

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in the **AQUARIUS ROOM, ST IVO LEISURE CENTRE, WESTWOOD ROAD, ST IVES, CAMBS, PE27 6WU** on **WEDNESDAY, 24 MARCH 2010** at **6:30 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting of the Panel held on 9th December 2009.

**Miss H Ali
388006**

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 overleaf.

3. HOUSING AND COUNCIL TAX BENEFIT FRAUD STRATEGY AND PROSECUTION POLICY (Pages 7 - 18)

To consider a report by the Head of Customer Services detailing the outcome of a review of the existing Housing and Council Tax Benefit Fraud Strategy and Prosecution Policy.

**N Jennings
388480**

4. ORGANISATIONAL ASSESSMENT 2008/09 (Pages 19 - 22)

To receive a presentation from Mr N Smith, Audit Commission on Huntingdonshire District Council's Organisational Assessment 2008/09.

5. EXTERNAL AUDITOR'S REPORT: CERTIFICATION OF GRANTS CLAIMS 2008/09 (Pages 23 - 34)

To receive a report from the Audit and Risk Manager on the certification of grant claims 2008/09.

**D Harwood
388115**

6. NATIONAL FRAUD INITIATIVE (Pages 35 - 40)

To receive a report by the Audit and Risk Manager on the National Fraud Initiative.

**D Harwood
388115**

7. RISK REGISTER (Pages 41 - 46)

To receive a report by the Audit and Risk Manager providing an update on the risk register.

**D Harwood
388115**

8. INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT
(Pages 47 - 56)

To consider a report by the Audit and Risk Manager reviewing progress towards the achievement of the annual audit plan and associated performance issues.

D Harwood
388115

9. PROPOSED CHANGES TO THE CONSTITUTION (Pages 57 - 94)

To consider a report by the Head of Financial Services proposing changes to the Council's Constitution in respect of the Code of Financial Management and Code of Procurement.

S Couper
388103

10. PROGRESS REPORT ON ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT AND RISK ASSURANCE (Pages 95 - 104)

To consider a report by the Head of People, Performance and Partnerships providing an update on progress with the annual governance statement, improvement plan and risk assurance.

H Thackray
388035

11. APPOINTMENT OF CABINET MEMBERS (Pages 105 - 106)

To receive a report by the Head of Democratic and Central Services on the appointment of Cabinet Members.

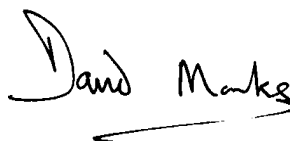
R Reeves
388003

12. MEMBER DEVELOPMENT POLICY (Pages 107 - 114)

To receive a report from the Head of Democratic and Central Services proposing a new Member Development Policy.

Mrs A Jerrom
388009

Dated this 15 day of March 2010



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, their family or any person with whom they had a close association;*
 - (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 £25,000; 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 Miss H Ali, Democratic Services Officer, Tel No 01480 388006 / e-mail: Habbiba.Ali@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.

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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in the Aquarius Room, St Ivo Leisure Centre, Westwood Road, St Ives, Cambridgeshire, PE27 6WU on Wednesday, 9 December 2009.

PRESENT: Councillor C J Stephens – Chairman.

Councillors M G Baker, P L E Bucknell,
S J Criswell, P J Downes and T V Rogers.

26. MINUTES

The Minutes of the meeting of the Panel held on 22nd September 2009 were approved as a correct record and signed by the Chairman.

27. MEMBERS' INTERESTS

Councillor P L E Bucknell declared a personal interest in respect of Minute No. 09/31 by virtue of being a Member of the Licensing and Protection Panel.

28. CALCULATION OF COUNCIL TAX BASE 2010/11

In accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended), the Panel was acquainted with a report by the Head of Customer Services (a copy of which is appended in the Minute Book) setting out the general principles for the calculation of the tax base, which was based on the number of Band D equivalent properties within the District. Having been reminded that recent parish boundary changes would come into effect on 1st April 2010 and in noting the implications this would have for the affected Wards, the Panel

RESOLVED

- (a) that the report by the Head of Customer Services regarding the calculation of the District Council's tax base for the year 2010/11 be approved; and
- (b) that in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended), the amount calculated by Huntingdonshire District Council as the tax base for the whole District for the year 2010/11 be 58,580 and shall be as listed below for each Parish of the District:

Abbotsley	240
Abbots Ripton	128
Alconbury	553
Alconbury Weston	280
Alwalton	124

Barham & Woolley	27
Bluntisham	739
Brampton	1795
Brington & Molesworth	106
Broughton	85
Buckden	1150
Buckworth	50
Bury	605
Bythorn & Keyston	142
Catworth	144
Chesterton	58
Colne	344
Conington	73
Covington	42
Denton & Caldecote	25
Diddington	30
Earith	575
Easton	75
Ellington	235
Elton	295
Farcet	580
Fenstanton	1160
Folksworth & Washingley	347
Glatton	130
Godmanchester	2371
Grafham	240
Great & Little Gidding	122
Great Gransden	455
Great Paxton	370
Great Staughton	320
Haddon	25
Hail Weston	240
Hamerton & Steeple Gidding	52
Hemingford Abbots	327
Hemingford Grey	1150
Hilton	445
Holme	238
Holywell-cum-Needingworth	975
Houghton & Wyton	785
Huntingdon	7255
Kimbolton & Stonely	595
Kings Ripton	80
Leighton Bromswold	82
Little Paxton	1250
Morborne	11
Offord Cluny & Offord D'Arcy	508
Old Hurst	98
Old Weston	87
Perry	265
Pidley-cum-Fenton	153
Ramsey	2890
St Ives	5725
St Neots	10195
Sawtry	1730
Sibson-cum-Stibbington	210
Somersham	1385
Southoe & Midloe	158

Spaldwick	229
Stilton	785
Stow Longa	65
The Stukeleys	415
Tilbrook	108
Toseland	37
Upton & Coppingford	85
Upwood & The Raveleys	420
Warboys	1365
Waresley-cum-Tetworth	146
Water Newton	42
Winwick	40
Wistow	215
Woodhurst	150
Woodwalton	85
Wyton-on-the-Hill	414
Yaxley	2910
Yelling	<u>140</u>
	<u>58580</u>

29. ANNUAL REVIEW OF THE RISK MANAGEMENT STRATEGY

With the aid of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel gave consideration to an updated Risk Management Strategy. Having noted that no changes were required to be made to the main body of the Strategy, the Panel were advised that minor textural amendments had been proposed for the definitions within the environment and environmental risk categories to reflect the wording within the Council's Environment Strategy. Some concern was expressed at the proposed exclusion of "Crime and Disorder Act implications" and "Incorrect storage/disposal of waste" under the operational environmental risk category and Members concurred with a suggestion that reference to this should remain within the Strategy. It was therefore

RESOLVED

that the revised Risk Management Strategy be approved, subject to the inclusion of "Crime and Disorder Act implications" and "Incorrect storage/disposal of waste" under the operational environmental risk category proposed within the report.

30. REVIEW OF THE ANTI-FRAUD AND CORRUPTION STRATEGY

By means of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book), the Panel was acquainted with the outcome of the annual review of the Council's Anti-Fraud and Corruption Strategy. Members' attention was drawn to the changes being proposed to paragraph 6.3 of the Strategy. Further amendments were proposed to the effect that the Chairman of the Corporate Governance Panel, together with the External Auditors, should also be informed of all cases of significant fraud and corruption.

RESOLVED

that the revised Anti-Fraud and Corruption Strategy be adopted, subject to reference being made to the Chairman of the Corporate Governance Panel and the External Auditors being informed of all cases of significant fraud and corruption.

31. EXTERNAL AUDITOR'S REPORTS: USE OF RESOURCES 2009 AND THE ANNUAL AUDIT LETTER FOR 2008/09

(Mrs L Sandford and P Winrow of Grant Thornton UK LLP, the Council's External Auditors, were in attendance for consideration of this item).

Consideration was given to a report by the Head of People, Performance and Partnerships (a copy of which is appended in the Minute Book) detailing the Council's Use of Resources Report 2009 and Annual Audit Letter 2008/09.

In introducing the Use of Resources Report, Mrs L Sandford from Grant Thornton informed Members that the Council had performed adequately in all areas, had arrangements in place consistent with established professional practice and guidance and was meeting statutory requirements and operating effectively. The Panel's attention was also drawn to the content of an action plan designed to assist the Council further improve its performance. A brief discussion ensued on the External Auditor's recommendation that the Council should review its decision not to publish an annual report and Members discussed the possibility of utilising the Districtwide publication in this respect. The Panel was informed of the launch of the "One Place" website which provides an independent overview of local public services in England and in so doing, was encouraged to note that Huntingdonshire's performance compared favourably against other District Councils.

In respect of the Annual Audit Letter, the Panel was acquainted with the performance of the Council in 2008/09 and noted the key areas for action by the Council over the 2009/10 financial year. Whereupon, it was

RESOLVED

that the Use of Resources Report 2009 and the Annual Audit Letter 2008/09 be noted and the recommendations in Annex A endorsed.

32. CODE OF PROCUREMENT

Pursuant to Minute No. 09/22, the Panel gave consideration to a joint report by the Directors of Central Services and Commerce and Technology (a copy of which is appended in the Minute Book) on the actions taken and the plans to promote compliance with the Council's Code of Procurement, with a view to encouraging better procurement practices across the Council's organisation. Having had their attention drawn to the types of breaches that had occurred, Members were advised that there was no suggestion of corruption or collusion between contractors and Officers. In noting that a series of actions had been proposed to ensure future compliance with the Code, the

Panel

RESOLVED

that the actions proposed within the report be endorsed by the Panel.

Chairman

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COMT
CORPORATE GOVERNANCE PANEL

9 MARCH 2010
24 MARCH 2010

HOUSING AND COUNCIL TAX BENEFIT FRAUD STRATEGY & PROSECUTION POLICY (Report by Head of Customer Services)

1. Introduction

- 1.1 This report considers a review of the existing Benefit Fraud Strategy and Policy for the prosecution and sanction of those persons found to have been committing benefit fraud.
- 1.2 The councils Fraud Team undertakes investigations of allegedly fraudulent applications for housing benefit and council tax benefit. This work complies with various legislative requirements as well as providing protection of the public purse.
- 1.3 The Team are part of the Benefit Service and report through the Benefit Manager to the Head of Customer Services.

2. Benefit Fraud Strategy

- 2.1 The council has in place a robust Anti-Fraud and Corruption Strategy to cover the councils services as a whole but reports from the Audit Commission and the Department for Work and Pensions require that the council has in place a separate Strategy to identify how it will deal with benefit fraud.
- 2.2 The council has had an effective Benefit Fraud Strategy since 2003 but this has been identified as being in need of review due to changing legislation and the needs of the council.
- 2.3 The previous and revised Strategies both incorporate the council's core objectives and values whilst ensuring that the council can show that it takes a strong stance to deter, prevent and investigate fraud.

3. Prosecution Policy

- 3.1 All cases of Benefit Fraud identified following investigation are referred to the Head of Customer Services (HoS) by the Fraud Manager (FM). The FM will make recommendation on disposal of every case where offences have been identified based on the public interest, evidential test and the councils

own Policies. The HoS will approve or amend these recommendations in line with the existing Policies.

- 3.2 The Fraud Team undertake in excess of 350 investigations into alleged benefit fraud each year. The success of these investigations resulted in 120 sanctions and prosecutions 2007/2008 and in 119 in 2008/2009.

4. CONCLUSIONS

- 4.1 The existing system of issuing sanctions by the FM has proved to be effective and efficient.
- 4.2 Due to the increasing volume of cases being detected and considered for sanction or prosecution, the manner in which these cases are agreed between the HOS and FM should be amended. A panel composed of the HOS, FM, HDC Legal advisor and Benefit Manager meet to discuss all cases so that the HoS, having taken into account legal and welfare advice and the likelihood of securing a conviction, makes an informed decision.
- 4.2 The Fraud Manager now presents all cases in court for first, plea and sentencing hearings where the cases are relatively straight forward. This has been found to be very successful and reference to the council's own solicitor where required has been maintained.
- 4.4 The Fraud Team provide a service to the Benefit Section. However, its expertise and specialist knowledge has led to its use by the Local Taxation and Housing Departments. There are no formal arrangements in place to allow such investigations and no funding or internal recharges made for this type of work by the Fraud Team.

5. RECOMMENDATIONS

- 5.1 It is

RECOMMENDED

that the Corporate Governance Panel

- (a) note the contents of this report;
- (b) agree and authorise the reviewed Benefit Fraud Strategy attached at Annexe A;
- (c) agree and authorise the reviewed Benefit Fraud Prosecution Policy attached at Annexe B;

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Huntingdonshire District Council

Housing & Council Tax Benefits Fraud Strategy

Introduction

Huntingdonshire District Council (the Council) is committed to the professional delivery of housing and council tax benefit services to its customers and the contribution that this service can make to the corporate objectives of achieving a low level of homelessness, maintaining sound finances and paying housing and council tax benefits. The Council also has a duty to protect the public funds it administers from fraud, error or other irregularity.

Priorities for the prevention and detection of fraud

The benefits service will

- Conduct thorough checks of new applications made and review claims to prevent fraud entering or remaining in the system.
- identify possible fraudulent claims as soon as possible
- investigate allegations of fraud relating to claims for benefit to establish the correct entitlement
- administer appropriate sanctions in accordance with legislation and the Prosecution Policy to deter and punish fraudsters
- consider whether to prosecute or sanction offenders where offences are identified
- publicise successful prosecution cases to act as a deterrent to potential fraudsters
- participate in data matching exercises with the Audit Commission and the Department for Work and Pensions to identify possible fraud/ error/ irregularities.

The benefits service will use the Prosecution Policy as an operational guide for investigating officers.

Our commitment

We will

- avoid any discrimination due to age, gender, race, disability or religion when dealing with any enquiries
- seek to ensure that information about benefit fraud is published as widely as possible and in such formats as will encourage awareness in all customers
- ensure appeals and complaints are administered fairly and effectively
- provide a fraud hotline for members of the public to report benefit fraud
- work with other agencies for example the police, DWP and HMRC
- investigate all allegations in accordance with the relevant legislation
- ensure all staff involved in investigation are fully trained

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HUNTINGDONSHIRE DISTRICT COUNCIL

Benefits Prosecution Policy

1. Introduction

- 1.1 Huntingdonshire District Council (the council) is committed to the professional delivery of housing and council tax benefit services to its customers and the contribution that this service can make to the corporate objectives of achieving a low level of homelessness, maintaining sound finances and paying housing and council tax benefits. Benefit is for those who are most vulnerable in society and the council therefore has two main aims:
- To deliver the correct amount to the correct person as soon as possible.
 - To ensure that benefits are taken up by those who are entitled to them.
- 1.2 The Council also has a duty to protect the public funds it administers from abuse and is aware of the risks within the benefits system for fraud, error or other irregularity. In carrying out this duty, the authority may use information provided to it for the purpose of the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.
- 1.3 The Council will, wherever possible incorporate effective internal controls to minimise the risk of fraud occurring. However, despite this fraud can be perpetrated and appropriate procedures need to be in place.
- 1.4 The Council understands that some people will attempt to obtain benefit to which they are not entitled and sometimes this is done deliberately. Where an investigation has revealed this is the case, the Council will consider the individual circumstances of the case and where appropriate will consider criminal prosecution; alternatively an Administrative Financial Penalty or a Formal Caution may be applied.
- 1.5 The Social Security Administration Act 1992, as amended, allows authorities to consider offering offenders a financial penalty or a formal caution as an alternative to prosecution. Such sanctions can only be offered if the case could be brought to court. However, should the offender refuse to accept such sanction then the Council must consider instigating proceedings against the individual concerned.
- 1.6 The Council's policy outlines the procedures to be followed with regard to the prosecution of benefit claimants, landlords, employees and elected members who have committed benefit fraud. It will serve as a policy statement that is supported by members of the Council who have endorsed the Fraud and Corruption Strategy, and as an operational guide for Investigating Officers.
- 1.7 The council will always have regard to the circumstances of the individual it is dealing with when considering any case of alleged benefit fraud. Every case

will be treated on its own merits and no distinction will be made due to gender, sexual orientation, religion or race. The council will, however, have regard to any extenuating and relevant circumstances of the individual including age, disability, learning or language difficulties which may have contributed to alleged offending.

- 1.8 The term Sanction refers to any penalty that can be imposed by the council and allowed by legislation where offending contrary to the Social Security Administration Act 1992, Theft Act 1938, or the Fraud Act 2006, appears in the council's opinion to have occurred.

2. The Policy

- 2.1 The council's Investigation Officers must adhere at all times to the requirements of the Police and Criminal Evidence Act 1984, the Social Security Administration Act 1992 (as amended), the Code of Practice for Crown Prosecutors and the Criminal Procedures and Investigations Act 1996, and any other relevant legislation.
- 2.2 All cases that fall into the criteria outlined in paragraphs 2.5 and 2.6, regardless of the level of the overpaid benefit, will be passed to the Fraud Manager who will decide, unless there are exceptional circumstances, whether a sanction is appropriate and recommend the type.

Where proceedings are to be considered in every a recommendation will be made to the Head of Customer Services on such disposal for that officers authority. The Head of Service will convene a panel including an officer from the councils legal Department the Benefit Manager and Fraud Manager so that welfare, legal and policy advice is available as each case is dealt with.

