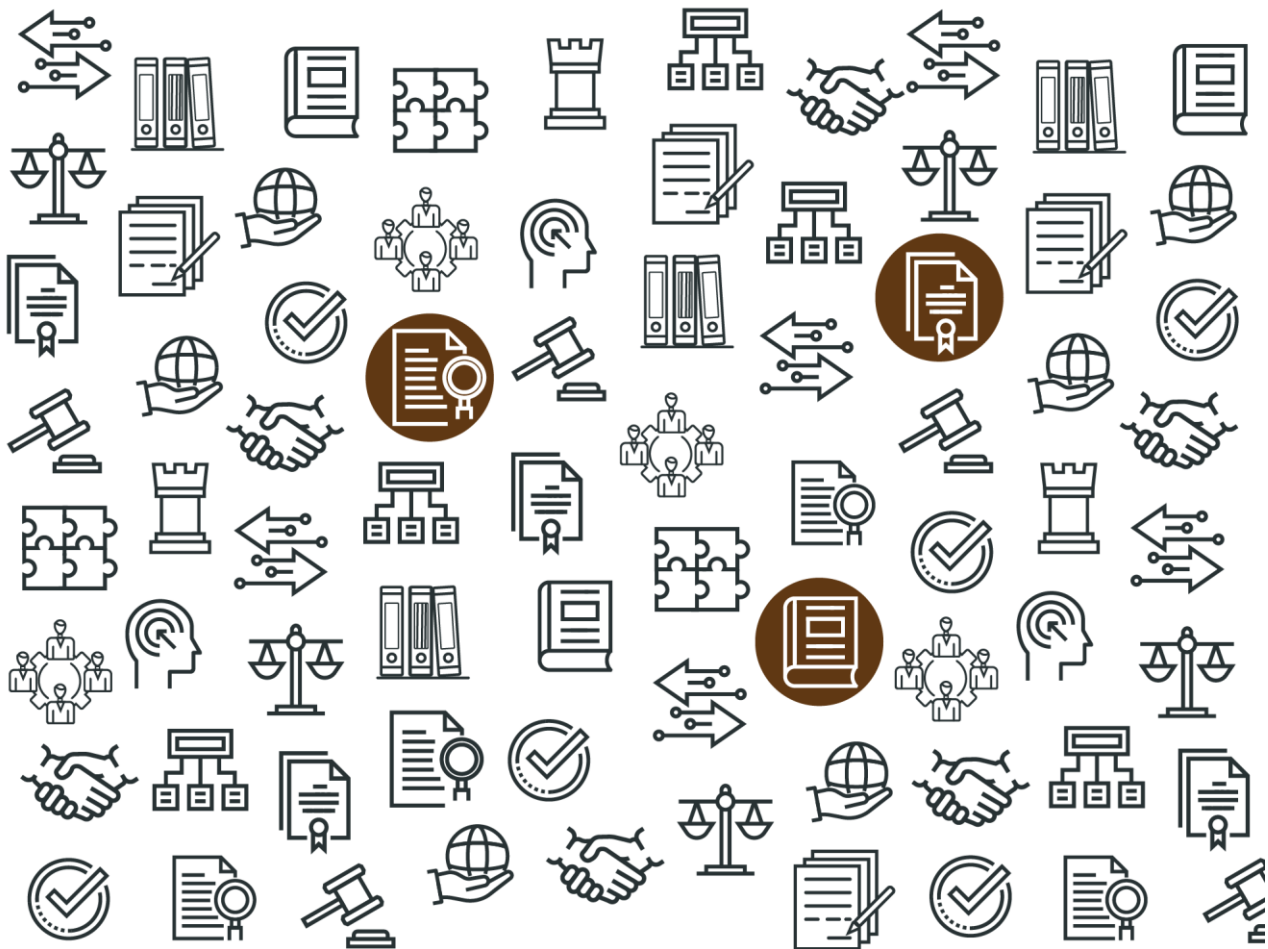


Annual Governance Statement 2021/22



1. The Annual Governance Statement 2021/22

The council is required by the Accounts and Audit Regulations 2015 to prepare and publish an annual governance statement. This statement has been informed by an annual review of the effectiveness of the council's governance framework and systems of internal control as set out in the [code of corporate governance](#). This statement explains how the council has discharged its governance responsibilities during the period from 1 April 2021 to 31 March 2022 and documents the planned improvements for 2022/23 and beyond.

There have been many changes within the council during 2021/22 financial year.

The council continued to respond to Covid in two main ways. Firstly, by addressing the impact on the health of residents through work of testing, tracing and supporting health colleagues with the vaccine programme, and supporting care homes to be safe. Secondly, through the recovery programme delivering economic incentives and addressing the hardship faced by residents as part of the continuing impact of Covid and other national and global factors.

Financial services supported hundreds of residents and businesses through the distribution of Covid grants, with a balance to be struck between funding being released swiftly and ensuring claims are not fraudulent. Covid grants were subject to internal audits and the council's own Fraud Service was active in this area supported by an intensive programme of preventative and prosecution activity.

The new Chief Executive, appointed in May 2021, led a significant restructure, recruiting to new Corporate Director roles, and introducing a new set of council values. The workforce adapted to remote working and the introduction of hybrid working styles reduced the council's reliance on recruiting locally-based staff

The council's constitution has had a root and branch review by a cross party group of members. This will be implemented during the course of 2022/23 with key changes to the scrutiny function and operation.

Value for money continued to be an area of focus for the council in the guardianship of public funds, including the management of the Balfour Beatty Living Places (BBLP) and other long-term contracts and improving the council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

Hoople Limited is a joint venture subsidiary, established in April 2011 to deliver business support services to clients across the public and private sector. During the period from 1 April 2021 to 31 March 2022, Hoople Limited was wholly owned by the council and Wye Valley NHS Trust; the council being the majority shareholder. Hoople Limited is managed through a service level agreement (SLA) which is reviewed and updated annually. This SLA includes performance indicators which are monitored by individual service managers to ensure that services are delivered in line with the agreed contract.

To ensure sustainable improved outcomes for children, Cabinet agreed an Improvement Plan in October 2021 with resources allocated to deliver urgent changes in children's social care; addressing immediate areas for improvement and supporting long-term investment in prevention services.

In the period since the reporting date of 31 March 2022, the council's children's services have been subject to further inspection. The results of this inspection are noted below:

In July 2022, an inspection of children's services was carried out by Ofsted and the results were published in September 2022. The review of the council's arrangements for children in need and children subject to a child protection plan considered a wide range of evidence including: interviews with staff, discussions with senior leaders, case discussions with social workers and team managers and performance management and quality assurance arrangements. Whilst the review acknowledged the impact of significant changes in the leadership team for children's services and the financial commitment of the council, three areas for priority action were identified:

- Address inconsistent and variable social work practice to ensure that children are the focus of assessments, planning and interventions
- The frequency and effectiveness of case supervision and the monitoring of children who are subject to child in need and child protection planning
- Shortfalls in case-holding capacity for social workers, including newly qualified social workers, to allow them to respond effectively to children in need of help and protection

Activity to address these priority areas has been identified in the Children's Improvement Plan. The delivery of the plan is monitored through the Improvement Board, independently chaired by a Department of Education Advisor to ensure that sustainable improvements are made. Following the publication of the Ofsted report, the council will continue to work closely with the Children's Commissioner, and strategic partners, to implement changes in response to the findings of the inspection.

2. Corporate Governance and the Annual Statement

Corporate governance generally refers to the processes by which an organisation is directed, controlled and held to account. Governance will determine who has authority to make the decisions to achieve the intended outcomes whilst acting at all times in the public interest. It is how the council ensures it provides 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.

Effective governance leads to:

- ✓ Safeguarding public funds, ensuring spend is made in the right time and the right way.
- ✓ Public engagement and the right outcomes for residents and businesses of the county.
- ✓ Making the right decisions for the right reasons through leadership and management.
- ✓ Continuous improvement through understanding and managing risk and performance.

This annual statement incorporates:

- **Scope of responsibility and governance framework:** acknowledges 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;
- **The statement:** describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year, and outlines how the council has responded to any issue(s) identified in last year's governance statement; and
- **Improving governance:** reports on any key governance matters identified from this review and provides a commitment to addressing them, highlighted as "continuous improvement".

It should be noted that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk or failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance.

3. Scope of responsibility and governance framework

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 and properly accounted for whilst being used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to continually review and improve the way it works. The council's [constitution](#) is a key document that details how the council makes its decisions, who has responsibility and the procedures it follows. The constitution was reviewed in 2021-22 as part of the programme of "Rethinking Governance".

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).

