

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **THE COUNCIL CHAMBER, PATHFINDER HOUSE, ST MARYS STREET, HUNTINGDON** on **TUESDAY, 27 JUNE 2006** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 2)

To approve as a correct record the Minutes of the meeting of the Panel held on 17th May 2006.

**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. EXTERNAL AUDIT REPORTS (Pages 3 - 42)

To consider a report by the Head of Financial Services on the annual Audit and Inspection Letter and the Council's Use of Resources rating.

**S Couper
388103**

Please Note: Annex A of the report will follow.

4. FINAL ACCOUNTS 2005/06 (Pages 43 - 44)

To consider a report by the Head of Financial Services for approval of the draft Report and Accounts 2005/06 – **to follow**.

**S Couper
388103**

5. RISK MANAGEMENT STRATEGY (Pages 45 - 62)

To consider a report by the Head of Financial Services recommending the adoption of a revised Risk Management Strategy.

**S Couper
388103**

6. UPDATE ON RISK REGISTER AND AUDIT PLAN PROGRESS
(Pages 63 - 64)

To receive and note a report by the Head of Financial Services containing an update on the development of the Risk Register and the Audit Plan.

**D Harwood
388115**

7. CRIMINAL RECORDS BUREAU CHECKS FOR ELECTED MEMBERS (Pages 65 - 70)

To consider a report by the Director of Central Services recommending the introduction of Criminal Records Bureau checks for Members.

**C Bulman
388234**

8. **PERSISTENT AND/OR VEXATIOUS COMPLAINTS POLICY** (Pages 71 - 78)

To consider a report by the Director of Central Services on suggested amendments to the Council's persistent complaints policy.

P Watkins
388002

9. **COMPLAINTS** (Pages 79 - 82)

To consider a report by the Director of Central Services on internal complaints and complaints determined by the Local Government Ombudsman in 2005/06.

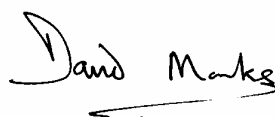
L Jablonska
388004

10. **SPECIAL MEETING**

To set a date for a Special meeting, which is required to enable to Panel to consider the Annual Statement of Assurance for publication with the accounts.

A Roberts
388009

Dated this 8th day of November 2006



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 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.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit and to make their way to the base of the flagpole in the car park at the front of Pathfinder House.

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Agenda Item 1

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, 17 May 2006.

PRESENT: Councillors K J Churchill, P J Downes, T V Rogers, L M Simpson, C J Stephens and R J West.

APOLOGIES: An apology for absence from the meeting was submitted on behalf of J A Gray

1. ELECTION OF CHAIRMAN

RESOLVED

that Councillor C J Stephens be elected Chairman of the Panel for the ensuing Municipal Year.

Councillor C J Stephens in the Chair

2. MINUTES

The Minutes of the meeting of the Panel held on 29th March 2006 were approved as a correct record and signed by the Chairman.

3. MEMBERS' INTERESTS

No declarations were received.

4. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

that Councillor K J Churchill be appointed Vice-Chairman of the Panel for the ensuing Municipal Year.

Chairman

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EXTERNAL AUDIT REPORTS (Report by the Head of Financial Services)

1 ANNUAL AUDIT AND INSPECTION LETTER

- 1.1 The Council receives a letter each year from its external auditors which summarises the results of the external audit and inspection activity that has taken place in the last year. This year it incorporates an assessment of our “direction of travel” and a summary of the Use of Resources assessment (see below) and so is jointly authored by John Golding, our auditor from Robson Rhodes, and Nigel Smith, our relationship manager from the Audit Commission. This has led to a change in the timetable and so the draft was received at the end of March. Your officers have now discussed the draft with its authors and a number of changes are incorporated into the final letter attached to this report at **Annex A**.
- 1.2 It is best practice for this to be discussed formally and also circulated to all Members. John Golding and Nigel Smith will be attending the meeting to present it.

2 USE OF RESOURCES

- 2.1 The Audit Commission have designed the Use of Resources judgement to assess how well Councils manage and use their financial resources. It focuses on the importance of having resources available to support the Council’s priorities and to improve services. It will form part of future Comprehensive Performance Assessments.
- 2.2 Attached at **Annex B** is the report that was produced by Robson Rhodes to explain how well Huntingdonshire performs. The overall mark, on a scale of 1 to 4, was 3 representing **good**. The Table below compares this with the District Council average:

Aspect	HDC Score	District Council Average Score
Financial reporting	2	2.32
Financial management	3	2.31
Financial standing	3	2.30
Internal control	2	2.09
Value for Money	3	2.28
OVERALL	3	2.32

- 2.3 For each aspect, the methodology describes what needs to be achieved to score at each level from 2 to 4. Inevitably, the more complex and thorough the systems the higher the administrative overhead and the report highlights that the Council should seriously consider the cost/benefit of introducing additional processes with particular reference to the achievement of scores of 4.

- 2.4 Risk management, a subject with which this Panel is increasingly involved, also highlights the need to assess the right balance between the cost of additional controls and the reduction in risks that would result. It is thus the view of your officers that it would not be appropriate to introduce all of the aspects included in the report's suggestions and the general intention should be to consolidate our score of 3 and only to bring scores up to 4 where they require minimal extra resource or are changes the Council would wish to make anyway irrespective of the Use of Resources judgement.
- 2.5 The report recognises that the Audit Commission were consulting on changes for next year's assessment. Since the report was produced the changes for next year have been published and so the actions your officers have proposed in Appendix A to the Annex also take account of these amendments. However, the changes to the Value for Money section are more significant and there has not been sufficient time to fully consider the changes that should be made in this area prior to the meeting. A report on this aspect will therefore be presented to the Panel's September meeting.
- 2.6 John Golding from Robson Rhodes will present his report.

3. CONCLUSION

- 3.1 Both reports show the Council in a good light and reflect that major developments are underway to continuously improve the services the Council provides.
- 3.2 A score of 3 on the Use of Resources is very pleasing and clearly above the District average. A number of developments, particularly on risk management and governance were already underway when the assessment was made and these, together with the actions now proposed, will lead to a strong consolidation of our score of 3. The changes to the Value for Money requirements for next year's judgement are more significant and these require more consideration before appropriate changes can be identified. A report on this aspect will be made to the Panel's September meeting.
- 3.3 Copies of the Annual Audit and Inspection Letter will be forwarded to all members and both reports will be available on the intranet and website.

4. RECOMMENDATIONS

- 4.1 The Panel are recommended to:
- Receive the two reports.
 - Note the actions that will be taken on the Use of Resources.
 - Note that a further report on Value for Money will be presented to the Panel's September meeting.

BACKGROUND INFORMATION

Audit Commission methodology for Use of Resources Assessment

Contact Officer: Steve Couper, Head of Financial Services ☎ 01480 388103

The logo for RSM Robson Rhodes is located in the top left corner. It consists of a thick black L-shaped graphic that forms a partial frame. Inside this frame, there are two horizontal lines. The text "RSM Robson Rhodes" is positioned below the second line.

RSM Robson Rhodes

Annual Audit and Inspection Letter

Huntingdonshire District Council

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

Document Control	
Author	Nigel Smith, Relationship Manager, Audit Commission John Golding, Appointed Auditor, RSM Robson Rhodes LLP
Filename	Huntingdonshire District Council Annual Audit and Inspection Letter

Status of our reports to the Council

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

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Key messages

Council performance

- 1 The Council has made progress on improvement plan priorities since its 2004 District Council Comprehensive Performance Assessment (DCPA). In some cases progress has been significant, in others slower than originally planned, reflecting the challenge of capacity for the Council.
- 2 Performance on Best Value Performance Indicators is mixed across the Council. For example there has been very strong performance in some priority areas such as recycling. Although the Council has tried several different approaches to addressing homelessness this continues to be an area of concern.
- 3 The Council has made significant progress in two major corporate projects: the accommodation project to secure new Headquarters and the opening of a call centre as part of the 'Customer First' initiative.
- 4 Although council tax levels are well below the national average the Council was capped in 2005 as a result of its long-term strategy to reduce the subsidy of council tax by using reserves. This led to a reassessment of the financial strategy and a further base budget review. The sustainability of the revised medium term financial strategy is dependent on the Council reviewing its allocation of resources against its priorities and targeting reductions areas which have a low impact on its priorities. The Council is still at the early stages of this process.

The accounts

- 5 The Council's previous external auditors gave an unqualified opinion on the Council's 2004/05 accounts. The Council's accounts were well prepared and supported by a good standard of working papers.
- 6 Regulation requires that the annual accounts are approved and audited one month earlier for 2005/06.

Financial position

- 7 The latest financial position in respect of the 2005/06 financial year indicates that the Council's overall financial standing continues to be sound.

Other accounts and governance issues

- 8 The Council scored 3 out of 4 (*"performing well"*) in the Use of Resources assessment, which is was part of the new "harder test" of the Audit Commission overall Comprehensive Performance Assessment architecture.

- 9 The Council's performance in this area reflected very well on the overall arrangements it has put in place to embed sound financial and performance management structures.
- 10 Going forward there is the potential to strengthen some of the existing arrangements, namely the continued embedding of risk management and the assurance framework to support the statement on internal control.

Performance Work

- 11 Whilst we issued an unqualified opinion on the Council's Best Value Performance Plan (BVPP), there is scope for improving the Council's arrangements with regards to the accuracy of the Best Value Performance Indicators produced, included in the BVPP and presented for audit.

Action needed by the Council

- 12 The key actions required by the Council to address issues as a result of our work are as follows:
 - There is a need for continued focus on meeting the earlier accounts submission and audit deadlines for 2005-06;
 - Overall arrangements in respect of risk management and the assurance framework to support the statement on internal control should continue to be embedded across the organisation; and
 - Arrangements for the preparation of the Best Value Performance Plan and the accuracy of the some performance indicators need to be strengthened.

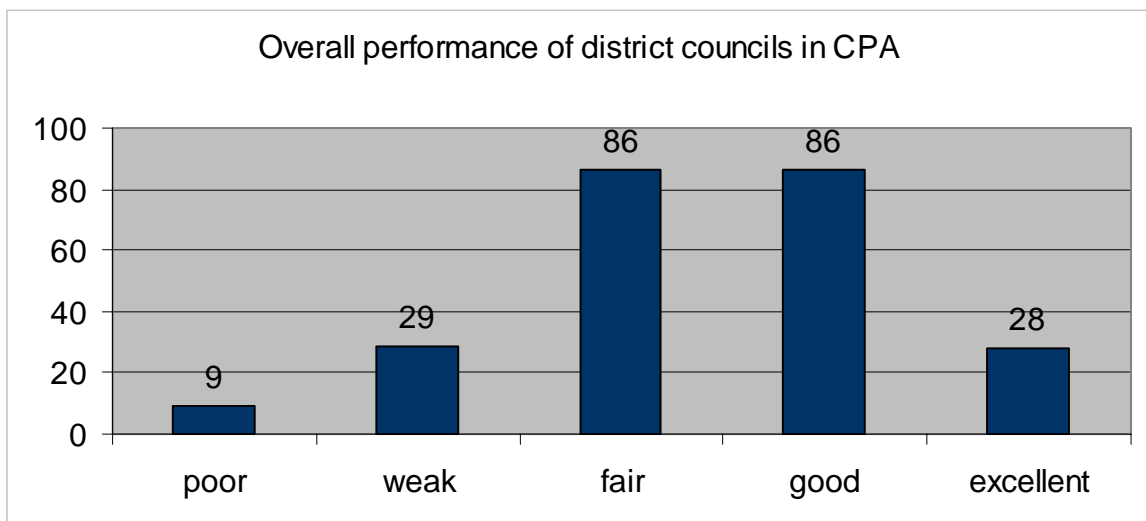
Council performance

Direction of travel report

- 13 Huntingdonshire DC was assessed as 'Excellent' in the Comprehensive Performance Assessment carried out in 2004. These assessments have now been completed in all district councils with the following results.

Figure 1 Overall performance of district councils in CPA

12 percent of Councils are rated as excellent, and three times as many district councils are rated Good or Excellent than Poor or Weak



Source: Audit Commission

Summary

- 14 The Council has made progress on improvement plan priorities since its 2004 District Council Comprehensive Performance Assessment (DCPA). In some cases progress has been significant, in others slower than originally planned, reflecting the challenge of capacity for the Council.
- 15 Performance on Best Value Performance Indicators is mixed across the Council. For example there has been very strong performance in some priority areas such as recycling. Although the Council has tried several different approaches to addressing homelessness this continues to be an area of concern.
- 16 The Council has made significant progress in two major corporate projects: the accommodation project to secure new Headquarters and the opening of a call centre as part of the 'Customer First' initiative.

- 17 Although council tax levels are well below the national average the Council was capped in 2005 as a result of its long term strategy to reduce the subsidy of council tax by using reserves. This led to a reassessment of the financial strategy and a further base budget review. The sustainability of the revised medium term financial strategy is dependent on the Council reviewing its allocation of resources against its priorities and targeting reductions areas which have a low impact on its priorities. The Council is still at the early stages of this process.

Performance against improvement plan priorities

- 18 The Council was rated 'excellent' in DCPA. This section comments on progress with the key DCPA based improvement priorities agreed with the Commission.
- 19 Following DCPA the council developed detailed action plans for each improvement priority. A councillor working group was established to oversee this process and continues to monitor progress on the improvement plan.

Priorities and Vision

- 20 The Council has improved how it communicates its priorities both externally and internally. A range of approaches have been used including District Wide, a quarterly newsletter delivered to every household, a cascaded team briefing to staff and breakfast meetings with the business community.
- 21 The Council has not yet initiated the review programme through which it plans to achieve continuous improvement and a systematic review of its priorities and resource allocation. A pilot is planned to start this financial year to commence the process and develop the methodology.

Performance Management

- 22 The Council has implemented an effective comprehensive performance management framework. Local indicators are being developed to populate the scorecard and regular reports are received by councillors. Internal Audit has reviewed the risks to support the implementation and careful attention has been paid to the cultural change aspects of the balanced scorecard.

Risk Management

- 23 The Council has made improvements but has not yet achieved consistency in implementing risk management across the organisation. Progress on improving

risk management has been slower than planned mainly due to staff and organisational changes. A restructuring has taken place and the internal audit, insurance and risk management functions have been integrated into one service. The restructuring is intended to support embedding risk management across the council's organisation.

Overview & Scrutiny

- 24 The Council is making progress in its plans to develop more effective Overview & Scrutiny. Training has been provided for councillors and was well attended. A new approach to scrutiny has been agreed and a third Overview & Scrutiny panel will go live after the elections in May 2006. A work programme has been developed which, combined with the new structure, is intended to make agendas less congested and more strategic in focus.

Learning & Knowledge

- 25 The Council now has a more systematic approach to sharing learning across the organisation. An example is the "Bright Ideas" innovation scheme which generated more than 30 suggestions in its first 6 months. This has led improvements to in the delivery of services and value for money.

Access and Accommodation

- 26 The Council has recently completed its accommodation review and determined how it will address its future accommodation requirements. A preferred provider has been procured to rebuild the Council headquarters over the next 3 years. The building programme is being closely aligned with the 'customer first' initiative and is planned to improve DDA compliance significantly in 2006/07.

Capacity

- 27 The Council actively manages its capacity, but faces continued challenge to ensure it is able to deliver its priorities. Three base budget reviews have been carried out to develop sustainable medium term financial plans. Two of the three Corporate Directors have recently left the Council and there is also a new Leader and deputy Leader. The accommodation project has consumed capacity and added to pressures on the Council.

Partnership Working

- 28 The Council approaches partnerships positively as a means of enhancing its capacity to deliver priorities. The Partnership framework is currently being developed to enable monitoring and performance management of partnership work.

Procurement

- 29 The Council acknowledges that it has not yet achieved all the benefits of modern procurement methods. The Council is currently embarked on a major procurement project for its new accommodation and is working with other councils and the Regional Centre for Excellence to identify the full range of procurement approaches which support the delivery of efficient, effective and economic services.

Housing

- 30 Housing need is growing faster than the Council has been able to respond. Senior officers and councillors have ensured the issue is on the Council's agenda; significant capital resources are allocated to social housing and the policy has been to increase resources on the prevention of homelessness. These have yet to translate into sustained improvement in performance.

Children and Young People

- 31 The Council is working with the County Council on the Children and Young People's Plan and the organisation and delivery of local services. The Council has adopted the 'Hear by Right' standard to assess and improve practice and policy on the active involvement of children and young people.

Diversity & User Focus

- 32 The Council has more to do to ensure that policies and services meet the diverse needs across the District and promote equality. The Council's equality and inclusion strategy has been revised and a new action plan to deliver improvements is being prepared. Its buildings are not compliant with the DDA, although the accommodation project is planned to address this. The Council considered that it has achieved Level 1 of the local government equality standard, is working towards achieving level 2, and plans to undertake a level 3 self assessment exercise to gain a detailed understanding of the actions needed to achieve the higher level.

Benefits

- 33 The Council continues to seek improvements in its benefits service. It is participating in a Department of Work and Pensions (DWP) funded project to pilot mobile service delivery, in order to reduce time in assessing and verifying benefit claims.

Inspection and Other Performance Work Update

Trend in key performance indicators 2002/3 to 2004/5

- 34 Key Performance Indicators (KPI) demonstrate a mixed picture across the Council with strong performance in recycling and crime reduction, but weaker performance in other areas such as Homelessness and DDA compliance.
- 35 Overall since 2002/03 43% of PIs have improved, but 57% have not improved. 49% of PIs are in the top 2 quartiles. Of 9 PIs that were in the worst quartile in 2002/03, 4 remain in the bottom quartile, and 3 have improved to 3rd quartile.

Progress in implementing plans to sustain future improvements

- 36 The Council is proactive in identifying areas for performance improvement. An example is the establishment of closer monitoring of Section 106 agreements which ensures that developer contributions are collected and used in line with the agreements and timescales.
- 37 The Council plans to introduce a review & improvement programme which will include 2 cross cutting reviews each year from the corporate priorities. The methodology is being developed through a pilot review of 'Safe and Active' communities in March 2006. The Council has had to review its medium term financial strategy following capping in 2005/06. Implementing the review & improvement programme will be critical for the Council as it considers its use of resources and priorities, as part of its medium term financial strategy.
- 38 Performance management is effective in monitoring progress in implementing plans.
- 39 The Council faces challenges to its capacity in the short term with changes in the top management team and a new Leader of the Council and in the medium term as it delivers a major accommodation project.
- 40 The Council is aligning its accommodation project with the customer first initiative. It launched a call centre in September 2005 and will open a temporary customer service centre as an early phase of the rebuilding of the Council headquarters.

Audit of the Best Value Performance Plan

- 41 There currently remains a requirement for all councils to produce a Best Value Performance Plan (BVPP) and for auditors to undertake a compliance audit.

- 42 We assessed the Council's Corporate Plan (which is the Council's BVPP) for compliance against the criteria specified in the ODPM circular 03/2003 and related addendum as well as guidance from the Audit Commission.
- 43 Our audit confirmed that in all significant respects the Council prepared and published its BVPP in accordance with the law and regulations governing it. Accordingly we issued an unqualified audit opinion on the plan with no recommendations made to either the Audit Commission or the Secretary of State.

Best Value Performance Indicators

- 44 We performed a review of the Council's Best Value Performance Indicators (BVPIs) and Audit Commission CPA indicators to ensure that they had been prepared accurately and in accordance with the guidance set out by the Audit Commission.
- 45 As a result of the audit of 2004/05 BVPIs amendments were required to fifteen out of the sixty six Council's indicators, four of which were deemed significant.
- 46 Eight indicators were reserved, which leaves some scope for improvement in the Council's arrangements for the collation and production arrangements in respect of Best Value Performance Indicators going forward.

Accounts and governance

The Council received an unqualified audit opinion on its final accounts and overall, corporate governance arrangements remain satisfactory in most key areas.

Audit of 2004/05 accounts

- 47 The Council's previous external auditors (the Audit Commission) gave an unqualified opinion on the Council's accounts on 28 October 2005.
- 48 Regulation has required that the annual accounts are closed progressively earlier in recent years as part of the drive towards Whole of Government Accounts. The 2004/05 accounts were required to be adopted before 31 July 2005 and those for 2005/06 need to be adopted before 30 June 2006.
- 49 The above does place additional pressure on local government bodies, and will require a tightly controlled closure process backed by comprehensive working papers, audit trails and reconciliations and accurate reporting systems, and a continued focus on the year end for the Council to continue to meet these earlier deadlines.

Report to those with responsibility for governance in the Council

- 50 The Audit Commission was required by professional standards to report to those charged with governance certain matters before giving an opinion on the financial statements. The following summarises the issues set out in the Audit Commission's report, which was sent to all Councillors in early October 2005:
 - Items of account amended by adjustment: - An adjustment of £915K was agreed with officers in relation to central services expenditure to be included within Cultural, Environmental and Planning spending in the revenue account; and
 - Non Distributed Costs: - An agreement was made with officers that the accounting treatment of partially exempt VAT was not correct and should be allocated to the service accounts within the revenue account to which it was incurred. The amount involved in 2004-05 was £390k and an adjustment was not sought. The revised treatment will be followed from 2005-06.

Financial standing

- 51 The financial position reported in February 2006 gave a forecast outturn for revenue expenditure of £545K less than that originally budgeted.

- 52 There are a number of compensating variations at service level but mainly the variance relates to additional investment interest of £565K. This predominately relates to delays in relation to capital expenditure.
- 53 As a result of the above, it is forecast that the Council's revenue and capital reserves will be higher than budgeted at the end of the year.

Systems of internal financial control

- 54 The Audit Commission did not identify any significant weaknesses in the overall control framework.

Internal Audit

- 55 The Audit Commission continued to be satisfied that the quality of the work done by Internal Audit meets the standards set by the CIPFA Code of Practice and obtained assurance from its work whenever possible to complement and limit their own coverage.
- 56 In particular, the external audit relied on Internal Audit's documentation and review of key controls of the main financial systems. Their work in this area has increased significantly in the current year due to the need to comply with new international auditing standards.

Standards of financial conduct and the prevention and detection of fraud and corruption

- 57 The Audit Commission did not identify any significant weaknesses in the Council's arrangements to prevent and detect fraud and corruption.

Legality of transactions

- 58 The Audit Commission did not identify any significant weaknesses in the framework established by the council for ensuring the legality of its significant financial transactions.
- 59 No formal questions or objections were received in relation to the 2004/05 accounts, although the previous auditors considered, as part of the audit, matters raised by a member of the public before certifying completion of the audit.

Use of resources judgements

- 60 The use of resources assessment is a new assessment which focuses on financial management but links to the strategic management of the Authority. It looks at how the financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money. It will be carried out annually, as part of each council's external audit. We anticipate in future the Use of Resources judgements will form part of the CPA framework.

61 We have assessed the Council's arrangements in five areas.

Table 1 Council's arrangements

Element	Assessment
Financial reporting	*2 out of 4 (average was 2.3)
Financial management	3 out of 4 (average was 2.4)
Financial standing	3 out of 4 (average was 2.5)
Internal control	2 out of 4 (average was 1.9)
Value for money	3 out of 4 (average was 2.3)
Overall	3 out of 4 **

** Assessed by the previous external auditors in respect of the 2004/05 accounts*

(Note: 1=lowest, 4=highest)

*** Only 36% of Councils scored 3 or higher overall*

62 In reaching these judgements we have drawn on the above work and supplemented this with a review against specified Key Lines of Enquiry. In our view the main reason that the Council has been able to perform well in this judgement has been the strengths of its financial and performance management systems and processes which provide a sound infrastructure to support the Council in effective use of resources.

63 The most significant areas where further development is needed are:

- Effective embedding of risk management across the organisation;
- The implementation of a formalised assurance framework to support the Statement on Internal Control; and
- An assessment of the standards of ethical conduct across the organisation should be undertaken.
- In addition to the above, there is scope to evidence more effective member challenge both in relation to the scrutiny of the accounts and the evaluation and monitoring of information in relation to performance and quality which feeds into the Council's financial reporting and value for money scores respectively.

Other work

Procurement

- 64 We have undertaken, along with other auditors within Cambridgeshire, a county-wide review of procurement arrangements. The purpose of this review was to assess the progress of procurement arrangements in the Council in relation to good practice and identify any areas of improvement.
- 65 The fieldwork for this review has now been completed and we are currently awaiting a date for formal feedback of our findings through a county-wide officers workshop. Once this has been completed we will be reporting our findings to the Council and developing an action plan for improvements as appropriate.
- 66 This work has been completed as part of our 2005/06 audit and inspection plan and will be reported in detail in the Council's 2005/06 audit and inspection letter.

Grant claims

- 67 In accordance with Strategic Regulation, the Audit Commission has continued with a more risk-based approach to the certification of grant claims. Whilst the audit of these claims has been reduced in recent years, our ability to reduce further depends on the adequacy of the Council's control environment.
- 68 The Council's arrangements for managing and quality assuring grant claims submitted for audit was summarised good by the previous external auditors.

National Fraud Initiative

- 69 In 2004/05, the local authority took part in the Audit Commission's National Fraud Initiative. The NFI, which is undertaken every two years, aims to help identify and reduce fraud by bringing together data from NHS bodies, local authorities and government departments and other agencies, to detect a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud, tenancy fraud and payroll fraud as well as, new for 2004/05, right to buy scheme fraud and providing new contact details for former tenants with arrears in excess of £1,000.
 - We reviewed the Council's overall arrangements as part of the use of resources assessment and concluded that overall arrangements were satisfactory.

Looking forwards

Future audit and inspection work

- 70 We have an agreed plan for 2005/06 and we have reported in this letter those aspects that have already been completed. The remaining elements of that plan, including our audit of the 2005/06 accounts, will be reported in next year's Annual Letter.
- 71 We have sought to ensure, wherever possible, that our work relates to the improvement priorities of the Council. We will continue with this approach when planning our programme of work for 2006/07. We will seek to reconsider, with you, your improvement priorities and develop an agreed programme by 31 March 2006.

Revision to the Code of Audit Practice

- 72 The statutory requirements governing our audit work, are contained in:
- The Audit Commission Act 1998; and
 - The Code of Audit Practice (the Code).
- 73 The Code has been revised with effect from 1 April 2005. Further details are included in our Audit Plan, which has been agreed with the Performance Scrutiny Committee in May 2005. The key changes include:
- The requirement to draw a positive conclusion regarding the Council's arrangements for ensuring value for money in its use of resources; and
 - A clearer focus on overall financial and performance management arrangements.

A new CPA framework

- 74 The CPA framework for District Councils from 2006 is currently subject to consultation. It is expected that the proposed methodology will be published by April 2006 and that the opportunity for re-categorisation will be available for some councils during 2006/07.

Closing remarks

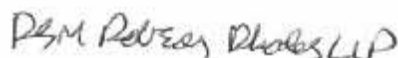
- 75 This letter has been discussed and agreed with management. A copy of the letter will be presented at the Corporate Governance Panel on 27 June 2006.
- 76 The Council has taken a positive and constructive approach to our audit and inspection and we would like to take this opportunity to express our appreciation for the Council's assistance and co-operation.

Availability of this letter

- 77 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk and also on the Council's website.

Signatures:

Appointed Auditor



Relationship Manager

Nigel Smith
Audit Commission

March 2006

Appendix 1 – Background to this letter

The purpose of this letter

- 1 This is our audit and inspection 'Annual Letter' for members, which incorporates the Annual Audit Letter for 2004/05, which is presented by the Council's Relationship Manager and Appointed Auditor. The letter summarises the conclusions and significant issues arising from our recent audit and inspections of the Council.
- 2 We have issued separate reports during the year setting out the findings and conclusions from the specific elements of our programme. These reports are listed at Appendix 2 for information.
- 3 The Audit Commission has circulated to all audited bodies a statement that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement. What we say about the results of our audit should be viewed in the context of that more formal background.
- 4 Appendix 3 provides information about the fee charged for our audit and inspections.

Audit objectives

- 5 Our main objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on your significant financial and operational risks that are relevant to our audit responsibilities.
- 6 Central to our audit are your corporate governance arrangements. Our audit is then structured around the three elements of our responsibilities as set out in the Code and shown in Figure 2.

Figure 2 Code of Audit Practice

Code of practice responsibilities



Accounts

- Opinion.

Financial aspects of corporate governance

7 Reviewing how effectively the Council ensures:

- financial standing;
- systems of internal financial control;
- standards of financial conduct and the prevention and detection of fraud and corruption; and
- legality of transactions with significant financial consequences.

Performance management

- Use of resources.
- Performance information.
- Best Value Performance Plan.

Inspection objectives

8 Inspection work is based around section 10 of the Local Government Act 1999, which requires us to carry out inspections and deliver reports that will:

- enable the Council and the public to judge whether best value is being delivered;
- enable the Council to assess how well it is doing;
- enable the Government to assess how well its policies are being implemented; and
- identify failing services where remedial action may be necessary.

Appendix 2 – Audit and Inspection reports issued

Table 2

Report title	Date issued
Audit Plan	March 2005
Report on the 2004/05 financial statements to those charged with governance (SAS 610)	October 2005
Opinion on financial statements	October 2005
Final Accounts memorandum	January 2006
BVPP opinion and PI audit	December 2005
Use of Resources Report	March 2006
Annual audit and inspection letter (including direction of travel assessment)	March 2006

Appendix 3 – Audit and Inspection fee

Audit and Inspection fee update

Audit area	Plan 2004/05	Actual 2004/05
Accounts	£39,350	£39,350
Financial aspects of corporate governance	£13,050	£13,050
Performance	£26,000	£26,000
Total Code of Audit Practice fee	£78,400	£78,400
Additional voluntary work (under section 35)	Nil	Nil
Total	£78,400	£78,400

Inspection fee update

The full year inspection fee is £2,432.

Huntingdonshire District Council

Use of Resources Judgements 2005-06

April 2006

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1 Executive Summary

Introduction

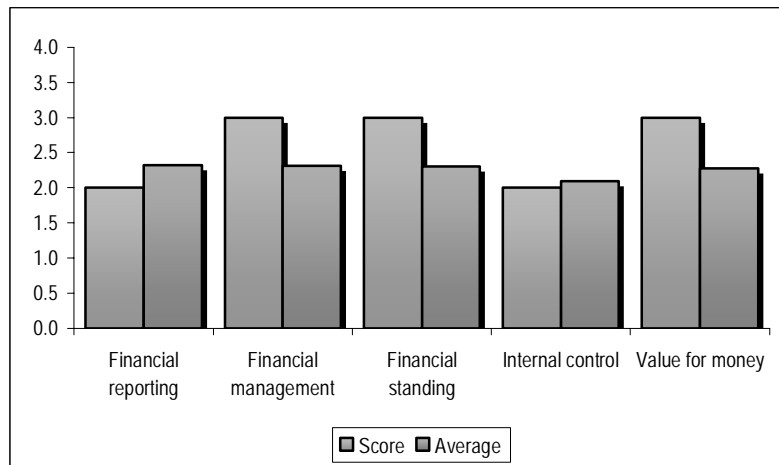
- 1.1 The use of resources judgement, designed by the Audit Commission, assesses how well councils manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the council's priorities and improve services.
- 1.2 Specifically the assessment covers five themes, as follows:
 - Financial reporting;
 - Financial management;
 - Financial standing;
 - Internal control; and
 - Value for money.
- 1.3 Each of the above themes is scored by ourselves on a 1-4 basis, 1 equating to inadequate performance, 2 representing adequate performance, 3 good performance and 4 innovative practice.
- 1.4 We commenced our fieldwork in accordance with the Audit Commission's timetable in November 2005 with a view to reporting our five individual judgements to the Audit Commission by 6th February 2006.
- 1.5 The Audit Commission then released the overall judgement to the Council on the 13th March at which point the Council is given the opportunity to request a review of the judgement if it is felt that it has been awarded the incorrect score overall.
- 1.6 The Audit Commission are currently in the process of carry out a consultation exercise following the first round of judgements. Should the proposed changes to the framework be accepted then there will be a number of specific areas effected prior to next years judgements. The Council should therefore consider the potential impact of these changes prior to commencing any follow up action in response to the content of this report.

