

Annual Governance Statement 2013/14

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 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/s16041/3Standards%20Committee%20-%20Report%20to%20Council%20on%2031Oct08%20-%20App1%20CoCG.pdf>
4. The annual governance statement for 2013/14 explains how the council has complied with its code of corporate governance. It also explains how the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) regulations 2006 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 Council on 31 October 2008 and has been reviewed annually by the section 151 officer to ensure it remains fit for purpose. It 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 SOLACE/CIPFA publication "Delivering good Governance in Local Government".
10. For ease of reference, the following table matches the council's five principles with those contained in the SOLACE/CIPFA guidance:

SOLACE/CIPFA Guidance - 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.
SOLACE/CIPFA Guidance - 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.
SOLACE/CIPFA Guidance - 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.
SOLACE/CIPFA Guidance - 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.
SOLACE/CIPFA Guidance - 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.
SOLACE/CIPFA Guidance - Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability.
Council – Principle 6	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 Herefordshire Council Corporate Plan 2013/15 approved by Council in November 2012. An annual delivery plan is approved by Cabinet and funding to carry out these activities is agreed through the Medium Term Financial Strategy 2014/17 (MTFS). The MTFS is a three year rolling plan, covering both revenue and capital investment, updated annually.
13. During 2013/14 a significant number of savings proposals were proposed and developed through the transformation programme of root and branch reviews and the subsequent chief executive’s review of financial savings plans. A cross party review of corporate priorities was conducted through the summer and autumn of 2013 which confirmed the current priorities remained fit for purpose.
14. Overall performance has been reported to Cabinet on a quarterly basis with monthly financial outturn reports. A review of the performance reporting arrangements has led to the development of a quarterly performance review process led by senior management and engaging members of the executive, overview and scrutiny chairs and group leaders; this process is being implemented from July 2014. In addition Cabinet receives in June an annual report on performance, financial outturn and 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.

15. 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.

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

16. The constitution sets out transparently and comprehensively the rules controlling our business including the council's executive arrangements, committee structure, codes of conduct, contract standing orders, 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.
17. The Audit and Governance Committee's terms of reference encompass responsibility for review of the constitution and in 2014 a cross party working group has been established to inform this work reporting to the committee.
18. The council publishes an annual pay policy statement setting out arrangements for employee remuneration. An Independent Remuneration Panel is established which makes recommendations to Council regarding member allowances.
19. There is a formal staff performance review requirement for all officers.

Principle 3 – Require High Standards of Conduct

20. 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 however the S151 position is not a director position however the role is accessible by both the Chief Executive and Leadership Team.
21. 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. During 2013/14 the standards process was reviewed and minor amendments approved by Council to ensure the process remains as efficient and proportionate as possible.
22. 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, grievances, bullying and harassment.

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

23. 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.
24. 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

25. 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.
26. 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.
27. 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.
28. 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.
29. The council meets its statutory responsibilities regarding data transparency.

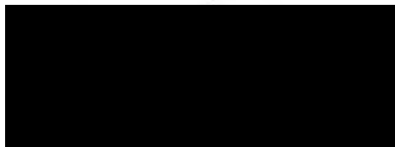
Ensuring the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact

30. The Chief Financial Officer (S151 Officer) is part of the authorities' senior leadership team and for governance has a direct reporting line to both the Chief Executive (Head of Paid Service) and the Leader of the Council. For functional responsibilities the Chief Financial Officer reports to the Director of Economy, Communities and Corporate. This arrangement enables the post-holder to deliver S151 Officer duties with the same impact as they would if the post was at Director level. He is the council's financial lead and as such is involved and contributes to all key decision reports to Management Board and Cabinet. The financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial in Local Government (2010).
31. The Chief Finance Officer meets weekly with the Leader of the Council, attends Leader's Briefing, Cabinet and Full Council. He is the lead officer for the Audit and Governance Committee.

Review of effectiveness

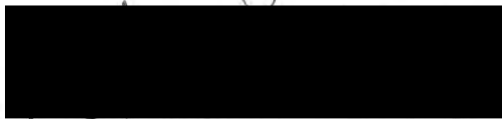
32. Herefordshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness, jointly led by the section 151 officer and the monitoring officer, is informed by reports from internal and external audit, risk and performance reports, analysis of complaints and standards issues through the year, and assurance reviews completed by managers.
33. Internal audit reports include specific agreed action plans to implement improvements identified, these are reported annually to the audit and governance committee. Four areas reviewed by internal audit during 2013/14 were given limited assurance. Three related to service specific issues and the action plans related to these are monitored by the relevant service director; the remaining are (data protection) was of corporate concern and has been reflected in the annual governance statement action plan attached.
34. 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 A) to address the key issues identified and ensure continuous improvement.

Cllr Tony Johnson
Leader of the Council



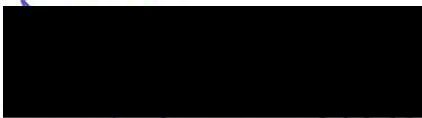
Signed: 29.09.14
Date:

Alistair Neill
Chief Executive



Signed: 29.09.14
Date:

Peter Robinson
Chief Finance Officer



Signed: 29.09.14
Date:

Bill Norman
Council Solicitor



Signed: 29.09.14
Date: