take into account the aggregate effect of items and if the aggregated value does become material, this is reported to the committee. A list of uncorrected items is also reported to the committee.

Grant Thornton and the chief finance officer confirmed that they had liaised over the Hoople pension liability being shown in the council's statement of accounts. It was noted that there were other councils who had done a similar exercise so that there was a pathway to follow.

Grant Thornton offered to provide training to the committee on the Redmond Review which the committee agreed would be helpful.

#### **RESOLVED**

**That the report be noted.**

#### **402. REVIEW OF GOVERNANCE MODELS**

The solicitor to the council presented the report and highlighted:

- This follows a motion from council held on 12 October 2019.
- The design principles were agreed by council
- The CfPS guidance sets out the number of steps to take.
- There will be a recommendation to Council in October 2020 and following that recommendations for any changes to the Constitution would be drafted in readiness for the May 2021 Council.

During the discussion of the item, the following was highlighted:

- A progress report to the audit and governance committee meeting in March 2020 would be helpful.
- The review of the effectiveness of partnerships would be useful.
- The experiences of other councils in changing governance models would be considered by the working group.
- The solicitor to the council (monitoring officer) had delegated authority to make legal, grammatical and technical changes to the Constitution. A log of these changes was now available on the website.

There was one urgent item in the current Constitution which needed review. This was how public and member questions were dealt with at scrutiny committees. The solicitor to the council had consulted with the scrutiny chairs and their preferred option for dealing with questions was option 2 in paragraph 12 of the report. The committee confirmed that they would like to receive a report on the proposed amendments to the scrutiny questions for the January 2020 committee meeting. Any changes would then be recommended to Council for adoption at the February or March 2020 meeting.

It was confirmed that the planning rules and guidance was one area that also needed to be reviewed but this would be covered as part of any recommendations to Council in October 2020.

## **RESOLVED**

**That**

- (a) the timetable and arrangements for the review of the council's models of governance, as set out at appendix 2, are approved;**
- (b) the scope of the review incorporates the effectiveness of our partnerships governance arrangements in meeting the guiding principles and the impacts of any recommendations on partners;**
- (c) the planned biennial review of the constitution is not progressed pending the outcome of the review of models of governance; and**
- (d) the committee receive a report in January 2020 setting out the proposed amendments to the process for public and member questions at scrutiny set out in paragraph 12, option 2, of the report and, as necessary, recommends that changes to Council; and**
- (e) the committee receive a progress report from the review of governance models working group in March 2020.**

### **403. NMITE PROGRESS REPORT**

The chief finance officer presented the report.

It was noted that the Department of Education (DfE) would be deciding milestones before March 2020. Before any funding was released to NMiTE, the DfE needed to confirm that the funding could be released.

The chief finance officer reported that the DfE appeared to have a timetable in place for deciding further funding for NMiTE and that this may be in place for January 2020. It was noted that the forthcoming General Election may impact on the DfE timetable.

In response to queries from the committee, the following points were noted:

- The council's monitoring costs were taken from the grant funding.
- If the DfE required the grant funding to be repaid, the council's costs would have to be paid back.
- The arrangements for the payment of the grant had been approved by the Treasury. As part of the planning for the project, the possible scenario that the project may fail had been accepted by the Government. As the failure scenario had been built into the project, the Government may not seek to recover the funding.
- NMiTE also have other income streams and were not entirely reliant on the DfE funding. This could mean that the council's monitoring costs may not need to be paid back to the DfE.
- There had been considerable officer time at the commencement of the project but there was now little or no council resources being used in the day to day running of NMiTE.
- The chief finance officer was an observer at the finance committee.
- The Leader of Council was currently an observer at the NMiTE main board. This was not an outside body appointment but was part of the partnership

arrangements. The Leader was not representing the accountable body at the board.

- As part of the Leader's report to full Council, there would be commentary on NMiTE.
- General Scrutiny Committee had the function for looking at NMiTE outside of the accountable body function. It was understood that NMiTE was in the process of being added to the work programme for General Scrutiny Committee.
- The solicitor of the council agreed to provide links to the partnership register and the outside bodies.
- The Marches Local Enterprise Partnership (LEP) had agreed to grant NMiTE additional grant funding.

