

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **THE KESTREL ROOM, HINCHINGBROOKE VISITOR CENTRE, HINCHINGBROOKE PARK, HUNTINGDON** on **THURSDAY, 29TH SEPTEMBER 2005** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting of the Panel held on 27th July 2005.

**A Roberts
388009**

2. MEMBERS' INTERESTS

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda item. Please see Notes 1 and 2 below.

3. CODE OF CORPORATE GOVERNANCE (Pages 7 - 40)

To consider a report by the Internal Audit Manager on the outcome of the second annual review of the Code of Corporate Governance.

**D Harwood
388115**

4. ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE (Pages 41 - 48)

To consider a report by the Director of Central Services to which is attached the Annual Statement of Assurance.

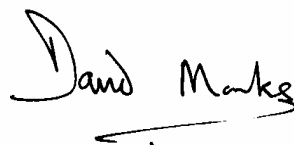
**P Watkins
388002**

5. REVIEW OF OVERVIEW AND SCRUTINY (Pages 49 - 78)

A report, which was recently considered at a joint meeting of the Overview and Scrutiny Panels, is enclosed for consideration. Members are invited to consider the recommendations for amendments to the Constitution to change the way Overview and Scrutiny is carried out.

**R Reeves
388003**

Dated this 20th day of September 2005



Chief Executive

Notes

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*
 - (a) *the well-being, financial position, employment or business of the Councillor, a partner, relatives or close friends;*
 - (b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*
 - (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £5,000; or*
 - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

Please contact A Roberts, Democratic Services Officer, Tel No 01480 388009/e-mail: Anthony.Roberts@huntsdc.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the District Council's website – www.huntingdonshire.gov.uk (under Councils and Democracy).

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in THE COUNCIL CHAMBER, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON on Wednesday, 27th July 2005.

PRESENT: Councillor C J Stephens – Chairman.

Councillors I C Bates, P J Downes,
T V Rogers, L M Simpson and R G Tuplin.

APOLOGY: An apology for absence from the meeting was submitted on behalf of Councillor I P Taylor.

5. APPOINTMENT OF VICE-CHAIRMAN

(The Chairman announced that he proposed to admit the following urgent item in accordance with section 100B (4)(b) of the Local Government Act 1972 given the need to fill the position of Vice-Chairman.)

RESOLVED

that Councillor I C Bates be appointed Vice-Chairman of the Panel for the remainder of the Municipal Year.

6. STATEMENT OF ASSURANCE, 2004: ISSUES PAPERS

(a) Performance Management

With the aid of a report by the Head of Policy (a copy of which is appended in the Minute Book) the Panel was apprised of progress with the implementation of the Comprehensive Performance Management Framework. While the Panel was responsible for ensuring that a performance review system was in place it was pointed out that all Members, and particularly the Overview and Scrutiny Panels, had a role in reviewing the Council's performance.

RESOLVED

that the progress to date of the implementation of the Council's Performance Management Framework and the areas for future development over the next 12 months be noted

(b) Corporate Governance Training

Having received and noted a report by the Head of Administration (a copy of which is appended in the Minute Book) on training that had been arranged for

Members of the Panel on matters that fell within their remit, it was

RESOLVED

that training be provided for Members of the Panel on corporate governance on 29th September 2005.

(c) Risk Management Review

Consideration was given to a report by the Head of Financial Services (a copy of which is appended in the Minute Book) summarising progress against the risk management and internal control element of the Local Code of Corporate Governance and identifying required further action. Having noted that the proposed Risk Management 'Champion' would not be solely responsible for risk management and would, instead, provide an interface between Members and Officers, Members discussed a recent interruption to the power supply at Pathfinder House. In response to a question by Councillor Downes, Members were informed that service continuity was part of the Code, that its provisions had been complied with and that lessons had been learned.

RESOLVED

- (i) that the progress to date be noted;
- (ii) that the Cabinet be recommended to designate a Cabinet Member as the Risk Management 'Champion'; and
- (iii) that the proposals for future development of risk management be endorsed.

(d) Project Management of Capital Projects

A report by the Head of Environment and Transport (a copy of which is appended in the Minute Book) summarising the progress made against actions identified during an audit of the project management of capital projects and on the wider development of project management within the Council was received and noted.

RESOLVED

- (i) that the arrangements now in place which provide assurance that system risks relating to project management of capital projects are being properly managed be noted; and
- (ii) that the intention to publish, at a future

date, 'Managing Projects – A Corporate Guide' to extend project management from scheme inception to post implementation review be noted.

(e) Corporate Governance Improvement Planning – Financial Services

A report by the Head of Financial Services (a copy of which is appended in the Minute Book) was considered on those matters identified during the Council's Comprehensive Performance Assessment that fell within his remit. Members' attention was drawn to the introduction by the Audit Commission of new criteria for the next Assessment and the difficulties they presented, particularly with regard to the use of resources. Having concurred with a suggestion that a further report should be submitted to a future meeting on the latter, it was

RESOLVED

- (i) that the action already taken and planned be noted; and
- (ii) that a further report on the Use of Resources matrix be submitted to a future meeting.

7. INTERNAL AUDIT SERVICE: ANNUAL REPORT

The Panel received and noted a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) which contained the Internal Audit Manager's opinion on the Council's systems of internal control and which summarised the progress made against the 2004/05 Annual Audit Plan.

Members noted the circumstances that had led the Internal Audit Manager to conclude that the Council's internal control environment provided limited assurance over the effective exercise of its functions. Having discussed the Code of Procurement and the work planned to improve compliance with its terms, it was

RESOLVED

that the contents of the report be noted.

8. REPORT AND ACCOUNTS 2004/05

The Panel considered the draft Report and Accounts for the year 2004/05 (copies of which are appended in the Minute Book). On the understanding that the Annual Statement of Assurance would be submitted to the Panel in September, it was

RESOLVED

- (i) that the draft Report and Accounts be approved so that the audit can commence; and
- (ii) that the Annual Statement of Assurance on Corporate Governance be presented to the Panel in September.

9. MONEY LAUNDERING AVOIDANCE POLICY AND PROCEDURE

With the aid of a report by the Audit Manager (a copy of which is appended in the Minute Book) the Panel considered the terms of a draft Money Laundering Avoidance Policy. Whereupon, it was

RESOLVED

that the Anti-Money Laundering Policy attached at Appendix A to the report now submitted be adopted.

10. MEMBERS' ALLOWANCES

By means of a report by the Head of Administration (a copy of which is appended in the Minute Book) the Panel were acquainted with the circumstances that would lead to the annual adjustment for Members' Basic Allowance and Special Responsibility Allowance being higher than expected. In the circumstances Members accepted a suggestion that for 2005/06 only the Allowances should be increased by the same rate as that applied to the salaries of the Council's employees. Whereupon it was

RESOLVED

that the Council be recommended to vary the existing Members' Allowances Scheme for the current year only and to increase the level of the Basic Allowance and Special Responsibility Allowances for Members with effect from the Annual Meeting on the 18th May 2005 by the same percentage increase as applied to the salaries of Council employees for 2005/06.

11. MEMBERS' LICENSING CODE OF GOOD PRACTICE

Having considered a report by the Head of Administration to which was appended a draft Members' Licensing Code of Good Practice (copies of which are appended in the Minute Book), it was

RESOLVED

- (i) that the Licensing Code of Good Practice be approved; and
- (ii) that the Council be recommended to include the Licensing Code of Good Practice in the Constitution.

12. SPECIAL MEETING

RESOLVED

that a special meeting of the Panel to consider, inter alia, the Annual Statement of Assurance be held at 4pm on 29th September 2005.

13. COMPLAINTS

The Panel received and noted a report by the Director of Central Services (a copy of which is appended in the Minute Book) containing an analysis of the Council's internal complaints and a summary of complaints concerning the District Council determined by the Local Government Ombudsman in 2004/05. Member's attention was drawn to the fact that the Ombudsman had found no cases of maladministration by the Council. Whereupon, it was

RESOLVED

that the report be received and noted.

14. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

that the public be excluded from the meeting because the business to be transacted contains exempt information relating to an applicant for a service provided by the Council and the financial affairs of a particular person other than the authority.

15. LOCAL GOVERNMENT OMBUDSMAN - LOCAL SETTLEMENT OF COMPLAINT

The Panel received and noted a report by the Director of Central Services (a copy of which is appended in the Annex to the Minute Book) on a complaint against the Council by a Member of the public with regard to a Council Tax bill and the terms of a compensatory payment by way of a local settlement of the complaint.

Chairman

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**CODE OF CORPORATE GOVERNANCE
(Report by the Director of Central Services & Monitoring Officer)**

1. INTRODUCTION

- 1.1 This report informs members of the outcome of the second annual review of the Code of Corporate Governance.
- 1.2 The Council has a key role in governing and leading the local community. For this to be achieved it needs to rely on public confidence in elected councillors and employees. Effective systems of corporate governance underpin the credibility of the Council.

2. REVIEWING THE CODE

- 2.1 A review of the Code of Corporate Governance approved by the Panel in August 2004 has been completed. The review considered the evidence available and recorded on the dimension sheets for each of the five governance principles adopted:
- Community Focus
 - Service Delivery Arrangements
 - Structures and Processes
 - Risk Management and Internal Control
 - Standards of Conduct

- 2.2 There are no areas of the Code that need to be brought specifically to the attention of the Panel.

3. CURRENT POSITION

- 3.1 Attached at Appendix 1 is the proposed Code of Corporate Governance. Amendments have been made to paragraphs (a) and (b) in the second section - Service Delivery Arrangements - to reflect the increasing responsibilities that the Council now need to address in these areas.
- 3.2 Amendments have also been made to the final paragraph of the Code, to reflect the changes to the way in which the annual assurance statement is reported.
- 3.3 The dimension sheets are reproduced at Appendix 2.

4. RECOMMENDATION

It is recommended that the amended Code of Corporate Governance be adopted.

BACKGROUND INFORMATION

None.

Contact Office: David Harwood, Audit Manager ☎ 01480 388115

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Huntingdonshire District Council

Code of Corporate Governance

1. Definition of Corporate Governance

- 1.1 Corporate Governance as defined by CIPFA/SOLACE "...is the system by which local authorities direct and control their functions and relate to their communities".
- 1.2 The systems referred to are the policies, management systems, procedures and structures that together determine and control the way in which the District Council manages its business, formulates its strategies and objectives and sets about delivering its services to meet those objectives.

2. Corporate Governance Objectives

- 2.1 The corporate governance objectives of the Council will be:
- (a) To work both for and with the community in an open and effective manner, taking account of the views of all of our stakeholders, regularly reporting on our activities, performance and financial position, and maintaining the highest standards of integrity in all our dealings with the community.
 - (b) To ensure that service delivery arrangements secure continuous improvement of services and that agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of users and in the most efficient and effective way.
 - (c) To maintain effective political and managerial structures and processes to govern decision making, ensure the strategic management of the Council, clarify members and employee roles and responsibilities and ensure proper scrutiny of all aspects of performance and effectiveness.
 - (d) To exercise the highest standards of care and control over the assets and resources available, ensuring that these are protected from the risk of loss, damage or misuse, are used in the most efficient, effective and economic way and delivery services in a way that represented the best value for money achievable.
 - (e) To ensure that the highest standards of professionalism and integrity are maintained and that all those associated with the Council demonstrate leadership and commitment in conducting the affairs of the Council in an open and accountable manner.