- As a general rule a financial threshold for sanction or prosecution should be considered. The DWP operate financial thresholds for sanction activity and these will be considered by the council when decisions are made.
- Any prosecution is referred to the most appropriate organisation, i.e. where the primary fraud appears to have been perpetrated. This could be the Department for Work & Pensions, the Police, the councils Legal Department, The councils Fraud Team or any other body deemed appropriate.
- Imposition of an administrative penalty (this can only be offered where there are sufficient grounds to prosecute but the penalty option is preferred).
- Imposition of a formal caution (this can only be offered where there are sufficient grounds to prosecute and the offence has been admitted).
- Closure of the case without sanction, if it would not be in the public interest to pursue the particular case. However, the reasons should be fully documented and authorised by the Head of Customer Services.

2.3 Where any case is to be considered for prosecution or sanction the Code for Crown Prosecutors requires that every case is considered fairly and objectively and that principles around the standard of evidence and the public interest are considered and that only where these tests are passed should a case be considered for prosecution

2.5 The Evidential Test. To be considered in all cases regardless of the method of sanction chosen.

The Code for Crown Prosecutors lays out how this test must be applied. Prosecutors must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each suspect on each charge. They must consider what the defence case may be, and how it is likely to affect the prospects of conviction. A case which does not pass the evidential stage must not proceed, no matter how serious or sensitive it may be.

2.6 The Test of Public Interest. To be considered in all cases regardless of the method of sanction chosen.

The Code for Crown Prosecutors lays out the public interest factors which can increase the need to prosecute or may suggest an alternative course of action. The factors will vary from case to case. Not all the factors will apply to each case and there is no obligation to restrict consideration to the factors listed. In making a decision to prosecute all available information must be carefully considered.

3. Alternatives to Prosecution

3.1 Only cases that qualify for court on both the strength of evidence and the public interest factors can be considered for an alternative to prosecution. In essence, this means that the collated evidence must be sufficient to enable criminal proceedings to be initiated. If the evidence is insufficient then no alternative should be offered. In addition to strong independent evidence, there must be an admission of guilt at interview or subsequent written admissions for a formal caution to be considered. Investigations, which fail to meet the above criteria, must be closed without any sanction.

3.2 The defendant must give his informed consent to the alternative procedure to prosecution being offered. If the offer is declined the Council must always be in a position to commence criminal proceedings should it wish to do so. This means that an investigation must have been undertaken as if it was the intention to prosecute if the case is proved. It would be an abuse of process to offer an alternative to prosecution in any case where a prosecution would be unlikely to succeed in court.

3.3 As a general rule the following cases should not normally be considered for an alternative to prosecution:

a) The defendant is a council member, employee or an employee of another welfare organisation.

b) The defendant has declined to accept or has withdrawn from their

agreement to accept an administrative penalty.

- c) The defendant has declined a formal caution.
- d) The defendant has already received an administrative penalty or formal caution for a previous offence.
- e) The defendant is subject to a prosecution by another agency for a similar offence.
- f) The defendant has previous convictions for similar offences.
- g) Where there is evidence that the defendant has used alias/es to claim benefit.

4. Formal Caution

- 4.1 A formal caution is an oral or written warning given, to a person who has committed an offence, as an alternative to prosecution. In any case selected for caution there must be evidence to prove the offence, an admission at an interview under caution and the person being cautioned must give informed consent. A formal caution is a deterrent, and does not affect the recipient except if by re-offending when it may be cited in court on conviction for future offences. Where a caution has been declined the case must then be considered for criminal proceedings.
- 4.2 The Fraud Manager, or other delegated Fraud Team Member, after agreement from the Head of Customer services will offer a formal caution in appropriate cases. These will include:
 - a) A first offence that was disclosed by the defendant at the first opportunity.
 - b) A first offence where the overpayment does not exceed £2,000 unless there are exceptional circumstances. In such circumstances the agreement of the Head of Service must be sought before such a sanction is offered.
 - c) Where a genuine mistake or oversight contributed to the offence.

5. Administrative Penalty

- 5.1 Section 115a of the Social Security Administration Act 1992, as amended by section 15 of the Social Security Administration (Fraud) Act 1997 introduced financial administrative penalties as an alternative to prosecution. A financial penalty amounting to 30% of the amount of the overpayment can be offered in a fraud case if the following conditions are met:
 - a) There is a recoverable overpayment of benefit as defined by the Social Security Administration Act 1992
 - b) The cause of the overpayment is attributed to an act or omission on the

part of the defendant, and

- c) There are grounds for instituting criminal proceedings for an offence relating to the overpayment upon which a penalty is based.
- d) The person offered such a penalty has the ability to repay it within a reasonable timescale and the imposition of such a penalty will not overburden them if they have existing priority debts.
- e) Penalties should normally only be offered where the overpayment does not exceed £2,000 unless there are exceptional circumstances. In such circumstances the agreement of the Head of Service must be sought before such a penalty is offered.

5.2 If the offender declines the offer of an administrative penalty or the offender withdraws his agreement to pay the penalty the case must be considered for prosecution. Where the person signs the agreement but then defaults on repayment of the Penalty this will also be treated as a withdrawal of the agreement by that person.

5.3 The Fraud Manager, or other delegated Fraud Team Member, after agreement from the Head of Customer services will offer an Administrative Penalty in appropriate cases. These will include:

- a) An offence where the overpayment is significant enough to consider that the claimant be prosecuted, whilst also considering the length of time over which the overpayment arose.
- b) Whether or not there has been an admission at an interview under caution.
- c) What action the Department of Social Security is taking on any part of the benefit it administers.

6. Recording Sanctions and Prosecutions

6.1 For an effective regime of sanctions to be successful it is a requirement that accurate records of all convictions, administrative penalties and formal cautions are maintained. This will enable the correct decisions to be made taking full account of the defendant's background. Therefore, it is important that an acceptance record of each is maintained.

6.2 All sanctions must be recorded by the Council and copies of all documents used to consider and issue the sanction retained. Relevant paperwork must also be sent to the Department for Work and Pensions and in the case of prosecution activity to the Police National Computer Bureau to update the central databases on sanction activity.

7. Publicity

7.1 It is the Council's intention to positively promote this policy as well as the outcome of any prosecutions, which will deter others from fraudulent activity.

8. Reporting and Review

- 8.1 Summary information on cases and action taken will be reported to the Head of Customer Services and the Executive Councillor for Finance on a quarterly basis.
- 8.2 An Annual report will be produced for the Head of Service, Chief Officers Management Team and Corporate Governance Panel
- 8.3 This policy will be reviewed annually or when changes in legislation require it.

Huntingdonshire District Council

Organisational Assessment (Summary version)

Pre-publication version dated 03 December 2009

Provided under embargo



oneplace

for an independent overview
of local public services

Huntingdonshire District Council

Overall, Huntingdonshire District Council performs well

Managing performance	3 out of 4
Use of resources	2 out of 4
Managing finances	2 out of 4
Governing the business	2 out of 4
Managing resources	2 out of 4

Description of scores:

1. An organisation that does not meet minimum requirements, Performs Poorly
2. An organisation that meets only minimum requirements, Performs Adequately
3. An organisation that exceeds minimum requirements, Performs Well
4. An organisation that significantly exceeds minimum requirements, Performs Excellently

Summary

Overall Huntingdonshire District Council performs well. The Council is improving most areas that matter to local people. It stays focused on delivering its aims. Residents are happy with the area as a place to live. More residents than average are happy with the way the Council runs things. Access to services is better and good performance management means some services are improving. There are sound financial planning and management arrangements and the Council has enough capable people and finances to continue improving.

There is a difference between the scores for use of resources and managing performance. We decided that the score should be that overall Huntingdonshire District Council performs well rather than adequately. This is because the Council is improving most areas that matter locally and residents are happy with the area and the way the Council runs things. There is a continuing focus on priorities and working with partners is increasing the Council's ability to improve the area. Financial management is sound and there are enough resources to allow continuing improvement.

Huntingdonshire District Council scores 3 out of 4 for managing its performance. The Council is improving most areas that matter to local people. Waste management is good and recycling and composting continues to improve. Crime levels overall have fallen and remain comparatively low but burglary has risen dramatically in 2008/09. The Council works well with many partners.

People can access Council services more easily now through the customer service centre and satisfaction levels with that service are high. The Council

has responded quickly to the economic downturn with interventions tailored to the local economy. High numbers of houses which local people can afford have been completed. Early successes on action to combat climate change have been achieved.

Council leaders stay focused on priorities. Effective performance management is improving poorer performing services, such as Planning. Benefits claims are processed more quickly. Leisure centres have improved and are used more. Public consultation influences the way services develop, for example in Oxmoor and Eynesbury. Joint working with other public service providers, voluntary organisations and private companies is increasing the Council's ability to improve the area.

Huntingdonshire District Council scores 2 out of 4 for its use of resources. This recognises that while the Council's financial processes are mostly good, it is not always clear that this results in better services for the public. There is sound financial management which has resulted in a robust medium term financial strategy. The Council has good and effective governance, risk management and internal control arrangements.

CAA looks at how well local public services, working together, are meeting the needs of the people they serve. It's a joint assessment made by a group of independent watchdogs about the performance of local public services, and how likely they are to meet local priorities. From 9 December you will find the results of Comprehensive Area Assessment on the Oneplace website - <http://oneplace.direct.gov.uk/>



for an independent overview
of local public services

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**EXTERNAL AUDITOR'S REPORT
CERTIFICATION OF GRANT CLAIMS 2008/09**

(Report by the Audit & Risk Manager)

1. INTRODUCTION

- 1.1 In September 2009 the Audit Commission published a report "Review of Arrangements for Certifying Claims and Returns" that made a number of recommendations for improving grant certification work.
- 1.2 The External Auditor is now required to present an annual report to those charged with governance on the results of their certification work.

2. GRANT CERTIFICATION

- 2.1 This Council has no role in determining the scope of the grant certification work or level of fees payable. These are determined by the Audit Commission. The fees payable by this Council for this certification work was £18,020.
- 2.2 The annual report received from Grant Thornton is attached.
- 2.3 There are no significant issues identified in the report that require action to be taken by the Council.

3. RECOMMENDATION


- 3.1 The Panel is recommended to note the report.

BACKGROUND INFORMATION

None

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Huntingdonshire District Council

Grants Report 2008-09

December 2009

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1 Executive summary

Introduction

- 1.1 The Council received three grant claims and returns from government departments requiring external audit certification in 2008-09, representing income in excess of £32 million.
- 1.2 Grant Thornton, as the Council's auditors and acting as agents of the Audit Commission, is required to certify the claims submitted by the Council. This certification typically takes place some 6-9 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.3 This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

- 1.4 We provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency and issues auditors with a Certification Instruction (CI) for each specific claim or return.
- 1.5 Appendix A sets out an overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform.

Key messages

- 1.6 A summary of all claims and returns subject to certification is provided at Appendix B, together with the certification fee and outcome of our review.
- 1.7 All grants claims and returns that required certification were submitted to us on time and were certified by the required deadlines. The quality of the working papers to support the claims was adequate and there were no significant issues identified from our work that require action from the Council.

The way forward

- 1.8 The new use of resources assessment in 2009 required auditors to consider the results of certification work when undertaking the Use of Resources assessment, including, in particular, the impact of housing benefit and council tax testing on data quality. The 2010 assessment will be further integrated with grant certification work, including consideration of the outcome of a wider range of grant claims.

Arrangements for certification:

- amounts claimed below £100,000 - no certification
- amounts claimed between £100,000 - £500,000 - agreement to underlying records
- amounts claimed over £500,000 - agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

Acknowledgements

- 1.9 We would like to take this opportunity to thank Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP

December 2009

2 Detailed findings

Introduction

- 2.1 This section of the report summarises the main issues arising from the certification of grants and returns in 2008-09. Further details of the individual grants that have been certified are provided at Appendix B.

Performance against targets

- 2.2 Table One summarises the Council's performance against key certification performance targets for the three claims and returns submitted for certification in 2008-09 compared to three claims and returns in 2007-08:

Table One: Performance against key certification targets

Performance measure	Target	Achievement in 2008-09		Achievement in 2007-08		Direction of travel
		No.	%	No.	%	
Number of claims submitted on time	100%	3	100	3	100	→
Number of claims certified on time *	100%	3	100	3	100	→
Number of claims amended by the auditor	0%	1	33	1	33	→
Number of claims qualified by the auditor	0%	0	100	0	100	→

* the certification deadline is that prescribed by the grant paying body as advised by the Audit Commission, or if a claim is received after the submission deadline, within three months of receipt.

- 2.3 This analysis of performance against targets shows that there are no significant concerns with the way that the Council manages processes for the certification of its claims or the accuracy of claims presented for certification.
- 2.4 We charged a total fee of £18,020 for the certification of claims and returns in 2008-09. Details of fees charged for specific claims are included within Appendix B.

Management arrangements

- 2.5 Good arrangements are required for successful management of the certification of grant claims and returns. We are pleased to note that our review of management arrangements identified no significant areas of weakness that require the Council to take improvement actions.

Significant findings in relation to individual claims and returns

- 2.6 As a result of our work, the Council's Housing and Council Tax Benefit subsidy return was subject to minor amendment. However, our work highlighted no major concerns relating to systems and controls in place to administer and record housing and council tax payments at the Council.

A Approach and context to certification

Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission in reviewing and providing certificates on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instruction (CI). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return and secondly, a series of detailed tests.

In summary the arrangements are:

- for amounts claimed below £100,000 - no certification required;
- for amounts claimed above £100,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council; and
- for amounts claimed over £500,000 - certifying that the claim agrees to underlying records of the Council and an assessment of the control environment. Where reliance is not placed on the control environment, detailed testing is performed.

Roles and responsibilities

The following table sets out the roles and responsibilities of the parties involved in the certification of claims and returns.

Party	Role and responsibility
Grant paying body	Sets grant conditions and the deadlines for submission of the pre-certificated and certified claim
Audit Commission	Issues certification instructions
Council	Submits claims and returns to the Appointed Auditor within grant paying body submission deadlines. Ensures adequate documentation is maintained to support compilation of claims and returns.
Appointed Auditor	Certifies claims in accordance with Audit Commission instructions and within certification deadlines.

Scope

We assess the Council's arrangements for submission of grant claims for certification. We do not review the Council's wider arrangements for managing external funding or maximising its entitlement to external funding.

B Details of claims and returns certified in 2008-09

Ref	Claim	Claim value (£)	Amended? Y/N	Amendment value (£)	Qualified?	Budgeted fee (£)	Actual fee (£)
BEN 01	Housing and Council Tax Benefits Subsidy Return	31,624,180	Yes	(1,223)	No		13,950
HOU 21	Disabled Facilities Grant	464,000	No	0	No		845
LA 01	National Non-Domestic Rates Return	50,621,250	No	0	No		3,225
TOTAL		82,709,430		(1,223)		20,000	18,020



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NATIONAL FRAUD INITIATIVE
(Report by the Audit & Risk Manager)

1. Purpose

- 1.1 To inform the Panel about:
- the National Fraud Initiative (NFI)
 - the work undertaken on resulting, potentially fraudulent, matches provided by the Audit Commission.

2. Background

- 2.1 The NFI is a data matching exercise run by the Audit Commission every two years that aims to detect instances of fraud and over/under payment. It involves comparing the Council's own systems with each other and with the records held by other public bodies.
- 2.2 The Audit Commission conducts the survey under the statutory powers given to it under the Serious Crime Act 2007. All mandatory participants (which includes the Council) must provide data and failure to provide data without reasonable reason is a criminal offence.
- 2.3 The last full data extraction took place in October 2008, and included the electoral register, payroll, council tax, housing benefit, creditors, hackney carriage and personal alcohol licence holders, concessionary travel passes, market traders and insurance claimants. The Audit Commission have also recently been sent the current electoral register and council tax data. Data is transferred through a secure website.
- 2.4 Two reports are received back from the Audit Commission; 'recommended' matches and "other" matches.

3. Data Protection

- 3.1 The use of personal data for NFI purposes is covered by the Data Protection Act and as such the Council is required to explain to individuals that their data may be used for the prevention and detection of fraud. Appropriate 'Fair Processing Notices' are included on application forms, letters and bills. Further information is provided on the Council's website.

4. Results

- 4.1 The Audit Commission summarises the data matches into categories. Annex A lists these categories and the data records that are compared.
- 4.2 The 2008 exercise identified a total of 2,330 matches. 364 of these were 'recommended' matches, and have been subject to full investigation. Details of the broad categories into which they fall and the results to date are detailed in Annex B.
- 4.3 Investigation of the matches are undertaken by the Benefit Fraud, Council Tax and Internal Audit teams with overview by the Internal Audit & Risk Manager. The Council's external auditors consider the work undertaken on NFI as part of its evaluation of the Council's arrangements to prevent and detect fraud and the annual Use of Resources assessment.
- 4.4 All 'recommended' matches are fully reviewed. Of the "other" matches 51% relate to Housing Benefit claims and 40% to Council Tax. All these "other" matches are also reviewed except for the Housing Benefit ones, where resources only allow a sample check. This time the sample is 17% and it will be reviewed in the light of the final results from the investigations.
- 4.5 98% of the 1,507 chosen reviews have been completed. The items identified related to 18 data errors where duplicate supplier records were included in the payments database slightly increasing the likelihood of duplicate payments being made. The 22 cases of fraud or where recovery was required amount to about £57k and are detailed in the table below.