Results

- 1.7 Overall the Council achieved a score of 3 for the 2005-06 judgements, which represents an assessment of good performance on the Audit Commission's scoring system.
- 1.8 The five individual results are given in the exhibit overleaf, along with an indication of the Council's performance when compared to the average position of Unitary Authorities for 2005/06, as the data for District Councils was not available at the time of writing.

1 Executive Summary

Exhibit One: Individual Scores against the average for District Councils



1.9 The above exhibit shows that overall the Council's performance was above average for financial management, financial standing and value for money and around the average for both financial reporting and internal control.

1.10 There were no areas where the Council failed to achieve Level 2 performance and therefore the Council should target the various Level 3 requirements, which were not met, all of which are outlined in the body of this report.

Key Messages

1.11 The Council whilst achieving a high level of performance overall should consider the potential benefit to the organisation of strengthening its overall arrangements with regards to internal control (where only a level 2 was achieved), in particular:

- Effective embedding of risk management across the organisation;
- The implementation of a formalised assurance framework to support the Statement on Internal Control;
- An assessment of the standards of ethical conduct across the organisation should be undertaken; and
- A risk assessment process should be introduced to evaluate the need for (and quantity of) proactive counter fraud work.

1.12 In addition to the above, there is scope to evidence more effective member challenge both in relation to the scrutiny of the accounts and the evaluation and monitoring of information in relation to performance and quality which feeds into the Council's financial reporting and value for money scores respectively.

The Way Forward

1.13 This report outlines the actions that the Council should consider taking in order to build on its current good performance in readiness for the 2006/7 judgements. Where additional work will be required to advance to the next level of judgements consideration should be given to the resource implication that this may have.

Acknowledgements

- 1.14 We would like to take this opportunity to thank the Head of Financial Services, the Head of Policy, and the other officers involved in our review for their help and support during the course of our work in this area.

RSM Robson Rhodes LLP

March 2006

2 Approach and Context

Background

- 2.1 The use of resources judgement was designed by the Audit Commission to assesses how well councils manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services.
- 2.2 Specifically the assessment covers the following five themes:
- **Financial reporting;**
 - Considers the arrangements in place to produce the annual accounts; and
 - Assesses the extent to which the Council promotes external accountability
 - **Financial management;**
 - Considers the Council's medium term financial strategy, budgets and capital programme and whether these are soundly based and designed to deliver strategic priorities;
 - Assesses whether the Council effectively manages its performance against budgets; and
 - Considers the way in which the Council manages its asset base.
 - **Financial standing;**
 - Focuses on whether the Council manages its spending within the available resources.
 - **Internal control;**
 - Assesses how effectively the Council manages its significant business risks;
 - Considers whether the Council has arrangements in place to maintain a sound system or internal control; and
 - Focuses on the Council arrangements to promote and ensure probity and propriety in the conduct of its business.
 - **Value for money;**
 - Assesses whether the Council currently achieves good value for money; and
 - Considers whether the Council manages and improves value for money.

Process

- 2.3 The use of resources assessment in District Councils forms part of interim activity assessment prior to the new framework for CPA in district councils. Future CPA arrangements for Districts will be subject to Consultation in April 2006. The Use of Resources score is not used in CPA for district councils in 2005/06 but will form part of the evidence available in future years.
- 2.4 Furthermore, the Audit Commission is currently consulting on proposed changes to a number of specific criteria within the Use of Resources framework. At the time of writing the consultation is yet to be finalised, however, we have included the potential changes in Appendix B, so that the Council can at least consider the changes that may occur before embarking upon addressing any issues flagged in this report.
- 2.5 The use of resources assessment will be conducted annually in all councils. It has been significantly revised from that used in previous CPA assessments. The revised assessment is designed to offer stronger judgements on financial reporting, financial management, internal control, and financial standing. The questions on which the judgements will be based are broader and more strategic in their nature and reflect the impact of financial arrangements as well as the adequacy of those arrangements. The value for money judgement draws on a self-assessment by the Council and represents a new dimension of auditors work, one where historic evidence and comparability are difficult to assess.
- 2.6 The higher standards reflect a widespread view that the previous criteria did not sufficiently differentiate between varied levels of performance. They also reflect the principle of continuous improvement and will help establish clear minimum requirements that are intended to provide the foundation for reducing regulation in the future.
- 2.7 The value for money element is designed to complement the work completed by councils in producing their annual efficiency statements and in doing so avoid unnecessary duplication of effort.
- 2.8 We were required to review, as part of the value for money assessment, the Council's annual efficiency statements setting out the efficiency gains delivered under the 'Gershon' efficiency review but not to provide specific assurance on the annual efficiency statement. However, in reporting back to the Council on the results of their value for money assessment, we will, from 2006, report by exception should we have specific concerns about the process followed by the Council in compiling the efficiency statement, or where the statement is not consistent with the auditor's knowledge of the Council obtained through other audit work.
- 2.9 From 2005/06 our reviews of the process followed by the Council in compiling the annual efficiency statement will help to inform the conclusion on its arrangements to secure economy, efficiency and effectiveness in the use of resources as required under the new Code of Audit Practice (the Code).

Scoring

- 2.10 The overall use of resources score will be based on combining auditors' scores for each of the areas covered. The score will be on the following scale:

4 = Well above minimum requirements and equates to those councils which are performing strongly. *A level 4 would be achieved where a Council can demonstrate that arrangements are innovative and beyond what might have been traditionally considered to be best practice for any given area.*

2 Approach and Context

3 = Consistently above minimum requirement, equating to those councils who are considered to be performing well. *A level 3 would be achieved where appropriate arrangements were in place and could be demonstrated to have been operating effectively and fully embedded within the culture of the Council.*

2 = At only minimum requirements which equates to adequate performance. *A level 2 would be achieved where appropriate arrangements were considered to be in place but could not yet be demonstrated to be embedded in the culture of the Council and operating effectively.*

1 = below minimum requirements and equates to inadequate performance.

- 2.11 Each judgement area consists of a number of key lines of enquiry and areas of audit focus and evidence. There are also descriptions of performance against each key line of enquiry showing performance levels 2, 3 and 4 against which we were required to assess the Council's performance.

Timing

- 2.12 The Audit Commission issued the Council with the value for money self-assessment in early June. The Council was then required to complete this self-assessment and submit it to us by the end of October 2005.
- 2.13 We undertook our fieldwork between November 2005 and January 2006 and submitted our results to the Audit Commission by the deadline of the 6 February 2006. Following this submission, the Audit Commission embarked upon a process of quality assurance to ensure consistency of judgements across all audit suppliers before confirming that we were able to share the results with the Council on the 6 March 2006.

Scope and nature of this report

- 2.14 This report summarises the results of our work in reaching a conclusion of the Use of Resources auditor judgements. It is not intended to cover every issue which has come to our attention, but rather provide an overview of the key issues which we have identified during the course of our review.
- 2.15 This report is presented for consideration by the Council and its officers and is for the Council's use only and should not be relied upon by any third parties.

3 KLOE 1: Financial Reporting

Introduction

- 3.1 The Financial Reporting Key Line of Enquiry is built up of two individual KLOEs as follows:
- The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers; and
 - The Council promotes external accountability.
- 3.2 The first of the above KLOEs carries a higher weighting than the second and thus the Council's score on the annual accounts production process is fundamental in maximising the theme score for Financial Reporting overall.

KLOE 1 Results

- 3.3 The table below gives the scores which the Council achieved for Financial Reporting during the 2005-06 judgements in this area:

Table 1: KLOE 1 Results

Reference:	Key Line of Enquiry	2005-06 Judgement
1.1	The Council produces annual accounts in accordance with relevant standards and timetables, supporting by comprehensive working papers	2
1.2	The Council promotes external accountability	2
KLOE 1	Combined Score for KLOE 1: Financial Reporting	2

- 3.4 The narrative below draws out the main achievements and key barriers for the Council in being awarded the next level for each of the KLOEs given above.

Key Findings: KLOE 1.1 – Annual Accounts

- 3.5 KLOE 1.1 focuses on the arrangements that the Council has in place to produce its annual accounts in accordance with relevant standards and timetables and supporting by comprehensive working papers.
- 3.6 The council scored level 2 for this KLOE based on the audit of the 2004/05 accounts. The following key features were identified by the previous auditors (the Audit Commission) assessment in this area:
- The accounts approved by the Corporate Governance Panel and submitted to the auditors on time;
 - Adequate working papers were received and information requirements and requests were dealt with in a timely manner; and
 - The closedown timetable and guidance were complied with.

The Way Forward

3.7 The council achieved a strong Level 2, meeting all of the compulsory criteria. In terms of barriers to achieving a Level 3 improvements in one area are required to be demonstrated and evidenced as follows:

- The accounts should be subject to robust member scrutiny/discussion either at the formal approval meeting or at another appropriate forum prior to approval.

Key Findings: KLOE 1.2 – External Accountability

3.8 KLOE 1.2 focuses on the arrangements that the Council has in place to promote external accountability.

3.9 The Council also achieved a strong Level 2 against KLOE 1.2 with the following key findings identified:

- The accounts were published in accordance with the requirements of the Accounts and Audit regulations 2003;
- The Annual Audit Letter was published in accordance with the requirements of the Accounts and Audit Regulations 2003;
- 2004/05 Accounts have been published on the Council website;
- 2003/04 Annual Audit Letter has been published on the Council website;
- All Agendas and Minutes are available on the Council's website and are put on the website in a timely manner; **but**,
- No process of consultation was carried out with a range of stakeholders to establish their requirements in respect of summary accounts or an annual report;
- No summary accounts are currently produced; and
- No annual report has been prepared.

The Way Forward

3.10 The Council were able to meet all of the required Level 2 criteria and all but one of the Level 3 criteria. The only real barrier to achieving a Level 3 in this area in the judgements next year is around the following area:

- A process of consultation to be carried out with a range of stakeholders to establish their requirements in respect of the publication of summary accounts or an annual report.

3.11 The Council has also failed to meet a non-compulsory Level 3 requirement requiring the publication of summary accounts that are intelligible and accessible to members of the public.

3.12 Before embarking on a consultation exercise, the Council should consider that at the time of writing, the Audit Commission were consulting as to whether to amend criterion around summary accounts and the publication of an annual report. Therefore this criterion may be subject to change before the next round of judgements.

4 KLOE 2: Financial Management

Introduction

- 4.1 The Financial Management Key Line of Enquiry is built up of three individual KLOEs as follows:
- The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities;
 - The Council manages performance against budgets; and
 - The Council manages its asset base.
- 4.2 The above KLOEs each carry an equal weighting in determining the overall theme score in this area.

KLOE 1 Results

- 4.3 The table below gives the scores which the Council achieved for Financial Management during the 2005-06 judgements in this area:

Table 2: KLOE 1 Results

Reference:	Key Line of Enquiry	2005-06 Judgement
2.1	The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities	3
2.2	The Council manages performance against budgets	2
2.3	The Council manages its asset base	3
KLOE 2	Combined Score for KLOE 2: Financial Management	3

- 4.4 The narrative below draws out the main achievements and key barriers for the Council in being awarded the next Level for each of the KLOEs given above.

Key Findings: KLOE 2.1 – Medium Term Financial Strategy

- 4.5 The KLOE in relation to the Council's medium term financial strategy is perhaps one of the harder KLOEs to satisfy. The KLOE is designed to ensure that there are the appropriate links between financial planning and key corporate objectives, and at the higher levels, that these processes are tied back to the associated outcomes.
- 4.6 Our experience of auditing this KLOE both at this and other councils was that providing the evidence base to support these links proved to be quite challenging even at Level 2.
- 4.7 The Council scored a Level 3 against this KLOE, fulfilling all of the compulsory and non-compulsory requirements as follows:

4 KLOE 2: Financial Management

- The council has in place a medium term financial strategy, linked to key strategic objectives and taking account of both local improvement priorities and national priorities;
- This strategy models income and expenditure over 5 years and is reviewed on an annual basis;
- A comprehensive balanced budget has been set based on appropriate projections;
- The financing of expenditure is transparently explained;
- Budgets are reviewed annually and go to Cabinet for approval;
- An affordable capital programme has been agreed and the funding built into revenue planning.
- Budget holders are involved in the budget setting process. The budgets are subject to review by senior officers and are assigned to the individual manager best able to use and control it;
- Cash flow forecasts are prepared on a regular basis;
- The budget includes a positive assurance statement from the Chief Finance Officer;
- There is use of prudential indicators in assessing the affordability of projects;
- Business planning is adequately integrated with financial planning;
- The Corporate Plan priorities drive the medium term plan;
- The Corporate plan appears to take account of a wide range of factors;
- The Council's medium term financial strategy is linked to other internal strategies;
- The medium term plan is communicated to staff and stakeholders through the website;
- The budget is integrated with the medium term plan. It is also linked to business and activity plans through service plans and scorecards. Risk assessments are completed for material items of expenditure;
- Financial management arrangements are reviewed annually to ensure they remain appropriate; and
- Projects are appraised as part of the medium term plan process;

The Way Forward

- 4.8 Looking forward to the next set of judgements, if the Council is to be in a position to achieve a Level 4 score then the following must be provided:
- Evidence showing that all joint plans with partners are taken into account in the medium term financial strategy. The creation of a partnership register would help evidence the fact that all agreed plans had been taken into account;
 - The medium term financial strategy should model balance sheets and cash flows over a minimum of three years; and
 - Evidence showing that the Council monitors and can demonstrate how it's financial plans and strategies have contributed to the achievement of their corporate objectives.
- 4.9 The Council will need to consider the cost benefit analysis of addressing the issues noted in paragraph 4.8 above which are required if a level 4 is to be achieved.

Key Findings: KLOE 2.2 – Performance against Budgets

- 4.10 KLOE 2.2 is largely process driven and requires the Council to have a series of budget management and monitoring techniques in place.
- 4.11 Our review identified that all of the compulsory Level 2 requirements were in place; however, only three of the five compulsory Level 3 criteria were met.
- Whilst profiling is not used, forecast budgets are prepared each month to enable a meaningful comparison between actual and budget. This mechanism is considered a suitable alternative for profiled budgets;
 - A scheme of budget delegation is prepared;
 - Guidance is made available to budget holders;
 - Budgets are approved prior to the start of the year and monitored regularly;
 - Analysis of budget monitoring confirmed that no action plans were required;
 - Budget monitoring reports are presented to the Cabinet each quarter;
 - Relevant non-financial and financial information is reported to senior officers through BVPI update reports and corporate performance monitoring reports;
 - A line of professional accountability exists between business groups and the Chief Finance Officer;
 - Resources can be tracked to major spending activities and there is a clear split between revenue and capital;
 - Departmental overspends have been managed with no adverse impact on service delivery;
 - Suitable arrangements for financial training and support appear to be in place;
 - Agreed processes are in place with preset tolerance to adjust and approve budgets;
 - Members receive sufficient financial and non-financial information;
 - No significant departmental overspends have occurred;
 - A traffic light system is in place to focus the Executive on key variances;
 - Management have put in place consultation processes to ensure that the finance systems, training and support are appropriate;
 - Business Objectives software enables specialist reports on the finance system; **but**
 - Budget holder reports tend to take around 20 days. This is in excess of the 10 day requirement (note this is currently a non-compulsory criteria);
 - There is insufficient evidence to show that risk assessments inform the budget monitoring process; however
 - Reporting on planned savings and efficiency gains only commenced in 2005/06 and no action plans have been developed;
 - There is insufficient evidence of regular testing of the financial system report outputs;

4 KLOE 2: Financial Management

- No balance sheet reporting is provided for the Executive;
 - Savings and efficiency gains are not profiled over the year.
- 4.12 Auditor judgement was exercised on one of the Level 2 criteria. Whilst profiling is not used, forecast budgets are prepared each month to enable a meaningful comparison between actual and budget. Internal audit have not found any significant weaknesses in the budget monitoring process and, therefore, this mechanism is considered an acceptable alternative for profiled budgets.
- 4.13 The non-compulsory Level 2 requirement relating to the performance of significant partnerships was not met. This was due to a lack of evidence available to support a process of results sharing.