3. Applying the Principles of Good Governance

- 3.1 In order to meet the objectives above, good corporate governance principles will be applied, supported and reflected across the following five key dimensions of the Council's business:

Community Focus

The Council will

- (a) publish annually and on a timely basis an annual report presenting an objective and understandable account of its financial position and performance.
- (b) publish on a timely basis an objective, balanced and understandable account and assessment of its current performance and plans to maintain and improve service delivery.
- (c) put in place proper arrangements for the independent review of the financial and operational reporting processes.
- (d) put in place proper arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the authority and put in place appropriate monitoring processes to ensure that they continue to work in practice.
- (e) make an explicit commitment to openness in all of its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- (f) establish clear channels of communication with all sections of the community and other stakeholders, and put in place proper monitoring arrangements to ensure that they operate effectively.
- (g) ensure that strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.

Service Delivery Arrangements

The Council will

- (a) [set standards and targets for performance in the delivery of services on a sustainable basis](#)
- (b) [put in place systems to ensure the Council meets its duties to promote equality.](#)
- (c) put in place sound systems for providing management information for performance measurement purposes.
- (d) monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans.

- (e) put in place arrangements to allocate resources according to priorities
- (f) foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors, and consider the delivery of services in partnership with such organisations where it is efficient and effective to do so.
- (g) respond positively to the findings and recommendations of external auditors and statutory inspectors and put in place arrangements for the effective implementation of agreed actions.

Structures and Processes

The Council will

- (a) establish and maintain a clearly documented protocol governing relationships between members and employees
- (b) ensure that the relative roles and responsibilities of executive, overview and scrutiny, and members generally are clearly defined together with the terms of their remuneration and its review.
- (c) Establish and maintain a clearly documented protocol that explains members roles in community political leadership.
- (d) meet on a formal basis regularly to set the strategic direction of the authority and to monitor service delivery.
- (e) develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the authority.
- (f) establish and maintain clearly documented and understood management processes for policy development, implementation and review and for decision-making; monitoring and control, and reporting; and formal procedural and financial regulations that govern the conduct of the authority's business.
- (g) put in place arrangements for members to be properly trained.
- (h) make the Chief Executive responsible for all aspects of strategic and corporate management.
- (i) make each Director and Head of Service responsible for specific aspects of operational management.

- (j) make the Corporate Director Commerce & Technology responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- (k) appoint a Monitoring Officer who shall be responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.
- (l) Define clearly in writing the roles and responsibilities of Directors and Heads of Service, together with the terms of their remuneration and its review.

Risk Management and Internal Control

The Council will

- (a) develop and maintain robust systems for identifying and evaluating all significant risks that involves the participation of all those associated with planning and delivering services.
- (b) put in place effective risk management systems, including systems of internal control and an internal audit function.
- (c) ensure that its services are delivered by trained and experienced people.
- (d) put in place effective arrangements for an objective review of the effectiveness of risk management and internal control, including internal audit.
- (e) maintain an objective and professional relationship with their external auditors and statutory inspectors.
- (f) publish annually an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice.

Standards of Conduct

The Council will

- (a) develop and adopt formal codes of conduct defining standards of personal behaviour to which individual members, employees, and agents of the authority are required to subscribe and put in place appropriate systems and processes which seek to ensure that they are complied with.

- (b) introduce arrangements that endeavour to ensure that members and employees of the authority are not being influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to monitor their operation.
- (c) Put in place arrangements that seek to ensure that the procedures and operations dealing with standards of conduct are designed in conformity with appropriate ethical standards and best practice, and to monitor their continuing compliance in practice.
- (d) put in place arrangements for whistleblowing to which staff and all those contracting with the council have access.

4. Statement of Assurance

- 4.1 To reassure stakeholders that they can have confidence in the decision-making and management processes of the Council, and as further evidence of its corporate commitment to good governance the Council will publish ~~issue~~ an annual statement of assurance on corporate governance within its ~~, as part of the~~ annual Statement of Accounts. ~~and will work towards publishing it in conjunction within the annual Best Value Performance Plan.~~

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**Local Code of Corporate Governance
Dimension 1 – Community Focus**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
<p>(a) Publish annually and on a timely basis an objective and understandable account of its financial position and performance.</p> <p><i>(The publication shall include statements:</i></p> <ul style="list-style-type: none"> • <i>Explaining the council's responsibility for the financial statements</i> • <i>Confirming that the council complies with relevant standards and codes of corporate governance</i> • <i>Confirming the effectiveness of the council's system for risk management and internal control)</i> 	Annual Financial statements	Annual financial statements are prepared & published in accordance with legislation.	Head of Financial Services
	Publish information with Council Tax demands	Leaflet distributed with Council Tax & NNDR bills contains information on financial performance and future spending plan.	Head of Revenue Services
	Publish information through the council's newsletter.	'District Wide' will continue to be used to provide information on the council's performance, including financial performance.	Head of Policy
	Publish the information via the Internet.	The current years Council Tax leaflet is available on the Internet together with the financial accounts and external auditors' annual audit and inspection letter for 2004/05.	Head of Financial Services
	<p>(b) Publish on a timely basis an objective, balanced and understandable account and assessment of its current performance and plans to maintain and improve service delivery.</p>	Growing Success - Corporate Plan	The Corporate Plan, 'Growing Success', incorporates a performance management framework and information required to be published for the BVPP. Reporting on performance to Members and senior management will be at least quarterly.
Publish the information via the Internet.		Growing Success and other performance data is available via the Council's website.	Head of Policy
Publish information through the council's newsletter.		'District Wide' will continue to be used as the method for making widely available information on performance.	Head of Policy

**Local Code of Corporate Governance
Dimension 1 – Community Focus**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
<p>(c) Put in place proper arrangements for the independent review of the financial and operational reporting processes.</p> <p>(d) Put in place proper arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the Council and put in place appropriate monitoring processes to ensure that they continue to work in practice.</p>	Fully independent		
	Annual audit letter and other audit reports	The annual external auditors' letter was discussed at Corporate Governance Panel in November 2004. Future reports will be presented to the Panel also.	Head of Financial Services
	Inspectorate reports	External inspectorate reports (BV) are submitted to Scrutiny Panel(s) and Cabinet.	Appropriate Head of Service
	Quasi independent		
	Overview and Scrutiny Panels	Panels are able to call-in any decision that they wish to review. CPA action plan requirement to implement Overview & Scrutiny development plan.	Head of Administration
	Corporate Governance Panel	The Panel are responsible for ensuring governance, including financial management, is adequate and effective. Training on governance issues has been provided.	Head of Financial Services
	Internal audit	An annual report is presented to COMT and Corporate Governance Panel.	Internal Audit Manager
	Community Strategy	Completed. Reporting on performance will take place in 2005/06. Parish and other community planning processes used to review community strategy.	Head of Policy

**Local Code of Corporate Governance
Dimension 1 – Community Focus**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Local Strategic Partnership	Huntingdonshire Strategic Partnership in place and development programme initiated to ensure HSP is both consultative and representative of local communities.	Head of Policy
	Area forums'	Community safety area task groups Ramsey ' Area Partnership Community Action Partnerships Oxmoor Opportunities Partnerships Town centre management initiatives	Appropriate Head of Service
	Council newsletter - 'District Wide'	'District Wide' has been used to seek the views of local residents.	Head of Policy
	Consultation & Communication strategy	Updated strategy and action plan approved by Cabinet March 2005. To be reviewed every 2-3 years. Guidance and training provided for employees. CPA action plan requirement to prepare and implement communication plans.	Head of Policy
	Publication of Council, Cabinet and Scrutiny Panel decisions on website.	Publication of decisions via website completed in May 2003. Further developments planned to provide for the monitoring of decisions implementation.	Head of Administration
	Equality and Inclusion Strategy	Updated Equality and Inclusion Strategy adopted 2005.	Head of Policy

**Local Code of Corporate Governance
Dimension 1 – Community Focus**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Young Person Active Involvement Project	Action plan for three year project in place to develop arrangements for greater participation of young people in the work of the Council.	Head of Policy
(e) Make an explicit commitment to openness in all of its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	Constitution	Article 3 & Part 4, set out rights of access.	Head of Administration
	Access to information	Approved Freedom of Information publication scheme in place. Published on website. Update and monitoring planned.	Head of Administration
	Forward plan	Prepared regularly and published on the internet.	Head of Administration
	Decision records	Delegated decisions to portfolio holders and Chief Officers. Further development of web based system planned to provide for monitoring of implementation of decisions.	Head of Administration
	Consultation & Communications strategy	Updated strategy and action plan approved by Cabinet March 2005. To be reviewed every 2-3 years. Guidance and training provided for employees.	Head of Policy
(f) Establish clear channels of communication with all sections of the community and other stakeholders, and put in place proper monitoring arrangements to ensure that they operate effectively.	Partnership framework	Under development, likely to be adopted in the autumn of 2004	Head of Policy
	IIP accreditation	Accreditation renewed July 2003.	Head of Personnel

**Local Code of Corporate Governance
Dimension 1 – Community Focus**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Consultation & Communications strategy	Updated strategy and action plan approved by Cabinet March 2005. To be reviewed every 2-3 years. Guidance and training provided for employees. CPA action plan requirement to prepare and implement communication plans.	Head of Policy
	HELP project and kiosks	IT equipment installed in community locations. Kiosks at St Ives and Ramsey.	Head of Information Management
	e-gov strategy – ieg	Approved by the ODPM.	Head of Information Management
	Internet website	In place.	Head of Information Management
	Freedom of Info – Publication Scheme	Approved Freedom of Information Publication Scheme in place. Published on website. Update and monitoring planned.	Head of Information Management
	Customer Service Strategy	Approved by Cabinet, June 2003. Call Centre expected to be operational October 2005.	Head of Information Management
	(g) Ensure that strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	Community Strategy	Community Strategy in place. Annual reporting on performance and updating. Comprehensive review planned for 2006/07. Short to medium term priorities identified, action plans developed to promote achievement.

**Local Code of Corporate Governance
Dimension 1 – Community Focus**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Local Strategic Partnership	Huntingdonshire Strategic Partnership in place and development programme initiated to ensure HSP is both consultative and representative of local communities.	Head of Policy
	Corporate Plan – ‘Growing Success’	Plan in place that determines the direction, priorities and objectives of the Council and incorporates a comprehensive performance management framework. Updated June 2005.	Head of Policy
	Priorities in Growing Success	The priorities, which were based on consultation, are in place.	Head of Policy
	Service Plans	The service plan format is to be revised, taking into account Growing Success and Council priorities. Improved monitoring is to be introduced through the performance management framework.	Head of Policy
	Best Value Performance Plan	Published annually and incorporated into Growing Success, the Council’s corporate plan from 2004/05.	Head of Policy

**Local Code of Corporate Governance
Dimension 2 – Service Delivery Arrangements**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
(a) Set standards and targets for the delivery of services.	Council Priorities	Corporate Plan and resulting priorities in place.	Head of Policy
	Service Plans	Service Plans are based upon achieving council priorities. The service plan format is to be revised, taking into account Growing Success and Council priorities. Improved monitoring is to be introduced through the performance management framework.	Head of Policy
	Corporate performance management framework (CPMF)	Revised outcomes, measures and targets that reflect the requirements of the Corporate Plan approved by Council in June 2005.	Head of Policy
(b) Put in place systems to ensure the Council meets its duties to promote equality.	Best Value Review	The service review (best value) programme in place.	Head of Policy
	Equality and Inclusion strategy	Updated Equality and Inclusion strategy adopted.	Head of Policy
(c) Put in place sound systems for providing management information for performance measurement purposes.	Corporate performance monitoring framework	Developed and incorporated into Growing Success. To be embedded into service plans and implemented through improved monitoring.	Head of Policy

**Local Code of Corporate Governance
Dimension 2 – Service Delivery Arrangements**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Routine budgetary control reports to Cabinet & COMT	Reports provided quarterly.	Head of Financial Services
(d) Monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans.	Growing Success - corporate plan.	Updated 2005. BVPP incorporated into Growing Success.	Head of Policy
	Overview and Scrutiny Panels	Monitor performance and improvement plans.	Head of Policy
	Service Plans	Director's monitor on a service level, performance at service level feeds through to CPMF.	Appropriate Director
	Corporate performance management framework	Developed and incorporated into Growing Success, corporate plan. Monitored quarterly through CPMF.	Head of Policy
(e) Put in place arrangements to allocate resources according to priorities.	Corporate performance management framework	Developed and incorporated into Growing Success, corporate plan. Allocation of resources to be challenged through Service Reviews from 2005/06 onwards.	Head of Policy
	MTP	5 year MTP process in place. It is reviewed and refined annually.	Head of Financial Services

**Local Code of Corporate Governance
Dimension 2 – Service Delivery Arrangements**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Code of Financial Management	Included in the Constitution and reviewed yearly.	Head of Administration
(f) Foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors, and consider the delivery of services in partnership with such organisations where it is efficient and effective to do so.	Community Strategy	Community Strategy in place. Annual reporting on performance and updating. Comprehensive review planned for 2006/07. Short to medium term priorities identified, action plans developed to promote achievement.	Head of Policy
	Partnership framework	Under development.	Head of Policy
	Corporate procurement strategy	Approved by Cabinet, May 2003. Strategy to be reviewed annually. Examining the opportunities for developing partnering agreements.	Head of Financial Services
(g) Respond positively to the findings and recommendations of external auditors and statutory inspectors and put in place arrangements for the effective implementation of agreed actions.	Annual audit letter	Presented to the Corporate Governance Panel	Head of Financial Services
	Other External Audit reports	Discussed and reported at Officer level & COMT.	Appropriate Head of Service
	Inspectorate reports	Presented to the appropriate Scrutiny Panel and Cabinet.	Appropriate Head of Service

**Local Code of Corporate Governance
Dimension 2 – Service Delivery Arrangements**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Internal audit to monitor and report upon implementation.	Directors receive regular reports on responses to agreed actions, incl. external audit reports. Regular liaison meetings with external audit.	Internal Audit Manager

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
(a) Establish and maintain a clearly documented protocol governing relationships between members and employees.	Protocols for Members and Officers	Included in the Constitution.	Head of Administration
(b) Ensure that the relative roles and responsibilities of executive, overview and scrutiny, and other members are clearly defined together with the terms of their remuneration and its review.	Officers' Code of Conduct	Included in the Constitution. Notification to all employees and registers held for registrations under the Code. Proformas and explanations posted on intranet.	Head of Administration
	Responsibility for: Local Functions Council Functions Executive Functions	Included in the Constitution.	Head of Administration
	Roles and responsibilities of the executive members (Part 3 Table 3 & Part 1 Article 7)	Included in the Constitution.	Head of Administration
	Article 2 – Members of the Council	Included in the Constitution.	Head of Administration

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Member induction process	All Members are required to participate in the induction process.	Head of Administration
	Information pack for Members	Issued to all Members upon their election to the Council.	Head of Administration
	Monitoring Officer	Overview & Scrutiny Action Plan approved September 2005.	Head of Administration
	Members' allowance scheme.	Included in the Constitution. Currently index linked for maximum four year period. The Independent Panel will meet if any changes required, other than inflationary increase.	Head of Administration
(c) Establish and maintain a clearly documented protocol that explains Members roles in community political leadership.	Protocol for Community Leadership by Members	Completed and included in Constitution.	Head of Administration
Roles & Responsibilities – Members			
(d) Meet on a formal basis regularly to set the strategic direction of the Council and to monitor service delivery.	Schedule of council meetings	Published.	Head of Administration
	Cabinet & Council	All policy and strategic decisions are made in either of these forums.	Head of Administration

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Corporate performance management framework	Developed and incorporated into Growing Success, corporate plan. Allocation of resources to be challenged through Service Reviews from 2005/06 onwards.	Head of Policy
	Service Reviews	Members are represented on Service Reviews Reports are presented to Scrutiny Panels detailing the achievement of improvement plans.	Appropriate Head of Service
(e) Develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the Council.	Scheme of Delegation	Included in the Constitution.	Head of Administration

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
<p>(f) Establish and maintain clearly documented and understood management processes for</p> <ul style="list-style-type: none"> • policy development, implementation and review and for decision-making; • monitoring and control, and reporting; and • formal procedural and financial regulations that govern the conduct of the Council's business. <p>(g) Put in place arrangements for members to be properly trained.</p>	<ul style="list-style-type: none"> • Council Procedure Rules (Standing Orders) • Access to Information Procedure Rules • Budget and Policy Framework • Procedure Rules • Cabinet Procedure Rules • Overview and Scrutiny Procedure Rules • Code of Financial Management (incl. MTP) • Code of Procurement 	<p>Included in the Constitution.</p>	<p>Head of Administration</p>
	Forward Plan	In place.	Head of Administration
	Decision Framework	In place.	Head of Administration
	Decision Digest	Issued on a monthly basis.	Head of Administration
	Members' induction scheme	In place for new Members.	Head of Administration

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Regular update sessions	Specific training is provided for Members who sit on the <ul style="list-style-type: none"> • Licensing Panel • Development Control Panel • Standards Committee • Overview & Scrutiny • Corporate Governance 	Head of Administration
	Training Plan & Record	Training programme in place for Members with personal records of training attended. Assessment to be undertaken of Member requirements by December 2004.	Head of Administration
	IT Resources	In place.	ICT Services Manager
Roles & Responsibilities - Officers			
(h) Make the Chief Executive responsible for all aspects of strategic and corporate management.	Part 2 Article 12 – Officers & Part 7 - Management Structure	Included in the Constitution.	Head of Administration
(i) Make each Director and Head of Service responsible for specific aspects of operational management.	Job description/person specification	In place.	Head of Personnel Services
	Part 2 Article 12 – Officers & Part 7 - Management Structure	Included in the Constitution.	Head of Administration

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Departmental Structures	In place.	Head of Personnel Services
	Job description/person specification	In place.	Head of Personnel Services
(i) Make the Director of Commerce & Technology responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	S. 151 responsibilities	Director of Commerce & Technology appointed S151 April 2001.	Chief Executive
	Part 2 Article 12 – Officers & Part 7 - Management Structure	Included in the Constitution.	Head of Administration
	Code of Financial Management	Para 1. 9 details the specific responsibilities of the Director. The Code is reviewed annually.	Director of Commerce & Technology
	(k) Appoint a Monitoring Officer who shall be responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.	Part 2 Article 12 – Officers & Part 7 - Management Structure	Included in the Constitution.
Library of relevant government law & encyclopaedias		In place.	Head of Administration
Subscription to the Stationery Office for relevant Acts, statutory instruments and circulars. Subscription to 'Councillors Briefing'.		Allocation of legislation to relevant Heads of Service Circulation to Members of summaries of legislative changes	Head of Administration

**Local Code of Corporate Governance
Dimension 3 – Structures and Processes**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Subscription to Local Government Association for receipt of LGA circulars and up-dates	Circulation of information to relevant Heads of Service	Head of Administration
(l) Define clearly in writing the roles and responsibilities of Directors and Heads of Service, together with the terms of their remuneration and its review.	Clear roles for Chief Officers	The functions and responsibilities of COMT (incl. Statutory Responsibilities) are defined in the Constitution.	Head of Administration
	Job descriptions / specifications	In place for all Directors & Heads of Service.	Head of Personnel
	Conditions of service	In place.	Head of Personnel
	Performance review/appraisal	Directors & Heads of Service are subject to annual appraisals at which performance is evaluated.	Chief Executive & appropriate Director

**Local Code of Corporate Governance
Dimension 4 – Risk Management and Internal Control**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
(a) Develop and maintain robust systems for identifying and evaluating all significant risks that involves the participation of all those associated with planning and delivering services.	Assurance Framework, incl: <ul style="list-style-type: none"> • Corporate Plan • Service Plans • Risk registers • Self assessment 	Under development. Will be driven by the development of Growing Success, corporate plan and be embedded via CPMF & service plans & implemented through monitoring & reporting to the Corporate Governance Panel.	Head of Financial Services
	Risk management strategy	Risk management strategy approved by Cabinet in January 2004.	Head of Financial Services
	Risk Register	Corporate Governance Panel has approved the Council's risk appetite framework. Directors & Heads of Services have prepared risk registers. The register will be submitted to Corporate Governance Panel during 2005/06. CPA action plan requirement to link register to service planning framework.	Head of Financial Services
	Risk Management Group.	In place & meets regularly.	Risk Management Advisor
	Control framework	External audit provide an annual statement in their annual report re the systems of control.	Head of Financial Services
	Risk Management Advisor	In place.	Head of Financial Services

**Local Code of Corporate Governance
Dimension 4 – Risk Management and Internal Control**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Project Management	The Activity Charter (or PRINCE2) process endorsed by the Corporate Strategy Advisory Group in March 2004 requires project risks to be identified.	Appropriate Director, or Head of Service
	MTP project appraisals	Bids are required to provide a risk assessment.	Head of Financial Services
	Scheme of delegation	Included in the Constitution.	Head of Administration
(b) Put in place effective risk management systems, including systems of internal control and an internal audit function. <i>(These arrangements need to ensure compliance with all applicable statutes, regulations and relevant statements of best practice and need to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively).</i>	Internal audit terms of reference and strategy.	Terms of reference are in place. They are being revised to meet the 2003 CIPFA Code of Audit Practice. Together with the audit strategy, they shall be presented to the Corporate Governance Panel for approval.	Internal Audit Manager
	Corporate performance management framework	Developed and incorporated into Growing Success, corporate plan. Allocation of resources to be challenged through Service Reviews from 2005/06 onwards.	Head of Policy
	Codes of Financial Management & Procurement.	In place and reviewed annually.	Head of Administration
(c) Ensure that its services are delivered by trained and experienced people.	Job description/personal specifications	Documents are reviewed to ensure they are relevant when posts become vacant.	Head of Personnel Services

**Local Code of Corporate Governance
Dimension 4 – Risk Management and Internal Control**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
	Training and development plan	Prepared during annual appraisal process.	Heads of Service & Activity Manager's
	Annual performance appraisal	Formal appraisals & mid-year reviews.	Heads of Service & Activity Manager's
(d) Put in place effective arrangements for an objective review of the effectiveness of risk management and internal control, including internal audit.	External Audit – Audit plan and reports	The external auditors review the operation of internal controls and the effectiveness of Internal Audit and report outcomes to Members in the Audit Letter.	Chief Executive
	Corporate Governance Panel	Established in August 2004. Regularly receives reports on risk management, and internal control.	Director of Commerce & Technology
	Internal audit service	Internal Audit reviews the internal control framework and report findings to management. An annual report is submitted to the Corporate Governance Panel.	Director of Commerce & Technology
	Annual audit letter and external auditors' attendance at Corporate Governance Panel.	External audit have their own office, and have regular dialogue with senior staff.	Head of Financial Services
(e) Maintain an objective and professional relationship with their external auditors and statutory inspectors.	External/Internal Audit protocol	Change of external auditors for 2004/05. New protocol etc to be discussed and established.	Internal Audit Manager