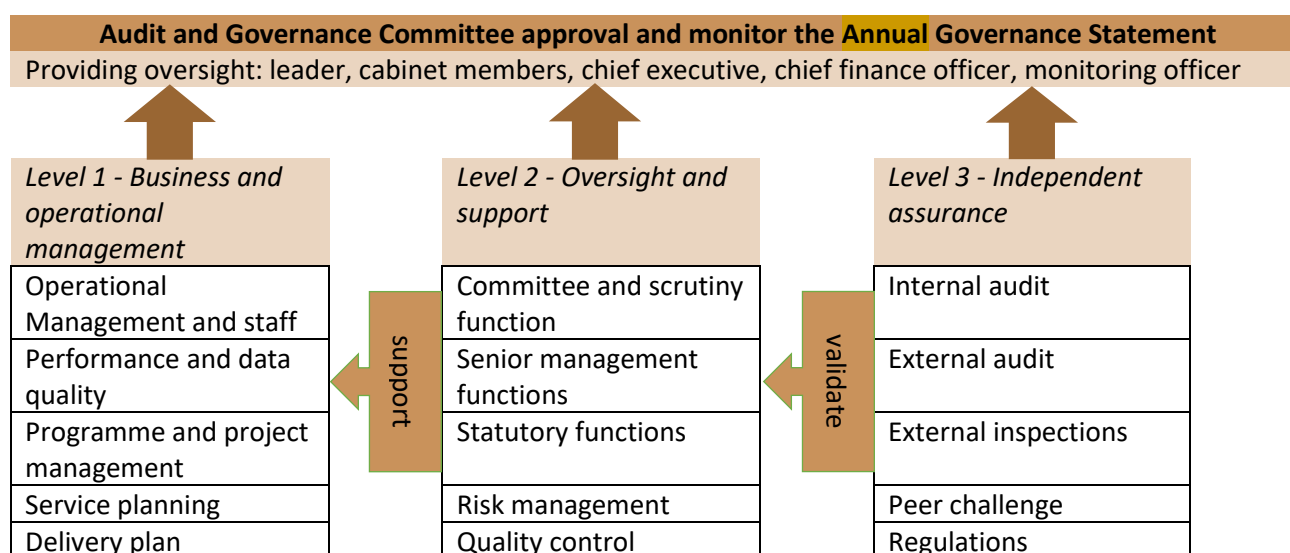
The framework operates at three levels, often referred to as the “three lines of defence” based on three opportunities to address risk and weaknesses in governance:

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. This level is supported by:

Level 2 - Oversight and support. Portfolio holders, scrutiny and audit and governance committee, senior managers and statutory officers provide strategic, policy and direction setting, decision-making, and assurance oversight. This level is 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 these levels interact and operate across the organisation is described above but also is illustrated below showing the 3 levels of defence:



4. Preparing the Statement

The AGS is presented jointly by the Director of Resources and Assurance (who has the statutory role of Chief Finance Officer Section 151 officer), and the Director of Law and Governance (who has the statutory role of monitoring officer).

In preparing the AGS the council has:

- Reviewed existing governance arrangements against the guidance included in CIPFA/SOLACE ‘Delivering Good Governance in Local Government’ framework – 2016 and the new governance risk and resilience framework from the centre for governance and scrutiny (CFGs).
- Reviewed the code of corporate governance to ensure it reflects this guidance and includes the recommended seven principles of good governance.
- Assessed the effectiveness of our governance arrangements against the code of corporate governance.

The key sources of assurance that inform this review are as below:

- Review compliance with laws and regulations, corporate strategies, policies, plans and arrangements e.g. constitution, financial and performance monitoring and reporting, and risk management
- Directors and statutory officers' declarations
- Significant partnerships' governance risk assessments considered by Directors
- Internal audit reports and opinions
- Views of the council's appointed Independent Person(s) on the draft review.

The Statement sets these sources of information against the 7 Principles of Corporate Governance (A to G) as set out in the Herefordshire Council's [Code of Corporate Governance](#) and the CIPFA/SolACE Delivering Good Governance in Local Government Framework 2016. The council aims to achieve good standards of governance by adhering to the seven core principles below.

5. The Statement

The results of the annual review of the effectiveness of the council's governance arrangements during 2021/22 are set out in the paragraphs below to demonstrate how the council has complied with the seven principles of the CIPFA/Solace Framework and to note the areas where it is recognised that governance arrangements could be further strengthened.

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The council has undergone a major review of its governance arrangements based on a council resolution of 11 October 2019. A cross party group of members have been involved in reviewing elements of the constitution with the updated arrangements presented to Full Council on [4th March 2022](#) with changes effective from 20 May 2022. The main changes are based on:

- Reorganisation of scrutiny committee functions into 5 committees (see below).
- An annual effectiveness review of committees presented to the annual council meeting.
- Cabinet is provided the ability to hold Question and Answer meetings.
- Clarity has been given to the planning committee rules including redirection and a time allocation for ward member speaking.
- The Employment Panel functions relating to disciplinary and grievance meetings have been set out.
- Questions at meetings criteria has been changed.

The new committee structure will consist of:

- Scrutiny Management Board
- Environment & Sustainability Scrutiny Committee
- Connected Communities Scrutiny Committee
- Children & Young People Scrutiny Committee
- Health, Care & Wellbeing Scrutiny Committee

The council's [equality policy](#) is designed to demonstrate our commitment to equality, and evidence how it complies with the Equality Act 2010. It makes reference to the inequalities highlighted by the Covid-19 pandemic, and declares the council's solidarity with people who are protesting against racism.

The council has also made commitment to Modern Slavery through a published statement updated each year contained with dedicated [webpages](#).

The council has a [Procurement and Commissioning Strategy](#) with all members consulted on its update due for 2022. As part the council's purchasing power it has implemented its approach and increased social value through contracts, with a new measurement [framework agreed](#) 10 September 2021. Revised thresholds will be linked to the changes implemented in 30 March 2022 as part the Public Contracts Regulations 2015.

