

Annual governance statement 2015/16

Scope of responsibility

1. 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 make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this duty, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. These include arrangements for the management of risk.
3. The council has adopted a code of corporate governance that is consistent with the principles of the Chartered Institute of Public Finance & Accountancy ("CIPFA")/Society of Local Authority Chief Executives ("SOLACE") framework for delivering good governance in local government. The council's code is available on the website at the following link: <http://councillors.herefordshire.gov.uk/documents/s50012943/Preamble.pdf>
4. The annual governance statement for 2015/16 explains how the council has complied with its code of corporate governance. It also explains how the requirements the Accounts and Audit Regulations 2015, in relation to the publication of a statement of internal control have been met.

The purpose of the governance framework

5. The governance framework comprises the systems, processes, culture and values by which the council is managed and controlled. The framework also sets out how the council accounts to, engages with and leads the community.
6. 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.
7. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives as an individual's failure to comply with policies and procedures, even when provided with comprehensive training on them, can never be entirely eliminated.
8. The system of internal control is based on an ongoing process designed to:
 - (a) identify the risks to the achievement of the council's policies, aims and objectives;
 - (b) evaluate the likelihood and impact of the risks should they be realised; and
 - (c) identify and implement measures to reduce the likelihood of the risks being realised and to negate, or at least mitigate, their potential impact.

The governance framework

9. The council's corporate governance framework was adopted by full Council on 31 October 2008 and has been reviewed annually by the section 151 officer to ensure it

remains fit for purpose; a member level review of the code, in light of the revised CIPFA/Solace framework "Delivering good governance in local government" will be undertaken in 2016/17 as part of a review of the councils constitution. The code seeks to ensure that the principles of good governance are embedded into all aspects of the council's work. The five principles agreed within the code link to the six principles of good governance outlined in the current CIPFA/Solace framework.

10. For ease of reference, the following table matches the council's five principles with those contained in the CIPFA/Solace framework:

CIPFA/Solace - Principle 1	Focusing on the purpose of the authority, on outcomes for the community and creating and implementing a vision for the local area.
Council – Principle 1	Provide the best possible service to the people of Herefordshire.
CIPFA/Solace - Principle 2	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
Council – principle 2	Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness.
CIPFA/Solace - Principle 3	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
Council – Principle 3	Require high standards of conduct.
CIPFA/Solace - Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
Council – Principle 4	Take sound decisions on the basis of good information.
CIPFA/Solace - Principle 5	Developing the capacity and the capability of members and officers to be effective.
Council – Principle 2	Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness.
CIPFA/Solace - Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability.
Council – Principle 5	Be transparent and open: responsive to Herefordshire's needs and accountable to its people.

11. The framework we have in place to ensure adherence to the code is described in more detail below.

Principle 1 – Provide the best possible service to the people of Herefordshire

12. Herefordshire Council's strategic vision for the county is set out in the corporate plan approved by full Council. An annual delivery plan is approved by cabinet and funding to carry out these activities is agreed through the medium term financial strategy (MTFS). The MTFS is a four year plan, covering both revenue and capital investment, updated annually. Both documents underwent a thorough review in 2015/16 to ensure they remained aligned to residents' priorities and fit for purpose to meet the financial challenges facing public services and new four year plans covering 2016/20 were approved by full Council in February 2016.
13. During 2015/16 the council delivered a balanced budget and continues to closely monitor, through the performance monitoring process, delivery of service transformation and implementation of savings plans.
14. Overall performance has been reported to cabinet on a quarterly basis together with financial outturn reports. During the year these quarterly reports have been supplemented by periodic performance reviews which have taken place led by senior management and providing the opportunity for members of the executive, overview and scrutiny chairs and group leaders to participate. These reviews initially focussed on children's wellbeing directorate performance and during 2015/16 extended to the economy, communities and corporate directorate; during 2016/17 they will also cover adults and wellbeing directorate performance.
15. In addition cabinet receives in June an annual report on performance, financial outturn and later in the year receives a summary of the evidence base captured in 'Understanding Herefordshire' which incorporates the joint strategic needs assessment for the county, and summarises the input received from residents through consultations completed during the year. All these documents are available on the council website.
16. The council aims to have good governance arrangements in respect of partnerships, and has developed protocols for working with particular sectors such as local councils and the voluntary and community sector. More formal partnership arrangements with other councils, such as the Marches Local Enterprise Partnership, have been established as joint executive committees which themselves are subject to the relevant statutory requirements for open and accountable decision-making. During 2016/17 a framework and guidance will be developed to provide greater transparency around partnership governance arrangements.

Principle 2 – Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness

17. The constitution sets out transparently and comprehensively the rules controlling our business including the council's executive arrangements, committee structure, codes of conduct, contract and financial procedure rules and schemes of delegation. We continue to refine and monitor our decision-making processes and constitutional arrangements to ensure they are robust, consistent, transparent, and fit for purpose.
18. The audit and governance committee's terms of reference encompass responsibility for review of the constitution and, following the elections held in May 2015, a cross party working group reporting to the committee continued a fundamental review of the councils model of governance which began the preceding year. That work is expected to be completed in 2016/17.
19. The council publishes an annual pay policy statement setting out arrangements for employee remuneration.