Data match report	Outcome
Housing benefit claimant to payroll pensions	1 error. Overpayment of HB. Receipt of pension not disclosed. 1 fraud. Undisclosed pension and bank accounts.
Duplicate records by invoice amount and creditor reference	1 error. Duplicate payment recovered.
Council Tax to Electoral Register	19 frauds. Single person discount claims.

- 4.6 The NFI therefore serves two purposes:
- it is part of the control system in that it identifies items that would have otherwise been difficult to cost-effectively identify
 - it is part of the governance system in that it demonstrates the low level of data errors and frauds and recovery items that have not already been identified by our systems.
- 4.7 The Panel should therefore recognise the level of assurance that the NFI exercise brings to the Corporate Governance of the authority.
- 5. Recommendation**
- 5.1 It is recommended that the Panel note the work that has been undertaken with respect to the 2008 NFI exercise.

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None

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

Categories	Matched data records
Housing Benefits to	Student Loans Payroll Payroll Pensions Housing Benefit Claimants (other authorities) Housing Rents Housing Right to Buy Insurance Claimants Market Traders Taxi Drivers Personal alcohol licences
Payroll to	Payroll (other authorities) UK Visas
Concessionary Travel Passes to DWP deceased	
Creditors	Duplicate creditors by Creditor name Creditor address Bank account number Amount and creditor reference number VAT overpaid
Procurement	Payroll to Companies House (Directors) Payroll to Companies House (Companies)
Council Tax to	Electoral Register Rising 18's from Electoral Register

Data Match Results : February 2010

	Reported Matches		No Review	Reviewed but no errors/fraud	Under Investigation	Error Identified	Fraud or Recovery Identified
	Recommended	Others					
Housing Benefits	68			65	1		2
		994	823	149	22		
Payroll	1			1			
		67		67			
Concessionary Travel Passes	295			295			
Creditors		114		95		18	1
Procurement		10		10			
Council Tax		781		762			19
Totals	364	1,966	823	1,444	23	18	22

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RISK REGISTER

(Report by the Audit & Risk Manager)

1. Purpose

- 1.1 To inform the Panel of the significant changes that have been made to the risk register in the period from September 2009 to February 2010 and the current residual risk scores.

2. Updating of the Risk Register

- 2.1 Since the last meeting of the Panel, the register has been updated with the significant operational risks identified by Activity Managers, the controls in place to manage those risks and the sources of assurance available to manage those controls. This information will help the Panel when it considers the annual governance statement.
- 2.2 The process by which the register is reviewed by Heads of Service is now well established and dovetails with the COMT quarterly performance reporting timetable. A similar review process is intended to be introduced with Activity Managers, albeit on a six monthly basis.
- 2.3 All changes to the register are reviewed by the Audit & Risk Manager on a monthly basis. This allows general over-sight and challenge of the risk entries and the inherent and residual scoring. The full risk register is available on the risk management intranet site.

3. Current Register

- 3.1 Since the last report to the Panel in September 2009, the following changes have been made to the risk register:
- 44 new register entries
 - 3 Corporate
 - 41 Operational
 - 1 operational risk has been deleted.
- 3.2 The attached annexes show the reduction in risk achieved by the controls that managers have in place for both Corporate and Operational risks. Risks with a “very high” residual risk are listed separately. Risks have also been analysed by the corporate objectives outlined in Growing Success.

3.3 The risk management strategy requires the Cabinet to consider each of the very high residual risks to identify whether they should be further mitigated by cost-effective and affordable actions. Four of the six very high residual risks in the register have not yet been considered by Cabinet. It is intended that risk option forms will be presented to Cabinet shortly.

4. Future Developments

4.1 The Risk Management Group considers that risk management is now embedded across services. It has agreed the following development programme over the next year:

- Improving training for staff
- Linking risk reporting to performance management information
- Considering how to identify risk issues in reports to Members
- Benchmarking the Council's approach to risk management

5. Recommendation

5.1 It is recommended that the Panel note the report.

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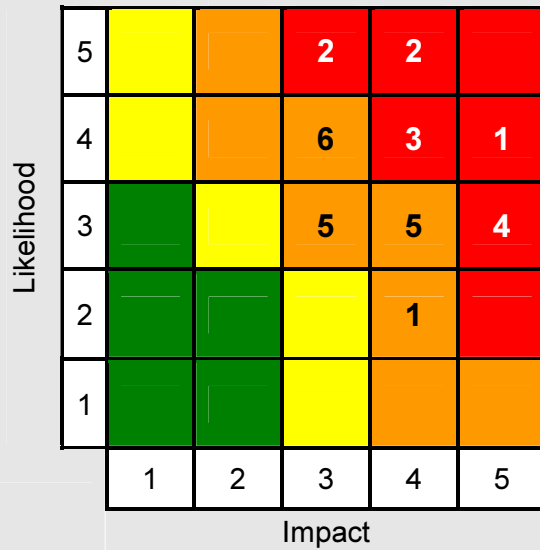
Risk Register

Minutes of the Risk Management Group

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

Corporate Risks

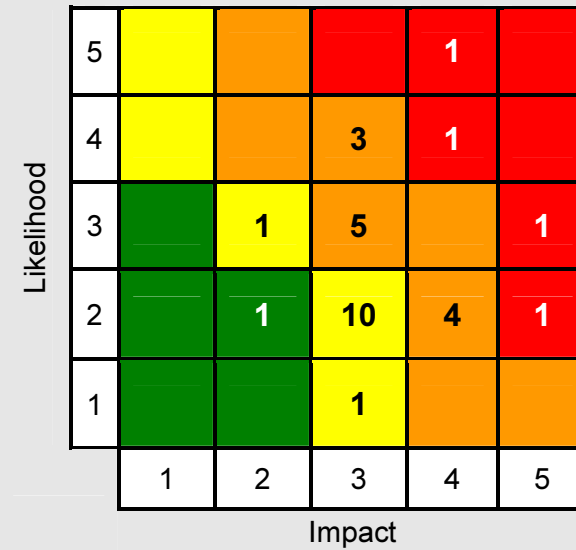
**Inherent Risks
before controls
February 2010**



Residual risk scores rely on the identified controls working effectively.

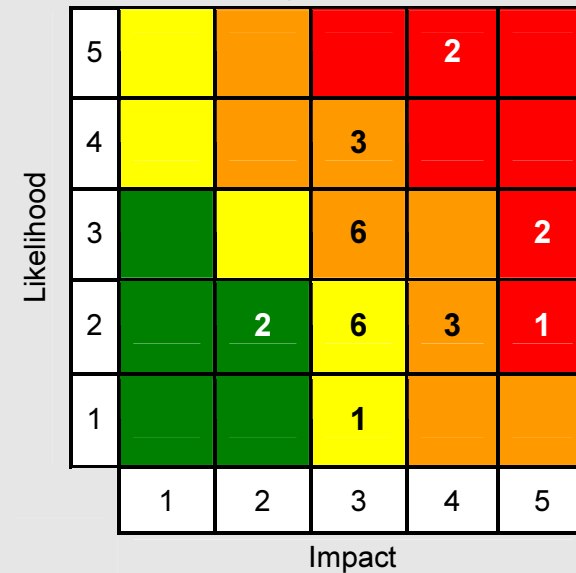
CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

**Residual Risks
after controls
February 2010**



total
29

August 2009



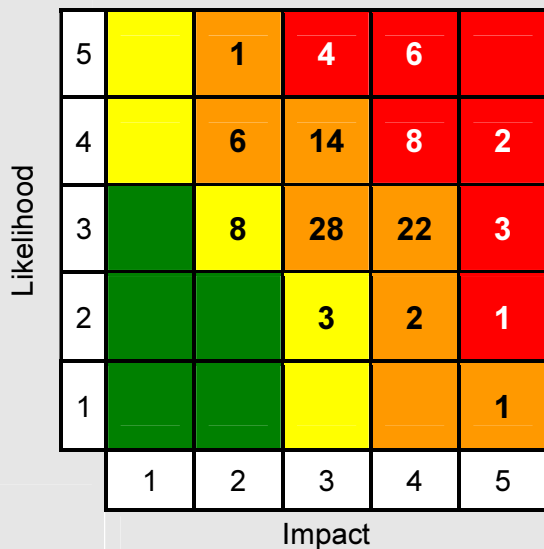
total
26

+ 3

	'Very High' Residual Risks	Aug 2009	Feb 2010	Accepted by Cabinet
47	Investment decisions not appropriate			
104	Delays to A14			Dec 2007
130	Failure to achieve financial savings			
148	Increased homelessness			
154	Delivery of environmental agenda			

Operational Risks

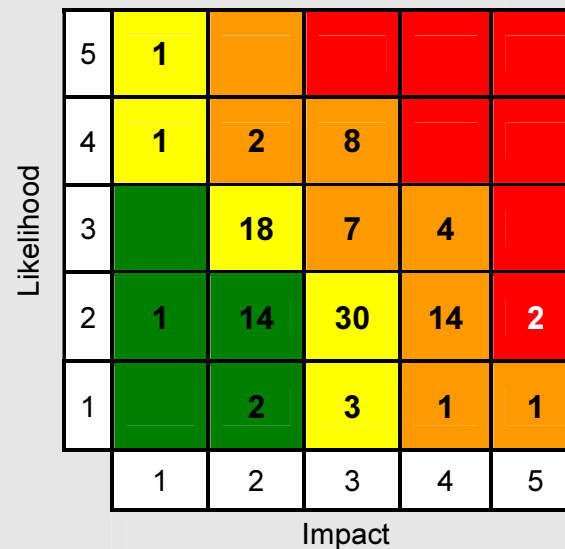
**Inherent Risks
before controls
February 2010**



Residual risk scores rely on the identified controls working effectively.

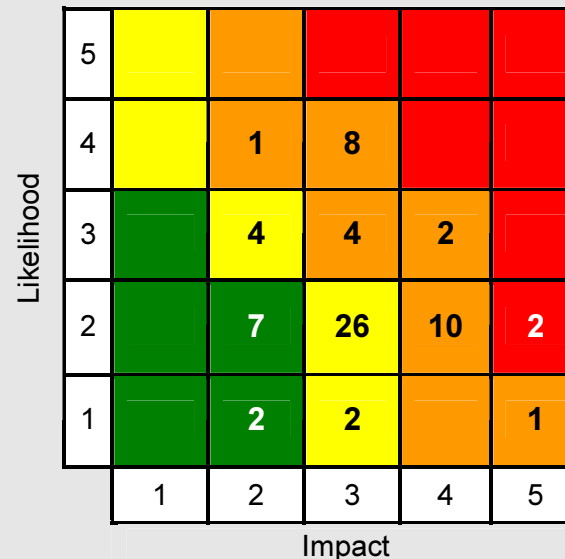
CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

**Residual Risks
after controls
February 2010**



total
109

August 2009



total
69

+ 40

	'Very High' Residual Risks	Aug 2009	Feb 2010	Accepted by Cabinet
15	ICT security is breached			May 2007
58	Information or data is lost			May 2007

Risks analysed by “Growing Success” categories

	Corporate Risks	Operational Risks	Total	%age
A clean, 'green' and attractive place	8	6	14	10%
A strong local economy	1	0	1	1%
Developing communities sustainably	4	3	7	5%
Healthy Living	1	8	9	7%
Housing that meets individuals' needs	3	6	9	7%
Safe, vibrant & inclusive communities	2	3	5	4%
To improve our systems and practices	4	52	56	40%
To learn & develop	1	12	13	9%
To maintain sound finances	5	19	24	17%
			138	100%

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**INTERNAL AUDIT SERVICE
INTERIM PROGRESS REPORT
(Report by the Audit & Risk Manager)**

1. Purpose

- 1.1 To receive an interim report covering the period August 2009 to January 2010, on the progress made to deliver the annual audit plan for the period ending July 2010 and associated performance issues.

2. Delivery of 2009/10 Audit Plan

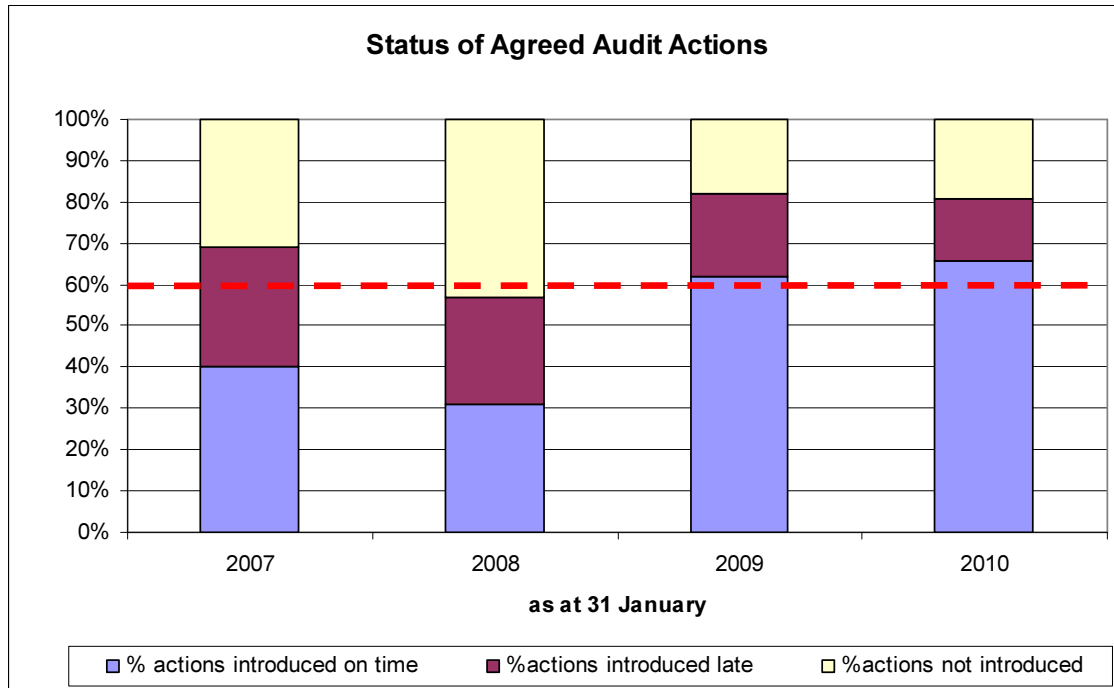
- 2.1 Members will recall that the audit year now runs from August to July to fit more closely with the governance reporting year and the Panel receives the proposed audit plan at its June meeting.
- 2.2 The June 2009 report noted that significant staffing changes were likely during the year. These have occurred as expected, but it is forecast that the agreed audit plan will still be achieved due to the increased use of our audit partner, Deloitte's.
- 2.3 In addition to the audit plan, significant work has been undertaken in the period on reviewing information received from the national fraud data matching initiative. Guidance and advice has also been provided on an ad-hoc basis on a wide variety of issues.
- 2.4 Details of all the audits that have been issued in the reporting period are shown in Annex A. All completed audit reports are available via the internal audit intranet pages.

3. Internal Audit Strategy

- 3.1 The retirement of one member of staff and the expected return of another member of staff on a part-time basis, following a period of maternity leave, has led to a comprehensive review of internal audit requirements. This has delayed the review of the Strategy and Terms of Reference and these will now be presented to the Panel in June.

4. Implementation of Agreed Actions

- 4.1 The performance indicator included in the internal audit service plan, that 60% of agreed actions should be implemented on time has been achieved. Performance is reported to COMT each quarter.
- 4.2 The graph below illustrates comparative performance from January 2007 to January 2010.



4.3 The table at Annex B shows the split between red and amber actions and by Directorate. (The figures as at 31 January show 66% of actions introduced on time and 15% introduced late).

4.4 Of the actions not yet implemented the two detailed in Annex C are red actions that must be implemented to solve major control weaknesses.

5. Internal Audit's Performance

5.1 Information in respect of the performance of the internal audit service is attached at Annex D.

6. Recommendation

6.1 It is recommended that the Panel note the report.

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Internal Audit Reports

Internal Audit Performance Management Information

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

**Summary of Internal Audit Reports issued during the period
1 August 2009 to 31 January 2010**

Audit area	Level of assurance				Agreed action status		
	Substantial	Adequate	Limited	Little	Red	Amber	The risk identified has been accepted by the Manager ¹
Key Financial Systems							
Main Accounting System	✓✓				0	2	
Loans & Investments		✓			0	5	
Other systems reviews							
Housing Benefit Fraud & NFI	✓✓				---	---	
Local Transport Issues	✓✓				0	3	
Printing		✓			1	5	
Equality		✓			0	8	
Freedom of Information & Data Protection		✓			0	7	
Feedback Procedures ²		✓			0	6	
Staff Training & Development		✓			0	5	
Staff Allowances		✓			0	5	
Staff Work/Life Balance			x		1	6	
Cashable Efficiency Savings NI 179 ²			x		0	4	
Quotation Selection Procedures				xx	4	0	
Computer Audit							
Telecoms/VOiP contract		✓			0	7	
Network Infrastructure			x		3	13	

¹ There are occasions when a risk identified during an audit is acknowledged and accepted by a Manager and they decide that no further action is required. The right hand column of this table records any such instances.

² Draft or final report issued as at 31 January 2010.

In addition to the reviews listed above, a sample of building and civil engineering accounts are reviewed each year. This year's review has been completed and identified some £14k in overpayments.