As part of the General Data Protection Regulation (GDPR) the council will report data breaches. The council encourages the reporting of data breaches even if considered minor because it can learn from incidents and register a pattern. From April 2021 to March 2022 6 breaches were reported to the Information Commissioners Office. Their findings are published for each council – [link](#).

The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council's next annual review.

Principle A: Continuous improvement

	Action	Council Leadership Team
a.1	Promote the changes in the constitution to officers and members, along with raising awareness with the public regarding changes and approach to questions.	Director of Law and Governance
a.2	Review the remaining element of the constitution in liaison with the working group.	Director of Law and Governance
a.3	Progress update of the Procurement and Commissioning Strategy (action brought forward).	Director of Resources and Assurance

Principle B

Ensuring openness and comprehensive stakeholder engagement

Based on the response to a unanimous vote of Full Council on 12 July 2019 the council introduced a new way of engaging with the public through the first Citizens Climate Assembly. The final 41 participants addressed the question 'How should Herefordshire meet the challenges of climate change?' which was considered over 2 weeks and 2 evenings in January 2022. The sessions included a range of expertise and experience from a local, national and even international level - this allowed the assembly members to work with their facilitators to make informed recommendations that were accepted by cabinet on [24 February 2022](#).

Sortition Foundation also supported the assembly by independently selecting participants. This was based on randomly selecting 14,400 addresses across Herefordshire (based on 300 addresses for every one of the needed assembly members). From this invite 520 people signed up as potential assembly members who were then asked to share information (including view of climate change) to ensure representation from which an algorithm was used to reach the final participants. A detailed report of the recruitment process can be found at the following [weblink](#).

The council also engages stakeholders in a range of consultation using a variety of methods although face to face engagement has been restricted during the year because of Covid. The council has dedicated [webpages](#) for consultations. Feedback from events, surveys and consultations help to inform the council's improvement plans, input to the design of future services and shape the ambitions as set out in the County plan. In 2021/22 consultations and surveys conducted included: Draft Local Housing Strategy consultation, Childcare survey, Draft Minerals and Local Waste Plan Pre-submission consultation, Domestic abuse strategy consultation, 2022/23 Budget consultation, Bus service improvement plan survey and Adult day services engagement.

The Working & Wellbeing Survey conducted in 2021, invited employees to provide feedback on working from home arrangements and general wellbeing and the results of this engagement have been used to drive improvements in staff communications and support. An Employee Survey is conducted every two years to identify, develop and prioritise initiatives to support staff. The council has responded to feedback from the last employee survey by revising the performance development planning cycle, implementing Bullying & Harassment Advisors, supporting more flexible and agile working and implementing mental health awareness training.

The council has processes in place to make a [complaint](#) and to ensure complaints are investigated appropriately. Between April 2021 and March 2022 the council dealt internally with 641 complaints, of which 12% were upheld or partially upheld. In addition, 23 complaints were processed under the statutory children's complaints procedure for children's social care. From the latest annual review (1 April 2020 to 31 March 2021) three cases were upheld by the Local Government and Social Care Ombudsman (LGSCO) - view from LGSCO [website](#).

The council has maintained similar levels of Subject Access Requests (SARs) between 2020/21 and 2021/22 – the council is legally obliged to provide information held on an individual and this can date back a considerable number of years, take significant time to process and of a sensitive nature. The Information Governance Team and children's services are working together to take a more proactive approach in sharing the information in a sensitive way without the need for a SAR.

The Freedom of Information (FOI) Act 2000 gives the right to recorded information held by public authorities, with the Environmental Information Regulations (EIR) 2004 providing the same right of access for recorded 'environmental' information. This includes printed documents, computer files, letters, emails, photographs, audio and video recordings. There were 850 Freedom of Information requests for 2021/22 compared with 738 for 2020/21. The purchase of a new software system during the year has made it easier to produce a disclosure log on the [website](#) and an accompanying [Disclosure Policy](#) was published.

Items	2020-21	2021-22
Freedom of Information Requests	738	850
Environmental Information Regulations	78	79
Subject Access Requests	151	135

The council has a [Partnership Governance Framework](#) which was due for review in 2021/22 but this did not take place. However, an update of the process for registering significant partnerships did take place and for the first time Audit and [Governance Committee](#) was sighted on all the completed self-assessment forms. A SWAP audit also took place and is in the process of reviewing all the completed checklists. A register of the partnerships is held on the council [website](#).

The council has procured a new programme that will support customer queries in a more co-ordinated way. The 'MyAccount' feature on the website will enable residents to have their own digital account with a register to track correspondence. The council will complete a Customer Services and Digital Strategy during 2022/23 supported by an updated IT Strategy as part of the Chief Executive's wider transformation programme.

The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council's next annual review.