**Local Code of Corporate Governance
Dimension 4 – Risk Management and Internal Control**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
<p>(f) Publish annually an objective, balanced and understandable statement and assessment of the Council's risk management and internal control mechanisms and their effectiveness in practice.</p>	Corporate Governance Statement	<p>Corporate Governance Statement approved by Corporate Governance Panel, including the Statement on Internal Control required under the Accounts and Audit Regulations 2003.</p>	Director of Central Services
	Statement on Internal Control		Head of Financial Services

**Local Code of Corporate Governance
Dimension 5 – Standards of Conduct**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
<p>(a) Develop and adopt formal codes of conduct defining standards of personal behaviour to which individual members, employees, and agents of the Council are required to subscribe and put in place appropriate systems and processes which seek to ensure that they are complied with.</p>	Members' Code of Conduct	Included in the Constitution	Head of Administration
	Employees' Code of Conduct	Approved and included in Constitution. Notification to all employees and registers held for registrations under the Code. Proformas and explanations posted on intranet.	Head of Administration
	Complaints procedures	In place and available on the Internet. Persistent complainants code to be introduced by September 2004	Head of Administration
	Equality and Inclusion Strategy	Explicit statement included regarding responsibilities.	Head of Policy
	Dignity at Work Policy	Approved by Employment Panel and available on the intranet.	Head of Personnel
	Anti-fraud and Corruption Policy	Agreed by Cabinet in January 2004. Reviewed annually.	Director of Commerce & Technology
	IT policies and procedures	Internet access and email protocols in place.	ICT Services Manager
	Members' Planning Code of Good Practice	Included in the Constitution.	Head of Administration

**Local Code of Corporate Governance
Dimension 5 – Standards of Conduct**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
<p>(b) Introduce arrangements that endeavour to ensure that members and employees of the Council are not being influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to monitor their operation.</p>	The Register of Members' Interests	Included in the Constitution.	Head of Administration
	Members' Personal Interests	Included in the Constitution	Head of Administration
	Employees' Code of Conduct	Approved and included in Constitution. Notification to all employees and registers held for Proformas and explanations posted on intranet.	Head of Administration
<p>(c) Put in place arrangements that seek to ensure that the procedures and operations dealing with standards of conduct are designed in conformity with appropriate ethical standards and best practice, and to monitor their continuing compliance in practice.</p>	Monitoring Officer	Appointed as per the Constitution.	Head of Administration
	Standards Committee	Included in the Constitution.	Head of Administration
	Complaints Procedure	In place and available on the Internet. Currently being reviewed.	Head of Administration
	Scrutiny Function	Included in the Constitution	Head of Administration

**Local Code of Corporate Governance
Dimension 5 – Standards of Conduct**

Huntingdonshire District Council shall:	Key Indicators of Compliance	Current Position & Future Actions	Lead Officer
(d) Put in place arrangements for whistle blowing to which staff and all those contracting with the council have access.	Whistleblowing Policy & Procedure	Whistleblowing Policy and Procedure had been adopted, and is available on the Internet and Intranet. Reviewed annually. Publicity material has been distributed both internally and externally. The Internet and Intranet contain an e-form that allows allegations to be submitted. Dedicated telephone number introduced. Allegations can be made anonymously.	Director of Central Services
	Standard Conditions of Contract	Corporate Governance Panel informed of difficulties in drafting a standard whistleblowing condition that is both meaningful and effective.	Head of Legal & Estates

Glossary

A&AR	Accounts & Audit Regulations 2003
BVPP	Best Value Performance Plan
BVR	Best Value Reviews
COMT	Chief Officers Management Team
CPMF Framework	Corporate Performance Management
HELP	Hunts E-Learning Points

The terms of reference for the Corporate Governance Panel agreed by Council in July 2004 are :

- ensuring that the financial management of the Council is adequate and effective;
- ensuring that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions including arrangements for the management of risk;
- considering the Council's Code of Corporate Governance and approving the annual statement in that respect;
- approving and modifying the terms of reference and strategy for internal audit;
- commenting on the annual internal and external audit plans;
- receiving half-yearly and end of year reports on progress in delivering the annual

**Local Code of Corporate Governance
Dimension 5 – Standards of Conduct**

<p>IEG IIP LSP MTO's MTP ODPM</p> <p>Implementing Electronic Government Investors in People Local Strategic Partnership Medium Term Objectives Medium Term Plan Office of the Deputy Prime Minister</p>	<p>internal audit plan; receiving and considering the external auditor's annual management letter; approving the Council's statement of accounts; consideration of any matters arising from the audit of accounts; approval of the Council Tax base; determination of the Council's complaints procedure, monitoring compliance with the procedure, compensatory payments to complainants and formulation of recommendations to the Cabinet or Council on any action to be taken as a consequence; considering reports by the Local Government Ombudsman, approval of compensatory payments to complainants and the formulation of recommendations to the Cabinet or Council on any remedial action to be taken as a consequence; adoption and monitoring of a policy and procedure for disclosure of information under the Public Interests Disclosure Act 1999 (whistleblowing); oversight of the Council's Constitutional arrangements and advising the Council of any changes that may be desirable.</p>
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ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE (Report by the Director of Central Services and Monitoring Officer)

1. PURPOSE

- 1.1 The purpose of this report is to seek the approval of the Panel to a Statement of Assurance in relation to arrangements for and the exercise of the Council's corporate governance arrangements in 2004/05 and its completion by authorised signatories.

2. BACKGROUND

- 2.1 The Statement of Assurance was introduced in 2003/04 following on from the adoption by the Council of its Code of Corporate Governance. The Statement is regarded as an essential element in assuring proper corporate governance practices by local authorities in the conduct of their business, in safeguarding the use of their resources and in engendering confidence in their accountability and integrity on the part of the electorate and other stakeholders.
- 2.2 Last year the Statement was reported in conjunction with the Reports and Accounts, but bearing in mind the advancement of the timescale for preparation of the Annual Statement of Accounts, those arrangements have now changed. However, and as is mentioned in the report on the Code of Corporate Governance tabled elsewhere on the Agenda, the Statement of Assurance will continue to be published in conjunction with the Statement of Accounts.

3. CONCLUSIONS

- 3.1 The Statement of Assurance for 2004/05 reviews the Council's corporate governance arrangements and their exercise during the course of the year. It details specific issues which were addressed and identifies others for consideration in 2005/06.
- 3.2 As in August 2004, it is envisaged that the Statement will be signed by the Chairman of the Panel and the Chief Executive on behalf of the Council.

4. RECOMMENDATIONS

- 4.1 The Panel is recommended to —
- approve the Statement of Assurance on Corporate Governance for 2004/05; and
 - authorise the Chairman of the Panel and the Chief Executive to sign the Statement on behalf of the Council.

BACKGROUND INFORMATION

The Council's Code of Corporate Governance, updated as at September 2005.
The Annual Statement of Assurance on Corporate Governance, August 2004.
CIPFA Finance Advisory Network: Statement on Internal Control: A Rough Guide for Practitioners.

Contact Officer: Peter Watkins
Director of Central Services and Monitoring Officer
 (01480) 388002

HUNTINGDONSHIRE DISTRICT COUNCIL

ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE

Huntingdonshire District 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.

In discharging this accountability, elected Members and senior managers are responsible for putting in place proper arrangements for governance of the Council's affairs and the stewardship of the resources at its disposal. To that end, the Council has approved and adopted a Code of Corporate Governance, which reflects the principles and requirements of the CIPFA/SOLACE Framework and Guidance in this field. The Code is published on the Council's website at www.huntsdc.gov.uk and hard copies are available on request from the Director of Central Services.

The Code of Corporate Governance, adopted in September 2003 and subsequently reviewed annually, sets out and describes the way in which the Council carries out its functions and complies with the principles of openness, integrity and accountability. The principles apply to elected Members and employees alike, and they are reflected in the Council's working procedures and processes in the interests of establishing and maintaining public confidence.

Since adopting the Code, the Council has put in place management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. In so doing it has addressed the following five key dimensions of its business -

- ◆ community focus;
- ◆ service delivery;
- ◆ structures and processes;
- ◆ risk management and internal control; and
- ◆ standards of conduct.

The Council's corporate governance arrangements for each of the five aforementioned dimensions similarly are reviewed annually and published on its website. Hard copies are available from the Director of Central Services.

Central to the corporate governance environment is a system of internal control designed to manage risk to a reasonable level rather than to eliminate all risk of failure in achieving policies, aims or objectives. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them proportionately and effectively. The Council's responsible finance officer, the Director of Commerce & Technology, has reported that in his opinion, the systems of control are adequate and that

no significant weaknesses were identified during 2004/05 or since the balance sheet date. A copy of that opinion is appended to this Statement.

The Council's Director of Central Services & Monitoring Officer has been given responsibility for -

- ◆ overseeing the implementation and monitoring the operation of the Code;
- ◆ reviewing the operation of the Code in practice;
- ◆ reporting annually to the Corporate Governance Panel on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice

Monitoring and review of the effectiveness of the system of internal control has been carried out by both Members and senior management. This review has been informed by -

- ◆ the Internal Audit Manager's annual opinion on the internal control environment;
- ◆ the introduction of the Council's new performance management framework;
- ◆ the consideration and monitoring by the Chief Officers' Management Team of reports and decisions prepared for, and taken by Cabinet;
- ◆ reviews of the Constitution; and
- ◆ the 2004/05 audit and inspection letter from the Audit Commission.

Internal audit is undertaken in accordance with the CIPFA Code of Audit Practice. The Director of Commerce & Technology is accountable for the Council's internal audit arrangements. A risk-based strategic plan detailing the risks and activities of the Council is prepared, from which the annual audit plan is drawn. Written reports are prepared for all audits: these include an opinion on the degree of risk perceived at the beginning and at the conclusion of audits.

In its last Audit & Inspection Letter the Council's external auditor described internal audit work at the Council as of a high standard and confirmed that it was used as assurance in those areas relevant to its audit. The auditor's assessment also fed into the Audit Commission's scored judgement for the purposes of the Council's Comprehensive Performance Assessment (CPA). Against that background both the Director of Central Services and the Director of Commerce & Technology were satisfied that they could rely on the Audit Manager's opinion on the work undertaken on both corporate governance and the internal control environment.

In last year's Statement and, while acknowledging the contribution made by our governance arrangements to the "Excellent" rating by the audit in the Council's CPA, we emphasised our keenness to continue to keep abreast of emerging developments. In so doing we identified in particular our perceptions of the need to -

- ◆ consider the extent (if any) to which we need to address our arrangements as part of the CPA Improvement Plan;
- ◆ focus on the challenge inherent in implementing the new performance management framework and its effectiveness as a

measure of our progress in meeting our objectives and in applying the principles of good governance;

- ◆ offer training to Members of the Corporate Governance Panel on their roles and responsibilities;
- ◆ review risk registers once the Corporate Plan and balanced scorecard have been implemented;
- ◆ develop service recovery plans based around service priorities to further reduce business continuity risks;
- ◆ review the effectiveness of project management methodology; and
- ◆ introduce a corporate policy on document retention and records management.

We have noted the extent to which the foregoing issues have been addressed in the past year as evidenced by reports to the Corporate Governance Panel. With the exception of the last of those issues and having received an assurance from the Director of Commerce & Technology that a report on the introduction of a corporate policy on document retention, etc will be submitted to an early future meeting of the Panel we are generally satisfied with the effectiveness of the Corporate Governance arrangements and the internal control environment.