20. There is a formal staff performance review requirement for all employees; the framework was reviewed in 2015/16 and a new personal performance development plan process has been adopted for implementation in 2016/17.
21. An independent remuneration panel is established which makes recommendations to full Council regarding member allowances; the panel's last report was considered by full Council in May 2015 and is available at the following link: <http://councillors.herefordshire.gov.uk/documents/s50025963/Appendix%20A.pdf>. Following the completion of the review of the constitution the panel will be asked to undertake a more fundamental review of allowances.
22. Following the elections in May 2015 a comprehensive induction programme was delivered which included a number of mandatory training elements which all members were expected to complete. A member development and training working group has been established, reporting to the cabinet member economy and corporate services, to review ongoing training and development needs and make recommendations for future training and development programmes.

Principle 3 – Require high standards of conduct

23. The council has agreed values, which act as a guide for decision-making and a basis for developing positive and trusting relationships both within the council and between the council and its partners. The council follows CIPFA recommended standards of conduct; the s151 role is fulfilled by the director of resources. Although this is not a director-level post, the post has direct lines of accountability to the chief executive and is a member of the senior management team.
24. A regular programme of member training has been delivered and induction provided for new members. Refresher briefing sessions on the code of conduct are held annually both for Herefordshire Council members and for parish and town councillors. The annual report of the monitoring officer includes performance information regarding standards cases.
25. Managers are responsible for making sure employees keep to policies, procedures, laws and regulations. There is an employee code of conduct setting out clear expectations and standards; this is supported by employee policies such as whistleblowing, grievance, bullying and harassment, and member and officer relations. Regular staff opinion surveys are undertaken to inform areas of improvement focus.

Principle 4 – Take sound decisions on the basis of good information

26. The council ensures its constitutional arrangements provide for effective council and executive decision-making with clearly defined roles for members and officers. Decision makers are provided with complete information necessary for them to take balanced and informed decisions.
27. The council's two overview and scrutiny committees are provided with the support necessary to enable them to perform all statutory duties required of them.

Principle 5 – Be transparent and open: responsive to Herefordshire's needs and accountable to its people

28. All meetings are held in public unless there are clear legal reasons for confidentiality. All executive decisions, including those taken by officers under delegated authority, are available on the council's website, unless there are clearly stated reasons for not doing so.

29. Public participation through submission of questions is encouraged at Council; the overview and scrutiny committees also provide for public participation both through submission of questions and suggestions for inclusion in the work programme.
30. The council has strategies which support engagement; promote the use of digital technology to increase engagement and self-service; and respond to customer concerns if expectations are not met.
31. The communications team help the council to communicate with all sections of the community in Herefordshire via the media, marketing and through digital channels. Services are making increasing use of social media.
32. The council meets its statutory responsibilities regarding data transparency and as part of the ongoing refresh of the constitution we will review the opportunities to go beyond the statutory requirements so that information may be published unless there is a reason not to do so.

Ensuring the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact

33. The chief financial officer (director of resources) is a member of the senior management team and has direct access to the chief executive, senior management and members on financial matters. Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
34. The chief financial officer works with the senior management team and members on financial matters, including the detailed medium term financial planning process. The chief financial officer also provides regular revenue and capital budget monitoring reports to cabinet.

Review of effectiveness

35. Herefordshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the following key systems of control: risk management, procurement, the whistle blowing policy, the control environment and associated counter fraud and corruption arrangements, and the complaints process.
36. The review of effectiveness, jointly led by the section 151 officer and the monitoring officer, is informed by reports from internal and external audit, risk and performance reports, analysis of complaints and standards issues through the year, and assurance reviews completed by managers.
37. Internal audit reports include specific agreed action plans to implement improvements identified, these are reported annually to the audit and governance committee. Twelve areas reviewed by internal audit during 2015/16 were given partial assurance. Two partial assurance opinions were for key financial control audits and the remaining ten partial assurance opinions related to service specific issues. For each audit an action plan with implementation dates was agreed with the relevant manager. Each action plan is monitored by the relevant service director.
38. The results of the review were provided to senior management to consider, and as a result of this review of the effectiveness of the governance framework an action plan

has been drawn up (at appendix 1) to address the key issues identified and ensure continuous improvement. The previous year's action plan including progress/outcomes is included at appendix 2.