Principle B: Continuous improvement

	Action	Council Leadership Team
b.1	Produce an Engagement Plan based on a review of lessons learnt from the Citizens Climate Assembly and the effectiveness of the budget consultation	Corporate Director of Community Well Being
b.2	Produce a Customer Services and Digital Strategy	Interim Director of Strategy

b.3	Produce an updated IT Strategy	Director of Resources and Assurance
b.4	Implement revised method of Subject Access Requests	Director of Resources and Assurance
b.5	Review Partnership Governance Framework in light of the governance risk and resilience framework (action brought forward).	Director of Law and Governance

Principle C

Defining outcomes in terms of sustainable economic, social and environmental benefits

Herefordshire Council cabinet agreed the Delivery Plan for 2022-23 on [31 March 2022](#), in delivery of the [County Plan](#) that runs from 2020 to 2024. Performance against the actions identified to deliver the ambitions of the Plan is monitored and reported to Cabinet quarterly. Reporting identifies the lead officer, outlines progress made in the quarter against the performance measures relevant to each action and indicates the assessed risk of delivery.

There are three key objectives of the county plan that are followed through with actions in the delivery plan:

Environment: Protect and enhance our environment and keep Herefordshire a great place to live

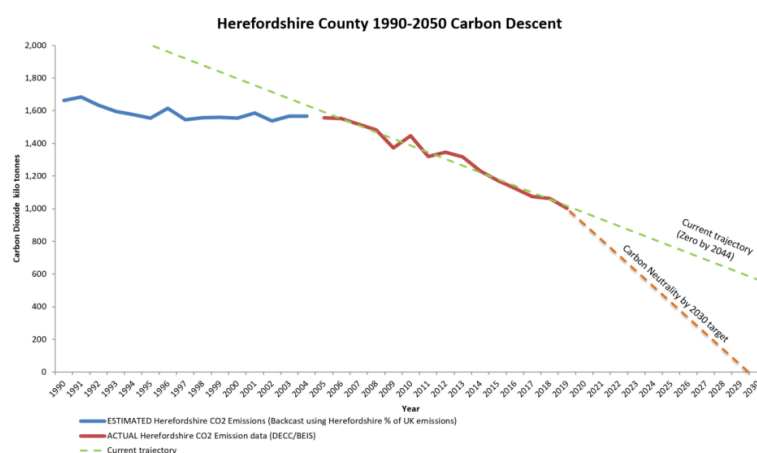
Community: Strengthen communities to ensure everyone lives well and safe together

Economy: Support an economy which builds on the county's strengths and resources

In recognition of the economic and social value of market investment plans (MTIPs), the council has produced a plan for each of its 5 market towns of Ross, Leominster, Ledbury, Kington and Bromyard. The development of the MTIPs highlights significant enhancement to infrastructure, public realm, shop front/ building etc. in creating the conditions for growth. Establishing a clear strategic rationale, local evidence base, and identification of prioritised projects with local stakeholders means the council is well placed to seek support through future rounds of government funding, such as the Levelling up Funds, UK Shared Prosperity Funding or Future Towns Funding. The plans can be found in the cabinet papers of [31 March 2022](#).

For investment in Hereford, £22.4 million has been awarded from the Government's Towns Fund for projects that support post-covid recovery and enhance economic growth through creating new jobs and helping to train local people. All business cases for shortlisted projects are to be complete by June 2022. The programme is being delivered through a Towns Fund board (called the [#StrongerHereford board](#)) of which Herefordshire Council is a key partner and the accountable body.

Herefordshire Climate and Nature Partnership was another key partnership established in 2021-22. It was established to drive and coordinate achieving zero carbon in the county by 2030. These actions have been grouped into a series of six different action plans including: Housing and Buildings; Transport; Energy; Farming and Land Use; Waste and Food. The details of the six themed action plans are set out in the dedicated [website](#). Herefordshire Council itself is on target to meet net zero by 2044 as the diagram illustrates.



The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council's next annual review.

Principle C: Continuous improvement

	Actions	Council Leadership Team
c.1	Submit Stronger Towns Bids by June 2022	Corporate Director of Economy and Environment
c.2	Produce a new Economic Strategy for the county	Corporate Director of Economy and Environment
c.3	Progress actions from the Citizens Climate Assembly	Corporate Director of Economy and Environment

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

The key area of improvement for the council is social care within the Children and Families Directorate. This is in response to Mr Justice Keehan who delivered a [Judgement](#) that identified serious failings in Herefordshire Council's children's services. Full Council on [27 April 2021](#) unanimously supported the establishment of an Improvement Board as part of the assurance and improvement strategy, and on 18 May 2021 the Department for Education issued the Council with a non-statutory improvement notice. A Focused Visit by Ofsted in [July 2021](#) identified shortfalls in the capacity of social workers, an inconsistency of social work practice, and insufficient management oversight and supervision. The previous inspection by Ofsted in [2018](#) had raised similar concerns and criticism of the lack of pace of improvement was identified.

Cabinet of [28 October 2021](#) endorsed the Children and Families Strategic Improvement Plan v1.0 and the council agreed a £5.2m investment to address the immediate issues raised in the High Court Judgement. The investment has led to reduced caseloads (particularly in the assessment teams), increased levels of personal and case supervisions, and increased frequency of visits to children and young people and their families. A requirement for further investment of £11.49m for 2022-23 and future funds for 2023-24 was outlined to cabinet members on [31 March 2022](#).

An independent audit project assessed in excess of 1,000 cases and whilst none of the audits raised serious safeguarding concerns requiring immediate action, the majority of cases audited were deemed as being Inadequate or Requiring Improvement.

Core transformation of the service is planned and is aimed at:

- Improving outcomes for children, young people and their families.
- Making working in Herefordshire an attractive and rewarding career choice.
- Embedding systemic partnership approaches and exploring alternative models of delivery.

Another major area of development is modernisation of council services led through the Customer Services and Digital Strategy in 22/23 This links closely to advances in IT, use of data and how the council uses its property in response to remote working and wider asset plans. The production of an estate strategy was planned for last year and this action has been brought forward. It was delayed to allow time to understand the different requirements of services as part of the move to hybrid working, which comes into force in 22/23 as the Flexible Futures programme

The council publishes its [plans and strategies](#). These have been updated and reviewed this year, but more work is to be done in 22/23 on bringing these together with a golden thread from county plan to service plans and decision-making. Another action to be brought forward is the production of an external funding strategy. Though this is not a statutory requirement, it will be useful in outlining the council's criteria for sourcing funding, support for communities and economic schemes, and accepting liabilities such as acting as accountable body.

The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council's next annual review.

Principle D: Continuous improvement

	Actions	Council Leadership Team
d.1	Update Children Services Improvement Plan	Corporate Director of Children and Young People
d.2	Update IT Strategy and supporting Technology Strategy to be produced	Director of Resources and Assurance
d.3	Corporate Asset Review to be produced for covering future use of council properties	Director of Resources and Assurance
d.4	External funding strategy to be produced (action brought forward)	Director of Resources and Assurance
d.5	To instigate a pipeline of policies and strategies linked to governance decision making (action brought forward)	Director of Resources and Assurance
d.6	Produce the Estates Strategy for the use of council buildings reflective of service needs based on hybrid working (action brought forward)	Director of Resources and Assurance

Principle E

Developing the organisation's capacity including the capability of its leadership and the individuals within it

The Chief Executive conducted a restructure of the senior leadership team during the year with the new Corporate Leadership Team designed to lead, develop and model a corporate, one Council culture and way of working. Permanent appointments have been made to new Corporate Director roles for Economy and Environment, Children and Families, and Community Well-Being. The list of senior management can be found on the council [website](#). There has also been a change of Monitoring Officer / Solicitor to the Council with a two-year fixed-term appointment made.

To support the change required in Children and Young People Directorate there has been a number of interim and agency staff, though again the council is working to create permanency which is a key element of the Strategic Improvement Plan in 'developing a skilled and stable workforce'. Children and Young People Scrutiny Committee on the [22 February](#) 2022 received a comprehensive set of workforce information. As of 29 January 2022 five temporary teams have been brought in to provide additional capacity for the improvement activity with a further 2 temporary Assessment teams. There remains an issue of recruitment and retention, with almost half of social worker employees in the Children and Young People Directorate having been employed by the council for under 2 years (49.12%). Key points are:

- Social workers continue to feature on the UK national shortage occupations list.
- Difficulty attracting experienced social workers.
- Regional recruitment challenges (permanent and agency) due to Herefordshire's location on the fringes of the West Midlands, bordering Wales and Gloucestershire.
- Reliance on agency workers to cover vacancies (including management roles) and the resulting impact on stability of the workforce.
- Impact of recent national, high-profile child protection cases resulting in increased referrals which compounds the workforce issues we are already experiencing.

How the council operates as a workforce has changed significantly since Covid lockdowns, demonstrating that remote working is viable and cost effective in reducing spend on office accommodation. Included in part of the

Flexible Futures is a workstream element that will confirm permanent arrangements for opportunities for remote working.

As a result of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, all public sector employers (with 250 or more employees) are required to publish annual information about the difference between pay for male and female employees. The current gender pay gap for Herefordshire Council is 13.9% (on the snapshot date of 31 March 2021). That means for every £1 earned by a male employee, a female employee earns 86p. The gender pay gap in Herefordshire Council has increased since 2020, when it was 8.2% detailed statistics can be found within the [equality analysis of our workforce](#).

The council has a programme of mandatory training with subjects that are essential to the council. However, as figures show not all employees are completing the training which could be a compliance or data issue.