The Way Forward

- 4.14 At the next set of judgements, for the Council to be in a position to achieve a Level 3 result, the following improvements are required:
- Risk assessments should be produced to inform the budget monitoring process; and
 - Action plans should be developed to support the reports on planned savings and efficiency gains.
- 4.15 In addition to the compulsory Level 3 requirements listed above, there is one non-compulsory Level 2 requirement and one non-compulsory Level 3 requirement that have not yet been met. The future requirements for these are:
- Evidence of regular review of significant partnerships. The review should be linked to outputs the results shared with partners and acted upon.
 - Budget holder reports should be produced within the required ten days.

Key Findings: KLOE 2.3 – Management of the Asset Base

- 4.16 The KLOE in relation to the Council's asset base is concerned with the effectiveness of the arrangements that the Council currently has in place to manage its asset portfolio.
- 4.17 Level 3 performance was achieved on KLOE 2.3. The lack of benchmarking and an integrated asset management system prevented the achievement of a Level 4 in this area. However, the findings were as follows:
- A capital strategy is in place;
 - An asset management plan is in place;
 - An asset register is maintained;
 - There is a designated corporate property function;
 - Council arrangements for reporting to Members are sufficient to ensure that they fulfil their responsibility in relation to land and buildings;
 - An annual programme of planned maintenance is in place;
 - The level of backlog maintenance has been assessed;
 - The capital programme gives priority to projects based on a formal, objective approval process;

4 KLOE 2: Financial Management

- A Member has been allocated portfolio responsibility for fixed assets;
- Backlog maintenance is covered by the Medium Term Plan.
- Local performance relating to fixed assets are in place;
- Investment and disposal decisions are based on detailed option appraisals and costings; **but**
- No benchmarking process is in place in relation to asset management outcomes; and
- There is no co-ordinated approach for asset management information and its integrated with relevant organisational financial information.

The Way Forward

4.18 Looking forward, to be in a position to achieve a Level 4 criteria, the following improvements are required:

- A process of benchmarking should be put in place to evaluate how the asset base contributes to the achievement of corporate and service objectives. In addition, the results of performance management and benchmarking should be communicated regularly to stakeholders.
- An approach should be developed to enable the coordination of asset management information and its integration with relevant organisational financial information.

4.19 As is the case with KLOE 2.1, the Council will need to consider the cost benefit analysis of addressing the issues noted in paragraph 4.18 above if a Level 4 in this area is to be achieved.

5 KLOE 3: Financial Standing

Introduction

5.1 The Financial Standing Key Line of Enquiry is built up of just one KLOE as follows:

- How well does the Council safeguard its financial standing.

5.2 Despite there being only one KLOE in relation to Financial Standing it does count for one fifth of the overall score.

KLOE 3 Results

5.3 The table below gives the score which the Council achieved for Financial Standing during the 2005-06 judgements in this area:

Table 3: KLOE 3 Results

Reference:	Key Line of Enquiry	2005-06 Judgement
3.1	How well does the Council safeguard its financial standing	3
KLOE 3	Combined Score for KLOE 1: Financial Standing	3

5.4 The narrative below draws out the main achievements and key barriers for the Council in being awarded the next Level for the KLOE 3.1.

Key Findings: KLOE 3.1 – Financial Standing

5.5 KLOE 3.1 focuses on how well the Council safeguards its financial standing.

5.6 For the Financial Standing KLOE the Council has achieved a Level 3 result. Arrangements are not considered sufficient on budget monitoring and opportunity costs to enable a Level 4 result at this time, however our findings are as follows:

- A balanced budget is set, taking into account cost pressures and the impact on Council Tax and Rents;
- A managed underspend against budget was achieved;
- A policy on reserves has been agreed by Members and is reflected in the budget and medium term strategy;
- Reserves are monitored and maintained with the target range;
- The budget includes a positive assurance statement from the Chief Finance Officer;
- A Treasury Management Strategy is in place and meets CIPFA requirements;

5 KLOE 3: Financial Standing

- The budget is monitored and any appropriate action taken;
- Targets are set and monitored for income collection;
- Spending is maintained within budget, without significant over and under spends;
- Target levels for reserves and balances have been identified based on a thorough understanding of needs and risks;
- Monitoring information is available to show the effectiveness of debt recovery; but
- Budget monitoring by Members is only based on forecast budget and does not include any commentary on the current level of spend. There is no evidence of any specific targets being set by Members for monitoring purposes;
- The Council does not formally consider the opportunity cost of its current policy on the level of reserves, nor is there any consideration of the linked benefits to holding such reserves (although we appreciate that the current strong financial position mitigates against the need for such a process to a point).

The Way Forward

- 5.7 The Council was able to sufficiently meet the Level 2 and Level 3 criteria. In order to achieve a Level 4, the following improvements are required:
- Budget monitoring should include commentary on the current level of spend. Members should set targets for monitoring purposes; and
 - Consideration should be given to the potential benefits of formally considering the opportunity cost of the current policy on the required level of reserves. Consideration should also be given to the linked benefits of holding such reserves.
- 5.8 The Council will need to consider the cost benefit analysis of addressing the issues noted in paragraph 5.7 above if a Level 4 in this area is to be achieved.

6 KLOE 4: Internal Control

Introduction

- 6.1 The Internal Control Key Line of Enquiry is built up of three individual KLOEs as follows:
- The Council manages its significant business risks;
 - The Council has arrangements in place to maintain a sound system or internal control; and
 - The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- 6.2 The three KLOEs are weighted equally and hence the score for Internal Control overall is built up as an average of the three individual scores.

KLOE 4 Results

- 6.3 The table below gives the scores which the Council achieved for Internal Control during the 2005-06 judgements in this area:

Table 4: KLOE 4 Results

Reference:	Key Line of Enquiry	2005-06 Judgement
4.1	The Council manages its significant business risks	2
4.2	The Council has arrangements in place to maintain a sound system of internal control	2
4.3	The Council has arrangements in place that are designed to promote and ensure probity in the conduct of its business	2
KLOE 4	Combined Score for KLOE 4: Internal Control	2

- 6.4 The narrative below draws out the main achievements and key barriers for the Council in being awarded the next Level for each of the KLOEs given above.

Key Findings: KLOE 4.1 – Risk Management

- 6.5 The risk management KLOE is designed to form a view as to the effectiveness of the Council’s risk management arrangements, and in particular is concerned with the extent of senior officer and member involvement.
- 6.6 The Council achieved a Level 2 for this KLOE with none of the Level 3 requirements being met, our findings can be summarised as follows:
- A risk management strategy has been approved by Members;

6 KLOE 4: Internal Control

- The risk management strategy highlights the risks, their likelihood, their impact, the mitigating controls and the responsibility;
- Individual risk registers are produced. There is no separate explicit link to corporate objectives, but the existence of the service risk registers and the generally sound overall financial governance and focus on risk management is considered sufficient to meet the level two requirements;
- The Corporate Governance Panel has specific responsibility for risk management;
- Risk assessments are carried out to support reports on policy decisions; **but**,
- The Risk management process has not been reviewed and updated;
- No system is in place to specifically identify risks in relation to partnership;
- Not all staff have received appropriate training;
- Specific risk management training for Members was not delivered until after the year-end;
- Corporate business risks are yet to be presented to the Corporate Governance Panel;
- Whilst a senior officer has been appointed as a risk management champion, the Member appointment was not until December 2005, which was outside the year of assessment.
- The Council's risk management policy is yet to be embedded into its corporate business process;
- There is potential to strengthen the current procedures in relation to considering both positive and negative risks.

6.7 All required Level 2 criteria were met, with audit judgement being exercised on one requirement. There is no explicit link between the risk register and objectives, but the existence of the service registers and the generally sound overall financial governance is considered sufficient for Level 2 requirements.

The Way Forward

6.8 As none of the Level 3 requirements were met, the following improvements are required in order to meet the compulsory Level 3 requirements:

- The risk management process should be reviewed annually. This review needs to be evidenced;
- Risks in relation to partnerships should be specifically identified;
- Members with specific responsibility for risk management should received detailed risk management awareness training; and
- Corporate business risks should be presented to the Corporate Governance Panel and quarterly risk reports should be produced.

6.9 In addition to the compulsory Level 3 requirements above, there is also a non-compulsory requirement that all staff are given appropriate training and guidance to enable them to take responsibility for managing risk within their own working environment.

Key Findings: KLOE 4.2 – Systems of Internal Control

- 6.10 The KLOE in relation to Internal Control encompasses a series of individual topics such as the Statement on Internal Control (the SIC), the effectiveness of the Audit Committee, the quality of the Internal Audit function and the completeness of procedures notes and other standard documents which when considered together constitute the main elements of the Council's control environment.
- 6.11 As is the case in KLOE 4.1, there is a particular focus on the extent to which senior officers and members are involved in these processes.
- 6.12 Overall the Council scored a Level 2 on this KLOE. Auditor judgement was exercised in one area. Although there appears to be an opportunity for any legal issues to be highlighted, there is no formal acknowledgement on the report stating that legal issues have been considered. Given that this is the only requirement missing and that there are compensating arrangements in place, auditor judgement has been used and KLOE 4.2 scored as a Level 2 overall.
- The SIC is reviewed and approved by the Corporate Governance Panel;
 - The system of internal control is reviewed by internal audit, senior management and Members;
 - Monitoring and review of the SIC is carried out by both Members and senior management;
 - The role of the audit committee is filled by the Corporate Governance Panel;
 - Internal audit appears to operate in line with the CIPFA code of practice;
 - Procedure notes are in place;
 - The Council Constitution includes standing orders, standing financial instructions and a scheme of delegation;
 - Partnership agreements are in place;
 - Standing orders, standing financial instructions and the scheme of delegation are reviewed annually;
 - There appears to be corporate involvement in the process of preparing the SIC;
 - The Corporate Governance Panel is a full committee of the Council and is independent of the Executive and Scrutiny functions;
 - The Constitution is in place to ensure compliance with laws and regulations; **but**,
 - There is no formal acknowledgement or process for considering all reports for legal issues before presentation to Members. This is a level two failure. However, due to the fact that compensating legal review arrangements are in place to ensure that any legal issues should be picked up, auditor judgement has been used to score KLOE 4.2 as a level two overall.
 - A detailed and comprehensive assurance framework is yet to be put in place;
 - The ongoing review of procedure notes is not formally evidenced but does occur as part of the Internal Audit process;
 - There is no evidence available to show the monitoring of compliance with standing orders, standing financial instructions and the scheme of delegation;

6 KLOE 4: Internal Control

- Some training has been provided for the Corporate Governance Panel, although not sufficient to achieve a level four;
- There is not sufficient evidence of review of the Corporate Governance Panel Terms of reference to meet a level four criteria;
- Review of the standing orders, the standing financial instructions and the scheme of delegation found no specific reference to partnerships; and
- No evidence is available to confirm that partnership agreements are subject to regular review.

The Way Forward

- 6.13 Due to the point noted above, the following should be considered:
- Evidence that all reports presented to Members have been formally considered for legal issues, perhaps through a formal sign off being included on completed reports.
- 6.14 In order to meet the Level 3 requirement going forward, the following is required:
- An assurance framework should be put in place. This framework should provide information to support the SIC; and
 - Monitoring of compliance with standing orders, standing financial instructions and the scheme of delegation should be evidenced.
- 6.15 In addition to the compulsory Level 3 criteria above, one of the non-compulsory requirements has also not been met. This requires that an annual review of the authority's procedure notes be carried out and evidenced.

Key Findings: KLOE 4.3 – Probity and Propriety

- 6.16 KLOE 4.3 is designed to evaluate the Council's arrangements for ensuring that probity and propriety are promoted within the conduct of its business. This particular KLOE therefore focuses on arrangements across the Council as a whole and hence although many Council's could demonstrate appropriate arrangements in relation to benefit fraud, many found demonstrating the same strength of arrangements in the rest of the organisation more challenging.
- 6.17 Overall the Council scored a Level 2 in this area with the following findings being noted:
- A code of conduct is in place. All Members are signed up to the code; failure to do so prevents them from becoming a councillor;
 - A code of conduct for staff is in place;
 - Arrangements for monitoring compliance with the standards of conduct are in place;
 - The standards committee is in line with the requirements of the local Government Act 2000;
 - A counter fraud and corruption policy is in place and communicated through the Council. Arrangements are in place to support this policy;
 - A whistleblowing policy is in place and Communicated through the Council;
 - The required data for the National Fraud Initiative was provided;

6 KLOE 4: Internal Control

- The register of gifts and hospitality is used appropriately. Reminders are provided for staff and members;
- The Corporate Governance Panel promotes a strong counter fraud culture;
- The Council ensure that financial redress is sought wherever possible;
- The whistleblowing policy is publicised throughout the Council;
- NFI data matches have been identified and reviewed. Data matches are passed over to DWP wherever appropriate;
- Training and review is in place to ensure that statutory requirements are met;
- A strong counter fraud culture appears to be in place. Training and compulsory testing ensure that staff remain aware of fraud issues;
- The Council is proactive in raising the standards of ethical conduct;
- There is evidence to show a proven track record in response to whistleblowing disclosures;
- All NFI matches are followed up and prosecution policies are in place to maximise returns; **but**
- No formal assessment of standards of conduct has been carried out;
- Linked to the above point, there is a lack of available evidence to confirm that Members and staff exhibit high standards of conduct;
- There is no formal documented risk assessment in place driving proactive work against fraud and corruption;
- The risk of fraud and corruption does not appear to have been covered in any great detail within the overall risk management guidance and processes;
- There do not appear to be processes in place to communicate the results of fraud cases with staff members; and
- There is not sufficient evidence to show that weaknesses revealed are reviewed and appropriate action taken to strengthen internal controls.

The Way Forward

6.18 In order to move forward to a Level 3 result, the following improvements are required:

- An assessment should be undertaken of the standards of conduct, including details on compliance with the code of conduct, complaints made and action taken; and
- Proactive fraud and corruption work should be undertaken. This should be determined by a formal risk assessment as appropriate.

6.19 In addition to the compulsory Level 3 requirements above, one non-compulsory requirement was also missed. This requires that it can be demonstrated that the fraud and corruption work is adequately resourced. Given the lack of staff availability for proactive work and the lack of a formal risk assessment, it appeared difficult to demonstrate that there are adequate resources in place.

7 KLOE 5: Value For Money

Introduction

- 7.1 The Value for Money Key Line of Enquiry is built up of two individual KLOEs as follows:
- The Council currently achieves good value for money; and
 - The Council manages and improves value for money.
- 7.2 The first of the above two KLOEs carries a higher weighting than the second and thus the Council's score on whether or not value for money is currently achieved is fundamental in maximising the theme score for Value for Money overall.
- 7.3 The Value for Money judgement is perhaps the most difficult for auditors to assess both due to the fact that this is the first time auditors have been asked to consider this area and also that comparability with other authorities performance can be difficult to determine. However, in our view this assessment is both accurate and complies with the Audit Commission's requirements and criteria in this particular area.

KLOE 5 Results

- 7.4 The table below gives the scores which the Council achieved for Value for Money during the 2005-06 judgements in this area:

Table 5: KLOE 5 Results

Reference:	Key Line of Enquiry	2005-06 Judgement
5.1	The Council currently achieves value for money	3
5.2	The Council manages and improves value for money	3
KLOE 5	Combined Score for KLOE 5: Value for Money	3

- 7.5 The narrative below draws out the main achievements and key barriers for the Council in being awarded the next Level for each of the KLOEs given above.

Key Findings: KLOE 5.1 – Current Value for Money

- 7.6 KLOE 5.1 is designed to form a view on whether the Council currently achieves Value for Money in its activities both with regards to the back office and also the provision of front line services.
- 7.7 The Council achieved a Level 3 for KLOE 5.1 with the following main findings:
- A variety of forms of information is available on both costs and quality;
 - Two base budget reviews have been carried out in the last three years;

7 KLOE 5: Value For Money

- The Corvu Performance Management system (web based) links corporate priorities through to individual appraisal targets;
- The above information is used by officers and reported to members on a regular basis;
- The Council is relatively high cost at a global level but spend is in line with corporate priorities and high outcomes are achieved when compared to others key areas (as evidenced by users surveys, PI results, inspections and CPA);
- The Council has a low council tax rate and stable reserves position;
- BVPI performance is favourable for key indicators as are recent CPA & inspection reports;
- Strong capital information is available on both performance against budget and slippage;
- Some examples of benchmarking were provided; and
- There is evidence to suggest that achieving value for money is built into officers appraisals.