In the ensuing year and as part of its continuing efforts to improve governance arrangements the Council proposes to -

- ◆ review progress on the action plan devised to address the areas for development identified in the Council's CPA;
- ◆ monitor the implementation and development of the performance management framework;
- ◆ build on the work undertaken thus far on risk management and to encourage its acceptance and value as part of the culture embracing the Council's governance arrangements;
- ◆ commission training for staff on the new Code of Procurement introduced in conjunction with the review of the Constitution; and
- ◆ commission further training for Members of the Corporate Governance Panel on their roles and responsibilities.

Signed:

Councillor C J Stephens
Chairman of the District Council's Corporate Governance Panel

Signed:

David Monks, Chief Executive

Pathfinder House
St Mary's Street
HUNTINGDON
Cambs PE29 3TN

September, 2005

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Opinion on the System of Internal Financial Control

As the Council's 'Responsible Finance Officer' it is my duty to ensure that an effective system of internal financial control is maintained and operated within Huntingdonshire District Council.

A system of internal financial control can only ever provide reasonable, rather than absolute, assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a reasonable period of time.

The system is based on a framework of regular management information, the code of financial management, administrative procedures which often involve internal checks, management supervision and a system of delegation and accountability. Development and maintenance of these systems is undertaken by managers within the Council.

In particular, the system includes:

- A Code of Financial Management approved by the Council;
- A comprehensive financial planning and budgeting system;
- The setting of targets to measure financial and other performance;
- The preparation of regular financial reports which indicate actual and expected expenditure against the budgets; and
- Formal project management disciplines.

The Council's responsibilities under Regulation 6 of the Accounts and Audit Regulations 2003, to maintain an adequate and effective system of internal audit, are delegated to me. The internal audit service uses a risk-based approach, is delivered in accordance with the CIPFA Code of Practice for Internal Audit in Local Government, and is delivered by a mixture of directly employed staff and external contractors. The service is managed by the Audit Manager, who reports, through the Head of Financial Services, to me.

The Corporate Governance Panel has responsibility for the oversight of internal audit, including approval of its terms of reference and commenting upon its annual audit plan. An annual report containing the Audit Manager's opinion on the adequacy and effectiveness of the system of internal financial control is presented to the Panel and to the Chief Officers Management Team.

My opinion of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Council;
- the work of the internal auditors as described above; and
- the comments of external auditors in their annual letter and other reports.

In my opinion, the systems of control are adequate and no significant weaknesses have been identified during the year, or since the balance sheet date.



Director of Commerce & Technology

Date 26/6/05

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**OVERVIEW & SCRUTINY
PANELS (PLANNING &
FINANCE) AND (SERVICE
DELIVERY & RESOURCES)**

13TH SEPTEMBER 2005

**OVERVIEW & SCRUTINY
REVIEW OF OPERATION**
(Report by Head of Administration)

1. INTRODUCTION

- 1.1 At an informal meeting of Members of both Overview & Scrutiny Panels held on 28th July 2005, the attached report (Annex A) was considered to comply with the requirements of the CPA Improvement Plan for the Panels to implement their development plan and integrate the corporate performance management framework into the scrutiny process.
- 1.2 Work on the latter is ongoing and the informal meeting concentrated on reviewing the development plan and the working practices of the Panels, together with the preparation of a new Action Plan.

2. REVIEW OF OPERATION

- 2.1 In reviewing their existing development plan, Members acknowledged that the working practices of the two panels had diverged somewhat in the past 18 months with some of the ideas previously approved having been trialled and proving successful in the case of one or other of the panels only. The discussion also had regard to the outcome of a visit to Maidstone earlier in the year by a number of Members to observe that authority's scrutiny arrangements.
- 2.2 On the whole, Members felt that scrutiny was operating well in Huntingdonshire with many of the measures contained in the development plan being welcomed and valued. However there remained concern over the capacity of two panels to undertake the workload of overview and scrutiny and Members were conscious of the remarks of CPA inspectors that panel agenda were 'congested'. There was an acknowledgement that the panels need to avoid duplication and overlap and that there has been a growing prevalence for joint meetings of the panels to be held to discuss issues of major significance. Nevertheless, Members also were aware that the Council has consistently rejected the establishment of a third panel.
- 2.3 To address the dilemma, Members propose a change to the size and terms of reference of the existing panels and the replacement of the present joint meetings by a new panel with membership drawn from the two existing panels. The new format would be:

Service Delivery Panel

Service Support Panel

Cabinet portfolios of –

Environment & Transport
Leisure
Housing & Public Health
Planning Strategy

Finance
Resources & Policy
Operations & Information
Technology

Management Team have invited the Panels to adopt a variation in the allocation of portfolios by transferring Planning Strategy to the Service Delivery Panel and Operations to Service Support. This would entail Service Delivery scrutinising four portfolios and Service Support three. While some synergy might be achieved by aligning Planning Strategy with Environment and Transport, others would be lost by moving Operations to Service Support.

The constitution currently provides for a maximum membership of each panel of 16 and it is proposed that 15 be appointed to each panel compared with the current number of 12. All other aspects of the present arrangements will remain unchanged.

- 2.4 In addition, Members suggest that a third panel be formed, again with a membership of 15 and the title of 'Corporate and Strategic Framework', to deal with matters of a corporate nature, the strategic and financial framework of the Council and issues of major significance, including the budget and financial strategy, community strategy, corporate plan and replacement office accommodation project. Membership will comprise 5 Members nominated by each panel, including the chairmen and vice-chairmen, plus an additional 5 Members co-opted on a meeting by meeting basis from either of the other two panels. Meetings of the new panel will be held on an ad hoc basis, potentially on the same evening as one of the other panels. The chairmanship of the new panel will be shared by the two existing chairmen, dependent upon the subject area under discussion. Chairmanship will therefore fluctuate between and possibly within meetings, thereby avoiding the necessity for the payment of an additional Special Responsibility Allowance.
- 2.5 Agenda for the Corporate and Strategic Framework Panel will be sent to the full membership of the other panels and any Member wishing to attend a meeting (other than those permanently appointed) will need to notify the Democratic Services Section not less than 48 hours prior to the meeting. It will be necessary to give delegated authority to the Head of Administration to co-opt those Members wishing to sit on the panel on a meeting by meeting basis, after consultation with one or other of the chairmen. Any additional Member wishing to attend will have the opportunity provided for in the constitution to attend and speak with the consent of the chairman. Call-in will be exercised in the normal way by any three of the Members forming the panel.
- 2.6 The approval of the Corporate Governance Panel and the Council will be required for the establishment of the additional panel and, if the proposals are accepted, the Council will need to appoint an additional three Members to each of the Service Delivery and Service Support Panels.

3. ACTION PLAN

- 3.1 Members also agreed upon an action plan to continue those elements of the existing development plan which were thought to be working well and to incorporate additional measures with the intention of building upon the successful implementation of overview and scrutiny arrangements in Huntingdonshire. These have been grouped into a timescale for implementation over the next 2 years as explained in the attached annex (Annex B).

4. CONCLUSION AND RECOMMENDATION

- 4.1 Overview and scrutiny needs to continuously evolve and learn from best practice elsewhere. The comments of the CPA inspectors were largely supportive following the last review as reflected in the CPA improvement plan. Following the discussion at the informal Member meeting, the panels are now invited to consider the conclusions set out in this report and the attached action plan.
- 4.2 It is therefore

RECOMMENDED

- (a) that the Panels approve the proposals contained in the attached action plan, as expanded upon in this report;
- (b) that the Corporate Governance Panel be recommended to endorse the establishment of a Corporate and Strategic Framework Panel with the terms of reference set out in this report for submission to the Council for approval;
- (c) that subject to the approval by the Council of the creation of a new panel, the Head of Administration be authorised to appoint up to 5 Members to the panel on a meeting by meeting basis from the membership of the Service Delivery and Service Support Panels, after consultation with one of the panel chairmen; and
- (d) that the Council be recommended to appoint an additional three Members to each of the Service Delivery and Service Support Panels and to approve the consequential amendments to the constitution to implement the above measures.

Background Papers

As set out in Annex A

Contact

R Reeves, Head of Administration (01480) 388003.

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OVERVIEW AND SCRUTINY

28 JULY 2005

OVERVIEW & SCRUTINY
(Report by the Head of Administration)**1. INTRODUCTION**

- 1.1 'Effective scrutiny is the lynchpin of the new political arrangements. If scrutiny isn't working, this poses a significant threat to the success of democratic renewal.' The words of the Audit Commission demonstrate the importance of the scrutiny process to the effective political management of the Council.
- 1.2 The scrutiny arrangements in Huntingdonshire have now been in operation for just over 4 years, 2 of which formed part of the trial of the Cabinet system before the new constitution was adopted under the Local Government Act 2000. Throughout that time, initiatives have been introduced to develop the role of scrutiny, culminating in the Audit Commission's Comprehensive Performance Assessment in July 2004 and the Improvement Plan adopted by the Council in response to the issues raised in the CPA report.
- 1.3 In September last year, the two Overview and Scrutiny Panels discussed a report (copy attached as Appendix 'A') on the further development of scrutiny in response to issues raised as part of the annual constitutional review earlier that year. No firm proposals emerged from those discussions but since that time a number of Members have carried out a fact finding visit to Maidstone Borough Council which is regarded as one of the forerunners in local government scrutiny.
- 1.4 This report attempts to draw together the various themes and to address the need to revisit the Panels' existing development plan in the search for continuous improvement in the provision of overview and scrutiny in Huntingdonshire.

2. COMPREHENSIVE PERFORMANCE ASSESSMENT

- 2.1 It is worth recalling the assessment of the Audit Commission on the Council's scrutiny performance – 'There are some weaknesses in the effectiveness of the scrutiny system in that although there is some good practice for example a clear forward plan, scrutiny agendas are congested given the current volume of business, the forward plan is not thus as focused as it could be on strategic issues. There are however examples of the scrutiny function working innovatively, for example taking on a broad range of issues put forward by parish councils, voluntary organisations and the public, having a stand-alone budget to appoint specialist advisers, taking scrutiny meetings out around the district and have specific training for scrutiny councillors by a local MP experienced in aspects of select committee workings. The innovations have yet to develop into service outcomes.'
- 2.2 The only defined criticism was the size of meeting agenda and the fact that service outcomes have yet to be developed. On the other hand, the Commission complimented much of the work undertaken by the Panels as innovative.

3. LESSONS FROM ELSEWHERE

- 3.1 Scrutiny is probably the most difficult part of the new constitutional arrangements to deliver successfully. If developed imaginatively, scrutiny can be both challenging and rewarding, presenting Members with the opportunity to explore issues of topical concern in Huntingdonshire, while at the same time exerting pressure on the Cabinet to achieve targets and levels of performance that have been set by the Council.
- 3.2 Authorities continue to try to identify best practice from others with the Centre for Public Scrutiny (www.cfps.org.uk) at national level acting as a clearing house for ideas that have been tried or implemented elsewhere. Visits to the CfPS website provide examples of investigations undertaken by other Councils, scrutiny guidance notes and structural and support arrangements.
- 3.3 As Maidstone Borough Council is often regarded as one of the leading authorities on scrutiny, a number of Members undertook a fact-finding visit in February to observe Scrutiny Panel meetings and discuss with both Members and Officers what has worked well for them. A summary of the Maidstone arrangements is attached as Appendix 'B'. Those Members who attended the visit will no doubt have formed a view as to whether any of what they observed might be suitable for Huntingdonshire.
- 3.4 Conversely, enquiries are regularly received by officers from other authorities wishing to learn about the way in which scrutiny is delivered in Huntingdonshire.

4. FUTURE DEVELOPMENT

- 4.1 Many of the questions often raised by Members in terms their scrutiny role were addressed in the report of last September and decisions on those issues have yet to be made. The salient points are reproduced below together with other matters which the Panels are invited to consider. Where this was raised in the earlier report, the relevant paragraph number is shown.
- 4.2 **Development Plan** (paragraph 3.1 and Appendix C)

The Development Plan approved by the Panels in 2003 has largely been achieved with the Plan being reproduced in Appendix C and annotated with the progress made. Of those matters not implemented, some have been the result of unsuccessful funding bids while others have been progressed by one Panel and not the other. Those which have yet to be tried are quarterly discussions on potential study areas (*because the Panels already have sufficient workload*), study suggestions by voluntary organisations (*for the same reason*), and an overview and scrutiny forum biennially.

The Panels are invited to consider whether there are any items implemented from the Development Plan that are no longer relevant and should be changed.

- 4.3 **Capacity** (paragraphs 3.2 to 3.8)

Both Panels have previously proposed the creation of more panels but this has been rejected by the Council. There is no doubt that the work programme of the two existing Panels has grown as Members have become

more experienced in their scrutiny role and identified subjects that they wish to consider. This can be summarised as resulting in –

- longer meetings
- the creation of working groups to investigate and monitor individual subject areas as opposed to the main Panel
- a limitation on the number of studies that can be carried out
- an additional workload for Panel Members and pressure on their availability
- added difficulty for the Members of each Panel to come to grips with the content of 4 portfolios per Panel
- abortive time on the part of executive councillors and officers waiting for the items for which they have been invited to a meeting to be discussed
- greater difficulty in bringing studies to a timely conclusion
- lack of time to address performance monitoring.

- 4.4 A third panel would enable more Members to become involved in the scrutiny function, unless the existing membership of 24 was divided into three panels of 8 Members each. Currently the constitution provides for the two existing panels to have a maximum of 16 Members each, although advantage has not been taken of the scope for larger panels.

Should a third Panel be established and if so, what should be the size of the Panels?

Informally, the structure of Overview and Scrutiny has changed through the emergence of the Joint Panel in the last year.

Should these arrangements be formalised in the Constitution and more use made of this Forum?

4.5 **Co-option**

The Council's constitution provides for the co-option of both other Members and members of the public to Overview and Scrutiny Panels either on an ad hoc or more permanent basis. Co-option could be used to supplement the membership of the panels or working groups both to expand the size of a panel where this was thought to be appropriate and to bring particular expertise to a subject area.

Recent legislative change has also enabled co-opted members of the public to be permitted to vote at scrutiny panel meetings if an authority has introduced a scheme to enable them to do so.

Should greater use be made of the availability of co-option and if so, should co-opted members of the public be permitted to vote at panel meetings?

4.6 **Terms of Reference**

The creation of a third panel would enable a wider distribution of scrutiny work but consideration needs to be given as to how this should be allocated between 3 as opposed to 2 panels. The terms of reference of individual panels could continue to be allocated on the basis of Cabinet portfolios or

alternatively functions could be divided between the separate panels e.g. policy formulation, scrutinising of Cabinet decisions, performance management. Some of the issues are examined below.

The principle advantage of a continued allocation of specific portfolios to panels is that this enables the panels to be more focused, allowing Members to concentrate on and obtain greater experience of the executive responsibilities within their remit. This should reduce duplication and overlap and ensure that executive councillors are held to account by a specific panel.

An alternative would be to allocate specific functions to individual panels. One panel could be responsible for policy formulation and review, one for scrutinising the decisions of the Cabinet/call-in and one for performance management. In practice this might lead to confusion, with panels addressing the same issue from different perspectives. It is also possible that this would create a disparity in the respective workloads between the individual panels and reduce the number of in-depth studies that could be undertaken if these were restricted to a single panel.

A third option would be to adopt a more corporate approach and allocate a number of the Council's priorities contained in the corporate plan to each panel. The priorities are a clean, green and attractive environment; housing that meets local needs; safe and active communities; a healthy population; accessible services and transport choices; and a strong and diverse local economy. However provision would also need to be made for the other services provided by the Council, together with the various support services which are not included within the named priorities. Whilst this would be attractive in aligning the terms of reference of the panels to the corporate plan, this could create some difficulty in identifying responsibilities and cause overlap where subjects were affected by more than one of the priorities

Whichever option is chosen, the existing panels need to eliminate the present duplication on issues such as the corporate plan, budget, CPA, Customer First, office accommodation which is both time consuming and involves executive councillors and officers attending both panels for the same subject. Where subjects are of major importance, they could be dealt with by a joint meeting of the panels but in view of the number of Members involved, this is not always practicable nor conducive to an effective scrutiny of the subject area.

What should be the terms of reference of the panels and how can duplication be avoided?

4.7 Names of the Panels

The current names of the Panels are designed to reflect the portfolios that fall within their terms of reference. If a third panel is to be created or the terms of reference of the panels are altered, a change in name will be inevitable. If two panels remain but their terms of reference are changed, would the roles of the panels be more easily understandable if their names were change.

Are the existing names of the panels appropriate or should they be changed?

4.8 Existing Practices

It may be worth mentioning again the wide scope that the existing panels have in conducting their duties, either as part of the constitution or as a result of budgetary provision –

- Budget of £10,000 to spend on the work of the panels
- Flexibility in the size of panels and co-option (both voting and non-voting)
- Creation of ad hoc working groups
- Identification of subjects for scrutiny and investigation
- Developing Study Methodologies
- Call-in of executive decisions
- Public consultation
- Setting their own agenda

In addition some of the working practices adopted by the panels since the approval of the development plan have emphasised the clear distinction between scrutiny arrangements and other meetings formats.

Members are invited to consider whether changes should be made to the present arrangements.

4.9 Other Proposals

Most authorities have developed their own approach to scrutiny and many continue to find difficulty in making scrutiny effective. The visit to Maidstone highlighted a number of practices adopted by that authority which Members may wish to consider. They include –

- Specialist support on specific subjects
- Training for middle managers on the expectations of scrutiny
- Single item agenda
- Attendance by Cabinet Members three times per annum to explain aims and achievements
- Determination of work plans at the start of each year
- Written response by Cabinet to Overview and Scrutiny recommendations
- Engaging and consulting stakeholders
- E-bulletin after each scrutiny meeting.

The Panels are invited to consider whether to adopt any of the working practices of Maidstone or any other innovative proposals to develop the role of scrutiny.

4.10 Officer Support

The Panels have previously identified a need for additional support to assist them in becoming more effective. However a proposal for the creation of a dedicated Overview and Scrutiny Officer has been rejected by the Council previously as part of the MTP process and the allocation in the programme for a Member Support Officer who also could have assisted with scrutiny was deleted in the last review.

4.11 Training

Various training formats have been tried for scrutiny, involving trainers from the Improvement & Development Agency, Institute of Local Government Studies, Institute of Public Finance and a Member of Parliament. Often the trainers tend to dwell on the principles of scrutiny with which Members are already familiar. Training is also being arranged on performance management with external consultants who have been assisting the Council on the implementation of the balanced scorecard performance monitoring system

Members are invited to suggest forms of training on scrutiny that they would prefer to have provided.

5. CONCLUSION

5.1 The Council's CPA Improvement Plan requires the Overview and Scrutiny Panels to implement their development plan and to integrate the corporate performance management framework into the scrutiny process. The Panel's development plan has largely been implemented with the exception of those issues that are considered no longer to be relevant and steps are being taken to develop the Panels' role in monitoring performance.

5.2 Nevertheless the Panels have continued to adopt new methods of working and to identify best practice elsewhere that may of relevance to Huntingdonshire. Members are invited to address the issues raised both in this report and that submitted to the Panels in September of last year and prepare a revised development plan for the further enhancement of the scrutiny function for the Council.

BACKGROUND PAPERS

As attached as appendices to the report now submitted.

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**OVERVIEW AND SCRUTINY PANEL
(SERVICE DELIVERY AND RESOURCES)**

7TH SEPTEMBER 2004

**OVERVIEW AND SCRUTINY PANEL
(PLANNING AND FINANCE)**

14TH SEPTEMBER 2004

**OVERVIEW & SCRUTINY – REVIEW OF OPERATION
(Report by Head of Administration)**

1. INTRODUCTION

- 1.1 As part of the review of the constitution earlier in the year, all Panels of the Council and individual Members were invited to submit comments as to how the internal operation and structure of the Council might be improved. Following consideration by the Standards Committee, proposals were submitted to the Council but those issues which emerged from the review in relation to overview and scrutiny were referred back by the Council to the Overview and Scrutiny Panels for them to discuss.
- 1.2 The two principal issues relate to the capacity of the two Panels to deal with the volume of business on their agenda and the question as to whether a system of substitution should be introduced for Members who were unable to attend meetings. The relevant extracts from the report submitted to the Standards Committee are attached as Annex A to this report.
- 1.3 In rejecting any change to the role of the Panels in relation to the development of the budgetary and policy framework, the Council also asked that the Chairmen of the Panels be reminded of the opportunity provided by the Overview and Scrutiny Procedure Rules to invite members of the public to speak at meetings under the existing constitutional arrangements.

2. CURRENT ISSUES

- 2.1 The proposals submitted by the Panels to the Standards Committee and the Council can be summarised as follows.

Capacity

- 2.2 It was the view of both Panels when commenting upon the constitution that the level of business on their agenda merited the establishment of a third panel. The lack of capacity was identified as a weakness in the CPA report which stated that scrutiny agenda are congested given the current volume of business. In part, the development of the Panels' business has reflected Members' growing interest and confidence in the overview and scrutiny process, one of the principles of scrutiny being that agenda are set by Members themselves who determine which matters they wish to scrutinise or review.

- 2.3 However there a number of contributory causes to the size of agenda and length of meetings, i.e.
- agenda sometimes lack clarity as to why an item has been tabled
 - subjects which are of a corporate nature can appear on the agenda of both Panels
 - studies can lack focus and direction
 - there is a lack of appreciation of the actions that can be taken outside Panel meetings
 - Members are not sufficiently familiar with the opportunities available under the Overview & Scrutiny Procedure Rules.

These are addressed later in this report.

Agenda Planning

- 2.4 Because, prior to the portfolio changes in July, the terms of reference of each Panel broadly reflected half of the executive powers of the Cabinet, there has been a tendency to refer any matters of a corporate or budgetary nature to both Panels which has lead to duplication. Examples are the Best Value Performance Plan, Corporate Plan, Comprehensive Performance Assessment and annual budget preparation. Although both Panels have an interest in the subject areas, it is doubtful whether comments are required from both, given the constraints upon their time.
- 2.5 In terms of agenda items themselves, it is apparent that, on occasion, there is some confusion as to why an item is appearing. This may have been the result of a Member raising a subject scheduled on the Forward Plan; it may form part of an ongoing study into a particular subject or it may be an item upon which the comments of the Panels are being sought as part of the budgetary or policy framework. Because of the wide variety of such reasons, it can appear confusing for Members and Officers alike and can curtail or hinder debate/questioning at the meeting. In future, a more explicit explanation of its origin will be given in the agenda item, unless this is apparent from an accompanying report.

Studies

- 2.6 This is arguably the most rewarding of the Panel's roles. However progress in its development has slowed recently which can be attributed to a number of factors:-
- there have only been a few new suggestions coming forward from Members for investigation;
 - it can be difficult for Members to keep abreast of business and decision making across the Council;
 - studies can take too long to complete which means that they lose focus and Members have difficulty in recalling the evidence that they have heard;
 - the scope of a study can be too large to manage effectively;
 - there is a lack of understanding of the aims and purpose of a study;

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- studies have mostly been undertaken at Panel level with few working groups having been established;
- it has sometimes proved difficult to obtain background information and reports from officers, given their conflicting priorities and workloads.