Mandatory Training subject	Complete by workforce
Information Governance	92%
Information Security	91%
Prevent	92%
Code of Conduct	93%

The council has revised its recruitment profile based on the “[Spirit of Herefordshire](#)” and is in the process of commissioning a new IT system for recruitment. 2022/23 will see action from last year’s annual governance statement implemented regarding policies and training.

Training includes members in specific subject areas along with working with officers. Actions also include promotion of being a council member in the run up to election in May 2023.

The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council’s next annual review.

Principle E: Continuous improvement

	Actions	Council Leadership Team
e.1	Address compliance of staff not completing mandatory training	Director of HR and OD
e.2	Revise recruitment policy; publication of the ex-offenders policy; review market forces guidance to ensure fit for purpose (action brought forward)	Director of HR and OD
e.3	New recruitment software installed to manage vacancies across the council	Director of HR and OD
e.4	Action plan to address gender pay gap and equality issues highlighted in the equality analysis data	Director of HR and OD
e.5	Promotion of becoming a council member including flexibility with increased virtual meetings (action brought forward)	Director of Law and Governance (Monitoring Officer)
e.6	Deliver officer and member training and specific member development training (action brought forward)	Director of Law and Governance (Monitoring Officer)

Principle F

Managing risks and performance through robust internal control and strong public financial management

Herefordshire Council has adopted a [performance framework](#) and produces comprehensive performance and finance reports each quarter to cabinet with published papers. The framework outlines the process of risk assurance based on corporate, directorate and service risk. Audit and Governance Committee will consider the corporate risk register – and whilst the council is effective in understanding operational risks, an overview of strategic risk would be helpful to understand external pressures on the council. Brought forward as an action from

last year is embedding a risk culture in the organisation, which has gone some way but with new influx of staff it is important to reinforce the message.

The council has introduced PowerBI reporting for management board, supporting ease of access for tracking information, more efficient data recording and more use of live information. It would be useful for this system to be used for cabinet reports and subsequent published data for ease of access by the public. This is part of an action brought forward from last year.

A service planning tool (Verto) is now available for teams to use to record actions and support improvements in performance monitoring and risk management of projects. The full scope of its application will be realised in 2022/23 and will remain under review to ensure that it adds value across the organisation, ensuring effective monitoring of identified actions and planned improvements via an integrated solution.

On [28 June 2021](#) Audit and Governance Committee approved the update of the Counter Fraud and Corruption Strategy 2021-2024. A great deal of work has been conducted in this area in the last year related to Covid 19 grants which was presented to Audit and Governance Committee via an annual report on [25 January 2022](#).

Covid 19 Business Grants - FEN {Fraud, Error, Non-compliance}	
	2020/2021
Total value of grants paid to all businesses	£103,990,160
Total number of cases investigated by the CFS	341 cases
Total value of clawbacks raised	£1,199,046
Total value claimed, but prevented before payment	£522,000
Total value paid, recovered	£699,722
Total value of grants paid, pending recovery	£499,324
Total value of pending recovery, on repayment plans	£149,102
Total FEN Detected	£1,721,046 (1.7%)

A new and bespoke 'Fraud Awareness and Prevention 2021' e-learning module was created in November 2021 which will assist in further educating employees across the organisation on how to understand, identify and report allegations of fraud. Also the council's parking enforcement team led on 12 prosecutions in 2021 against Blue Badge (disabled parking) fraud and misuse - [link](#).

In March 2022 the council published a [Value for Money Strategy](#). Cabinet in [29 July 2021](#) received a major contract performance update including summary of investigation into the Hereford City Centre Transport Package (HCCTP), and recommendations of establishing a Major Contract Improvement Board, with an Improvement Plan agreed on 1 March 2022. As part of the investigation it was found that BBLP operated as a dormant company though financially operated under a parent company.

One of the issues concerned with HCCTP was the consideration of the capital expenditure and ensuring enough spend to complete the business case and objective of the programme. This has been addressed with a new capital spend cycle with actual costs to prepare capital submission and the establishment of the Programme Management Office has supported the scheme. At 31 March 2022, actual spend was at c86% of budget.

A settlement agreement was made in August 2021 with a member of staff leaving the organisation (this followed two settlement agreements in 2020/21) – one which was agreed by the employment panel on [9 September 2020](#) (though exempt from the public record). The remaining 2020/21 and the 2021/22 settlements were not presented to Employment Panel and considered an operational decision. The governance for settlement agreements needs to be reviewed and confirmed in policy.

In [November 2021](#) Cabinet approved the procurement route and implementation of the new delivery proposals, processes and expenditure of up to £9.3m of S106 agreements. These agreements are legally binding obligations between Herefordshire Council (as the local planning authority) and developers to make acceptable development which would otherwise be unacceptable in planning terms – this is usually in the form of investment in infrastructure, public realm, parks, flood relief, schools, etc. The report found that there were delays in progressing schemes and potential loss of funds for communities.

The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council's next annual review.