Issued identified from the September 2009 report

The September 2009, annual audit report, made reference to two specific areas of concern. The present position is as follows.

Code of Procurement

The Panel received a report from the Directors of Central Service and Commerce & Technology in December that outlined the action taken or planned to promote compliance with the Council's Code of Procurement. Whilst no reviews have been completed in this area during the current audit year, work is planned to be completed prior to September, so that it can be taken account of in the annual opinion statement.

Data Encryption

Encryption of laptops and portable IT devices was expected to be completed by the end of February. Encryption reduces the risk that personal data may be compromised if a laptop or data stick was lost or stolen.

Encryption has not yet been introduced due to technical issues, which have still to be resolved. Notwithstanding these issues, the Corporate Systems & Information Manager expects all laptops to be encrypted by April 2010. USB devices are expected to be encrypted by July 2010.

From 6 April 2010, the Information Commission will be able to order organisations to pay up to £500,000 as a penalty for serious breaches of the Data Protection Act.

A further update will be provided to the Panel in September.

LEVELS OF ASSURANCE - DEFINITIONS

<i>Substantial Assurance</i>	✓✓	<i>There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.</i>
<i>Adequate Assurance</i>	✓	<i>There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.</i>
<i>Limited Assurance</i>	✗	<i>There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.</i>
<i>Little Assurance</i>	✗✗	<i>There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.</i>

**Implementation of Agreed Actions
Summary of the Actions Database as at 31 January 2010**

	Status of Action						TOTAL
	Introduced on time		Introduced Late		Not introduced		
Red Action	20		2		5		27
Amber Action	98		26		29		153
Total	118		28		34		180
% age	66%		15%		19%		
	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	
Central Services	4	24	1	14	2	7	52
Commerce & Technology	16	61	0	7	3	17	104
Operational Services	0	13	1	5	0	5	24
Total	20	98	2	26	5	29	180

A sample of actions that have been reported as being completed are checked annually to see that the action introduced sufficiently addresses the risk that has been identified.

If during the review of actions introduced it is found that the action taken does not fully deal with the risk then the action that has been taken to address the risk identified is discussed with the appropriate manager and if necessary, changes to the database are made to reflect the actual position.

The next follow up review of agreed audit actions is planned to be undertaken in the quarter ending July 2010. The findings from this review will be taken into account when the annual assurance opinion is formulated.

'Red' Actions Outstanding

Audit	Head of Service	Action Agreed	Agreed Implementation Date	Head of Service's statement re current position ¹
Monitoring of Recruitment to High Risk Posts 2008	Head of People, Performance & Partnerships	A standard framework / approach for risk assessing Council employees will be established. (This will involve the relevant line manager and the Safeguarding Champion, and require the results of the risk assessment to be documented in each case). The results of the risk assessment will inform the programme of CRB checks carried out for staff.	30/04/2009	This is outstanding and has potentially been overtaken/delayed by the introduction of the new vetting and barring scheme.
Monitoring of Recruitment to High Risk Posts 2008	Head of People, Performance & Partnerships	<p>An in-depth risk assessment will be undertaken to identify the depth of CRB checking required for Countryside Centres volunteers, with a view to carrying out checks to the necessary level, where appropriate. Reminders will be issued to all relevant departments and centres highlighting the CRB and Safeguarding policies and their importance etc.</p> <p>A list of all volunteers will be maintained, which includes an assessment of their involvement of working with children and confirmation that CRB clearance has been obtained.</p>	30/06/2009	This is outstanding and has potentially been overtaken/delayed by the introduction of the new vetting and barring scheme.

¹ This is the position as at 15 March 2010.

Internal Audit Performance

1. External audit view of internal audit

Target: Adequate or better
Achieved: Satisfied

- 1.1 The external auditor continues to be satisfied with the work of the internal audit service.
- 1.2 The internal audit service also contributes to a number of themes within the Use of Resources, Key Lines of Enquiry. Its main contribution is judged through KLOE 2.4, which deals with Internal Control, which was judged to be at level 3 – performing well – in the 2008/09 assessment.

2. Customer Satisfaction

Target: 85% or more of auditees rating service quality as good or better.
Achieved: 12 months to January 2010 - 100%

- 2.1 At the conclusion of all audits, managers are requested to complete an end of audit survey form and give an opinion on the value of the audit. The options available are – excellent, very good, good, fair and poor. Target information is calculated on a rolling twelve month basis rather than by financial year.
- 2.2 The Head of Financial Services annual customer satisfaction survey also continues to show a high level of management customer satisfaction with the service as the graph below shows.



3. Introduction of Agreed Actions

- 3.1 See paragraph 4 of the main report.

4. Service delivery targets

Target: 80% or more of service delivery targets achieved.

Achieved: 12 months to January 2009 – 76%

4.1 There are four elements to this target which all relate to the progress of individual audits and the reporting process:

- Complete audit fieldwork by the date stated on the audit brief
- Issue draft audit reports within 15 working days of completing fieldwork
- Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report
- Issue final audit report within 5 working days of receiving full response

4.2 Performance indicators are prepared monthly. The targets are also reflected in staff's key performance development targets within the annual appraisal process. Achievement of the targets requires internal audit staff to develop and maintain good working partnerships and the customer's co-operation throughout the period of the audit.

4.3 Performance at 31 January 2010 for each of the target areas is shown below.

	<u>Target</u>	<u>Overall</u>	<i>Change from August 2009</i>
Complete audit fieldwork by the date stated on the audit brief.	75%	70%	↓
Issue draft audit reports within 15 working days of completing fieldwork.	90%	75%	↑
Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report.	75%	70%	↑
Issue final audit report within 5 working days of receiving full response.	90%	90%	↑
Overall	80%	76%	↑

4.4 The overall service delivery targets include all audit reviews undertaken by both internal audit staff and the external computer auditors. Whilst there has been an increase in performance since August 2009, the targets have not been achieved. This area will continue to be closely monitored with the aim of improving performance.

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CORPORATE GOVERNANCE PANEL

24 MARCH 2010

PROPOSED CHANGES TO THE CONSTITUTION (Report by the Head of Financial Services)

1 BACKGROUND AND PURPOSE

- 1.1 The Code of Financial Management and the Code of Procurement are important elements of the Council's Constitution that detail sound governance principles for key activities. It is important that they are "live" documents that adapt to the changing needs of the Council and so they are reviewed each year.
- 1.2 The purpose of this report is to allow the Panel to propose amendments to the Council at its meeting on the 21 April.

2 CODE OF FINANCIAL MANAGEMENT

- 2.1 The draft code is attached as Appendix A and includes some minor changes to tidy up the wording as well as some more significant changes outlined below:

General (section 1.1)

Extends the requirement for an agreed written report to bodies making recommendations.

Chief Officer and Heads of Service Responsibilities (section 1.11)

The list of options that must be considered when an employee leaves have been brought forward from annex B to give them a higher profile and the consideration of opportunities for joint working has been added.

Extra requirement added - to seek improvements in the efficiency of their services.

Treasury Management (sections 4.3 and 1.5)

Changes to formalise the responsibility of Overview and Scrutiny, which reports must be considered by Council and other changes to reflect the new CIPFA code and government guidance.

Payments (section 4.4)

Extended to reflect the increased use of corporate and procurement cards and importance of obtaining VAT receipts.

3 CODE OF PROCUREMENT

- 3.1 The draft code is attached as Appendix B. The amendments are outlined below:

EU thresholds (Sections 2.1 & 2.2)

Revised to January 2010 values.

Best value guidance (Section 5.1)

Consolidated in one section

Tender options revised. (Section 6.1)

New subparagraphs:

- simplified 'rules' for framework contracts
- open and restricted tenders in line with procedures in the EU Procurement Directive. In the 'open' procedure the competition is open to any contractor who expresses an interest whereas the in the restricted procedure invitations to tender are 'restricted' to shortlisted contractors.

Selection criteria (Sections 6.3 & 6.4)

Selection criteria have been separated from evaluation criteria in line with the EU Procurement Directive. The logic is that selection criteria (features of the contractor: H&S, financial viability, equalities, capability, references, etc) removes unfit or incapable contractors whereas evaluation criteria (features of the offer: cost, performance, service levels, delivery etc) determines the best offer when compared with the requirement.

Lists of approved tenderers (Section 7)

The instructions have been revised and simplified

e-marketplace (various sections)

Whilst the e-marketplace is a major change to procurement practice the impact on the Code of Procurement is quite small because it operates within existing procedures. There are 3 modest amendments needed to incorporate the e-marketplace:

- Add the e-marketplace as the method for ordering.
- Task the Procurement Manager with making adopted catalogues and frameworks available through the e-marketplace. Requiring Heads of Service to ensure use of such adopted catalogues and frameworks through the e-marketplace.
- Including the e-marketplace as an authorised means of inviting and receiving tenders and quotes.

4 RECOMMENDATION

4.1 The Panel is asked to recommend the revised Codes to the Council.

ACCESS TO INFORMATION ACT 1985

Current Codes of Financial Management and Procurement

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Huntingdonshire District Council

CODE OF FINANCIAL MANAGEMENT

DRAFT 2010

1. **FINANCIAL RESPONSIBILITIES**

1.1 **General**

Before any proposal that affects the Council's financial position is made the body or person(s) responsible for making that decision, or any body making a recommendation to that body or person, shall consider a written report, approved by the Director of Commerce and Technology, detailing the financial implications.

1.2 **The Council**

Will determine the Council's Financial Strategy and Medium Term Financial Plan (MTP), approve the annual budget and Prudential Indicators and set the level of the council tax.

Will approve the Council's Treasury Management Strategy.

1.3 **The Corporate Governance Panel**

Will ensure that the financial management of the Council is adequate and effective.

Will ensure that the Council has a sound system of internal control including arrangements for the management of risk.

Will consider the Council's Code of Corporate Governance and approve the annual statement.

Will approve the terms of reference and strategy for internal audit and comment on the annual internal and external audit plans.

Will consider the external auditor's annual management letter.

Will approve the Council's tax base and final accounts.

1.4 **The Cabinet**

Will propose to the Council:

- the Financial Strategy
- the MTP
- the annual budget and council tax level
- the a combined annual Treasury Management Strategy, Treasury Management Policy and Prudential Indicators,

after appropriate consultation, which will include the appropriate Overview and Scrutiny Panel and representatives of the business community.

Will set financial priorities, allocate and re-allocate resources in accordance with the limits in this Code, monitor and review financial performance.

1.5 **Overview and Scrutiny Panels**

Will contribute to the development of, and review the effectiveness of, the Council's Financial Strategy, MTP, Treasury Management and annual budget.

1.6 **Panels, Working Groups or Committees**
Will ensure that all decisions within their remit are made within the resources allocated within relevant budgets and are consistent with achieving the Council's objectives. If they wish to make proposals that will require additional resources these will need to be subject to the Cabinet or Council making these available.

1.7 **Members and Employees**
Will contribute to the general stewardship, integrity and confidence in the Council's financial affairs and comply with this Code and any systems, procedures, or policies relating to the financial management of the Council.

Specifically, they shall bring to the attention of the Director of Commerce and Technology any act or omission that is contrary to the provisions of this Code or the maintenance of high standards of financial probity, and provide information or explanation on matters within their responsibility to him/her, the Monitoring Officer, Internal Audit Service or the Council's external auditors.

Any member or employee who is involved in a transaction with the Council, or who has an interest in a transaction between a third party and the Council, shall declare the nature and amount, if material, as required by the Accounting Standards Body's Financial Reporting Standard on related party payments.

Any employee who becomes involved in a transaction between the Council and a third party in which he/she has an interest shall obtain advice from the Monitoring Officer as to whether decisions on this transaction shall be taken by another employee.

1.8 **The Head of Law, Property and Governance, as Monitoring Officer** or, in his/her absence, the Deputy Monitoring Officer

Will report to the Council on any proposal, decision or omission that in his/her view is likely to result in the contravention of the law or any code of practice enacted under it, fails to comply with a legal duty, represents maladministration or is unjust, in accordance with section 5 of the Local Government and Housing Act 1989.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.9 **The Director of Commerce and Technology, as Chief Finance Officer** or, in his/her absence, the Head of Financial Services

Will be responsible for the proper administration of the Council's financial affairs, prescribe appropriate financial systems, protocols, procedures and policies, maintain an internal audit service and report to the Council in the event of a decision or action leading to unlawful

expenditure, a loss or deficiency or an unlawful accounting entry (in accordance with section 151 of the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

Will be responsible for ensuring the final accounts are completed and published by the statutory dates and reporting the details of any material amendments specified by the external auditor to the Corporate Governance Panel.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.10 **The Head of Financial Services**

Will be responsible for detailed and operational aspects of the administration of the Council's financial affairs on behalf of the Director of Commerce and Technology, approving new financial systems and undertaking such duties as are set out in this Code.

1.11 **Chief Officers and Heads of Service**

Whilst Chief Officers will take ultimate responsibility for their employees' actions, the Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking prime responsibility for a service and its related budget.

The Manager responsible for a budget:

- may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in budgets that have been released subject to Annex B. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with the Officer Employment Procedure Rules. They will normally delegate appropriate elements of this responsibility to members of their staff. Annex B deals with the implications of the turnover contingency and includes the requirement that, when an employee leaves, the Head of Service to determine whether:
 - the post is kept vacant for a period before a decision is made,
 - the post can be deleted,
 - a restructuring should be proposed,
 - joint working with another body should be considered
 - the post should be filled at the end of a defined period,
 - it should be filled as soon as possible,
 - it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.

- will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.
- will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.
- will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.
- will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- will be responsible for annually reviewing their services to identify any aspects where surplus capacity could be utilised to reduce the net cost of the Council's services. All identified opportunities shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- will be responsible for seeking improvements in the efficiency of their services.
- will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council and Community objectives through their services.
- will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

1.12 **Internal Audit**

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. In accordance with its terms of reference it shall undertake audit reviews that focus on areas of greatest risk to the Council's control environment in accordance with a programme agreed annually by the Director of Commerce and Technology after consultation with Heads of Service.

For these purposes internal audit shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

2. FINANCIAL AND SERVICE PLANNING

2.1 In the Summer - Overall Review

The Cabinet shall review the financial performance of the Council in the previous year, compared with the annual budget, on the basis of a report prepared by the Head of Financial Services in conjunction with Heads of Service.

2.2 In the Autumn - Financial Strategy

The Cabinet, after consultation with the relevant Overview and Scrutiny Panel and any appropriate organisations or bodies, shall recommend to the Council a Financial Strategy which will be used to determine the overall financial limits within which the annual budget and MTP will be prepared.

2.3 In the Winter - Annual Budget and MTP

The Cabinet shall, after consultation with the relevant Overview and Scrutiny Panel, recommend to the Council an annual budget for the next financial year and a MTP for the succeeding four years, incorporating both capital and revenue expenditure, which is consistent with corporate and service strategies and the Financial Strategy. This budget will include the allocation of resources to individual services and capital projects.

2.4 In the Spring - Service Financial Plans

Following approval of the annual budget each Head of Service shall update their Service Plan(s) to reflect the approved budget and how the resources allocated will be used to meet service objectives in the forthcoming year.

3. CONTROLLING FINANCIAL PLANS

3.1 Financial Monitoring

Heads of Service will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.

The financial performance of each service and capital project will be reviewed by Chief Officers quarterly on the basis of monitoring statements prepared by Heads of Service in conjunction with the Head of Financial Services.

The financial performance of the Council will be reviewed by Cabinet quarterly on the basis of monitoring statements prepared by the Head of Financial Services in conjunction with Heads of Service.

Heads of Service will ensure that relevant Executive Councillors are regularly informed of the progress in delivering approved MTP schemes.

3.2 **Commitments to Expenditure in Future Years**

No new commitment to expenditure beyond the current budget year may be made unless it;

- is consistent with the achievement of the Council's objectives and other relevant Strategies, **and**
- is compatible with the Council's MTP and Financial Strategy, **and, either**
- can be met from within currently approved and released resources. If it is to be funded from savings, these must be defined, permanent and not already earmarked for the achievement of the Council's savings targets, **or**
- is funded from a budget transfer in accordance with section 3.5 below.

If the Head of Service has any concerns about their proposal meeting these requirements they must consult the Head of Financial Services.

3.3 **Grants, Cost Sharing and S106 agreements**

Where a Head of Service proposes to take advantage of grants from other organisations, or some other form of cost sharing, whereby they will be able to deliver additional or improved services, consistent with their Service Plan, without creating any current or future commitment to additional net expenditure they may do so subject to:

- the funds being dependent upon a particular project or service being provided but, in the case of S106 agreements, the location or some other aspect is at the Council's discretion.
- informing the Head of Financial Services of the details
- consulting the relevant Executive Councillor(s) if the proposal exceeds £30,000 revenue or £50,000 capital in any one year or on any discretionary element of a S106 sum.

A Head of Service may utilise sums of money received under S106, or equivalent, agreements where there is no discretion. The Head of Financial Services should be informed of the details.

3.4 **Approvals for additional spending with a net impact**

Proposals for increases to the total allocated to a budget in the current year (Supplementary Estimates) and their impact in future years may be approved by the Cabinet subject to the revenue impact not exceeding £300,000 in aggregate in any financial year. The impact of such approvals will be included in appropriate financial reports within the budget/MTP process and, once Council have noted these items, the Cabinet's limit will be re-set. A transfer of a sum from capital to revenue

will have a revenue impact and so will count as a request for additional spending.