Knowledge Of Overview & Scrutiny Procedure Rules

- 2.7 In their CPA report, the Audit Commission suggested that the Panels were not as focused as they could be on strategic issues. They nevertheless found that there were examples of the scrutiny function working innovatively, for example taking on a broad range of issues put forward by parish councils, voluntary organisations and the public, having a dedicated budget to appoint specialist advisers, taking meetings out into the District and having specific training for scrutiny Members.
- 2.8 Although the Panels have a Development Plan which was established twelve months ago and a variety of training sessions have been arranged for members of the Panels and others, there appears to remain a lack of appreciation about the wide ranging nature of scrutiny and the options open to Members to pursue specific subjects.

3. POTENTIAL DEVELOPMENTS

Development Plan

- 3.1 Last autumn, the Panels approved an action plan for overview and scrutiny which is being progressively implemented, within the resources available to support the scrutiny process. The Panels have diverged somewhat on their implementation of the plan but most of the measures agreed have been implemented by one or other or both of the Panels. These are summarised in Annex B attached.

The Panels are invited to consider progress against the Action Plan and the extent to which this requires amendment.

Capacity

- 3.2 Both Panels felt that the business before them was too large, a fact reinforced by the Audit Commission in the CPA outcome. Nevertheless the Council has rejected the request for the creation of a third panel which was not supported by the Cabinet.
- 3.3 If the Panels wish to reduce the business at their meetings, there are a number of options open to them.

Size of Panels

- 3.4 The constitution makes provision for the membership of the Panels to be a maximum of 16. Currently only 12 Members are appointed to each Panel by the Council. If the size of the Panels were to increase, this would not necessarily reduce the scale of business for each Panel (indeed it may extend the length of meetings) but it would generate a larger pool of Members with experience of the scrutiny process and create a greater capacity for working groups to be established to investigate and report upon specific subjects or investigations.

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- 3.5 It is becoming increasingly apparent that it is difficult to maintain studies involving the whole Panel. They can take too long to complete, changes in membership of the Panel leads to a lack of continuity, the absence of meetings in May and August creates further problems of continuity, the gathering of evidence can be time consuming and may be rushed when there is a long agenda still to be dealt with at Panel meetings, formal Panel meetings may not be the most conducive setting to obtain evidence and not all Panel Members may have an interest in the subject being investigated.
- 3.6 One alternative is to create more working groups with specific time limited objectives. If the size of the Panels were to increase, this would create a larger pool of membership from which the working groups are drawn. Co-option on to the working groups also could be considered either from other Members or from members of the public. Provided that a working group does not involve a member of the Cabinet, its membership can be open to any Member of the Council. The added advantage of appointing non-Panel Members is that there may be councillors with a particular interest or expertise in a subject who can make valuable contributions to the investigation to be undertaken. It also helps to broaden the scope of scrutiny and create a more inclusive process.
- 3.7 In order to improve their records, the Democratic Services Section will shortly be carrying out a survey of Members to ascertain particular expertise, experience and interests which will be of benefit both in meeting training requirements and identifying those who may be interested in participating in working groups.
- 3.8 A further option is to co-opt members of the public on to working groups. The Local Government Act 2000 makes specific provision for the co-option of members of the public to overview and scrutiny panels. Persons co-opted are unable to vote but provision is made in the Local Government Act 2003 for the introduction of voting rights for co-opted members under regulations to be made by the Secretary of State. The introduction of co-option of members of the public may help to increase awareness of the role of overview and scrutiny and to encourage interest in the democratic process.

The Panels are invited to consider –

- (i) whether to recommend an increase in the membership of each Panel to the maximum permissible in the constitution of 16;*
- (ii) whether to make greater use of working groups to undertake studies or investigations;*
- (iii) whether to consider co-option either to the Panels or working groups of other Members or members of the public.*

Substitution

- 3.9 The Council have asked the Panels to consider the feasibility of named substitutes at Panel meetings. This was considered and rejected by the Council during the review of the constitution in 2003 and a copy of a potential substitution scheme that was submitted at that time is attached for information as Annex C. During the most recent review, the Service Delivery and Resources Panel and Councillor P J Downes suggested that substitution be introduced for all committees of the Council. If this was unacceptable for all committees, Councillor Downes suggested that this be introduced for the overview and scrutiny panels.
- 3.10 There are conflicting arguments about the merits of substitution and indeed about its legality. However it has been adopted by many local authorities, often where no one party has overall political control. In the case of overview and scrutiny, the introduction of substitution could broaden the experience and expertise of other Members of the Council and it should ensure that a full complement of 12 Members attends each Panel meeting. As substitution is dealt with on a party political basis, it would ensure that attendance at Panel meetings would always reflect the political balance of the Council.
- 3.11 Conversely, the political balance of the Overview and Scrutiny Panels should not be a significant cause for concern since political considerations should rarely feature in Panel debates. The nature of Overview and Scrutiny with ongoing studies and attendances by executive councillors and officers means that continuity is important and there is a potential difficulty for substitutes to make an effective contribution to debate. Repetition and duplication also can occur if substitutes raise issues that have already been dealt with. Moreover if the Panel are minded to recommend an increase in the size of their membership, to create more working groups to undertake studies or to co-opt other Members or members of the public, the absence of Members from a monthly Panel meeting becomes less significant.

The Panels are required to report to the Council on the feasibility of the introduction of substitution at their meetings.

Studies

- 3.12 Since their inception, the Panels have undertaken a series of studies or investigations. Mostly these have been dealt with by the Panel as a whole but paragraph 2.6 above illustrates some of the problems that can occur. The creation of working groups to undertake a study offers considerably greater flexibility. For example smaller groups would find it easier to undertake visits, to concentrate their investigation into a shorter timescale, to meet at times convenient to witnesses, to involve Members with a particular interest in a subject and to co-opt other Members or members of the public.
- 3.13 At times, the studies have tended to lack focus or direction which largely stems from the investigation not having been scoped satisfactorily at its commencement. A smaller group may enable this to be handled more effectively. More importantly however, the Panels have sometimes failed to appreciate the opportunities available to them to gather evidence, commission advice or support, question

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witnesses, undertake visits etc. Although a template has been produced previously in helping to scope studies, this is somewhat out of date and a new template is attached as Annex D for consideration by the Panels. If used as the basis for any study or investigation, this should help identify the aims of a study and shape its direction at the outset.

The Panels are invited to consider the use of the template in Annex D to assist in undertaking studies and investigations.

4. OTHER ISSUES

- 4.1 A number of other issues were raised in the review of the constitution that were referred to the Panels for their further attention.

Public Speaking at Panel Meetings

- 4.2 A suggestion was made by Councillor Downes during the course of the review that Paragraph 13 of the Overview and Scrutiny Procedure Rules be extended to permit a Chairman to invite a member of the public in the public gallery at a meeting to address a Panel for up to 2 minutes where it is considered that the person might have a valuable contribution to make to the debate. The Cabinet were of the opinion that there was no need for further amendment to the Rules and the Council accepted a recommendation from the Standards Committee that the Panel Chairmen be reminded of the opportunities available within the existing Rules for members of the public to be permitted to address meetings of the Panels.
- 4.3 Paragraph 13 permits a Panel to invite residents, stakeholders and members and officers from other parts of the public sector to attend and address a meeting. The wording of the paragraph is broad and does not require prior notice to be given by a person who wishes to speak. Its interpretation is therefore open to the Chairmen and they may, if they wish at the outset of a meeting or at the start of a discussion, ask any member of the public who is present whether they wish to address the Panel on the subject to be debated.

The Panels are invited to consider whether they wish to adopt a procedure of inviting members of the public who are present at a meeting whether they wish to speak on a subject to be discussed.

Budget and Policy Framework

- 4.4 In the course of the review of the constitution, the Service Delivery and Resources Panel suggested that proposals for any change to an existing policy and for the implementation of new policy should be submitted to the Overview and Scrutiny Panels as a matter of course and that where Panels have made recommendations to the Cabinet, the latter should respond formally to the Panels with their own recommendations.

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- 4.5 The Cabinet, Standards Committee and Council all felt that this was provided for adequately by the Budget and Policy Framework Procedure Rules which require the inclusion of policy changes in the Forward Plan and enable the Panels to discuss such subjects either before they are considered by Cabinet or to call in decisions if they are concerned about their implications. Moreover if there are concerns currently about congestion of the meeting agenda, this could be exacerbated if all policy matters were submitted routinely to the Panels. In addition Cabinet Members and senior officers can be requested to attend Panel meetings at any time to answer questions on such matters.
- 4.6 Questions have been raised previously by both Panels about the inadequacy of the information contained in the Forward Plan and although this has improved significantly, Plans would benefit from a more accurate description of the subject to be discussed. Members are reminded that a procedure has been introduced to address the advance consideration of Forward Plan items and a copy is attached as Annex E
- 4.7 Nevertheless there are sometimes concerns that the Cabinet have considered a subject before a Panel has had an opportunity to comment. Members are reminded that the Leader is required to publish the Forward Plan not less than 14 days before the beginning of the period to which it applies. The Forward Plan is published on the intranet and internet and is available for inspection from that time. If Members observe any item which they wish to bring to the attention of a Panel, they may ask for items to be included on the ensuing agenda. If they think that it would be appropriate for a Cabinet Member or senior officer to attend the meeting to answer questions on the subject, they can also ask the relevant Panel Chairman to arrange for an invitation to be issued.

The Panels are invited to consider whether there is anything further that could be introduced to make consideration of the Forward Plan more effective.

Budget

- 4.8 The Panels are reminded that they have a small budget available of £5,000 each to support them in their function and activities. To date this has been used sparingly. The budget is at the disposal of the Panels and can be used for a variety of purposes such as commissioning research, commissioning specialist support, site visits, room hire and training, although additional resources are also available for the latter.

The Panels are reminded of the availability of the budget to assist in their deliberations and in the scoping their studies and investigations.

Terms of Reference

- 4.9 The terms of reference of the two Panels are defined in the constitution Each reflects the terms of half of the 6 portfolios established by the Leader in 2002 when the constitution was first adopted. Since that time there have been some changes to the terms of reference of individual portfolios but significant alterations both to the number of

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portfolios (now 8 in total) and their terms of reference were implemented after the Annual Meeting in June of this year.

- 4.10 A change in the Panels' terms of reference will involve a change to the constitution which will require a report to the Corporate Governance Panel and approval by the Council. Inevitably some time will elapse between any change in portfolio responsibilities introduced by the Leader and its reflection in the terms of reference of the Panels. The Panels have the option of responding to changes and the inevitable time delay caused by the need to obtain Council approval or retaining their terms of reference as originally established in the acknowledgement that some portfolios will cross Panel boundaries.
- 4.11 In order to ease the criticism of agenda congestion, the Panels also need to resolve the duplication that currently occurs when some corporate issues are submitted to both Panels for comment. There are some items such as BVPI reports that clearly are of interest to both Panels but it is arguable whether other corporate issues such as the Community Strategy, budget preparation, Customer First, office accommodation and Waste PFI need to be discussed by both Panels. This creates duplication, leads to executive councillors and senior officers attending separate Panel meetings in successive weeks and can send conflicting messages to Cabinet if the Panels formulate differing comments on a subject.