Principle F: Continuous improvement

	Actions	Council Leadership Team
f.1	Audit or review of teams using corporate service planning tool	Director of Resources and Assurance
f.2	Continue to review the application of PowerBI as a reporting tool to align corporate reporting	Director of Resources and Assurance
f.3	Regularly report progress to cabinet on the Major Contracts Board	Director of Resources and Assurance
f.4	The governance arrangements and supporting policy for settlement agreements to be reviewed to ensure transparency and evidenced decision making	Director of Law and Governance (Monitoring Officer)
f.5	Confirmation of council's contracting with parent companies when operated via a dormant company	Director of Resources and Assurance
f.6	Implementation improved and ease of access to performance information for staff, members and the public (action brought forward)	Director of Resources and Assurance
f.7	Introduction of strategic risk along with corporate and operational risk assessments embed as part of culture and practice (action brought forward)	Director of Law and Governance (Monitoring Officer)
f.8	Progress plans to ensure effective spend of s106 monies	Director of Resources and Assurance
f.9	Implement improvement plan for value for money on the public realm contract (action brought forward)	Director of Resources and Assurance
f.10	Strengthen performance monitoring arrangements for Hoople Limited to include quarterly reports to Cabinet	Director of Resources and Assurance

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

SWAP provide the council with internal audits. Their plan for audits is presented to Audit and Governance committee and present plans based on risk, known national pressures, and requests e.g. fraud on Covid grants for contract value for money. For the year ended 31 March 2022, the Head of Internal Audit issued a Reasonable Assurance opinion on the overall adequacy and effectiveness of the Council's governance, risk management and internal control environment.

For transparency the council includes publication of the following information:

[Grants awarded by Herefordshire Council](#)

[Council land and property assets](#)

[Council expenditure over £500](#)

[Contract Register](#)

[Business Rate dataset](#)

All council decisions are [published](#), along with agendas and minutes. The constitution clearly sets out the accountabilities in the council including levels of decision making, though training and awareness on this would be good considering the new starters in the organisation and the loss of corporate knowledge.

The council has a system of cabinet member portfolio briefings which are used as a form of decision making, and reporting risks and performance. The terms of reference were reviewed in April 2022 but could do with a further consideration to ensure they are being implemented consistently and of benefit to members.

The council has a reporting publishing software which supports all reports to be available and a shared system for “sign-off”. As an action brought forward this is to be reviewed in terms of the council maximising the capabilities.

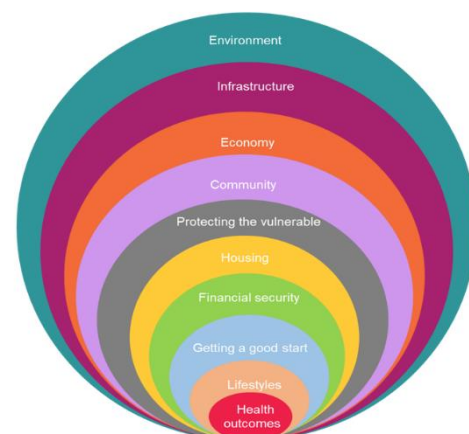
The revised constitution (operational from May 2022) includes updated process for the public to ask questions ([link](#)).

The council produces the [Joint Strategic Need Assessment](#) (based on the theme illustrated – right), supported by [Understanding Herefordshire](#) Facts and Figures. Including Facts and Figures from the [local area](#).

A Local Government Association review of the Strategic Intelligence Unit credits the service with the quality of information it provided, but was not universally used across the organisation to provide evidence based decisions.

Whilst the annual report on code of conduct to Audit and Governance Committee was considered in [January 2022](#) consultation is currently open with all Herefordshire Councillors (including town and parish) on a revised code of conduct for adoption at the council’s AGM in May 2022.

The governance arrangements, as identified above, have been effective in the period from 1 April 2021 to 31 March 2022. Areas where it is recognised that governance arrangements could be further strengthened are noted in the table below. The implementation of identified improvement actions and their operation during the year will form part of the council’s next annual review.



Principle G: Continuous improvement

	Actions	Council Leadership Team
g.1	Training for decision-making responsibility within the officer body	Director of Law and Governance (Monitoring Officer)
g.2	Delivery of recommendations for the LGA peer review of the Strategic Intelligence Unit	Director of Resources and Assurance
g.3	A revised code of conduct for members and new arrangements for dealing with allegations that members have breached the code (action brought forward)	Director of Law and Governance (Monitoring Officer)
g.4	Review portfolio briefing to ensure effectiveness and compliance (action brought forward)	Director of Law and Governance (Monitoring Officer)
g.5	Make the most of new features on Modern.gov (action brought forward)	Director of Law and Governance (Monitoring Officer)

Statement and opinion - Leader of Herefordshire Council

Name: Cllr Hitchiner

Title: Leader of Herefordshire Council

Date: (at final version)

Statement and opinion – Chief Executive of Herefordshire Council

Name: Paul Walker

Title: Chief Executive

Date: (at final version)