In all other cases the approval of the Council will be required.

3.5 **Approvals for additional spending with compensating savings**

Proposals that require initial funding but will then result in net surpluses or savings that are at least sufficient to produce a break-even position will be supported in principle if they are:

- consistent with increasing the achievement of the Council's objectives and compatible with relevant Strategies.
- achievable within the Council's Financial Strategy.
- supported by a robust business case which includes a risk assessment.
- supported by the Chief Officers' Management Team.

The Director of Commerce and Technology may approve such a scheme following consultation with the relevant Executive Councillor for the service and the Executive Councillor for finance. The relevant budget(s) and MTP will be appropriately adjusted.

3.6 **Budget Transfers**

The Council has five main types of budgets:

- **Service Revenue Budgets**
Service budgets relate to the provision of services directly to the public and are defined as the lowest level included in the report to Council when the budget is approved. They include depreciation relating to capital assets and recharges from Management Units and Overhead Budgets.
- **Capital Scheme Budgets**
These provide the funding to complete a defined capital project and are likely to include some recharges from Management Units and Overhead Budgets. When the project is completed a charge for depreciation is made to the appropriate Service Revenue Budget.
- **Management Unit Budgets**
Management Unit budgets collect together the costs of employees, and their ancillary costs that relate to supporting services, before they are recharged to service budgets or overhead budgets based on the degree of benefit that is being received.
- **Overhead Budgets**

Overhead budgets collect together a relevant portion of management unit costs together with other related costs before they are recharged based on the degree of benefit that is being received. Examples include the costs of office provision or of the Printing Service.

- **Technical Budgets**
These include items such as interest on investments, the reversal of depreciation charges and the Minimum Revenue Provision and will not be available for transfer to other budgets except in meeting the specific purpose for which they were established.

Whilst most budgets will reflect a net cost, some will identify an expected surplus.

The transfer of resources within, or between, any of the types of budgets is supported in principle when it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There do, however, need to be some limitations for effective financial management and to ensure that Executive Councillors, Cabinet and Council are aware of, and involved in, the more significant changes or where there is a financial implication.

The limitations fall into three categories. The first relates to Technical Budgets and recharges and Annex A details the budget transfers that will not be permitted in relation to them. The second relates to budgets for pay, national insurance and pension contributions and Annex B explains why and how budget transfers relating to these items are limited. Finally, the required involvement of Members is defined below.

The Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking responsibility for these budgets.

The **Manager responsible for a budget** may approve a budget transfer within and between the budgets they are responsible for providing it is:

- Consistent with increasing, or at least maintaining the achievement of service objectives and compatible with the Council's Financial and other relevant Strategies.
- Not to or from a Technical Budget or a recharge or from a pay, NI or pension contributions budget unless permitted by Annexes A or B.
- Not from capital to revenue
- Supported by their Chief Officer
- Notified to the Head of Financial Services

- Within the following limits if between budgets (there shall be no financial limits within a budget):
 - Revenue to revenue £60k
 - Revenue to capital £60k
 - Capital to capital £60k

Similarly, a **Chief Officer** may, subject to the same criteria, approve budget transfers between any budgets that are their responsibility or the responsibility of their staff.

The **Chief Officers' Management Team** may, subject to the same criteria except for the enhanced limits shown below, approve budget transfers between any budgets:

- Revenue to revenue £120k
- Revenue to capital £120k
- Capital to capital £120k

Cabinet may approve budget transfers of up to:

- Revenue to revenue £300k
- Revenue to capital £300k
- Capital to capital £300k

In all cases, any previous transfers in the same financial year relating to those budgets shall be aggregated for determining whether the limit has been exceeded, however once the impact of any approval has been included in a relevant financial report to Council, the Cabinet's limit will be re-set.

In all other cases the approval of the Council will be required.

3.7 **Re-phasing of Expenditure**

The re-phasing of expenditure and consequent transfer of budget between years may be made by the relevant Head of Service, following consultation with the Head of Financial Services, providing that it is consistent with service objectives and compatible with the Council's Financial and other relevant Strategies. Revenue expenditure will only, normally, be rephased to later years if it relates to a specific project with identified funding in the current year, that has been delayed for reasons outside of the control of the relevant Head of Service. The amount is further limited by the net underspending on that Head of Service's relevant budget(s) in the current year.

3.8 **Price Changes**

Allocation to individual Budgets of any provision for inflation or other purposes will be determined by the Head of Financial Services.

3.9 **Project Appraisals**

All proposals for changes to the MTP will require an explanatory appraisal, unless the Head of Financial Services considers that the item

is of a technical nature. Appraisals for new and modified schemes will be made available to Members, via the Council's intranet, by the date on which the related reports are circulated.

4. **CASH AND CREDIT MANAGEMENT**

4.1 **Banking**

The Director of Commerce and Technology is responsible for all Council banking arrangements and shall maintain (an) account(s) with (an) appropriate bank(s) with a credit rating equivalent to 'Long Term AA-' or better in the data published by Fitch IBCA. All transactions involving income or expenditure shall be dealt with through the Council's bank account(s).

4.2 **Income**

All employees receiving money (including cash, cheques, credit card payments etc.) must comply with the relevant procedures issued by the Head of Customer Services to ensure that the sums are properly recorded, receipted and banked.

The Head of Financial Services shall manage a debt collection service on behalf of the Council and all sums due must be registered by raising an invoice on the Council's Financial Management System or some other system or procedure approved by the Head of Financial Services.

4.3 **Treasury Management**

All Treasury Management activities will be undertaken in accordance with the Council's annual Treasury Management Strategy, which includes its policies, objectives, approach to risk management and its prudential indicators. The Strategy will comply with the Code of Practice for Treasury Management and the Prudential Code for Capital Finance,, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflect any published Government advice..

The Council shall have overall responsibility for Treasury Management and will formally approve the annual Treasury Management Strategy and receive an annual and mid-year report on treasury management activities.

The Cabinet will be responsible for the implementation and regular monitoring of treasury management activity and the Treasury Management Advisory Group (previously CRAG), which consists of three Cabinet members will act as an informal liaison group with the officers responsible for treasury management.

The Overview and Scrutiny (Economic Well-being) Panel will be responsible for the scrutiny of treasury management.

The execution and administration of treasury management is delegated to the Head of Financial Services who will establish treasury management practices for the operation of the function which will

ensure compliance with the Strategy and create appropriate systems of monitoring and control.

4.4 **Payments**

Payments due to external suppliers of goods and services must be made either:

- through the Council's purchase ledger system with payments being made direct to the supplier's bank account wherever this is practicable.
- by corporate card or procurement card
- by direct debits or standing orders

in each case complying fully with the relevant procedures for that system, particularly the requirement to obtain official VAT receipts, as determined by the Head of Financial Services.

5. **ACCOUNTING PROCEDURES**

5.1 The Council will follow the best practice guidance contained in the Accounting Code of Practice and other relevant publications produced by CIPFA in the preparation and maintenance of its accounts.

5.2 **Statement of Accounts**

The annual Statement of Accounts shall be presented to the Corporate Governance Panel for approval within the prescribed statutory timescale.

5.3 **Records**

Each Head of Service is responsible for maintaining records of financial transactions and commitments and employee time, in forms agreed with the Head of Financial Services, and for ensuring that all financial transactions are properly recorded in the appropriate financial period and to an appropriate account within the Council's Financial Management System.

5.4 **Retention of Documents**

Documents required for the verification of accounts, including invoices, shall be retained in a retrievable format for any statutory period, or otherwise for six years or such other time that is specified by the Head of Financial Services.

5.5 **Contingent Assets and Liabilities**

Any Officer who is aware of a material and outstanding contingent asset or liability shall notify the Head of Financial Services, who shall include details in the Council's accounts or in a Letter of Representation to be presented to the Council's external auditors in respect of those accounts.

5.6 **Stock**

The Head of Financial Services shall determine, after consultation with the relevant Head of Service, when Stock accounts shall be maintained. This will normally be where the value of the items are significant or the items are considered to be vulnerable to loss or theft.

In such cases the relevant Head of Service shall ensure that a certified stock-take is carried out in the last week of March each year, and that records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Head of Financial Services.

5.7 **Insurance**

The Head of Financial Services shall obtain insurance to protect the Council or minimise its potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be based on a detailed risk assessment.

5.8 **Write-off of Irrecoverable Debts**

The Head of Customer Services, or in his/her absence the Head of Financial Services, is authorised to write-off debts with an individual value of up to £5,000, or of a greater amount after consultation with the Executive Councillor responsible for finance, having taken appropriate steps to satisfy himself/herself that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs.

A summary report of debts written-off shall be submitted to the Cabinet quarterly.

6. **ASSETS**

6.1 **Definition**

An asset is an item of land, building, road or other infrastructure, vehicle or plant, equipment, furniture and fittings or information and communications technology, (hardware and software) with a life exceeding one year.

6.2 **Control of Assets**

Each Head of Service is responsible for ensuring that the assets relating to their services are properly safeguarded, managed and maintained, and used only to achieve the Council's objectives. This will include establishing and maintaining appropriate security, control systems and records. They will need to consult relevant officers in relation to specialist items and, where vehicles are concerned, the officer holding the Council's Operating Certificate who has specific statutory responsibilities.

6.3 **Ongoing Review**

The Head of Law, Property and Governance will lead a working group of officers that will maintain an ongoing review of the management, control and recording of assets.

6.4 Acquisition

The purchase of assets must be in accordance with the procedures specified in the Council's Code of Procurement, having regard to the value of the asset, and follow taking advice from relevant specialist colleagues in appropriate cases e.g. IT, vehicle management, legal, procurement.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of the acquisition of an asset which meets the definition for capital expenditure.

6.5 Disposal

The sale of assets must be in accordance with the procedures specified in the Council's Code of Procurement, having regard to the current value of the asset, and follow taking advice from relevant specialist colleagues in appropriate cases e.g. IT, vehicle management, legal, procurement.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of any disposal of an asset included in the Asset Register.

6.6 Capital Expenditure

The purchase or improvement of any asset will normally be treated as capital expenditure. However, expenditure of less than £10,000, or £5,000 in the case of vehicles, plant and equipment, will not normally be treated as capital expenditure unless the Head of Financial Services considers it is in the Council's interests to do so.

6.7 Leases

Finance and operating leases are to be used only if they are in the Council's financial interest and with the specific formal approval of the Head of Financial Services.

6.8 Valuations

In order to comply with accounting requirements assets will be re-valued at five yearly intervals by an appropriately qualified person according to the type of asset. Interim valuations or updating by reference to a suitable index will be necessary in the intervening years.

TECHNICAL BUDGETS

The following budgets cannot be reduced by officers in order to permit extra expenditure on another budget except where this is part of the specific purpose for which they were established.

- Any contingency, unless it complies with the approved rules for the use of the general contingency or is an adjustment to reflect the technical application of the contingency (e.g. allocation of inflation from an inflation contingency)
- Capital charges
- Commutation Transfer
- Minimum Revenue Provision
- Pension Liabilities (as opposed to pension contributions)
- Interest paid
- Interest received
- Any recharge or allocation from a management unit or overhead account.

BUDGETS FOR PAY

(Pay is deemed to include, NI and Pension Contributions for the purpose of this annex)

1. The Council does not provide for a 100% of the costs of its employees. This is because experience shows that it is generally impossible to avoid gaps when people leave and are replaced. It is also common for the new employees to be on a lower point in the grade than the person who left.
2. Obviously it is unlikely that each pay budget will be equally affected in any particular year and therefore, to simplify budget monitoring, each pay budget includes 100% of employee costs but there is a negative, centrally held, contingency that represents the saving that the Council's overall budget is based on.
3. Therefore no use of savings, virement or rephasing relating to a pay budget, whether temporary or permanent, will be permitted unless this annex is complied with.

Employees Leaving

4. In order to maximise the likelihood of achieving this saving a Head of Service must, whenever an employee gives their notice, determine whether:
 - a. the post is kept vacant for a period before a decision is made,
 - b. the post can be deleted,
 - c. a restructuring should be proposed,
 - d. joint working with another body should be considered
 - e. the post should be filled at the end of a defined period,
 - f. it should be filled as soon as possible,
 - g. it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
5. In deciding on which option to take the Head of Service should take appropriate HR and financial advice. The decision must include consideration of any need for temporary or permanent regradings, acting up allowances, honoraria, employees or consultants. Allowance must also be made for an appropriate saving, to help achieve the contingency budget, as determined by the Head of Financial Services.
6. Heads of Service will also need to liaise with HR to arrange recruitment advertising and ensure that the recruitment arrangements comply with the process agreed by Employment Panel.

Other Adjustments and Virement

7. If any other proposal is made to transfer (in accordance with paragraph 3.6) or rephrase (in accordance with paragraph 3.7) a pay budget, a budget reduction, as determined by the Head of Financial Services, shall be made in order to allow the contingency budget to be reduced.

Exceptions

8. If the Head of Service can demonstrate to their Director the **critical** nature of maintaining immediate service cover in certain key work areas then the requirements of paragraph 4 above will not apply and the saving/budget reduction may be reduced or nil. Examples where this might apply would be if vacancies would result in insufficient employees with the necessary abilities or skills to run refuse rounds or to safely open swimming pools. Agency, or equivalent employees, must be available with the necessary skills and/or abilities.

9. If the Head of Service can demonstrate that a critical backlog of work has resulted from continuing vacancies such that the service to the public is seriously compromised or net additional costs would become unavoidable the saving/budget reduction may be reduced. Examples where this might apply would be dealing with benefit applications or collecting council tax income. Agency, or equivalent employees, must be available with the necessary skills and/or abilities.

MAXIMISING INCOME FROM FEES AND CHARGES

The Manager responsible for a budget is:

- responsible for annually reviewing their services to identify any aspects that are not currently, but could be charged for. Charges for such aspects shall be introduced unless Cabinet **or** both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- responsible for reviewing and varying fees and charges at least annually for services under their control, after consultation with the relevant Executive Councillor(s) and the Chairman of any relevant Panel. In doing so, they:
 - shall ensure that relevant legislation that specifies the charges to be made or constrains them in any way is complied with.
 - shall, after having regard to the charges of any alternative service providers with whom the Council is competing, seek to maximise income, net of applicable costs, unless it will have a clearly detrimental impact on the achievement of the Council or Community objectives.
 - may introduce differential pricing to particular client groups where these are expected to stimulate demand and generate additional net income which would otherwise not be obtained.
 - may set prices lower than could be reasonably achieved if this is demonstrably the most cost effective way of achieving Council or Community objectives and the necessary funding is available. Use of this option requires approval of Cabinet **or** both the Executive Councillor for Finance and of the relevant service.
 - may set fees and charges that allow an element of discretion if it can be demonstrated that this will lead to an overall benefit to the Council. It is important that any use of discretion is recorded so that it can be clearly shown that decisions have been made fairly and consistently.
 - shall keep appropriate records to demonstrate that the required actions have been undertaken and how the decisions were reached.

Huntingdonshire District Council

**CODE OF
PROCUREMENT**

DRAFT 2010

1. INTRODUCTION

- 1.1 The Code of Procurement defines the regulatory and legal framework for procurement. It has been adopted in accordance with the requirements of Section 135 (2) of the Local Government Act 1972.
- 1.2 This Code applies to the procurement, commissioning, hire, rental or lease of -
- ◆ land and buildings, roads or other infrastructure;
 - ◆ vehicles or plant;
 - ◆ equipment, furniture and fittings;
 - ◆ construction and engineering works;
 - ◆ information and communication technology - hardware and software;
 - ◆ goods, materials and services;
 - ◆ repairs and maintenance; and
 - ◆ consultants, agents and professional services.
- 1.3 This Code does not apply to purchases made from internal management units.
- 1.4 The Code applies also to the sale of assets and goods by the Council where the appropriate Head of Service estimates that the assets, goods or services to be sold exceed £1,000. Where the value is estimated to be less than £1,000 then the 'Sale of Equipment' procedures contained within the Inventory procedures shall be followed.
- 1.5 The Council includes the Cabinet, panels, committees or other body or person(s) acting in accordance with delegated authority on behalf of the Council.
- 1.6 All procurements or sales made by or on behalf of the Council shall comply with this Code, subject to any overriding requirements of the Council's Rules of Procedure and Code of Financial Management and British or European Union law or regulation.
- 1.7 Throughout the Code, reference to contractor(s) or sub-contractor(s) shall mean any person, company or supplier who has -
- ◆ requested to be on an approved or ad-hoc approved list of tenderers;
 - ◆ been approached to provide a quotation or tender;
 - ◆ provided a quotation or tender; or
 - ◆ been awarded a contract in accordance with the provisions of this Code.
- 1.8 The Head of Financial Services shall annually review all the financial values contained in the Code to take account of the impact of inflation. The Head of Financial Services shall inform all Heads of Service of any amendments to the values prior to the 1st April from which they shall be operative.