Signed:

Chairman, audit & governance committee

Date: 15 July 2016

Chief executive

Date: 15 July 2016

Deputy section 151 officer

Date: 15 July 2016

1.	<p>Improvement area: Being clear how we do business</p> <p>Improvement outcome/evidence base: There are clear and accessible documents setting out how and why the council conducts its business whether alone or in partnership, and these include clear arrangements for how residents and businesses may engage with the council to achieve its vision for the county.</p> <p>Link to corporate code principles: Provide the best possible service to the people of Herefordshire Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness Be transparent and open: responsive to Herefordshire's needs and accountable to its people</p>			
	Action(s)	Lead *	Timescale	Progress update including challenges and interdependencies
1a	Complete the refresh of the council's constitution, including the code of corporate governance.	CW	16/12/16	Working group meetings schedules, update to A&G in July, questions to groups to be circulated in July with decisions on recommendations in August to be reported to A&G committee in September
1b	Establish a framework and guidance for partnership governance	AB	31/10/16	
1c	Establish and implement a programme for reviewing existing partnership governance arrangements against the agreed framework	AB	31/10/16 then ongoing	
1d	Complete a council-wide review of contract management, taking account of relevant internal audit recommendations	NS	1/11/16	
1e	Following review agree commercial strategy linked to the commissioning strategy.	NS	31/1/17	
1f	Implement action plan to include training for employees on core elements of contract management and record keeping.	NS	28/2/17	

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1g	Complete a council-wide review of commissioning	SD	1/11/16	
1h	Following review agree a cross council approach and strategy to commissioning.	SD	31/1/17	
2.	<p>Improvement area: The council can demonstrate it is a learning organisation.</p> <p>Improvement outcome/evidence base:</p> <ul style="list-style-type: none"> Data is accurate, open and accessible (unless there are clear reasons why it should not be in which case these will be explained) leading to reduction in FOI requests; There are clear processes for reviewing the effectiveness of the council's governance arrangements to ensure that the desired outcomes are achieved; Performance information is understood and used effectively to deliver improvement; % of agreed continuous performance improvement programme (CPIP) recommendations implemented; Audit of performance and risk management arrangements receives at least "reasonable assurance" 			
	<p>Link to corporate code principles: Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness Take sound decisions on the basis of good information Be transparent and open: responsive to Herefordshire's needs and accountable to its people</p>			
	Action(s)	Lead *	Timescale	Progress update including challenges and interdependencies
2a	C-PIP team undertakes a series of time limited reviews of particular areas to identify and implement improvement actions	AN	Ongoing	
2b	Performance risk and opportunity management framework refreshed and embedded	RB	12/16	Draft framework scheduled for Cabinet consideration in July 2016.
2c	Implement consistent approach to tracking progress re implementation of recommendations/decisions	GH	12/16	

2d	Complaints and FOI trend data is reported and actively used to inform improvement	GH	Ongoing	
2e	Undertake ECC peer review	GH	03/17	Reviews are being undertaken on a service basis rather than a directorate wide basis given the difficulties in seeking comparator models for the whole directorate. To date a review of communications has been completed and a review of highways is scheduled.
2f	Schedule corporate peer review for 2017/18	AN	03/17	
3.	<p>Improvement area: The behaviours and culture of the organisation demonstrate the council's values.</p> <p>Improvement outcome/evidence base: Reduction in number of code of conduct complaints upheld (baseline 2015: 1) Reduction in the proportion of complaints that are responded to late (baseline 2015: 5.3%) Decrease in proportion of staff saying they feel bullied or harassed by:</p> <ul style="list-style-type: none"> • Senior managers (baseline 2015: 11%) • Members (baseline 2015: 8%) <p>Improvements in staff saying :</p> <ul style="list-style-type: none"> • The council has a clear sense of direction (baseline 2015: -14%) • The council is a good place to work (baseline 2015: 22%) 			
	<p>Link to corporate code principles: Define the roles of members and officers, ensure that they work together constructively and improve their effectiveness Require high standards of conduct</p>			
	Action(s)	Lead *	Timescale	Progress update including challenges and interdependencies
3a	Review codes of conduct and related policies	CW	16/12/16	Standards procedure has been reviewed by working group and A&G following MO report in November 2015. Parish councils to be consulted by end of September for implementation. Constitution changes will follow same process as in 1a above
3b	Maintain annual programme of training and awareness amongst elected members	CW	Ongoing	Training last provided in June 2015, next training session will follow constitutional review, parish council clerks training scheduled for September 2016.
3c	Work with the C-PIP team to improve awareness amongst staff about appropriate	AN	Ongoing	

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	behaviours and correct reporting mechanisms			
3d	Ensure partnership governance arrangements framework and guidance support demonstration of the council's values and vision.	AB	31/10/16	
3e	Ensure the review of the constitution includes ensuring that the access to information rules support the council's transparency aims.	CW	16/12/16	See 1a above

*** Lead:**

RB = Richard Ball, assistant director environment and place

AB = Annie Brookes, head of corporate governance

SD = Sukhdev Dosanjh, assistant director commissioning adults and wellbeing

GH = Geoff Hughes, director for economy, communities and corporate

AN = Alistair Neill, chief executive

NS = Natalia Silver, assistant director communities

CW – Claire Ward, monitoring officer