The Way Forward

7.8 The Council needs to consider the cost benefit trade off of working towards a level 4 in this area, however should this be the objective then the following should be considered:

- The Council is relatively high spend when compared to others; and
- Some capital projects do incur slippage and are not completed to budget.

7.9 In addition to the above, the Audit Commission require level 4 performers to display innovative practice in the relevant area. The Council would also need to consider whether such practices exist and how they could be evidenced if a level 4 were to be achieved going forward.

Key Findings: KLOE 5.2 – Management and Improvement of Value for Money

7.10 KLOE 5.2 has more of a forward looking focus than 5.1 and is concerned with the arrangements that the Council has put in place to both manage and improve Value for Money.

- Processes are in place to review both costs and performance with some examples of more innovative practice such as the bright ideas scheme, financial service survey, the consultation website customer first programme and the use of the corporate score card;
- Financial management arrangements and financial standing have been assessed as strong overall (level 3);
- Information on both cost and quality is regularly reported to members and in a variety of formats;
- A number of targets are set by the Council (in addition to those which are set for national BVPIs);
- The Council is working towards exceeding the required 2.5% efficiency savings;
- Evidence has been provided to support the fact that the Council has adequate procurement arrangements in place;
- Best value reviews are carried out on a rolling programme basis and are in line with guidance and linked directly to corporate priorities;

7 KLOE 5: Value For Money

- Several examples of external funding have been provided in addition to which the Council has a dedicated external funding officer in place and links through to priorities are evident;

The Way Forward

7.11 As is the case with KLOE 5.1, the Council needs to consider the cost benefit trade off of working towards a level 4 in this area, however should this be the objective then the following should be considered:

- There is scope for more evidence of effective member challenge.

7.12 In addition to the above, the Audit Commission require level 4 performers to display innovative practice in the relevant area. Whilst some were identified during the course of our review it was felt that these were insufficient to justify a level 4 at this time and hence the Council would also need to consider whether such further practices could be developed and how they could be evidenced if a level 4 were to be achieved going forward.

Appendix A: Action Plan

This action plan includes only recommendations intended to assist the Council in achieving sufficient improvements to demonstrate compliance with the requirements of the next level within the Use of Resources framework. As such the plan does not include recommendations around those criteria considered as Level 4 within the framework other than in those areas where the Council is already assessed as being at Level 3. Where recommendations have been made relating to achieving Level 4 the Council should consider the costs and benefits of implementing procedures. Our grading system gives a priority 1 grading to significant issues whilst priority 3 equates to the achievement of best practice.

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 1.1: Annual Accounts					
3.7	The accounts should be subject to robust Member scrutiny/discussion either at the formal approval meeting or at another appropriate forum prior to approval.	2	Robust discussion will be encouraged at the meeting of the Corporate Governance Panel which approves the accounts for audit.	Head of Financial Services	June 2006

KLOE 1.2: External Accountability					
Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
3.10	A process of consultation should be carried out with a range of stakeholders to establish their requirements in respect of the publication of summary accounts or an annual report. <i>Note this is potentially subject to changes following the Audit Commission's consultation exercise</i>	2	The requirement has now been amended to " The council can demonstrate that it is considering the views of a range of stakeholders in making its decision whether to publish an annual report ". The Huntingdonshire Strategic Partnership will therefore be consulted and the position reviewed in the light of their response.	Heads of Policy and Financial Services	October 2006
3.11	The publication of summary accounts that are intelligible and accessible to members of the public. <i>Note this is potentially subject to changes following the Audit Commission's consultation exercise</i>	2	The requirement has now been amended to " The council publishes summary financial information that meets the needs of a range of stakeholders ". A brief summary of the 2005/06 accounts will be included in the September edition of Districtwide and on the Council's website. Views of stakeholders, in relation to future years, will be sought in October (see above).	Head of Financial Services	September 2006
KLOE 2.1: Medium Term Financial Strategy					
4.8	Evidence showing that all joint plans with partners are taken into account in the medium term financial strategy. The creation of a partnership register would help evidence the fact that all agreed plans had been taken into account.	3	Development of a partnership framework is underway	Head of Policy 2007	Adoption – October 2006 Implementation – October 2006- March

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
4.8	The medium term financial strategy should model balance sheets and cash flows over a minimum of three years.	3	The requirement has now been amended to “The medium-term financial strategy models balances and resource requirements over a minimum of 3 years” . This requirement is already met.		
4.8	Evidence showing that the Council monitors and can demonstrate how its financial plans and strategies have contributed to the achievement of their corporate objectives.	3	This will form part of the enhancement of the Comprehensive Management Framework	Head of Policy and Financial Services	December 2006
KLOE 2.2: Performance against budget					
4.14	Risk assessments should be produced to inform the budget monitoring process.	2	To some extent these exist but they have not been recorded or formalised. This will be done.	Accountancy Manager	October 2006
4.14	Action plans should be developed to support the reports on planned savings and efficiency gains.	2	A major exercise is currently underway to identify the savings required over the current and future years. This should result in the creation of action plans.	COMT	February 2007
4.15	There should be a regular, evidenced review of significant partnerships. The review should be linked to outputs and the results shared with partners and acted upon (note: this is currently a non-compulsory requirement).	2	Development of Partnership Framework underway. Review will take place	Head of Policy	Adoption – October 2006 Review and Implementation – October 2006 – March 2007

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
4.15	Budget holder reports should be produced within the required ten days (note: this is currently a non-compulsory requirement).	2	Agreed	Accountancy Manager	10 August 2006
KLOE 2.3: Asset Management					
4.18	A process of benchmarking should be put in place to evaluate how the asset base contributes to the achievement of corporate and service objectives. In addition, the results of performance management and benchmarking should be communicated regularly to stakeholders.	3	This is a level 4 item. The Council is not convinced of the cost-effectiveness of this approach, but will review these processes	Head of Legal and Estates	December 2006
4.18	An approach should be developed to enable the coordination of asset management information and its integration with relevant organisational financial information.	3	This is a level 4 item. This approach will be developed as part of the introduction of a new G&S/Assessment Management System which is underway	Head of Legal and Estates	March 2007

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 3.1: Financial Standing					
5.7	Budget monitoring should include commentary on the current level of spend. Members should set targets for monitoring purposes.	3	Our basis of budgetary control is focussed on expected year-end variations so spend to date is not reported in summary reports to Cabinet though it is included in most reports to service managers. The main thrust of the item is about member targets, which are a level 4 item, and these will be considered in relation to the review and development of the Council's scorecard.	Head of Financial Services	October 2006

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
5.7	<p>Consideration should be given to determining and documenting the opportunity cost of the current policy on the required level of reserves. Consideration should also be given to the linked benefits of holding such reserves.</p>	3	<p>Requirement has been amended to: Level 3 <i>The council's policy for reserves and balances is based on a thorough understanding of its needs and risks, and is properly and clearly reported to members.</i> Level 4 <i>Where target levels for reserves and balances are exceeded, the council has identified and reported to members the opportunity costs of maintaining these levels and compared this to the benefits it accrues.</i> The financial position that the Council is in means that this subject is formally reviewed each year and the amended requirements should be achieved by minor changes to existing processes. The eventual level of minimum balances will also be considered in more detail this year and in future years.</p>	Head of Financial Services	February 2007

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 4.1: Risk Management					
6.8	The risk management process should be reviewed annually. This review needs to be evidenced.	2	Agreed. Already completed for 2006. RM Group will review each May.	Risk Management Group	In place
6.8	Risks in relation to partnerships should be specifically identified.	2	This approach will be a key element of Partnership Framework	Head of Policy	March 2007
6.8	Members with specific responsibility for risk management should receive detailed risk management awareness training.	2	Risk Management awareness training will be provided.	Audit and Risk Manager	October 2006
6.8	Corporate business risks should be presented to the Corporate Governance Panel and quarterly risk reports should be produced.	1	Reports will be made on a regular basis.	Audit and Risk Manager	September 2006
6.9	All staff should be given appropriate training and guidance to enable them to take responsibility for managing risk within their own working environment (note: this is currently a non-compulsory requirement).	2	Requirement has been amended to " appropriate staff ". Agreed	Audit and Risk Manager	March 2007

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 4.2: Systems of Internal Control					
6.13	Evidence that all reports presented to Members have been formally considered for legal issues, perhaps through a formal sign off being included on completed reports.	2	Enhancement of existing processes will be developed.	Heads of Legal and Estates, Administration and Policy	December 2007
6.14	An assurance framework should be put in place. The framework should provide information to support the SIC.	1	Investigation of methodology and assessment criteria will be undertaken and a decision taken on a process of assessment	Head of Administration	December 2006
6.14	Monitoring of compliance with standing orders, standing financial instructions and the scheme of delegation should be evidenced.	2	Enhancement of existing processes will be developed.	Heads of Legal and Estates, Administration and Policy	December 2007
6.15	An annual review of the authority's procedure notes should be completed and evidenced.	2	Requirement has been amended to " The procedure notes/manuals for key financial systems are reviewed and updated as appropriate ". A system will be set up to formalise and record reviews.	Audit and Risk Manager	March 2007

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
KLOE 4.3: Probity and Propriety					
6.18	An assessment should be undertaken of the standards of conduct, including details on compliance with the code of conduct, complaints made and action taken.	2	Investigation of methodology and assessment criteria will be undertaken and a decision taken on a process of assessment	Head of Administration	December 2006
6.18	Proactive fraud and corruption work should be undertaken. This should be determined by a formal risk assessment.	2	Risk assessment underway. Once completed the use and availability of resources will be considered. Any extra resource will be dependent on a corporate view of relative priority.	Audit and Risk Manager	September 2006
6.19	It should be possible to evidence that fraud and corruption work is adequately resourced. Given the lack of staff available for proactive work, it seems difficult to demonstrate that there are adequate resources in place.	2	See 6.18 above		
KLOE 5.1: Current Value for Money					
7.8	Continued analysis should be undertaken to evaluate and justify the reasons as to why the Council is relatively high spend when compared to others.	3	This and most other Value for Money items to be reviewed in more detail given the more significant changes in this area.	Head of Policy Head of Financial Services	Report to September Panel.

Ref	Recommendation	Priority:	Management Response	Responsibility	Timescale
7.8	<p>The Council should continue to monitor slippage and variances from budget in relation to the capital programme with a view to minimising them as far as possible.</p> <p><i>This may be more relevant going forward in light of the pathfinder house decisions.</i></p>	3	The last review of the MTP was intended to ensure that capital spending targets were realistic. This and the current scheme of monitoring will continue. No additional action required.		
KLOE 5.2: Management of and Improvement in Value for Money					
7.11	There is scope to evidence more effective member challenge going forward.	3	This and most other Value for Money items to be reviewed in more detail given the more significant changes in this area.	Head of Policy Head of Financial Services	Report to September Panel.

Appendix B: Proposed Changes to Criteria for Judgement February 2006

Table 1 - Summary of proposed changes to criteria

KLOE	Nature of proposed modification
Financial reporting	
1.1	Make a clearer progression between levels of performance in relation to the quality of accounts approved and submitted for audit.
1.1	Delete the criterion at level three relating to earlier closedown of accounts as these deadlines are now in place.
1.2	Modify the need to consult with stakeholders in relation to establishing their requirements for an annual report and include consideration of whether to publish an annual report.
Financial management	
2.1	Modify the criteria relating to cash-flows from 'preparing forecasts' to 'undertaking monitoring' and replace three year models for cash flow with 'resource requirements'.
2.1	Expand consideration of financial management arrangements at level three to keeping under review capacity, resourcing and training needs of the financial services function.
2.2	Include at level four a criterion in relation to the Executive reviewing its effectiveness and the leadership it provides with regard to financial management.
2.2	Remove the requirement from level two in relation to profiling budgets.
2.2	Modify the requirement at level four for accrued financial reporting.
2.3	Modify the requirement in relation to responding to levels of backlog maintenance
Financial standing	
3.1	Make clearer the distinction between levels of performance in relation to criteria regarding reserves and balances.
3.1	Clarify that criteria in relation to collection and recovery are for material categories of income.
Internal control	
4.2	Include a criterion in relation to effective arrangements for internal financial control, for example, carrying out regular bank reconciliations and reconciliations of major feeder systems
4.2	Include a criterion at level two in relation to business continuity plans as required by the Civil Contingencies Act (2004) and replace the reference to business critical systems with key financial systems in relation to ensuring procedures are documented.
4.2	Modify the criteria in relation to audit committees to reflect guidance issued by CIPFA in December 2005, and to place more emphasis on the impact and effectiveness of a council's arrangements.
4.3	Remove the criterion at level three in relation to seeking redress in cases of proven fraud or corruption and include ensuring instances of fraud are reviewed in order to strengthen internal control arrangements.
Value for money	
5.1 and 5.2	Remove overlap between the two KLOE so that 5.1 is clearly focused on outcomes and 5.2 considers the capacity to manage and improve value for money. Some descriptors have accordingly been moved from 5.1 to 5.2.

5.1 and 5.2	Make the distinction between levels of performance clearer.
5.1 and 5.2	Include additional descriptors at level four to provide clearer information 5.2 on assessment criteria and help promote excellence.

Changes to criteria in bold type ('must haves')

For the first four themes (financial reporting, financial management, financial standing and internal control) the criteria include elements that are shown in bold type and indicated with an asterisk. These represent 'must haves' for that level and were introduced to phase in those criteria where achievement is considered to be more demanding or requires significant investment and lead in time for authorities. The general requirement is that failure to meet any of those in bold type would prevent that level being achieved for that key line of enquiry. The descriptors are cumulative, for example a council that met criteria at level three could not be given a score of 3 unless it also met the criteria for level two.

Table 2 - Changes to criteria in bold type ('must haves')

This table summarises criteria that were previously included in the KLOE but were not in bold type and did not have 'must have' status, which are now proposed to have such status.

KLOE	Summary of Criteria
Financial reporting	
1.1	Requests for information from audit are dealt with promptly.
1.2	Summary financial information that meets the needs of a range of Stakeholders is published.
Financial management	
2.1	There are arrangements for monitoring cash flow.
2.1	The medium-term financial strategy is communicated to staff and stakeholders.
2.2	Profiled financial monitoring reports are produced within ten days of the month end.
2.2	The financial performance of significant partnerships is reviewed.
2.2	There is a training programme in place for members and staff on financial issues.
2.3	A member has been allocated portfolio responsibility for asset management and local performance measures in relation to assets have been developed.
Financial standing	
3.1	Collection and recovery of material categories of income is monitored.
Internal control	
4.1	Appropriate staff are trained in risk management.
4.2	Standing orders, standing financial instructions and system procedure notes are reviewed and updated as appropriate.
4.2	Governance arrangements are in place for significant partnerships.
4.3	The council is proactive in raising standards of ethical conduct among members and staff and can demonstrate that counter fraud and corruption work is adequately resourced.

The proposals for upgrading these criteria to 'must have' status are based on the Audit Commission's experience in carrying out the first year's assessments. If they were adopted for the 2006 assessments, the arrangements to which they relate would need to be in place at 31 March 2006 to be counted for this year. The Audit Commission are seeking views in each case on whether it is reasonable to upgrade the criteria for 2006 or give notice that they will be upgraded in 2007.

CORPORATE GOVERNANCE PANEL

27 June 2005

FINAL ACCOUNTS 2005/06 (Report by the Head of Financial Services)

1 FINAL ACCOUNTS

- 1.1 The majority of the content of the Council's Final Accounts is prescribed by the Accounting Code of Practice which is statutory guidance. Unfortunately, but probably inevitably, it is not very user friendly for the lay reader but the notes to the various accounts attempt to explain the key aspects. Their prime purpose is to form the official record of what has happened in the last year. When they have been audited, they will effectively substantiate that an adequate and proper level of financial stewardship has been achieved on behalf of local residents. The Annual Statement of Assurance on Corporate Governance, which will also form part of the booklet, when it is published after audit, will be considered at the Panel's September meeting.
- 1.2 The Panel, on behalf of the Council, needs to formally approve the accounts before the audit can take place. If the Council's auditors, Robson Rhodes, identify any significant concerns during the course of the audit then these must be reported back to the Panel.
- 1.3 Over the last few years legislation has required the bringing forward of the date for the approval of the accounts from September to June. It has been particularly difficult to achieve this third one month improvement and I would like to record my thanks to my accountancy staff and the service staff who have provided them with the information they need. It has not, however, been possible, within the time available, to include a totally complete document with your agenda. The Cash Flow statement and the words for one of the sections in the introduction will need to be circulated later in the week.
- 1.4 An item elsewhere on your agenda relating to the Use of Resources Report refers to the expectation of the Audit Commission that there will be **robust discussion of the final accounts**. I would therefore encourage all Panel members to identify some questions that they feel would assist such discussion. Given that these accounts are quite complex and aggregate everything the Council has done in 2004/05, **it would be beneficial to have advance notice of these questions so that as many as possible can be dealt with at the meeting.**

2. RECOMMENDATION

- 2.1 The Panel is recommended to approve the draft Final Accounts so that the audit can commence.