2. REPORTING PROCEDURES AND EU COMPLIANCE

2.1 EU Procurement Directives require the Council, to report procurements likely to exceed EU thresholds, both at the start of the year and on an ad-hoc basis as new or changed requirements arise. The EU thresholds are:

Threshold	Supplies	Services	Works
£	£ 156,442	£ 156,442	£ 3,927,260
(Euros)	(€193,000)	(€193,000)	(€ 4,845,000)

(Thresholds as at 1 Jan 10)

2.2 Financial Year Start Reporting

At the start of each financial year (1 April) Heads of Service shall:

- ◆ provide the following information to the Procurement Manager -
 - Details of each contract expected to be advertised in the following year;
 - An estimate of the total value for each discrete procurement area where the spend is likely to exceed £100,000;

- ◆ advertise very brief details of each contract expected to be advertised in the following year. The advertisement shall take the form of a Prior Indicative Notice (PIN). The publishing of a PIN does not commit the Council, but can reduce timescales if the requirement is subsequently advertised through Official Journal of the European Union (OJEU).

A PIN is also required if the estimate of the aggregated value of the contracts for a given coding class exceeds the published PIN thresholds:

Threshold	Supplies	Services	Works
£	£ 607,935	£ 607,935	£ 3,927,260
(Euros)	(€750,000)	(€750,000)	(€ 4,845,000)

(Thresholds as at 1 Jan 10)

Contract values are the Council's aggregated spend and not individual Directorates or Services. Therefore, the Procurement Manager shall advise the Head of Service if their aggregated spend is to be advertised as a PIN.

Aggregated values can be calculated by one of the following methods -

- ◆ the total value purchased over the last financial year; or
- ◆ the estimated value of all contracts expected to be placed in the next financial year or the term of the contract if that is longer; or
- ◆ where the contract is open-ended or of uncertain duration, such as those for the hire of goods or for the delivery of a particular service, the value is based on the estimated average monthly expenditure multiplied by 48 (4 years).

2.3 Through Year Reporting

Heads of Service shall report, using a PIN where time permits, new or additional requirements likely to meet or exceed EU thresholds as they arise.

2.4 End of Year Reporting

The Department of Communities and Local Government seeks a report each year from all Councils regarding contracts awarded through OJEU during the previous year. By the 30 Apr each year, Heads of Service shall provide the Procurement Manager with the following details for contracts placed through OJEU procedures -

- ◆ Common Procurement Vocabulary (CPV) code. The CPV is a standardised single classification system for public procurement to identify the subject of a contract and is detailed on the OJEU notice;
- ◆ Service Provider (contractor) Nationality;
- ◆ Award Procedure (from the OJEU notice); and
- ◆ Justifications if Negotiated procedure;
- ◆ Value.

3. CONTRACTS REGISTER

3.1 Heads of Service shall keep a record, using the Contracts register, of -

- ◆ all tenders and quotes (greater than £10K);
- ◆ the reasons (if appropriate) for not advertising on the Council's Latest Opportunities Internet site;
- ◆ all those contractors that were requested to quote or tender;
- ◆ the reasons why those particular contractors were selected to quote or tender;
- ◆ if applicable, the reasons why less than three contractors were selected to quote or tender;
- ◆ contract renewal date (if appropriate); and
- ◆ file or other reference to the contract and location of the hard copy.

4. METHODS OF ORDERING

4.1 All orders shall be placed through one of the following recognised methods-

- ◆ An order raised on the e-marketplace.
- ◆ A Procurement Card Order.
- ◆ A Manual Purchase Order.

4.2 Where there is an exception requirement and the relevant Director or Head of Service considers that the work is of an emergency nature necessary to enable the service to continue and none of the ordering methods are suitable, the relevant Director or Head of Service shall record the details of the exceptional requirement and the action taken for future Audit.

5. 'BEST VALUE' AND SOURCING POLICY

5.1 The Council seeks 'Best Value' in all procurement activity. 'Best Value' being:

- ◆ The opportunity to obtain leverage (better prices and service) for volume.
- ◆ Regulatory compliance.
- ◆ Transparent and efficient procurement processes.
- ◆ Appropriate social, environmental and equality outcomes.
- ◆ Minimum procurement overhead.

5.2 Sourcing policy is determined by the needs of 'Best Value' and in order of preference is:

(a) Adopted catalogues or framework contracts. An adopted catalogue or framework is the preferred contract for the Council's business within a defined category (a type or group of goods or services). The Procurement Manager shall make available adopted catalogues or framework contracts on the e-marketplace or publish details of the contract or framework in Procurement Protocols & Guidelines. Heads of Service shall ensure that orders for such categories are placed through the e-marketplace using appropriate 'adopted' catalogue or framework contract. The Procurement Manager shall keep under review the continued suitability of any such catalogues, contracts or framework agreements.

(b) Collaborative procurements with other public bodies or authorities.

(c) Council let corporate contracts.

5.2 Some categories are managed corporately by specialist areas. The Procurement Manager shall provide a list of specialist categories and Heads of Services shall ensure all requirements for such categories are referred to the relevant specialist.

5.3 Any procurement estimated to exceed £30,000, which is not covered by the exceptions in paragraph 5.8 below, must be referred to the Procurement Manager before the procurement process is commenced. The discussion will cover:

- ◆ Scope and objectives of the procurement;
- ◆ Budget and costing;
- ◆ Tender methods;
- ◆ Product and market information;
- ◆ Timescales; and
- ◆ Deliverables.

5.4 Staff involved in procurements are encouraged to think ahead and seek the advice of the Procurement Manager at an early stage.

5.5 Where there is no adopted contract or framework, Heads of Service shall, wherever practicable, seek to maximise contract values with other Heads of Service to secure lower costs. The Council nevertheless wishes to balance

the effort of going to the market with the effort and efficiency of the procurement process. Heads of Service after determining the proposed contract's total value shall then follow one of the procurement procedures detailed below. These procedures shall be used in all procurements or sales bar those exceptions at paragraph 5.8.

Estimated Total Value of Procurement	Requirement
Up to £5,000	Estimates or offers shall be obtained and recorded to ensure the Head of Service has obtained Best Value. Staff are encouraged to obtain competitive quotations (e-marketplace, email, web or paper) where this is practical.
£5,001 to £30,000	At least 3 quotations or offers shall be invited, unless the Head of Service has complied in full with paragraph 6.1e of this Code.
£30,001 to European Union Procurement Threshold	Competitive tenders shall be obtained using one of the tendering options in this Code, and a formal written contract prepared in accordance with paragraph 11.2.
Above the EU Threshold specified below	The appropriate EU procurement directive shall be complied with.

5.6 Total value is the cost of all elements of the procurement (eg: installation, testing, training, maintenance, etc). The Head of Service shall ensure that a procurement is not split or otherwise disaggregated. Regard should be had to the value of follow on work that may result from an initial phase of work.

5.7 Achieving 'Best Value' needs valid competition and valid competition is dependant on the existence of an 'open' market with the selected Contractors having the interest, capability and capacity for the work or business being offered. Wherever possible a minimum of three competitive tenders or quotations shall be sought. In selecting contractors to provide a tender or quotation Heads of Service shall ensure that wherever possible -

- The selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor (eg the requirement is not an extract of a contractor's product specification).
- Checks are made to ensure that contractors are interested in this type of business.

- Repeat or 'automatic' invitations to the 'same' contractor or group of contractors are avoided, particularly where previously invited to bid and had failed to do so.
- Competition is stimulated by seeking our new suppliers from within and outside of the district.
- Tender requirements are not excessively restrictive and specifications are not excessive.
- 'No-bids' are checked for the reasons for a contractor's failure to bid.

5.8 Exceptions

Nothing in this Code shall require tenders to be sought: -

- (a) for purchases made from a Purchasing Agent (ESPO, OGC Buying Solutions)
 - ◆ where there is a single supplier 'call-off contract' or catalogue created with fixed prices, or
 - ◆ where the contract is created to our requirements, or
 - ◆ where there is a multi-supplier framework and further competition has been undertaken through competitive quotes.
- (b) for purchases through local authority, government body or agency, police, health or other similar public authority, where the procurement rules of that organisation have been approved by the Procurement Manager and the contract is created in co-operation, agreed joint requirements or partnership.
- (c) for purchases made at public auction;
- (d) where the relevant Director or Head of Service -
 - ◆ considers that the work is of an emergency nature or is necessary to enable the service to continue; or
 - ◆ with the Head of Financial Services' agreement, considers that it is in the Council's best interest in negotiating a further contract for works, supplies or services of a similar nature with a contractor who is currently undertaking such work. The relevant Director or Head of Service shall report details of all work awarded to the Director of Central Services who shall make a record in a register kept for that purpose; and to the next meeting of the Cabinet.

6. TENDER AND FORMAL QUOTATION PROCEDURES

6.1 Tendering and Formal Quotation Options

Heads of Service shall select one of the following procedures. If any alternative procedure is proposed then approval of the Cabinet is required before the proposed procedure is followed. In selecting contractors to invite to tender Heads of Service shall comply with paragraph 5.7.

Option	Requirement
(a) Framework	All contractors on the framework (or lot if split into lots) shall be invited to tender/quote. No public notice is required and general Terms & Conditions are set in the original framework contract but additional Terms & Conditions specific to the requirement may be permitted. Vetting (paragraph 6.3) is not normally required as the contractor was vetted as part of the original framework competition.
(b) List of Approved Tenderers	Tenders shall be invited from at least three contractors selected from an approved list established in accordance with paragraph 7 of this Code. Vetting (paragraph 6.3) is not normally required as the contractor was vetted to join the list.
(c) Open Tenders and Quotations	<p>Public notice shall be given in one or more newspapers and/or in an appropriate trade journal. The notice shall state the nature and purpose of the contract, where further information and documentation can be obtained, and state the closing date for the process. Where the Head of Service is satisfied that Expressions of Interest received from a Contracts Register Notice represent contractors with genuine interest and capacity, then no further public notice is required.</p> <p>An Invitation to Tender (ITT) or Request to Quote (RFQ) is sent to all contractors expressing an interest. All ITTs and RFQs shall include an appropriate questionnaire to permit</p> <p>vetting of contractors in accordance with paragraph 6.3 of this Code.</p>
(d) Restricted Tenders & Quotations	The requirement to advertise is the same as paragraph 6.1 (c) above. ITTs or RFQs are <i>restricted</i> to a shortlist of contractors selected after vetting in accordance with paragraph 6.3 of this Code

<p>(e) Single Tenders / Quotations</p>	<p>A Head of Service after consulting the Director of Central Services may obtain a single tender (or quotation – see paragraph 6.1 above) when:</p> <ul style="list-style-type: none"> • Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available. • Work to be executed or goods, services or materials to be supplied consist of repairs to or the supply of parts of existing proprietary machinery, equipment, hardware or plant and the repairs or the supply of parts cannot be carried out practicably by alternative contractors. • Specialist consultants, agents or professional advisers are required and <ul style="list-style-type: none"> • there is no satisfactory alternative; or • evidence indicates that there is likely to be no genuine competition; or • it is in the Council’s best interest to engage a particular consultant, agent or adviser. • Products are sold at a fixed price, and market conditions make genuine competition impossible. • The proposed contract shall form part of a serial programme. The contract terms shall be negotiated with a contractor, using as a basis for negotiation the rates and prices contained in an initial contract that was awarded following a competitive tendering process that complied with this Code. No more than two serial contracts shall be negotiated from an initial contract • No satisfactory alternative is available. If the Single Tender option is used, the Head of Service shall: <ul style="list-style-type: none"> • notify the Director of Central Services who shall make a record in a register kept for that purpose; • retain records that demonstrate that the best price or value for money has been obtained from the negotiations with the contractor.
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6.2 Invitations To Tenders and Requests for Quotations

Heads of Service shall ensure that all ITTs and RFQs include;

- (a) approved contract terms in accordance with paragraph 11.2 of this Code;
- (b) a statement regarding Freedom of Information Act 2000 (FOIA) compliance:

“All information supplied to the Authority will be subject to the provisions of the Freedom of Information Act 2000 and as such may be disclosed by the Authority when required to do so under the Act. When such disclosure is necessary the Authority shall use reasonable endeavours to consult with the provider of the information prior to disclosure”.

6.3 Selection Criteria

- (a) The Head of Service shall undertake sufficient vetting to ensure that all contractors -
- ◆ comply with minimum standards of Insurance;
 - ◆ have the necessary Health & Safety policy and performance and (where applicable) membership of the Contractor's Health and Safety Scheme or equivalent health and safety standard;
 - ◆ are financial viability based on a risk based assessment;
 - ◆ have an appropriate environmental policy;
 - ◆ comply with equalities legislation and policy; and
 - ◆ possess the experience and capacity required.
- (b) The procurement manager shall provide an appropriate questionnaire for the purpose of vetting contractors.

6.4 Evaluation Criteria

Except to the extent that the Cabinet in a particular case or specified categories of contract otherwise decides, all formal quotations or tenders that are being sought shall:

- (a) be based on a definite written specification, which shall include environmental performance (where relevant to the requirement) including:
- ◆ low energy and water consumption.
 - ◆ elimination of substances hazardous to health and the environment.
- (b) include award criteria, which if it is not to be the lowest price, shall be agreed by the appropriate Director;
- (c) include specific weightings applied to individual award criteria.
- (d) if appropriate, include a requirement for a performance bond and liquidated damages.

6.5 Non-Traditional Procurement

If a Head of Service believes that by following one of the procurement procedures detailed in paragraph 5.5 above, that the procurement process will not provide him with the most appropriate method of service delivery, the most competitive prices, allow for continuous improvements in service delivery, or stifle procurement innovation, then he may suggest alternative procurement strategies.

The Head of Service shall produce, in accordance with guidance issued by the Director of Central Services and prior to proceeding with the procurement, a

written procurement strategy that shall be approved by the Director of Central Services and the Cabinet.

7. LISTS OF APPROVED TENDERERS

7.1 The Council uses 2 types of list of approved contractors:

- (a) Third party vetted lists of contractors that are compiled and maintained by an external organisation. Only external organisations approved by the Director of Central Services, after consultation with the Head of Financial Service and the other relevant Heads of Service shall be adopted. The Procurement Manager shall ensure that the external organisation and approved list of contractors is detailed in Procurement Protocols & Guidelines.
- (b) If a Head of Service believes that the approved list of tenders does not allow him to obtain sufficient competition for 'Best Value', the Head of Service shall write to the Director of Central Services and copied to the Head of Financial Services seeking approval to source additional contractors or create an ad-hoc list of approved tenderers.

7.2 Subject to approval as required in paragraph 7.1(b) the Head of Service shall:

- ◆ issue a public notice inviting applications for inclusion on a specific approved list for the supply of goods, services or materials.
- ◆ vet (as detailed at paragraph 6.3) all contractors replying to the public notice or who have requested within the previous 12 months to be considered for work of a similar nature;
- ◆ only include contractors satisfactorily completing the checks;
- ◆ ensure the ad-hoc list shall only be used for seeking tenders for the supply of goods, services or materials specifically detailed within the original public notice;

7.3 The Director of Central Services in conjunction with the Head of Financial Services and relevant Heads of Service shall review the continued suitability of any List of Approved Tenderers periodically and at least prior to the third anniversary of its initial or further adoption.

8. SUB-CONTRACTS AND NOMINATED SUPPLIERS

8.1 Quotations or tenders for sub-contracts to be performed or for goods, services or materials to be supplied by nominated sub-contractors shall be invited in accordance with this Code.

8.2 The relevant Head of Service is authorised to nominate to a main contractor a sub-contractor whose quotation or tender has been obtained in full accordance with this Code.

9. RECEIPT AND OPENING OF TENDERS AND QUOTATIONS

- 9.1 Where tenders or quotations are invited in accordance with this Code no tender or quotation will be considered unless -
- ◆ contained in a plain envelope which shall be securely sealed and shall bear the word “Tender” or “Quotation”, the Unique Reference Number (URN) from the Contract Register followed by the subject to which it relates; or
 - ◆ the tender or quotation has been received via the e-marketplace ‘sealed quote’ facility; or
 - ◆ it has been sent electronically to a specific e-mail address, which the appropriate Head of Service shall obtain from the Head of Information Management.
- 9.2 Further to paragraph 9.1 above -
- ◆ the envelope shall not bear any distinguishing matter or mark intended to indicate the identity of the sender. Contractors shall be notified accordingly. Such envelope shall be addressed impersonally to the Head of Democratic and Central Services if it contains a “Tender” or the appropriate Head of Service if it contains a “Quotation”; and
 - ◆ the Head of Information Technology shall ensure that the e-mail address is secure and can only be accessed by the Director of Central Services or officers specifically appointed by him.
- 9.3 All envelopes or e-mails received shall be kept securely and shall not be opened or accessed until the time appointed for their opening.
- 9.4 All tenders or quotations invited in accordance with this Code shall be opened at one time only and by at least two officers -
- ◆ tenders shall be opened by officers nominated by the Director of Central Services and by the appropriate Head of Service. The Head of Financial Services shall be notified of the time and place appointed for the opening; and
 - ◆ quotations shall be opened by the appropriate Head of Service and/or his nominee(s).
- 9.5 All tenders or quotations upon opening shall be recorded in writing on either a tender or quotation opening record, as is appropriate. The format of the opening record shall have been previously agreed with the Director of Central Services and Head of Financial Services. The Form of Tender or Quotation and any accompanying documentation shall be marked with the date of opening, and signed by all officers present at the opening. The tender or quotation opening record shall be signed by at least two officers present at the opening.
- 9.6 The original opening record shall be retained by the Head of Democratic and Central Services in respect of tenders, and the relevant Head of Service in respect of quotations.
- 9.7 Any tenders or quotations received after the specified time shall be returned promptly to the contractor by the Head of Democratic and Central Services or his nominated officer in respect of tenders, or by the appropriate Head of

Service or his nominated officer in respect of a quotation. The tender or quotation may be opened to ascertain the name of the contractor but no details of the tender or quotation shall be disclosed.

10. ACCEPTANCE OF TENDERS AND QUOTATIONS

10.1 The appropriate Head of Service shall evaluate all the tenders or quotations received in accordance with the award criteria set out in the bid documentation and shall accept, subject to the provisos set out in this paragraph, either -

- ◆ the lowest priced tender or quotation; or
- ◆ the most economically advantageous tender or quotation, as evaluated against the award criteria.

10.2 Tenders or quotations exceeding the approved estimate may only be accepted once approval to further expenditure is obtained.

10.3 If the lowest priced, or most economically advantageous exceeds £30,000

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- ◆ but is within 15% of the original estimate, the appropriate Head of Service may accept the quotation without seeking further competition; and
- ◆ is in excess of 15% of the original estimate then a competitive tender exercise in accordance with paragraph 6.3 above shall be carried out, unless the appropriate Head of Service has consulted and obtained the approval of the Director of Central Services and relevant executive councillor that the quotation can be accepted.

10.4 A tender or quotation shall not be accepted -

(a) where payment is to be made by the Council and -

- ◆ it is not the lowest priced tender or quotation, or
 - ◆ the most economically advantageous tender or quotation in accordance with the award criteria set out in the tender or quotation documentation;
- or

(b) if payment is to be received by the Council and the tender or quotation is not the highest price or value;

(c) unless -

- ◆ the Cabinet have considered a written report from the appropriate Head of Service, or
- ◆ in cases of urgency, the Director of Central Services has consulted and obtained the approval of the relevant executive councillor. Tenders or quotations accepted in this way shall be reported by the appropriate Head of Service to the next meeting of the Cabinet.

10.5 Where post-tender negotiations have been undertaken in accordance with paragraph 10.6 below, the appropriate Head of Service shall only accept the lowest priced tender received. A tender other than the lowest shall not be accepted until the Cabinet have considered a written report from the

appropriate Head of Service, and recommended acceptance of a tender other than the lowest.

10.6. Arithmetical Errors and Post-Tender Negotiations

Contractors can alter their tenders or quotations after the date specified for their receipt but before the acceptance of the tender or quotation, where examination of the tender or quotation documents reveals arithmetical errors or discrepancies which affect the tender or quotation figure. The contractor shall be given details of all such errors or discrepancies and afforded an opportunity of confirming, amending or withdrawing his offer.

In evaluating tenders, the appropriate Head of Service may invite one or more contractors who have submitted a tender to submit a revised offer following post-tender negotiations.

All post-tender negotiations shall -

- ◆ only be undertaken where permitted by law and where the appropriate Head of Service, Head of Legal and Estates and Head of Financial Services consider additional financial or other benefits may be obtained which over the period of the contract shall exceed the cost of the post-tender negotiation process;
- ◆ be conducted by a team of officers approved in writing by the appropriate Head of Service, Director of Central Services and Head of Financial Services;
- ◆ be conducted in accordance with guidance issued by the Director of Central Services; and
- ◆ not disclose commercially sensitive information supplied by other bidders for the contract.

Post-tender negotiations shall not be used to degrade the original specification unless the capital or revenue budget is exceeded, or the appropriate Director or Head of Service considers other special circumstances exist, in which case all those contractors who originally submitted a tender shall be given the opportunity to re-tender.

The appropriate Head of Service shall ensure that all post-tender negotiation meetings are properly minuted with all savings and benefits offered clearly costed. Following negotiations but before the letting of the contract, amendments to the original tender submitted shall be put in writing by the contractor(s) and shall be signed by him.

11. TERMS OF BUSINESS AND THE FORM OF CONTRACTS

11.1 All orders placed by the Council shall be on the Council's Terms and Conditions (T&Cs). Heads of Service shall not use Contractor's documentation to order, acknowledge, instruct to proceed or make any other commitment where the documentation makes any reference to the Contractor's T&Cs. Where a contractor formally insists on trading on T&Cs other than the Council's T&Cs, the Procurement Manager shall be informed, except for -

- ◆ Any contract where the estimated total value is likely to exceed £30,000, paragraph 11.2 shall apply.
- ◆ Any framework or contract formally adopted by the Council.
- ◆ Purchasing Agency (eg ESPO, OGC BuyingSolutions) arranged contracts and orders.
- ◆ Orders of a total value of less than £ 5,000 where the goods or service are purchased on a 'retail' basis on terms available to the general public.
- ◆ Orders for software where the licence is for 'standard' product but not where customisation, development or on-site service is required for the 'standard' product.

11.2 Every contract that exceeds £30,000 in value shall be in writing in a form approved by the Head of Legal and Estates who shall also determine the format of any contract for a lesser value. Heads of Section shall ensure that advice of the Head of Legal and Estates is sought at a stage as early as practicable (normally before the issue of an Invitation to Tender).

11.3 In the case of any contract for the execution of works or for the supply of goods, services or materials, the Head of Service after consulting with the Head of Financial Services and the Head of Legal and Estates shall consider whether the Council should require security for its due performance and shall either certify that no such security is necessary or shall specify in the specification of tender the nature and amount of the security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract.

11.4 Heads of Service shall produce the final version of all contracts in 2 copies and present both to the Authorised Officer for signature. Once signed by the contractor, the signed contract, all original documents, including specifications, drawings, tender documents and correspondence relating to a contract exceeding a total value of £30,000 shall be forwarded by the Head of Legal and Estates. Where the total value of the contract is less than £30,000 the relevant Head of Services shall make arrangements for the retention of all the original documentation.

11.5 Heads of Service shall maintain a record (in the form detailed in the Procurement Protocols & Guidance) for their area of each contract or agreement (both written and verbal agreements).

11.6 Heads of Service shall include the specific T&Cs listed in the Procurement Protocols & Guidance in all contracts. Where a Head of Service considers a term or condition inappropriate they shall seek advice of the Head of Legal and Estates on the modification or deletion of the term or condition.

12. LETTERS OF INTENT

12.1 Letters of intent provide a contractor with the authority to proceed prior to the award of a contract. However, letters of intent have two main disadvantages:-

- (a) if the contract is not awarded the contractor is entitled to payment regardless as to whether the work was actually needed;
- (b) the Council's negotiating position is weakened as the contractor may believe actual award of contract is a formality and therefore, the contractor may refuse to accept conditions that are seen as disadvantageous.

12.2 Heads of Service shall ensure that:-

- (a) all letters of intent are in a form approved by Head of Legal and Estates;
- (b) all letters of intent are signed by an Authorised Officer with sufficient authority for either the value of the intended contract or the estimated value of any 'extension' period defined in the letter of intent.

13. RETENTION OF DOCUMENTS

13.1 Heads of Service shall ensure that every contract or quotation is assigned the Unique Reference Number (URN) from the Contract Register, which is to be used in all correspondence. Any Division or Service reference may be included in addition to the URN shall comprise abbreviation for the Division and year. Formal amendments to a contract or order should also be given unique numbers showing the order in which the amendments were made.

13.2 Documentation retention periods are dictated by the Statute of Limitations and (where applicable) EU requirements. The following rules apply:-

- (a) retention for 12 years from the date of completion of the contract for contracts made under deed;
- (b) retention for 6 years from the date of completion of the contract: -
 - ◆ Contract Documents
 - ◆ Hire/Rental Agreements
 - ◆ Successful Tenders
 - ◆ Summary of Tender Opening
 - ◆ Disposal Board papers
 - ◆ Evaluation reports
 - ◆ Goods Received Notes
 - ◆ HM Customs and Excise Import documentation
 - ◆ Invitations to Tender/Quotation Requests
 - ◆ Maintenance/Software licence agreements
 - ◆ Specifications
 - ◆ Successful Quotations
 - ◆ Suppliers' Advice Notes;
- (c) retention for 3 years after the last entry -
 - ◆ Stock and Purchase Record Cards or Registers;
- (d) retention for 2 years after the financial year to which the document relates -
 - ◆ Unsuccessful Quotations.
 - ◆ Unsuccessful Tenders.

14. FREEDOM OF INFORMATION ACT 2000 (FOIA)

14.1 Heads of Sections shall ensure that the handling of requests for procurement information complies with the detailed guidance published as Procurement Protocols & Procedures and the general FOIA guidance published by the Council's Freedom of Information Officer.

15. CONSULTANTS

15.1 It shall be a condition of the engagement of any consultant, agent or professional adviser who is to be responsible to the Council for the management or supervision of a contract on its behalf, that in relation to that contract he shall -

- ◆ comply with this Code as though he were an employee of the Council;
- ◆ at any time during the carrying out of the contract produce to the appropriate Head of Service, on request, all the records maintained by him in relation to the contract; and
- ◆ on completion of the contract transmit all records that he has produced or received that relate to the contract to the appropriate Head of Service.

16. PROCUREMENT TRAINING

16.1 The Procurement Manger shall create, maintain and arrange the delivery of training for officers undertaking procurement duties.

16.2 Heads of Service shall ensure that all officers routinely undertaking purchasing or procurement duties have undertaken appropriate training.

16.3 Head of People, Performance and Partnerships shall record the details of staff that have completed suitable procurement training.

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PROGRESS REPORT ON ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT AND RISK ASSURANCE

(Report by the Head of People, Performance & Partnerships and Head of Financial Services)

1. INTRODUCTION

- 1.1 The Council's assurance framework requires that the Panel receive update reports on governance issues. This report deals with the issues identified in the annual governance statement, the Council improvement plan and risk assurance

2. REVIEW OF GOVERNANCE ACTION PLAN

- 2.1 At the September 2009 meeting the Panel considered the Annual Governance Statement which identified issues to be addressed over the next year to help improve further the Councils governance arrangements. Annex A identifies these issues and progress to date. Annex B provides further assurance by way of progress to date on all the actions (internal and external) identified in the Council improvement plan, reported to Cabinet quarterly.

3. RISK ASSURANCE

- 3.1 As at 1 March, the 138 risk register entries had 435 controls identified to mitigate the risk to the Council. 415 of the controls include the service manager's assurance of how effectively the control is working in practice.
- 3.2 Assurances are, in the majority of cases, added to the risk register by a manager when a risk and its associated controls are added to the register. Review is then usually provided at six monthly intervals. The accuracy of the manager's assessment is reviewed by internal audit when they audit the relevant risk/system.

Key Points

- 96% of all assurances are that the control is substantially or fully operating.
 - 86% of assurances have been updated in the last 6 months.
 - Only 6 risks have no assurance.
- 3.3 The tables in Annex C summarise this graphically. It is intended that they will in future be included in risk register update reports to provide a comprehensive dashboard of information.

4. RECOMMENDATIONS

- 4.1 The Panel are recommended to note the:

- (a) progress made to implement the actions plans arising from the annual governance statement and the Council improvement plan;
and
- (b) levels of assurance within the risk register

BACKGROUND PAPERS

Code of Governance
Annual Governance Statement September 2009
Council Improvement Plan
Risk register

Contact Officer:

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David Harwood, Internal Audit and Risk Manager
 **01480 388115**

Issues identified in AGS Sept 2009	Progress to date
<p>Code of Procurement There have been a number of occasions during the year where internal audit reviews have identified examples of breaches of the Code of Procurement. Steps will be taken to improve the level of compliance</p>	<p>Following a report to Corporate Governance Panel Sep 09, which highlighted a number of significant breaches to the Code of Procurement, an action plan was developed and approved by the Dec 09 Corporate Governance Panel. The action plan is progressing with the first 2 items delivered on time:</p> <ul style="list-style-type: none"> ▪ Code of Procurement. The Head of Financial Services wrote to Heads of Service inviting comments and suggestions for improvement to the code. A revised draft of the code has been produced incorporating recent changes to procurement law, simplifying the wording and incorporating the e-marketplace. The revised draft will be presented to Corporate Governance Panel on 24 March 10. ▪ Procurement training has been re-developed into a series of smaller modular courses each focused on a key topic, e.g. EU procurement directives, and is being delivered. <p>Two further actions are underway:</p> <ul style="list-style-type: none"> ▪ Procurement Strategy. A revised procurement strategy is in draft and is due to be completed in April 10. ▪ Forward Plan. The HoFS has written to all HoS seeking details of all planned spend over the tender thresholds (£30k). The forward plan will allow timely decisions on the appropriate procurement process and allocation of resources to support the Council's major requirements. This is due for completion in April 10.

<p>Huntingdonshire Strategic Partnership Evaluation</p> <p>New guidance has been issued by the Audit Commission to help in the assessment of the Governance arrangements and effectiveness of the Local Strategic Partnerships. Consideration will be given to how this guidance can be implemented in conjunction with the Councils own Partnership framework</p>	<p>The Council is currently undertaking a review of partnerships across the organisation. This work looks at key information about the management and performance of a partnership and assesses its overall value. In addition, a recent audit commission report ‘Working better together’ recognises the complexities of Local Strategic partnerships and highlights the need to develop formal an informal aspects of collaboration. The Huntingdonshire Strategic Partnership regularly looks at performance against the Sustainable Community Strategy and important part of the achievement of the partnership’s vision and objectives. The audit commission guidance will help to further develop and review the effectiveness of the Strategic Partnership.</p>
<p>Audit Letter recommendations</p> <ul style="list-style-type: none"> ○ maintain focus on service performance in order to improve the rate of improvement and tackle areas of comparative under performance; and ○ Develop a stronger focus on outcomes measures. 	<p>Performance reports detailing progress against objectives continue to be reported to Chief Officer management team, Overview and Scrutiny Panels and Cabinet on a quarterly basis.</p> <p>A review of targets and measures in our corporate plan “Growing Success” was undertaken with Heads of Service during January and reported to the Corporate Plan working group in February. The review also included targets and measures at divisional level with the emphasis on outcomes</p>
<p>Scrutiny Annual Report</p> <p>Following changes to Overview and Scrutiny to ensure an Overview and Scrutiny annual report reflecting their work during 2009/10 is prepared for publication</p>	<p>The Scrutiny Annual report will be produced at the end of the Municipal year and reported to Council</p>

Improvement Plan

(Note: the Council's Improvement Plan is updated and monitored frequently to reflect the development areas adopted through external inspection and compliance with statutory guidance.)

In progress

Completed

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at Jan 2010
Natural Resources	The Council should ensure that information and analysis about its environmental footprint is made publicly available.	Use of Resources 2007/08			Head of Environmental Services	The report will be delayed until June 2010 this will allow data to be collected up to March 2010 and comparisons between 2008/09 and 2009/10 to be made.
Governance	Procurement	Governance Assurance framework (AGS Sept 2009)	improve the level of compliance of the Code of Procurement	level of compliance improved – no breaches of the code	Head of Financial Services	See comments in Annex A attached
	Huntingdonshire Strategic Partnership Evaluation	Governance Assurance framework (AGS Sept 2009)	Consideration will be given to how the Audit Commission guidance to help in the assessment of the Governance arrangements can be implemented in conjunction with the Councils own Partnership framework	Improved partnership working	Member: Andrew Hansard and Head of People, Performance and Partnerships	See comments in Annex A attached
	Audit Letter recommendations	Governance Assurance framework (AGS Sept 2009)	maintain focus on service performance in order to improve the rate of improvement and tackle areas of comparative under performance; and Develop a stronger focus on outcomes measures.	Improved performance and better outcome measures	Member: Andrew Hansard and Head of People, Performance and Partnerships	See comments in Annex A attached
	Scrutiny Annual Report	Governance Assurance	to ensure an Overview and Scrutiny annual		Member: Andrew	See comments in Annex A attached

ANNEX B

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at Jan 2010
		framework (AGS Sept 2009)	report reflecting their work during 2009/10 is prepared to for publication		Hansard and Head of Democratic & Central Services	
Financial planning	Demonstrating the Outcomes from Stakeholder Engagement in Financial Planning	Use of Resources 2008/09	We have undertaken and continue to undertake consultation on the priorities for Huntingdonshire. The council will continue to do this and develop its engagement		Head of People, Performance and Partnerships and Head of Financial Services	“Voice your choice” – participatory budgeting pilots undertaken summer 2009
	Using Service Reviews to Challenge Service Delivery	Use of Resources 2008/09	The Council has embarked on a two-fold transformation programme “Balancing the budget, securing our future” this is the council’s long term plan to achieving savings and efficiencies whilst still maintaining or improving essential and priority services	understanding of costs and performance and achieve efficiencies in its activities	Directors of Central Services and Commerce and Technology	Savings and efficiencies have been identified for 2010/2011 in the Financial strategy, Medium Term Plan 2011 to 2015 and 2010/2011 Budget, reported to Members in February 2010
Financial reporting	Improving the Annual Accounts Review Process	Use of Resources 2008/09	We will strengthen the processes for reviewing our financial statements prior to their approval.	financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people	Head of Financial Services	Improvements to be included in the 2009/2010 closedown programme
Financial reporting	Demonstrating External Accountability	Use of Resources 2008/09	We will publish all the information that would be included in an Annual report periodically in District Wide, the Council’s magazine distributed to all households in the	Residents and stakeholders more aware via Council annual report	Head of People, Performance and Partnerships and Head of Financial	The content of an annual report is being considered . An electronic version of an annual report will be prepared in the summer of 2010 which covers the financial year