## **RESOLVED**

**That the committee receive a further report on NMiTE at its meeting to be held in January**

### **404. ANNUAL REVIEW OF THE COUNCIL'S INFORMATION ACCESS AND INFORMATION GOVERNANCE REQUIREMENTS**

The information access and records manager presented the report and highlighted the following:

- The report should show that there were processes in place to deal with complaints and requests for information.
- Herefordshire compares well with other council in respect of meeting deadlines and uphold rates.
- When things go wrong, the council is mindful of the impact on individuals and communities.
- There is learning from complaints in order to improve services in the future.

During the discussion of the item, the following points were noted:

- The number of complaints was down.
- There was an analysis of how well the complaints were dealt with. Complaints were quality assured as the issues raised were about things that mattered to people and the council recognises the importance of providing a full investigation and response.
- Complaints are initially investigated by the department as that is where the knowledge would sit. If people were not satisfied, then they could complain to the Social Care and Local Government Ombudsman (LGSCO). With children's social care complaints, there were two other stages which were independent.
- The chief executive was satisfied that there were processes in place and confirmed that management board did look at the learning from complaints.
- There was annual mandatory staff training in information governance.
- The children's social care complaints were primarily due to service failure. It was confirmed that there was follow up with the complaints as it was a significant work place risk. It was noted that there were challenges in children's social care which meant that there were more agency staff in post. Whilst these agency staff were important to the council, they did have different experiences and occasionally issues were only identified after they had left. This highlighted the need to have a fully staffed children's social care team. A risk had been recently added to the corporate risk register in relation to staffing in children's social care.
- If the team saw that there were still complaints in one area after training or process changes, this was escalated to senior managers.

- Where there was LGSCO involvement in a complaint, the LGSCO will check and require evidence to see if matters had improved or been remedied.
- Recommendations or lessons learned were logged and the information access team did check with the services to see what had changed.
- Freedom of information requests were time consuming though a necessary component for council transparency. The main obstacles to publishing more information on the website was work capacity as it was not just making the information available. For example, the information needed to be indexed, checked for accuracy and to ensure that no personal data was inadvertently published.
- Under the General Data Protection Regulations, individuals had the right to ask by a subject access request (SAR) to see information held about them. These requests could be time consuming if an individual had a lot of contact with the council. This emphasised the need to have information easily accessible within the council so time is not wasted gathering information in response to requests.

The committee thanked the information access and records manager for the report.

## **RESOLVED**

**That the report be noted.**

### **405. CORPORATE RISK REGISTER**

The head of corporate performance presented the report.

As part of the discussion on item, the following was highlighted:

- It was the six monthly update.
- The performance, risk, opportunities and management (PROM) framework set out where the responsibilities for risk lay. The PROM also provided guidance on how to rate and score risk.
- Management Board were responsible for the corporate risk register
- The register was reviewed by Cabinet on a quarterly basis.
- The PROM was currently being reviewed and was due to be presented to the February 2020 Cabinet for approval.
- Cabinet were due to discuss the corporate risk register at its meeting to be held on 27 November 2019.
- When risks were removed from the corporate risk register, it was a reflection of the changes which had occurred either with the inherent risk or actions taken to mitigate the risk. If appropriate, the risk will continue to remain in the directorate risk register.
- Concern was raised at the number of looked after children (LAC) and the reasons for this. The chief executive explained that work was being undertaken in this regard and that when Ofsted had last inspected children's services, no child was found to be at risk of significant harm.
- That the registers were at 30 September 2019.

Following a query from a member of the committee, it was confirmed that there was guidance within the PROM on the escalation or de-escalation of risks between the risk registers. The registers were agenda items at directorate leadership team (DLT) meetings and the emerging and existing risks were discussed. The corporate risk register was then discussed and reviewed at management board meetings. There was a clear transition between the directorate and corporate risk registers. It was noted that for the committee to see both registers was a lot information.

A member of the committee requested that consideration be given to more visual representation of the risk registers.

It was suggested that it would be beneficial if the committee received training on the corporate risk register and the PROM framework. It was agreed that this training take place in January / February 2020.

It was noted that at full Council there had been a number of discussions, e.g. climate emergency and the impact of phosphorus levels on planning applications and the 5-year land supply which were not reflected in the risk register. It was further noted that the decision to pause and review the South Wye transport package and Hereford transport package which had recently been made was also not on the corporate risk register.