The Panels are invited to consider –

- (i) retaining their terms of reference unchanged when portfolio responsibilities are altered by the Leader; and*
- (ii) refraining from both considering reports on corporate issues.*

Training and Information

- 4.12 Various training sessions have been arranged for Members on overview and scrutiny and the range undertaken was commented upon favourably in the CPA report. A survey is to be undertaken of Members' needs which may assist in identifying further courses in which Members are interested. However, it would be helpful if the Panels could suggest areas where they would like further training and how best this could be delivered.
- 4.13 Information is increasingly becoming available on the role of scrutiny and the Centre for Public Scrutiny (www.cfps.org) offers support, advice and practical examples of how scrutiny has been developed elsewhere.

Members are invited to suggest subjects and the format of future training sessions.

5. CONCLUSION

- 5.1 The Overview and Scrutiny Panels have made significant progress in their development since the inception of the new constitutional arrangements. The implementation of the current development plan has largely been achieved but there is scope for the further broadening of the Panels' role and the more effective implementation of their

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programmes of activities. In particular the Panels will be required to demonstrate how they propose to address the weakness identified in the CPA report about the congestion of their agenda.

- 5.2 The Panels are therefore invited to consider the issues raised in this report.

BACKGROUND PAPERS

Documents attached as annexes to the report.
Audit Commission Comprehensive Performance Assessment of the District Council.

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SUMMARY OF ISSUES ARISING FROM VISIT TO MAIDSTONE

BOROUGH COUNCIL

OPERATING ENVIRONMENT

- Different environment – only one urban centre
- Different political environment - Hung Council
- All Members interested in having a system through which they could influence the Council, as there was always a danger that they might find themselves in opposition.
- Overview and Scrutiny is largely apolitical
- There is a healthy respect for the Scrutiny function.
- Overview and Scrutiny is totally independent – can be critical
- Most recommendations by Overview and Scrutiny are accepted by the Cabinet as they are well thought through and evidence based
- No attempt to fetter Overview and Scrutiny work
- Call in can be by any two Non Executive Councillors - There are approximately 6/9 call ins per year - Call in tends not to change decisions but can result in Councillors receiving more information on an item
- Purpose of Overview and Scrutiny is not to make savings for the Cabinet – though savings were made in the first years

SCRUTINY SET UP

- 48 Councillors on 5 Overview and Scrutiny Committees
- Scrutiny Committees match Portfolios – more strategic than service based:-
 - Strategic Leadership
 - Customer Services & External Affairs
 - Environment & Transportation
 - Recreation & Community Services
 - External Scrutiny
- Budget = £8,000 (was £15,000)
- A system of substitution exists
- There are no working parties – no need as committees more focused
- There has never been a declaration of whipping
- Meetings are recorded by tape recorder

SUPPORT FOR SCRUTINY

- Adequate officer support is essential
- Dedicated Scrutiny section comprises one Manager and two Officers who clerk the meetings, undertake research, follow up action etc etc
- Cost of staffing is high - £100,000 for Overview and Scrutiny – but savings in the Committee section – lost two posts and recently lost one Overview and Scrutiny post
- Training for middle managers on the expectations of scrutiny

COMPOSITION OF AGENDAS

- Tendency to have one item agendas focused and in depth
- Innovative items create press interest
- Referrals from Cabinet (albeit the Committees do not have to accept these)
- Only relevant items on the Forward Plan are submitted to Overview and Scrutiny Committees and the Plan itself is considered every three months
- All policy documents appear on Overview and Scrutiny agenda (albeit there is a designated committee for the purpose of considering Council policies, plans and strategies)
- The Committees receive quarterly Performance Monitoring reports
- Best Value Review progress is reported to Overview and Scrutiny Committees
- Cabinet Members attend their respective Overview and Scrutiny Committees three times per year – at the start to explain aims – halfway through to report progress – at the end of the year to report on achievements
- Overview and Scrutiny work plans are determined at the start of each year
- The work plan takes account of development plans for each portfolio
- In planning the work programme committees take into account where they can have most impact

ATTENDANCE AT MEETINGS

- COMT not involved in Overview and Scrutiny – have to be invited
- No attendance by right – only Overview and Scrutiny Officers
- Each Overview and Scrutiny Committee appoints their own Chairman

STUDIES UNDERTAKEN BY OVERVIEW AND SCRUTINY

- Each Committee aims to carry out one large review per year
- Topics are chosen that are of interest and that reflect the level of contact Councillors receive – most successful tend to be those of genuine concern to members of the public.
- Success generates commitment from other agencies
- It is endeavoured to reflect Councillors interests in study areas
- Much evidence is taken from academics – they are given a blank piece of paper and asked to design a system
- There is a facility to produce Minority Group reports
- Demonstrating results engages the public
- A study methodology has been adopted which is similar to that at Huntingdonshire
- Studies produce hefty weighty reports, and Overview and Scrutiny are invited to explain these when presenting them to the Cabinet.
- Contacts have been established with Groups/Organisations – to wait action
- Get out of the town Hall
- Think about how you can engage and consult stakeholders

FOLLOWING UP STUDIES

- Cabinet provide a written response to Overview and Scrutiny Recommendations

- Follow up is through a rapporteur system who regularly provides feedback to Committees
- There also are nominated Officers who take responsibility for monitoring recommendations
- An e-bulletin is produced after each Committee and also provides details of forthcoming scrutiny events
- Information on line

ROLE OF MEMBERS

- Emphasis on the need for members to be equipped with the necessary skills and training where appropriate
- A good chairman can make all the difference.

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**OVERVIEW & SCRUTINY DEVELOPMENT PLAN
DECISIONS APPROVED OCTOBER 2003**

- (i) Sufficient resources are available to carry out overview and scrutiny work within the Council, given that the allocated budget for support is currently unspent.

Budget remains largely unspent

- (ii) "Cultural" change within the Council is required to maximise the effectiveness of overview and scrutiny by recognising its importance and independence.

Ongoing

- (iii) Chief Officers and others who are not specifically supporting the scrutiny process should not attend meetings of the Panel unless specifically invited to do so.

Implemented

- (iv) A number of measures can be introduced to encourage Panel Members to contribute more effectively to the scrutiny process including –

- ◆ induction arrangements for new Members of the Panel after the Annual Meeting of the Council.

Implemented

- ◆ briefing sessions with the Chairman/Vice-Chairman; and

Implemented

- ◆ quarterly discussions on potential areas for studies and specific issues relating to the scrutiny process.

Yet to be implemented

- (v) Support for overview and scrutiny should be provided via the existing staffing resources within the Democratic Services Section of the Central Services Directorate in 2004/05, subject to review thereafter.

Ongoing

- (vi) Subject to the outcome of the review referred to in (v) above, an MTP bid be made for additional funding for the scrutiny process in 2005/06.

MTP bid unsuccessful

- (vii) For a six months trial period, pre and post meeting briefings with Members of each Panel be held supported only by Democratic Services Section staff but within the time constraints of 7pm and 9.30pm.

Implemented only by Planning & Finance Panel and continued after trial period

- (viii) Democratic Services Section staff draft questions on a confidential basis for Panel Members to be addressed to persons invited to Panel meetings.

Implemented

- (ix) A facility should be provided on the Council's website inviting members of the public to raise specific topics for consideration by the Panel

Implemented

- (x) Town and Parish Councils be invited to attend Panel meetings to learn of work of the Panels and to generate ideas for studies.

Ongoing

- (xi) Consideration be given to publicising overview and scrutiny more widely in the press, including the submission of suggested topics for study.

Implemented as part of annual report

- (xii) Voluntary organisations be encouraged to submit suggestions for studies.

Yet to be implemented

- (xiii) A forum for all Members should be held twice each year at which views on overview and scrutiny can be exchanged.

Yet to be implemented

- (xiv) Arrangements be made to brief non-Cabinet Members about current issues affecting the Council. Relevant issues should be identified at the six monthly briefing/training sessions.

Ongoing

- (xv) Meeting/training events should be held for Members who do not sit on either Panel to explain the overview and scrutiny process and how other Members can contribute.

Ongoing

- (xvi) Local authority practitioners, rather than academics in future be invited to assist in overview and scrutiny training sessions and arrangements should be made for Panel representatives to visit other authorities with a view to researching the effectiveness of their overview and scrutiny processes.

Ongoing

- (xvii) Executive Members should be accompanied by relevant officers at Panel meetings where appropriate.

Implemented

- (xviii) A summary be compiled outlining successful outcomes from studies to demonstrate the effectiveness of overview and scrutiny within the Council.

Annual report produced and distributed

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OVERVIEW & SCRUTINY ACTION PLAN

Ongoing

1. Pre and post meeting briefings with Panel Members be held supported only by scrutiny support staff.
2. Pre meeting briefings be convened at 7.00 p.m., prior to the commencement of Panel meetings at 7.30 p.m. with an anticipated conclusion of 9.30 p.m.
3. Chief Officers and others not directly supporting the scrutiny process should not attend Panel meetings unless invited to do so by a Panel.
4. Drafting of questions by scrutiny support staff on a confidential basis for Panel Members to be addressed to persons invited to attend meetings: Scrutiny support staff also to liaise with invitees on potential areas for questioning to facilitate research and responses.
5. The publication of an annual report on behalf of the Panels with a wide circulation.
6. Induction arrangements by scrutiny support staff for new members of the Panels.
7. Induction arrangements for new members of the Council to include information on overview & scrutiny.
8. Invitation to all members of the Council to participate in training organised for overview & scrutiny.
9. 'Cultural' change within the Council to maximise the effectiveness of overview and scrutiny by acknowledging its independence of the executive, its role, and its importance in terms of the Council's governance arrangements.

Short Term

(within 6 months)

10. Retention of two Overview & Scrutiny Panels but increase in membership to 15 per panel.
11. Renaming and reallocation of the terms of reference of Panels as follows -

Service Delivery

Cabinet portfolios of Environment & Transport, Leisure and Housing & Public Health and that part of the Operations and Information Technology portfolio relating to Operations.

Service Support

Cabinet portfolios of Finance, Planning Strategy and Resources & Policy and that part of the Operations and Information Technology portfolio relating to Information Technology.

12. The establishment of a new Overview & Scrutiny Panel with the name 'Corporate and Strategic Framework' and terms of reference to include matters of a corporate nature and the strategic and financial framework of the Council, together with issues of major significance (e.g. budget, community strategy, corporate plan, replacement office accommodation).
13. Membership of the new Panel be fixed at 15, including 5 Members appointed by each of the Panels to include their chairmen and vice-chairmen and any 5 additional Members from either Panel at their request, such permission to be at the discretion of the Head of Administration, after consultation with the chairmen of the two Panels.
14. Chairmanship of the new Panel be shared between the Chairmen of the Service Delivery and Service Support Overview & Scrutiny Panels, dependent on the subject area to be discussed.
15. Meetings of the new Panel be held on an ad hoc basis but, where practicable, these be held on the evening of meetings of either of the two other panels.
16. Meetings of the chairmen and vice-chairmen of the Service Delivery and Service Support Panels be held on 6 occasions per annum to review progress on the Action Plan and issues of mutual interest.
17. Written responses (where appropriate) from Cabinet to recommendations from Overview & Scrutiny Panels with reasons if recommendations not accepted.
18. Training for Panel members on performance review.
19. Development of outcomes for overview & scrutiny and assessment of performance.

Medium Term

(within 18 months)

20. Review of practices and procedures for overview & scrutiny.
21. Implementation of training programme for Heads of Service and Activity Managers on the role and relevance of overview & scrutiny.
22. Identification of further steps to engage and consult appropriate stakeholders on overview & scrutiny.
23. Identification of specialist support to assist, as necessary, in overview & scrutiny work programmes.

Long Term

(over 18 months)

24. Submission and approval of MTP bid for dedicated officer to support overview & scrutiny process.