BACKGROUND INFORMATION

2005/06 Closedown File

Contact Officer: Eleanor Smith, Accountancy Manager, ☎(01480) 388157

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RISK MANAGEMENT STRATEGY (Report by the Head of Financial Services)

1 RISK MANAGEMENT STRATEGY

- 1.1 The Cabinet approved the Council's first Risk Management Strategy in January 2004 and since that time there has been a significant increase in the interest that local authorities and the Audit Commission have shown in Risk Management.
- 1.2 Equally, your officers have been developing the approach locally as we have moved from doing it intuitively to a situation where judgements are seen to be robust and properly recorded.
- 1.3 Best practice requires the Risk Management process to be reviewed annually and this is now taking place. As a result of this it has been identified that the Risk Management Strategy needs to be amended.
- 1.1 The revised Strategy is attached for the Panel's consideration.

2 RECOMMENDATION

- 2.1 The Panel are recommended to approve the revised Risk Management Strategy.

BACKGROUND INFORMATION Previous Strategy approved January 2004

Contact Officer:
Steve Couper, Head of Financial Services ☎ 01480 388103

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Risk Management Strategy

Version04 - June 2006

Introduction

An effective risk management strategy will allow the Council to maximise its opportunities and manage those threats that may hinder the delivery of its priorities so that the opportunities for continuous improvement are maximised.

Risk therefore needs to be considered at all stages of the management process, from the setting of corporate priorities through to the delivery of the service to the customer. Risk management therefore becomes an integral element of the Council's corporate governance arrangements.

This risk management strategy aims to integrate risk management into the Council's culture and processes and raise awareness amongst all employees and members of the benefits and opportunities that the successful management of risk can bring.

Definitions

Risk is the chance or possibility of something happening that will have an adverse impact on the achievement of the Council's objectives.

Risk management is the identification, evaluation, control, monitoring and reporting of existing and emerging risks. It applies equally to the opportunities for taking risks as it does to avoiding risks or reducing losses. It is a key part of good management and not simply a compliance exercise.

Why is Risk Management important?

The Council provides a large range of services within an ever changing environment, so there is great potential for risks to arise. Effective risk management will enable the Council to:

- Maximise performance
- Minimise the need to divert funds from priority services
- Encourage creativity
- Minimise losses
- Ensure the Council's reputation is preserved and enhanced
- Reduce insurance premiums

The aim is to manage risk, rather than eliminate it. Too little attention to the control of risk will lead to unnecessary losses and poor performance, while an over zealous approach may stifle creativity and increase the cost of and/or impede service delivery. Successful risk management means getting the balance right.

Risk Policy Statement

Huntingdonshire District Council is committed to the effective management of risk. The Council's ability to deliver services and achieve its business objectives are constantly affected by risk, which the Council recognises as being both positive and negative.

The Council also recognises its legal, moral and fiduciary duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive risks.

The Council will ensure that Members and staff understand their responsibility to identify risks and their possible consequences.

The Risk Management Process.

Risk management is a continuous process that has five key elements:

- The systematic **identification** of risks to which the Council is exposed.
- The **evaluation** of those risks in terms of likelihood and severity.
- The **control** or **mitigation** of the risks, either by reducing the likelihood or severity of adverse events.
- The **arrangements** the Council needs to put into place to deal with the **consequences** of the threats manifesting themselves, e.g. insurance, levels of policy excesses, self-insurance, service recovery planning.
- The on-going **monitoring** and **reporting** of risk, to allow for intended actions to be achieved and losses minimised.

A standard risk management process will be used throughout the Council. This will ensure that risks are considered in the same fashion whether at a project, partnership, corporate or operational level.

Risks faced by the Council can be broadly grouped into two risk categories – corporate or operational.

Corporate Risks

- Political
- Economic
- Social
- Technological
- Legislative
- Environment
- Competitive
- Customer

Operational Risks

- Professional
- Legal
- Financial
- Physical
- Contractual
- Information
- Technology
- Environmental

Some risks fall across both categories, in particular those associated with partnerships, projects or cross-cutting service issues, and therefore can't be listed under one area.

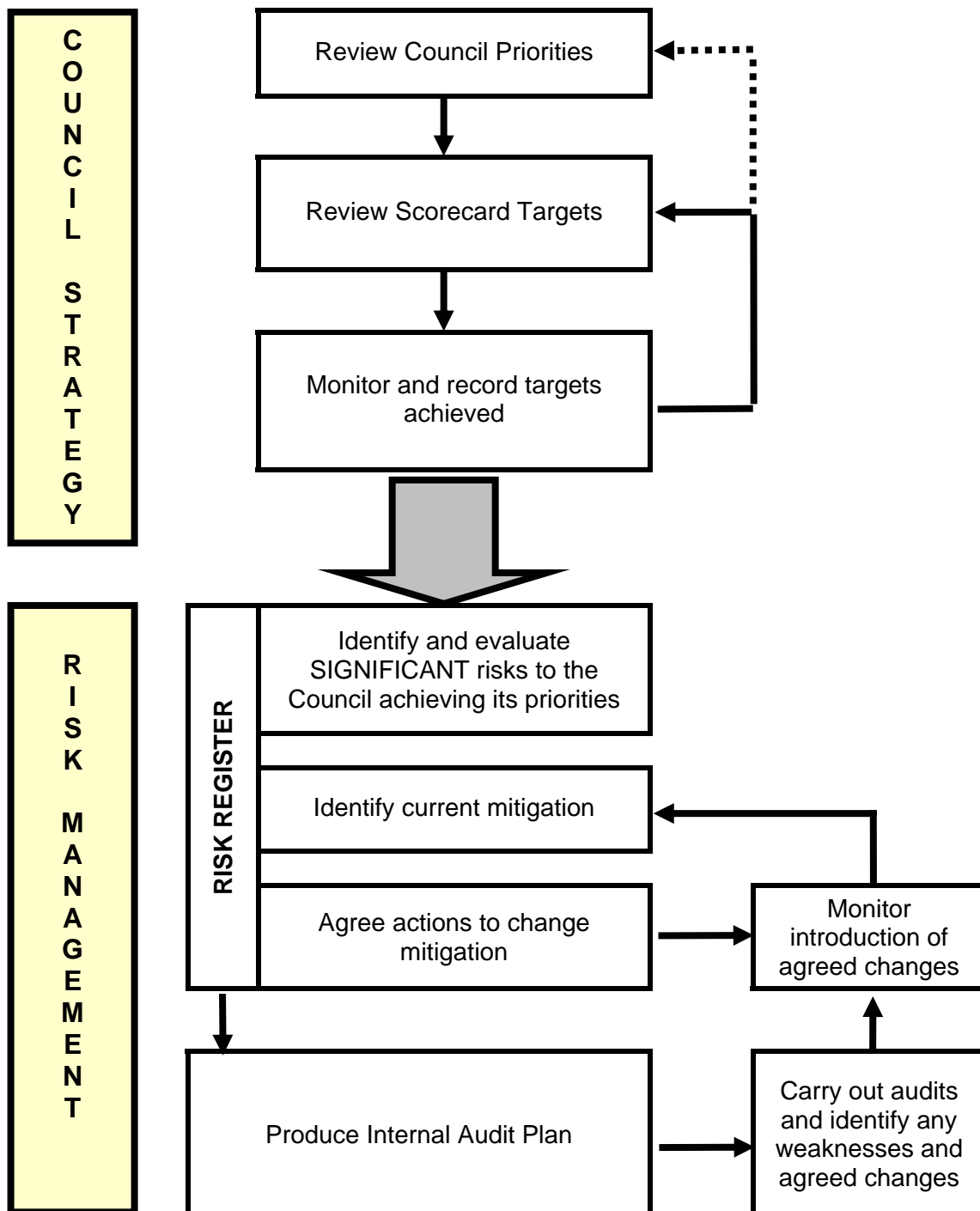
Further descriptions of the risk areas are contained at [Appendix A](#).

All levels of management should be concerned, to varying degrees, with risks in both categories. Corporate risks are likely to affect the medium to longer term priorities of the Council and require longer term planning to be addressed. Operational risks tend to have a more immediate impact and require to be treated in a shorter time frame.

Developing and Integrating Risk Management

The identification and management of risks needs to be undertaken at all stages of the corporate and service planning process so as to ensure that the risk register contains the significant risks that will affect the Council achieving its priorities.

The table below explains how risk management processes link into the Council's planning process.



Risk Assessment

Corporate Governance Panel approved a risk assessment model in March 2005 ([Appendix B](#)).

The model requires potential risks to be evaluated against a set of pre-determined criteria for likelihood/frequency and impact. Individual risk levels can then be determined by plotting the risks onto a risk matrix.

Likelihood / Frequency	Almost Certain	5	Medium	High	Very High	Very High	Very High
	Likely	4	Medium	High	High	Very High	Very High
	Occasional	3	Low	Medium	High	High	Very High
	Unlikely	2	Low	Low	Medium	High	Very High
	Improbable	1	Low	Low	Medium	High	High
			1	2	3	4	5
			Trivial	Minor	Significant	Major	Critical
			Impact				

Following the plotting of a risk, a decision shall be taken as to how the risk is to be managed. This can be summarised as follows.

Level of Risk	Very High	High	Medium	Low
Level of Concern	Very concerned	Concerned	Uneasy	Content
Consequences	Disastrous impact	Severe impact	Detrimental impact on the day to day delivery of services	Relatively light impact
Risk Treatment	Prepare option appraisal within 4 weeks of risk identification, considering whether to avoid, reduce or transfer the risk or for acceptance of the risk to be approved by:			None The Council accepts the risk
	Corp Gov Panel	COMT	Director	
Action Plans to deal with Risk	Within 4 weeks	Within 8 weeks	Within 12 wks	-----
of the decision to treat the risk				

Option Appraisals & Risk Treatment

Before a decision is made on the way the risk is to be treated, the Head of Service who owns the risk, shall carry out an option appraisal. The appraisal shall consider how to deal with the risk on the following basis:

- **Reduce** the risk by controlling the likelihood of the risk occurring or controlling the impact of the consequences if the risk does occur.
- **Avoid** the risk by not undertaking the activity that may trigger the risk.
- **Transfer** the risk either totally or in part e.g. through insurance.
- **Acceptance** of the risk. This option will only be accepted when the ability to take effective action against a risk is limited or the cost of taking action is disproportionate to the potential benefits gained.

The appraisal will consider cost, resources, time and the potential financial and non-financial benefits of each treatment option. Advice from specialist staff shall be taken where appropriate.

Ideally risk treatments should be self-funding. Where this is not the case there will need to be a prioritisation process to ensure that any funding is concentrated first on those items that will be most beneficial to the achievement of the Council's priorities.

Action Plans

The Head of Service owning the risk will prepare an action plan in accordance within the timescales noted in the table above. The plan shall identify the risk, the control actions to be introduced, the officer responsible and the timescales for implementation.

Roles and Responsibilities

Everyone in the Council is involved in risk management and should be aware of their responsibilities in identifying and managing risk.

Council, Cabinet, Committees & Panels

- To ensure that risk management implications are considered when making decisions.

Cabinet

- To appoint a risk management champion.

Corporate Governance Panel

- To ensure that an effective risk management strategy is in place.
- To determine the Council's risk appetite
- To receive an annual progress report from COMT on the implementation of the risk management strategy.
- To receive regular updates on the risk register.
- To receive reports and decide upon the action to be taken for all mitigated risks that, would the risk materialise, have a disastrous impact on the Council, its reputation or business continuity.
- To review the risk assessment model annually to ensure it continues to reflect the requirements of the Council.

Chief Officers

- To ensure effective risk management throughout the Council in accordance with the risk management strategy.
- To approve the terms of reference for the risk management group.
- To receive progress reports and an annual statement from the risk management group on the effectiveness of risk management.
- To ensure that Members are advised of the risk management implications of decisions.
- To take into account issues contained in the risk register and the risk management group's annual statement when preparing the annual corporate governance statement.
- To receive reports and decide upon the action to be taken for all mitigated risks that, would the risk materialise, have a severe impact on Council, its reputation or business continuity.
- To prioritise corporate risk treatments and all treatments requiring MTP funding.
- To prepare action plans that deal with the risk to be treated

Heads of Service

- Ensuring that effective procedures are in place to manage the risks affecting their services.
- Maintain a risk register that identifies and scores risks, updating it promptly with any perceived new risks or opportunities or failures of existing control measures.
- To prepare option appraisals for risks within their ownership.
- To report and discuss with their Director and, if required, initiate action on all mitigated risks that should the risk materialise, be detrimental to the day to day delivery of services.
- To provide a formal annual statement to the Corporate Governance Panel certifying that their risk register is up to date or highlighting any material risks that are not accurately recorded in the register.
- Balancing an acceptable level of operational risk against the achievement of service plans, project objectives and business opportunities.

Risk Management Group

- To oversee the risk management process throughout the Council in accordance with its terms of reference ([Appendix C](#)).

Internal Audit & Risk Management Section

- To develop the culture of risk management throughout the Council.
- To assist managers in identifying and analysing the risks that they encounter and the formation of action plans to address outstanding issues.
- To report as necessary to the Corporate Governance Panel/COMT on risk management issues/registers/developments.
- To identify best practice and consider its introduction within the Council.
- To provide advice and guidance on systems to mitigate risk.

Separate to the responsibilities listed above, the Internal Audit Manager will also consider as part of his annual report to the Corporate Governance Panel:

- The robustness of the risk management process.
- The effectiveness of the internal controls for the mitigation of risk.

Employees

- To understand their responsibility to take reasonable care in carrying out their work such that risks are as far as reasonably possible minimised for the Council, colleagues, the public or themselves.
- To co-operate with management and colleagues in matters relating to the mitigation of risk.
- To inform their line-manager promptly of any risks they become aware of.

Categories of Risk

The risk categories¹ provide a framework for identifying and categorising a broad range of risks facing the Council and its services. Each category cannot be considered in isolation, as risks identified in one category may have consequences on activities within another.

Corporate Risks

Those risks that may be potentially damaging to the achievement of the Council's objectives.

Political

Associated with failure to deliver either local or central government policy, or to meet electoral commitments.

- Wrong strategic priorities
- Not meeting Government agenda
- Decisions based on incomplete or faulty information
- Too slow to innovate/modernise
- Unfulfilled promises to electorate
- Community planning oversights/errors

Economic

Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, inadequate insurance cover, external level economic changes (e.g. interest rates, inflation etc), or the consequences of proposed investment decisions.

- General /Regional economic problems
- High cost of capital
- Treasury risk
- Missed business and service opportunities

Social

Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.

- Failing to meet the needs of disadvantaged communities
- Impact of demographic change
- Failures in partnership working
- Problems in delivering life-long learning
- Crime and disorder

Technological

Associated with the capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives.

- Obsolescence of technology
- Hacking or corruption of data
- Breach of confidentiality
- Failure in communications

Legislative

Associated with current or potential changes in national or European law.

- Inadequate response to new legislation
- Intervention by regulatory bodies and inspectorates
- Judicial review
- Human Rights Act breaches

¹ Source: Accounts Commission for Scotland

Environment

Relating to the environmental consequences of progressing the Council's strategic objectives (e.g. in terms of energy, efficiency, pollution, recycling, landfill requirements, emissions, etc).

- Impact of Local Agenda 21 policies
- Noise, contamination & pollution
- Impact of planning and transportation policies

Competitive

Affecting the competitiveness of the service (in terms of cost or quality) and / or its ability to deliver Best Value.

- Takeover of services by governmental agencies
- Failure to show best value
- Failure of bids for government funds

Customer

Associated with failure to meet the current and changing needs and expectations of customers and citizens.

- Lack of appropriate consultation
- Bad public and media relations

Operational Risks

Those risks that managers and employees may encounter in the day-to-day provision of services.

Professional

Associated with the particular nature of each profession (e.g. Housing service concerns as to the welfare of homeless people).

- Inefficient/ineffective management processes
- Inability to implement change
- Lack of control over changes to service provision
- Inadequate consultation with service users
- Failure to communicate effectively with employees
- Lack of business continuity plan
- Non-achievement of Best Value
- Bad management of partnership working
- Failure to manage and retain service contracts
- Poor management of externally funded projects

Legal

Related to possible breaches of legislation.

- Not meeting statutory duties/deadlines
- Failure to comply with European directives on procurement of works, supplies and services
- Breach of confidentiality/Data Protection Act
- Failure to implement legislative change
- Misinterpretation of legislation
- Exposure to liability claims e.g. motor accidents, wrongful advice

Financial

Associated with financial planning and control and the adequacy of insurance arrangements.

- Failure of major project(s)
- Inefficient/ineffective processing of documents
- Missed opportunities for income/funding/grants
- Inadequate insurance cover
- Failure to prioritise, allocate appropriate budgets and monitor
- Inadequate control over expenditure
- Inadequate control over income

Physical

Related to fire, security, accident prevention and health and safety (e.g. hazards / risks associated with buildings, vehicles, plant and equipment, etc).

- Violence and Aggression
- Non compliance with health and safety legislation
- Injury caused by e.g. slips, trips, stress
- Loss of intangible assets
- Loss of physical assets from e.g. theft, fire, terrorism
- Damage to assets from e.g. vandalism, water damage
- Failure to maintain and upkeep land and property

Contractual

Associated with the failure of contractors to deliver services or products to the agreed cost and specification.

- Non-compliance with procurement policies
- Over reliance on key suppliers/contractors
- Failure of outsourced provider to deliver
- Failure to monitor contractor
- Poor selection of contractor
- Poor contract specification, deficiencies, errors
- Inadequate contract terms & conditions
- Quality issues

Information

Associated with making decisions based on information that is flawed in some way.

- Inadequate business processes
- Poor reporting lines/processes
- Accounting system failure
- Unreliable accounting records

Technology

Relating to reliance on operational equipment (e.g. IT systems or equipment and machinery).

- Failure of big technology-related project
- Crash of IT systems affecting service delivery
- Lack of disaster recovery plans
- Breach of security of networks and data
- Failure to comply with IT Security Policy
- Bad management of intranets and web sites

Environmental

Relating to pollution, noise or energy efficiency of ongoing service operation.

- Impact of Local Agenda 21 policies
- Crime and Disorder Act implications
- Incorrect storage/disposal of waste
- Noise, contamination and pollution
- Inefficient use of energy and water
- Damage caused by trees, tree roots, etc

Human Resources

Associated with staffing issues (e.g. recruitment / retention, sickness management, change management, stress related risk analysis).

- Capacity issues
- Over reliance on key officers
- Failure to recruit/retain qualified staff
- Lack of employee motivation/efficiency
- Failure to comply with employment law
- Poor recruitment & selection processes
- Lack of succession planning
- Lack of training

RISK ASSESSMENT MODEL

Likelihood / Frequency

Alternatively this could be expressed as likely to happen within the next:

5 = Almost Certain	Month
4 = Likely	Year
3 = Occasional	3 years
2 = Unlikely	10 years
1 = Improbable	20 years

Impact

Risks will be evaluated against the following scale. If a risk meets conditions for more than one category, a judgement will need to be made as to which level is the most appropriate. For example, if a particular health and safety risk was significant, could result in minor short-term adverse publicity in the local media but had only a trivial financial impact, it might still be categorised as significant.

1 = trivial event or loss, which is likely to:

- cause minor disruption to service delivery on one or two consecutive days, not noticeable to customers
- affect the financial performance / outturn of one service in the current financial year by £10,000 or less
- be managed with no reporting in the local media
- be a Health & Safety concern that is resolved through current procedures and practices
- cause localised (one or two streets) environmental or social impact

2 = minor event or loss, which is likely to:

- cause minor, noticeable disruption to service delivery on one or two consecutive days
- affect the financial performance / outturn of one service in the current financial year by more than £10,000 but less than £50,000.
- result in minor short-term (up to a fortnight) adverse publicity in the local media
- be a Health and Safety concern that results in an injury but little lost time
- have a short term effect on the environment i.e. noise, fumes, odour, dust emissions etc., but with no lasting detrimental impact

3 = significant event or loss, which is likely to:

- cause disruption for between one and four weeks to the delivery of a specific service which can be managed under normal circumstances
- affect service delivery in the longer term
- affect financial performance / outturn in the current financial year or future financial years by £50,000 or more but less than £100,000.
- result in significant adverse publicity in the national or local media
- be a Health and Safety concern that results in lost time or requires the H&S Executive to be notified
- has a short term local effect on the environment, or a social impact, that requires remedial action.

4 = major event or loss, which is likely to:

- have an immediate impact on the majority of services provided or a specific service within one area, so that it requires Director involvement.
- affect financial performance / outturn in the current financial year or future financial year by £100,000 or more but less than £250,000.
- raise concerns about the corporate governance of the authority and / or the achievement of the Corporate Plan
- cause sustained adverse publicity in the national media
- significantly affect the local reputation of the Council both in the long and short term
- result in an employee or customer requiring hospital treatment or require the H&S Executive to be notified and operations stopped
- have a long term detrimental environmental or social impact e.g. chronic and / or significant discharge of pollutant

5 = critical event or loss, which is likely to:

- have an immediate impact on the Council's established routines and its ability to provide any services, and cause a total shutdown of operations.
- affect financial performance / outturn in the current financial year or future financial years by £250,000 or more and / or on future Council Tax levels
- have an adverse impact on the national reputation of the Council both in the long and short term
- result in the fatality of an employee or customer and / or require immediate action to remedy a major Health and Safety concern for its workforce
- have a detrimental impact on the environment and the community in the long term e.g. catastrophic and / or extensive discharge of persistent hazardous pollutant

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UPDATE ON RISK REGISTER AND AUDIT PLAN PROGRESS

(Report by the Internal Audit Manager)

1. PURPOSE

1.1 The Panel considered the 2006/07 Audit Plan at its last meeting and were informed that it would need to be provisional due to the intention to review it in the light of:

- the developing risk register
- options for covering the work of an auditor on maternity leave
- the results of the tender for specialist audit services.

2. RISK REGISTER

2.1 Since the Panel last met a review of the risk register has been completed that has involved consultation with all Heads of Service on the content of the register and the 'scoring' that has been attributed to each risk. This has resulted in the identification of some 170 risks. Further work has been undertaken to review and amalgamate the risks identified, to make the register more accessible and relevant to the needs of the Council. This has resulted in the register, which has been considered by the risk management group, being reduced to a total of 70 risks.

2.2 In meeting the publication date for this meeting, time has not allowed the register to be considered by COMT or for the work that was planned to identify risks arising from delivery of the service outcomes listed in the corporate scorecard to be completed.

2.3 It is envisaged that both these actions will have been completed before the Panel's meeting in September, when the register will be formally reported. Once these reviews have been completed the register will focus on the significant risks that are considered to be key barriers to the delivery of the Council's outcomes and affect the corporate governance assurance framework. The register will also become the prime document on which the strategic audit plan will be based.

3. RESOURCING THE AUDIT PLAN

3.1 Since the last Panel meeting staffing issues that could have affected the overall breadth of coverage of the audit plan and consequently the level of assurance that Panel would have been able to take from the Audit Manager's annual opinion statement have been satisfactorily resolved.

- 3.2 Following a competitive tendering exercise, Deloitte & Touche LLP have been appointed to undertake specialist computer audit work from 1 July for a three year period. They will also be used to undertake general audit work when necessary although it is expected that this will now only need to be done on a limited basis.
- 3.3 A replacement auditor has also been appointed on a fixed term contract to cover for maternity leave. This new member of staff has experience of local government work and is professionally qualified.

4 REVISED AUDIT PLAN

- 4.1 The Internal Audit Plan for 2006/07 has been temporarily modified to take account of the staffing resources that are now available. It will still need further revision once the risk register work outlined above has been completed and so will be presented to the Panel's September meeting.

5. RECOMMENDATION

- 5.1 It is recommended that the Panel note the report.

ACCESS TO INFORMATION ACT 1985

Risk Registers
Strategic Audit Plan

Contact Officer: David Harwood, Audit Manager ☎ **01480 388115**

CRIMINAL RECORDS BUREAU CHECKS FOR ELECTED MEMBERS (Report by the Head of Administration)

1. INTRODUCTION

- 1.1 A policy aimed at safeguarding children, young people and adults has been approved by the Employment Panel and Cabinet at their meetings on 7th and 8th June 2006 respectively. This will require employees and councillors who work with children, young people and vulnerable adults to be subject first to a Criminal Records Bureau “CRB” check which is repeated at regular intervals.
- 1.2 In view of their wider community leadership role, it is suggested that all councillors should be subject to a CRB check and this report proposes a procedure for the disclosure process.

2. BACKGROUND

- 2.1 Whilst it is recognised that most activities will not involve direct unsupervised access to children and vulnerable adults, councillors do undertake a wide range of roles, particularly in relation to community leadership and their constituency work. As an employer, councillors should also be expected to give a lead to employees, partner organisations and stakeholders by participating in their own disclosure checks.
- 2.2 A growing number of authorities are adopting a formal approach to CRB checks and a partial review of the decisions taken by other local authorities indicates that a majority of those councils surveyed have opted to require councillors to undergo CRB checks shortly after their election. This requirement applies, irrespective of the nature of the work in which the councillor is likely to be involved in, in the interests of demonstrating high standards of probity.

3. PROPOSED PROCEDURE

- 3.1 It is proposed that enhanced CRB checks be introduced for all councillors with immediate effect. Checks will be renewed at every term of office.
- 3.2 Appendix A sets out the proposed process for managing applications by councillors for a CRB check. Whilst it is recognised that CRB checks could be considered an intrusion into privacy, it is hoped that councillors will recognise the advisability of preventing those who have not been appropriately checked to have access to children and vulnerable adults.
- 3.3 The cost for carrying out initial CRB checks for all Councillors will be £1872 in the current year.
- 3.4 Some councillors may have already undergone CRB checks by other organisations. Portability of previous checks is therefore encouraged. It is suggested that it would be sufficient for a councillor to provide a CRB check

conducted via another organisation as long as this had been carried out within the previous six months. Once a CRB result has been obtained through the Council, it can be made available by the councillor to other bodies but it will not be possible for the Council to share details of any disclosures with other organisations.

5. RECOMMENDATIONS

5.1 The Corporate Governance Panel is recommended to

- (a) introduce enhanced CRB checks for all councillors with immediate effect; and
- (b) approve the proposed process as set out in Appendix A for managing applications for Criminal Records Bureau checks by Councillors.

CONTACT INFORMATION

Mrs Claire Bulman, Democratic Services Officer
Tel: 01480 388234

BACKGROUND DOCUMENTS

Code of Practice on Disclosure Information

www.disclosure.gov.uk

www.crb.gov.uk

Disclosures Policy: Elected Members – Report to Cambridgeshire County Council's Cabinet – 20th December 2005

Worcestershire County Council 12th January 2006 – Report of Standards and Ethics Committee

Solihull – Report of the Solicitor to the Council and monitoring officer to the Standards Committee – 8th June 2006.

1. COUNCILLORS NOT WISHING TO UNDERGO A DISCLOSURE CHECK

- 1.1 A councillor who does not wish to undergo a disclosure check will not be eligible to become involved in work of any kind in an official capacity with children, young people or vulnerable adults. Instead the Councillor will be offered appointment to other service areas / outside bodies, where there will be no anticipated contact with children, young people or vulnerable adults. Should a councillor wish to work with vulnerable client groups at a later date, s/he will be required to undertake a disclosure check before doing so.

2. DISCLOSURE APPLICATION

- 2.1 A disclosure application form, which includes personal details will need to be completed by the councillor and submitted with evidence of identify (ie passport, driving licence, birth and marriage certificates) to the Head of Administration, who is one of the Council's authorised signatories for CRB purposes and will sign all applications from Members.
- 2.2 Authorised signatories are registered with the CRB in that capacity and are subject to strict requirements for confidentiality.
- 2.3 Failure to disclose a conviction when completing a disclosure form particularly when seeking appointment to a role working with children or vulnerable adults may be considered a breach of the Code of Conduct, which will be referred to the Monitoring Officer for review and/or action.

3. PRINCIPLE OF CLEARANCE

- 3.1 Disclosure certificates at the enhanced level are generally processed within three weeks of the CRB receiving the completed application form, together with any additional information requested. The CRB disclosure will be sent to the councillor and a copy to the Head of Administration
- 3.2 In the vast majority of cases, CRB checks will show "no trace". Once a councillor's disclosure has been returned without conviction, that councillor will be able to exercise any functions and activities which may bring them into contact with children or vulnerable adults.
- 3.3 Members who refuse to apply for a check or have relevant disclosures will not be permitted to have access to children or vulnerable adults through either the Council's activities or by appointment to any outside body.
- 3.4 A list of councillors without relevant disclosures will be retained by the Monitoring Officer.
- 3.5 Those councillors who have been cleared will be entitled to request that reference to their clearance be made on their Council identity badge. This can be used by councillors when undertaking visits to organisations which may require a check to be undertaken before granting access to the premises.

4. WHERE A DISCLOSURE CHECK REVEALS A TRACE

- 4.1 A copy of the disclosure certificate will be returned to the Head of Administration. If the certificate reveals a relevant conviction or warning the Head of Administration will contact the councillor regarding the course of action to be taken from the options set out in paragraph 4.2 below. This will include a discussion as to whether the returned data is accurate and, if so, the circumstances surrounding the offence and any mitigating circumstances; and the reasons if appropriate as to why the information was not disclosed earlier by the councillor.
- 4.2 In cases where a disclosure appears, the councillor concerned may wish to exercise one of the following choices:
- a) to agree not to be appointed to any position which may involve contact with young people / vulnerable adults;
 - b) to discuss his / her appointment to any positions either within or outside the authority with his / her political Group Leader;
 - c) to submit additional information regarding the CRB certificate;
 - d) to request that the matter be referred to the Monitoring Officer for further consideration.
- 4.3 There may be occasions where other information may emerge which may be relevant to wider issues (eg fraud) particularly in relation to the financial probity of a councillor's particular role. Examples might include Cabinet Members and those appointed to the Corporate Governance Panel. In such cases, the procedure outlined in the preceding paragraphs will be followed.
- 4.4 The Council will not use information obtained via disclosures to discriminate unfairly against any councillor who has a criminal record. However a councillor who has received a sentence of 3 months imprisonment either 5 years before his / her election or since election will automatically become disqualified as a councillor.

5. RETENTION OF DISCLOSURE INFORMATION

- 5.1 The Council is subject to the code of practice published under the Police Act 1997 which provides assurance to those applying for disclosures that information will be used fairly with proper safeguards for storage and handling.
- 5.2 All information supplied during the checking process, including the final certificate will be held securely by the Head of Administration and dealt with as set out below.
- 5.3 The Head of Administration will
- Maintain a database of disclosure checks undertaken, including date of disclosure, name of Member, type of appointment, CRB reference number and name(s) of those to whom the disclosure information has been revealed.
 - Ensure that access to the database is restricted to the Monitoring Officer only.

- Ensure that the disclosure certificate and any associated material will be shredded immediately after all issues have been resolved.
- Prohibit the photocopying or scanning of disclosure checks, or copying or representing the contents in any way.

6. FREQUENCY OF CRB CHECKS

6.1 All newly elected councillors will be required to undertake an enhanced check once elected.

6.2 For serving councillors who have not already undergone a CRB check within the last 6 months, the following approach is proposed:

- Inform all existing councillors of the Council's policy on disclosure.
- Provide councillors with a CRB disclosure application form which should be completed and returned by a specified date. This should be accompanied with a reminder to declare all convictions, cautions, bindovers etc. Forms must be submitted with evidence of identity (ie passport, driving licence, birth and marriage checks).