ANNEX B

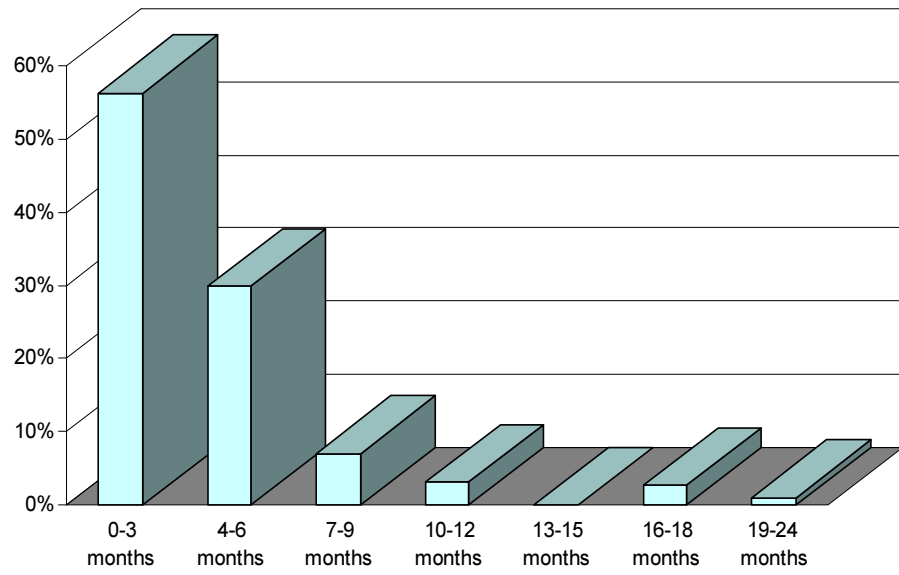
Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at Jan 2010
			district. The same information will also be available to view, all in one location on the internet		Services	2009/10
Commissioning and procurement	Improving Strengthening procurement processes and contract management	Use of Resources 2008/09	Directors of Central Services and Commerce and Technology have undertaken to report back the Corporate Governance Panel on compliance with the Code and the Council has initiated improvements to the procurement process.	Compliance with the code of procurement	Directors of Central Services and Commerce and Technology	A report to Corporate Governance Panel in Dec 09 outlined an action plan to promote compliance with the procurement code. This proposal was endorsed by the panel
Use of data	Look to integrate our financial and non-financial performance reporting	Use of Resources 2008/09	An exercise by Heads of Service to breakdown their budgets by Corporate objective has been undertaken. This has been reported to Members of the Corporate Plan working group at the same time as they consider the quarterly performance reports. Further consideration will be given as to how we can integrated performance reports.	Integrated financial and performance reports	Head of Financial Services and Head of People, Performance and Partnerships	Budget split by corporate objective reported to corporate plan working group (Sept and Nov 09) along with performance data relating to corporate objectives. Further integrated budget/performance reporting being considered.

ANNEX B

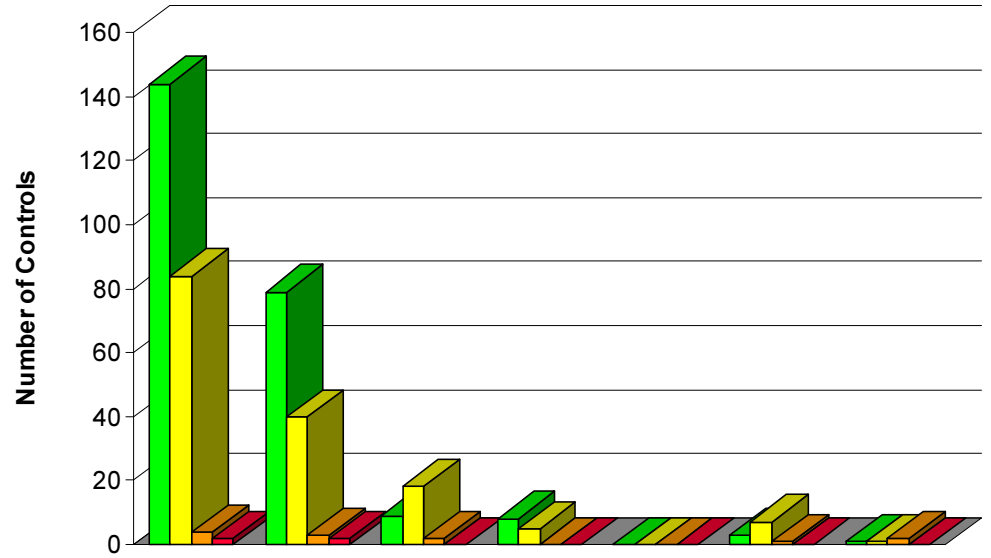
Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at Jan 2010
Data quality	Spot-checking Performance Indicators	Use of Resources 2008/09	<p>Managers will be reminded of the need to spot check their data and confirm this has been done. Other spot checks will be undertaken as part of the general service or reviews by internal Audit as and when appropriate.</p> <p>The quarterly performance reports to COMT and O & S and Cabinet now include a statement from the Head of Service confirming that the data has been collected in accordance with the appropriate Divisions' data measure templates</p>	Accurate, consistent data	Head of People, Performance and Partnerships	<p>H of S requested to nominate an officer to undertake spot checks. The results to be included in the February quarterly performance reports.</p> <p>From Sept 09 all quarterly reports to COMT, Overview and Scrutiny and Cabinet include a statement on the quality of the data from the appropriate Head of Service</p>
Promote and demonstrate the principles and values of good governance	Demonstrating Outcomes from Partnership arrangements and their effectiveness	Use of Resources 2008/09	District Wide will contain articles on Partnership achievements	Residents and stakeholders aware of Partnership achievements	Head of People, Performance and Partnerships	Articles were published in the winter 2008 edition of District Wide relating to LPSA partnership funding. Further articles relating to partnership achievements are planned for the January 2010 edition
Workforce planning	Long-term workforce planning linked to corporate and business planning	Use of Resources 2008/09	This is being addressed via the review of and delivery of the HR strategy.	Strategic approach to workforce planning	Head of People, Performance and Partnerships	HR strategy to Employment Panel 9 th Dec. Implementation plan put into action from Jan 2010

Assurance Details

Controls Assurance : Months since last Update

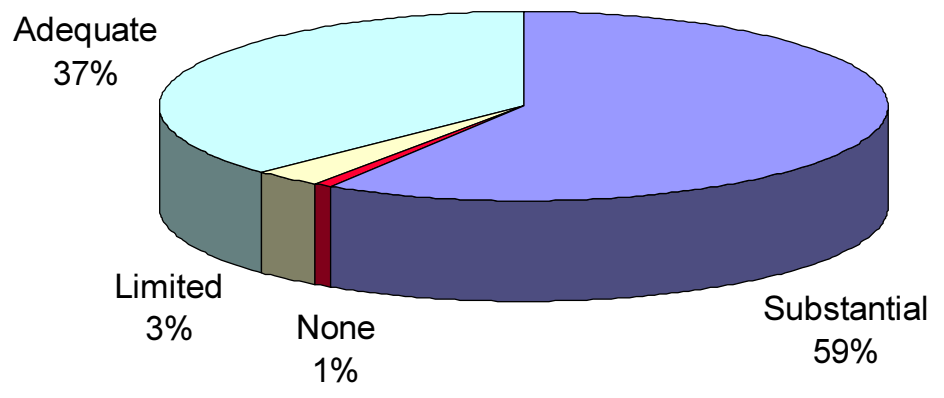


Controls Assurance Rating by Months since last Update



Assurance Details

Assurance Type by %age



**APPOINTMENT OF CABINET MEMBERS
(Report by Head of Democratic and Central Services)**

1. INTRODUCTION

- 1.1 When the Structure Review Working Party reported to Council in April 2009 with recommendations to amend the structure of the Council, it proposed changes to the form of leadership of the Council necessitated by the Local Government and Public Involvement in Health Act 2007. It has since become apparent that those changes may not be implemented until the annual meeting of the Council in 2011 and the Working Party has therefore proposed that interim changes be made in May 2010 which will take the Council along the path towards the new form of leadership required by the Act.

2. CHANGE REQUIRED BY THE ACT

- 2.1 The 2007 Act requires the Council to implement either an elected mayor or an executive leader in May 2011. The powers of both positions are broadly similar, except that the mayor is directly elected by the electorate whereas the executive leader is a serving councillor. Both terms of office are for a period of 4 years.
- 2.2 The Act requires the various tiers of councils, counties, metropolitans and districts, to move to the new form of leadership on a phased basis. In the case of district councils, the change cannot be made before the annual meeting in May 2011.

3. INTERIM ARRANGEMENTS

- 3.1 As the change cannot be made as envisaged in 2010, the Democratic Structure Working Party has proposed that, in the interim, the Leader of the Council be authorised to determine the membership of the Cabinet with effect from May 2010 as opposed to this being a decision of the Council. This is an option that has been available since the Local Government Act 2000 was introduced and which many authorities have adopted.
- 3.2 The change will require various alterations to the constitution and to the Council Procedure Rules. Such changes would normally be subject to discussion by the Corporate Governance Panel with a recommendation to the Council. However a meeting of the Panel has not been held since the Working Party met.
- 3.3 Council Procedure Rules require any motion to vary the Rules to stand adjourned without discussion to the next ordinary meeting of the Council. The latter will take place on 21st April which will enable details of the change to be discussed by the Corporate Governance Panel at its meeting to be held on 24th March.

4. CONCLUSION

- 4.1 Both the elected mayor and executive leader forms of leadership enable the holders of those positions to determine the size and membership of the Cabinet. The Council must adopt one of those formats with effect from May 2011 but in the interim can move to the 'strong leader' model of leadership provided for by the 2000 Act whereby the Leader, rather than the Council, chooses the membership of the Cabinet.
- 4.2 A report which lists all of the changes required to the current constitution to accommodate the change will be submitted to the Corporate Governance Panel meeting to be held on 24th March but, if this is to be implemented in May 2010, a motion to amend the relevant Council Procedure Rules must be submitted to and adjourned at the Council meeting on 17th February.

5. RECOMMENDATIONS

- 5.1 **The Democratic Structure Working Party therefore recommends that**
- (a) **that the following Council Procedure Rules be deleted with effect from the annual meeting of the Council in May 2010 –**
- '1.1(vii) appoint the Deputy Leader;**
- 1.1(viii) agree the number of members to be appointed to the Cabinet and appoint those members to the Cabinet;'** and
- (b) **that a report on the consequential changes to the constitution be submitted to the Corporate Governance Panel meeting to be held on 24th March 2010 for subsequent consideration at the Council meeting to be held on 21st April 2010.**

BACKGROUND PAPERS

Nil

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**Member Development Policy
(Report by the Head of Democratic and Central Services)**

1. INTRODUCTION

- 1.1 The purpose of this report is to provide an opportunity for the Panel to review and endorse the Council's Member Development Policy.

2. MEMBER DEVELOPMENT POLICY

- 2.1 Nationally there is a growing emphasis placed on the development of elected members, both as community leaders and in their varying roles with this forming a key line of enquiry as part of the Council's Use of Resources assessment. Huntingdonshire District Council fully recognises the key role its elected members have in contributing to the successful delivery of the Council's corporate plan 'Growing Success'.
- 2.3 In response to this, the attached Member Development Policy (Annex A) outlines the proposed approach the Council will take in the future with regard to developing its elected members.
- 2.4 Members of the Member Charter Working Group, which was set up in order to progress the Council's work towards the IDeA Charter for Member Development have reviewed and endorsed the Policy at their meeting on 1st March 2010.

3. CONCLUSION

- 3.1 Having a Member Development Policy in place is an essential requirement if the Council is to successfully achieve its ambition of achieving Charter Status in relation to supporting and developing its elected members.

4. RECOMMENDATION

- 4.1 The Panel is recommended to approve the Member Development Policy as set out in Annex A.

BACKGROUND PAPERS

None

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HUNTINGDONSHIRE DISTRICT COUNCIL

MEMBER DEVELOPMENT POLICY

1. Introduction

- 1.1 Being a councillor of a local authority has rarely been as challenging as in the current environment. The role of a councillor has traditionally been complex and varied but the structure of today's council with its executive/scrutiny division of responsibilities, partnership working and the plethora of organisations that contribute towards achievement of Local Area Agreement targets mean that councillors need an extensive range of skills and knowledge to enable them to fulfil their roles effectively.
- 1.2 Huntingdonshire District Council has therefore committed itself to set high standards in its delivery of training and support to its elected councillors. In recognition of that commitment, the Council is working towards the achievement of the Member Development Charter promoted by the Improvement and Development Agency as a nationally recognised standard of performance.

2. Aims

- 2.1 One of the aims of the Council's corporate plan 'Growing Success' is to learn and develop by ensuring that councillors (and employees) have appropriate skills, knowledge and behaviours and develop a culture of innovation. This will be achieved by –
- identifying development needs through individual skills analysis forms and delivering appropriate learning and development opportunities;
 - enabling members to carry out their role efficiently and effectively;
 - being clear about the skills and competencies needed to achieve the Council's objectives;
 - preparing and delivering development plans for councillors;
 - incorporating training, development and learning in future strategic plans and policies;
 - Keeping members up to date with new legislation and changing policies;

- encouraging councillors to share ideas, experience and knowledge internally and with partners;
- ensuring equal access for all members to training and development in accordance with the Council's equalities strategy; and
- effective communications.

3. How Will This Be Achieved?

- 3.1 The Leaders of the political groups on the Council and the Chief Executive have signed a commitment to achieve IDeA Member Development Charter status and to provide the necessary support and assistance to equip individual councillors with the skills and knowledge that they need.
- 3.2 This policy which has been adopted by the Cabinet is an integral part of realising the Council's corporate plan and achieving charter status.
- 3.3 Its aims can be summarised as –
- ensuring that all councillors can play a full and active part in the delivery of the Council's functions;
 - equipping councillors with the skills necessary to undertake their individual roles and responsibilities effectively; and
 - ensuring that newly elected councillors are familiar with what is expected of them.
- 3.4 The Cabinet has established a Member Development Group comprising representatives of each of the political groups with responsibility for implementing this policy and monitoring performance.
- 3.5 In so doing the Member Development Group will have regard to relevant policies and strategies of the Council and in particular its equalities strategy.

4. Specific Responsibilities

- 4.1 The Cabinet will ensure that –
- a Member Development Policy is in place and reviewed from time to time;
 - a culture of learning and support for councillors is embedded within the authority;

- there is a commitment within the authority to support the training and development of councillors;
- role descriptions will be in place and updated for all positions held by councillors that attract a special responsibility allowance and for individual councillors, mentors and political group leaders;
- there is equality of opportunity in accessing development opportunities for all councillors; and
- adequate resources are made available to meet the training and development needs identified in this policy and the councillor training and development plan.

4.2 The Member Development Group will ensure that –

- an assessment of the training needs of councillors is undertaken at regular intervals;
- personal development plans (PDPs) carried out by an external member peer are undertaken for individual councillors and reviewed on an annual basis;
- a training and development plan is produced each year that reflects the outcome of the assessment of training needs and an analysis of PDPs that have been undertaken;
- the feedback responses from councillors who have attended events are evaluated; and.
- the Council works towards and achieves Member Development Charter status.

4.3 The political groups will –

- nominate experienced councillors to act as mentors for newly elected councillors of their respective parties; and
- encourage councillors in their respective parties to adopt a positive approach to training and development by attending relevant courses and training.

4.4 Individual councillors have a responsibility to –

- commit to gaining the skills necessary to enable them to undertake their role as councillors in a responsible and efficient manner;
- attend a minimum of three relevant training or briefing sessions in the course of each year;

- ensure that they attend sessions on which they have been allocated a place or notify the appropriate officer at least 48 hours in advance if they are unable to do so;
- complete a PDP and ensure that it is met;
- volunteer to act as mentors for newly elected councillors.

5. Implementing the Policy

5.1 The promotion of local democracy and the encouragement of members of the public to stand for election are critical to the well-being of the local community and an integral element of the fabric of local society. The Council will endeavour to develop an environment where members of the public want to serve their community by becoming local councillors and to attract candidates who are representative of those communities. It therefore recognises that the training and development needs of its councillors are as equally important as that of its employees and that support and assistance is essential to enable its councillors to undertake their roles effectively.

5.2 As part of the implementation of this policy, the Council will –

- ensure that a comprehensive induction programme is in place for newly elected councillors to ensure that they are equipped with the necessary information that they need to meet the standards required by Huntingdonshire Council;
- provide appropriate training in relation to the specific panels etc. to which councillors are appointed (e.g. Development Management, Licensing, Overview and Scrutiny, Standards etc.);
- deliver skills training in areas that will enable councillors to meet the responsibilities defined in their specific and more general role descriptions;
- provide skills and training to ensure that councillors can communicate effectively both internally and with partners, customers and the media;
- equip councillors to take advantage of the benefits of electronic communication and ways of working,
- ensure that councillors are familiar with and comply with the Council's equalities strategy, and
- Deliver appropriate health and safety training.

6. What Resources Will Be Available?

6.1 The Council recognises that this policy cannot be implemented without appropriate resources being made available. The Council therefore will

-
- provide a budget annually that is appropriate to meet the training and development needs of its councillors as illustrated in this policy;
- seek external sources of funding to supplement its budget for councillor training and development;
- allocate suitable employee support to ensure the effective delivery of this policy and support and assist councillors in their various roles;
- provide suitable computer and related equipment to enable councillors to take advantage of technology.

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