A member of the committee queried how risks were identified and the scoring because using the community hospital risk as an example, the minor injuries units in Leominster and Ross on Wye had been closed. These closures had public health and community implications and the decision had been made by the Clinical Commissioning Group (CCG) and there appeared to have been no consultation. It was confirmed that risks were identified by directorates and were not just financial risks and, for example, environmental, public health and health and safety were also considered and there were different criteria for assessing those risks. The chief executive explained that the views of the council presented to health organisations in different meetings and that this may be an area which would be of interest to the health and wellbeing board. It was noted that as a partnership board, the board did not input into the corporate risk register.

It was noted that the risks were assessed by officers who had the most knowledge about an area but who were not necessarily aware of the concerns of the wider public.

In response to a query from a member of the committee, Grant Thornton confirmed that they do look at going concern risks as part of the value for money opinion and do speak the chief finance officer about financial risks and challenges. As part of this, they would look at the risk associated with grant funding, any clawback clauses, the council's general and earmarked reserves, etc.

It was suggested that a discussion between the chairperson of audit and governance and the three scrutiny chairpersons takes place about the risks on the corporate risk registers.

The head of corporate performance agreed to provide a written response on whether any council staff were members of the Association of Local Authority Risk Managers.

## **RESOLVED**

**That**

- (a) The report be noted; and**
- (b) Training on the corporate risk register and performance, risk, opportunity management framework be provided in January / February 2020.**

## **406. TRACKING OF AUDIT RECOMMENDATIONS**

The head of corporate performance presented the report.

As part of the discussion on the item, the following was highlighted.

- There were 16 recommendations outstanding in January. All of which have subsequently been completed.
- 90% (124) recommendations due between October 2018 to September 2019 had been marked as complete.
- There were target dates for the completion of recommendations in the past (e.g. 31 March 2019). This was a typographical error and the correct date should be 31 March 2020.
- It would be useful for the committee to understand the totality of the recommendations outstanding and a traffic light system of understanding whether the recommendations will be completed on time. This would give the committee an opportunity to look at the red items before the target date had passed and would assist the committee in being more pro-active rather than reactive.

## **RESOLVED**

**That**

- (a) the committee receive details of the recommendations made by internal and external auditors.**
- (b) That a report on tracking of internal and external audit recommendations be presented to the committee at the March 2020 meeting.**

### **407. UPDATES TO ANTI-FRAUD, BRIBERY, CORRUPTION AND ANTI-MONEY LAUNDERING POLICIES**

The chief finance officer presented the report.

It was noted that the national fraud initiative consisted of the council working with a number of other agencies which included West Mercia Police, Department of Work and Pensions, HMRC as there could be overlaps with those agencies. This was the most effective approach rather than each agency taking individual action.

As part of the national fraud initiative, there was daily activity and data sets of fraudulent activity was shared among the agencies. The chief finance officer gave an example of an attempt to defraud the council by trying to change bank account details. Internal audit were notified and the details were then shared.

As part of the counter-fraud work, data analysis was undertaken which can track where fraud may take place. It was noted that there would additional resource from SWAP in connection with the counter-fraud work.

A member of the committee commented that the council's policy was fairly theoretical and high level when compared to the neighbouring authorities. It was confirmed that currently there was only reporting to management board.

The committee agreed that in future there would be an annual report presented which gave an overview of the strategy. The report should outline the key risks within the council and how these were addressed or managed.

## **RESOLVED**

**That**

- (a) the updated anti-fraud, bribery and corruption policy at appendix 1)**
- (a) be approved; and**

**(b) that an annual report on the anti-fraud, bribery and corruption policy be included on the work programme for the committee.**

**408. PROPOSED DATES FOR 2020/21**

**RESOLVED**

- (a) That the meeting dates and times for 2020/21 be approved; and**
- (b) That the committee meetings to be held on 28 January 2020, 17 March and 5 May commence at 10.30 am**

**409. WORK PROGRAMME UPDATE**

The work programme was approved subject to the following reports being added:

- NMiTE report – January 2020.
- Proposals for the changes to Scrutiny questions – January 2020
- Update from review of governance models working groups – March 2020

**RESOLVED**

**That subject to the amendment noted, the updated work programme be agreed.**

The meeting ended at 12:46 pm

**Chairperson**