6.3 Checks for existing councillors will be undertaken at each term of office.

7. MONITORING AND AUDIT

7.1 The Council will:

- Undertake its own audit of the disclosure process on a regular basis.
- Cooperate with any compliance check or audit from the CRB.
- Report any suspected malpractice to the CRB.
- Report any loss of disclosure information to the CRB.
- Use disclosure information for appointment purposes only.

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PERSISTENT AND/OR VEXATIOUS COMPLAINTS POLICY (Report by the Director of Central Services)

1. INTRODUCTION

- 1.1 This report outlines for the Panel the perceived requirement to vary the Council's persistent complaints policy in the light of experience gained since its introduction some two years ago. The existing policy with suggested amendments (in red) is appended.

2. BACKGROUND

- 2.1 Essentially the persistent complaints policy was designed as a process for terminating complaints dealt with exhaustively under the Council's internal three-stage procedure. This comprises a series of escalating steps whereby complaints initially are handled by or on behalf of a Head of Service with subsequent avenues of appeal, first to a Director and then to the Chief Executive.
- 2.2 Once the internal process has been exhausted and if the complainant continues to be dissatisfied with the outcome s/he is informed of his/her right to refer the complaint to one or more of the following independent bodies:-
- the Local Government Ombudsman;
 - the Standards Board for England;
 - the Secretary of State (if the complainant considers that the Council has failed to meet its statutory duty);
 - the Council's External Auditor;
 - the Information Commissioner.
- 2.3 The complainant also is reminded of his/her right to obtain independent professional advice.

3. REASONS FOR CHANGE

- 3.1 In the vast majority of cases, the policies and procedures outlined in the foregoing paragraphs have proved to be suitable for the purposes of addressing complaints. Indeed it is often a requirement of other agencies for complaints first to have been pursued via a local authority's internal procedures before they are subjected to further, independent scrutiny. In that respect, the District Council's arrangements have proved acceptable to other agencies, eg the Local Government Ombudsman.
- 3.2 Unfortunately, in a small minority of cases, it is exceedingly difficult to persuade complainants to refrain from continued approaches and this problem can be greatly exacerbated variously by –
- mis-use of the e-mail facility through vexatiously "spamming" a disparate selection of Councillors and/or Officers about the same or similar subject matter;

- engaging employees via the telephone on an “ad-hoc” basis for extensive periods;
- the submission of complaints about a myriad of subjects/decisions/outcomes followed by complaints about the Members or Officers who were involved in those decisions; and/or
- the repeated submission of requests for information under the Data Protection Act 1998, the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004.

3.3 The Freedom of Information Act was implemented on 1st January 2005 after the Council’s persistent complaints policy was approved and the experience gained since then suggests that the time now is opportune to re-visit the matter. As reported in the local government press recently, an Assistant Information Commissioner has commented that, while most people use their rights under the Act in a responsible manner, some have developed “.....a bee in their bonnet” and have submitted requests that take too much time to process.

3.4 The Assistant Commissioner has been quoted further as saying “..... this may turn the Freedom of Information Act into a Charter for nuisances and it may give the impression to public authorities, that, rather than achieving greater transparency and accountability, the Act becomes another route through which some rather difficult individuals can give them a hard time”.

3.5 The Data Protection Act gives a right of access to personal data held by the Council on individuals and the Environmental Information Regulations facilitate public access to information on environmental issues, including air, water, soil, land and landscape, emissions, pollution, noise and waste, etc. In the case of the Regulations, information may be requested verbally.

3.6 The resources which can be engaged in dealing with a determined persistent and/or vexatious complainant can be considerable and can impact detrimentally on workloads with higher priority. It can also be very stressful to employees, particularly when complainants bring into question their professional and/or personal conduct or their competence, honesty or integrity.

4. CONCLUSIONS

4.1 While the agenda in which responsibilities for corporate governance and arrangements for the accountability of local authorities are acknowledged as being firmly positioned in the public arena, there will be occasions when this will be challenged by parties who for personal or other reasons wish to pursue issues beyond all reasonable expectations.

4.2 For some years now a particular complainant has engaged the District Council in a profusion of complaints, enquiries and requests for information. The complainant has invoked the three-stage internal complaints procedure on at least 18 occasions and has engaged countless Government Departments, statutory and other agencies and professional institutions. He shows little (if any) regard or respect for Members and employees of the District Council and has accused them of mis-use of their powers and public offices, wilfully flouting various Acts of Parliament, impropriety, lying and corruption. Subject, therefore, to the approval by the Panel of the revised persistent and/or vexatious complaints policy, it is anticipated that action will be taken soon after to –

- withdraw the e-mail facility in this case;

- require any future Data Protection/Freedom of Information requests to be dealt with via correspondence/surface mailing arrangements;
- require telephoned requests for environmental information to be made via the Council's call centre;
- deal with any complaint submitted under the Council's internal complaints policy and procedures in accordance with paragraph 5.1 of the revised persistent and/or vexatious complaints policy; and
- require the complainant to use the call centre or correspondence/surface mailing arrangements for any service enquiries or requests.

5. RECOMMENDATION

5.1 The Panel is

RECOMMENDED

to approve the appended Persistent and/or Vexatious Complaints Policy for implementation with immediate effect.

BACKGROUND PAPERS

The Council's Internal Complaints Policy and Procedures Policy and Report by the District Council's Head of Administration "Persistent Complaints Policy" submitted to the Corporate Governance Panel on 25th August 2004.

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

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Huntingdonshire District Council
Persistent **and/or Vexatious Complaints Policy**

1 Background

- 1.1 Huntingdonshire District Council has a well-established policy * and procedures for responding to complaints (as well as compliments and suggestions). However the Council recognise that, on occasion, a complainant may feel that a complaint has not been resolved to his / her satisfaction under the policy and may resubmit the complaint **or variations of it** on one or more subsequent occasions.
- 1.2 This persistent **and/or vexatious** complaints policy is designed to prevent duplication and abortive work by employees who may otherwise continue to respond to complainants about "closed" complaints.

2 Identification of a Persistent **and/or Vexatious Complainant**

- 2.1 For the purposes of this policy, a persistent **and/or vexatious** complainant is a member of the public who complains repeatedly about issues that he / she considers to be within the remit of the **District** Council. The complaints may become persistent, vexatious or repetitive. The complainant may, despite having had an original complaint investigated and been notified of the result, not accept that the matter is concluded. The complainant will, as determined by the Monitoring Officer, have exhausted the internal complaints procedure.
- 2.2 In such cases it is important to recognise that a letter or other form of communication seeking information, confirmation or explanation on any other matter will NOT be regarded as a complaint and should not be dealt with under the terms of the complaints procedure.
- 2.3 It is acknowledged that a complaint may be received by various forms of communication, including email, telephone, written correspondence or personal contact. **However, where the Monitoring Officer is satisfied that a complainant or his/her proxy has abused or is abusing either of the Council's e-mail or telephony communications systems, he may, after consultation with the Chairman or Vice-Chairman of the Corporate Governance Panel, specify conditions for the future use of those systems or order withdrawal of the e-mail communication facility.**
- 2.4 Questions of interpretation of this policy and the identification of a persistent complainant should be addressed to and will be determined by the Monitoring Officer.

3 Human Rights

- 3.1 In implementing this policy the Council will seek to ensure that its actions are in accordance with its obligations under the Human Rights Act 1998 and the Convention Rights embodied within it in order to protect the human rights of persistent complainants, other service users and **Officers Council employees.**

4 Procedure

Save as provided for in paragraph 5.1 post -

- 4.1 Should an employee form the view that a complainant is persistently contacting the Council with regard to a complaint, long after the point where a conclusion can be reached to the complainant's satisfaction, the matter should be referred as soon as possible to the relevant Director of the service associated with the complaint and to the Monitoring Officer.
- 4.2 The relevant Director and the Monitoring Officer will consider whether the persistent complaints policy should be applied to the complainant. Before deciding to apply this policy, the Director and the Monitoring Officer should ensure that the complainant has exhausted the internal complains policy and has been notified of the opportunity available to refer the complaint to another body - see **also** paragraphs 4.4 **and** 5.1.
- 4.3 If a complaint is being dealt with under this policy, this information should be shared in confidence with the complaints officers of other **Council** directorates to ensure that, where necessary, the response to the complainant is coordinated and consistent.
- 4.4 When a complainant has exhausted the procedure in the internal complaints policy and continues to express dissatisfaction with the authority's final response to the complaint, the complainant will be reminded of his / her right to refer the complaint to one or more of the appropriate independent bodies, **eg:-**
- The Local Government Ombudsman
 - The Standards Board for England
 - The Secretary of State: if the complainant considers that the Council has failed to meet its statutory duty
 - The Council's External Auditor
 - **The Information Commissioner**
- 4.5 In addition, the complainant should be reminded of his / her right to obtain independent **professional legal** advice.
- 4.6 Where the complainant has not referred the complaint to the appropriate independent body, the **Chief Executive**, relevant Director **and/or** the Monitoring Officer will advise the complainant as follows: -

"...Your complaint has now been fully addressed through the Council's internal complaints procedure and will not be pursued further by the Council.

If you remain dissatisfied with the Council's decision, however, you may wish to refer the matter to the Local Government Ombudsman (or other relevant independent body) who will consider your complaint. The Ombudsman for this area is.... and I am enclosing a copy of a leaflet which explains how to make a complaint to the Ombudsman and contains a complaint form for your use. I hope that you will find this useful.."

- 4.7 When a complaint has been determined by the Ombudsman or other relevant independent body, and the complainant continues to communicate with the Council about the complaint, the **Chief Executive**, relevant Director ~~and/or~~ the Monitoring Officer will advise the complainant as follows:-

"...Your most recent correspondence does not appear to raise any issues which have not already been responded to. Your complaint has been dealt with under the Council's own internal complaints procedure and has also been investigated by the Local Government Ombudsman (or other relevant independent body). I consider therefore that the matter has now been fully addressed through the procedures available and, unless you are able to provide new and substantive information in support of your complaint, the Council intend to take no further action in this matter."

- 4.8 Care must be taken by the Council to monitor a complainant's future correspondence, in order that any fresh complaint is not overlooked. Notes should be attached to and remain with any file, record or account of the complainant, detailing the matter which has been so closed.
- 4.9 If a fresh communication is raised by the complainant that needs to be addressed, it should first be referred to the relevant Director concerned and to the Monitoring Officer. ~~for his attention.~~

5. Variation to Procedure

- 5.1 Where the Monitoring Officer is satisfied that a complaint is vexatious, either in its content or by reason of its submission by or on behalf of a persistent and/or vexatious complainant, he may, after consultation with the Chairman or Vice-Chairman of the Corporate Governance Panel authorise a variation to the Council's internal complaints policy and procedure such as to bypass stages 1 and 3 and permit the complaint to be dealt with by a Director, whose decision will be final. Thereafter the internal complaints policy and procedure will be deemed to be exhausted and the complainant reminded of the contents of paragraphs 4.4 and 4.5 ante.**

6. Complaint Against Monitoring Officer

- 6.1** In the case of a complaint against the actions or decision of the Monitoring Officer personally, all references in this policy to the Monitoring Officer should be ascribed to the **Chief Executive**.

7. Questions of Interpretation of the Policy

- 7.1** Any questions regarding the interpretation of this policy should be addressed to the Monitoring Officer whose decision will be final.

** available at <http://www.huntsdc.gov.uk/root/index.html>, by contacting the District Council on (01480) 388388 or by writing to the District Council at:- Huntingdonshire District Council, Pathfinder House, St. Mary's Street, Huntingdon, Cambs, PE29 3TN*

June, 2006

COMPLAINTS

(Report by the Director of Central Services)

1. INTRODUCTION

1.1 The purpose of this report is to provide Members with an analysis of internal complaints and a summary of complaints determined by the Local Government Ombudsman.

2. SUMMARY OF COMPLAINTS

2.1 The Council's internal complaints system summarises complaints into six categories as follows:-

- ◆ action of employee;
- ◆ council policy;
- ◆ council procedures;
- ◆ equality of service;
- ◆ failure to respond; and
- ◆ service delivery.

2.2 The table attached at Annex A provides an analysis of complaints by complaint reason, the Division involved and results compared with the previous year.

2.3 Previously complaints have only been logged following a written submission by a complainant. The call centre has been in operation since September 2005 and can now also capture verbal complaints in relation to services which have been transferred to the call centre. These complaints predominantly relate to the Operations Division and in May 2006 50 complaints were received out of 1800 service requests.

2.4 The Operations Division also administers a separate monitoring system 'Heat' and an analysis of the complaints submitted for 2005/06 are detailed below. Details of service requests have not been included.

Complaint	2005/06
Excess refuse left and info tag attached to bin	3
Missed collection on regular basis	4
Large excess of refuse piling up in neighbours garden	2
Non-delivery of grey/green bins	1
Problems with waste disposal system at flats – excess refuse	1
Commercial premises using domestic refuse service	1
Return point of refuse bins after collection	1
Total	13

3. SUMMARY OF OMBUDSMAN COMPLAINTS

3.1 The Local Government Ombudsman Service has published the following provisional statistics for complaints determined against the District Council in the year 1st April 2005 to 31st March 2006 compared with previous years.

Formal report finding maladministration causing injustice

Decisions	2003/04	2004/05	2005/06
Maladministration causing injustice	0	0	0
Complaints settled locally	0	0	5
Maladministration causing no injustice	0	0	0
No maladministration	0	0	0
No, or insufficient, evidence of maladministration	3	8	9
Ombudsman's Discretion	1	1	1
Outside LGO's jurisdiction	1	3	0
Premature complaints	4	4	2
Total excluding premature	5	12	15
Total	9	16	17

3.2 A comparison of complaints received by subject area provides the following picture in relation to District Council services including premature complaints. The Ombudsman does not normally consider a complaint unless a Council has had the opportunity to deal with the complaint itself. So if someone complains to the Ombudsman without having taken the matter up with a Council the Ombudsman will usually refer it back to the Council as a 'premature complaint' to see if the Council can itself resolve the matter.

Subject Area	2003/04	2004/05	2005/06
Highways	5	2	2
Housing (not including HB)	0	4	0
Housing Benefit	3	1	0
Local Taxation	0	4	1
Planning	4	8	6
Other	0	3	3
Total	12	22	12

3.3 These figures are currently based upon provisional end-of-year statistics supplied by the Ombudsman. The Council has not yet received the Annual Letter.

4. CONCLUSION AND RECOMMENDATIONS

4.1 The Panel are invited to note the contents of the report.

BACKGROUND PAPERS

Local Government Ombudsman Annual Report 2001/02 – 2004/05
Provisional Complaint Statistics 2005/06

Contact Officer: Lisa Jablonska
Central Services Manager
(01480) 388004

Annex A

Complaint Reason	Division Involved 2004/05 and action	Division involved 1/4/06 to date and action
Action of Employee	2 Development Control (2 SI) 8 Council Tax (7 NAT and 1 RTC) 1 Housing (NAT) 1 Public Health 1 Benefits (FT) 1 Admin - Ops	1 Housing (NAT) 1 Public Health
Council Policy	1 Housing (NAT) 3 Benefits (SI) (NAT) 2 Council Tax (2 NAT)	
Council Procedures	3 Benefits (2 SI) (CIP) 5 Council Tax (4 NAT) (FT) 1 Business Rates (NAT) 1 Housing (SI) 1 Development Control	2 Development Control (NAT) 1 Benefits 1 Council Tax (NAT)
Equality of Service	2 Development Control (2 NAT) 1 Operational (SI)	
Failure to Respond	1 Housing (NAT) 2 Benefits 1 Development Control (SI)	
Service Delivery	4 Development Control (3 NAT) 4 Council Tax (4 NAT) 1 Highways 1 Business Rates 1 Operational 1 Planning Policy 1 Housing (SI) 2 IT	
Total	53	6

KEY:

NAT	No Action Taken
CIP	Change in Procedures
SI	Staff Instruction
RTC	Referral to Contractor
CIS	Change in Service
FT	Formal Training