

HUNTINGDONSHIRE DISTRICT COUNCIL
ANNUAL STATEMENT ON GOVERNANCE

Huntingdonshire District Council is responsible for ensuring that –

- its business is conducted in accordance with the law and proper standards; and
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In carrying out these duties, Members and senior Officers are responsible for putting in place proper arrangements for governance of the Council's affairs and the stewardship of the resources at their disposal. To that end, the Council has approved and adopted a Code of Governance, which reflects the principles and requirements of the Chartered Institute of Public Finance and Accountancy/Society of Local Authorities Chief Executives ("CIPFA/SOLACE"). The Code is published on the Council's website at www.huntingdonshire.gov.uk and hard copies are available on request from the Director of Central Services.

The Code of Governance was first adopted in September 2003 and reviewed again in the light of changes to arrangements for the preparation of a Statement on Internal Control and consultation initiated by CIPFA/SOLACE. Recently it has been updated again to reflect the framework for "Good Governance in Local Government" published by CIPFA/Solace in June 2007.

While the principles in the original framework have remained consistent they have been developed to provide more specific guidance to promote aspects of good guidance to reflect this. The Code sets out and describes the way in which the Council carries out its functions and complies with the principles of openness, integrity and accountability. The principles apply to elected Members and employees alike, and they are reflected in the Council's working procedures and processes in the interests of establishing and maintaining public confidence.

1. The Corporate Governance Panel - Terms of Reference

The Council's Code of Governance recognises that effective governance is achieved through the following **core principles**:

- 1) focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for Huntingdonshire.
- 2) Members and employees working together to achieve a common purpose with clearly defined functions and roles.
- 3) promoting the values of the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 4) taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- 5) developing the capacity and capability of Members and employees to be effective.
- 6) engaging with local people and other stakeholders to ensure robust local public accountability.

In the Code these six core principles have a number of **supporting principles** which, in turn, have **specific requirements**. These principles and requirements apply across the work of the Council and define the Governance Framework.

2. The Governance Framework

The Governance Framework has been in place for the year ended 31st March 2007 and up to the date of approval of the statement of accounts.

The Council's powers and duties of Council Committees and Panels require the Corporate Governance Panel (among other things) to –

- ensure that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions including arrangements for the management of risk; and
- consider the Council's Code of Corporate Governance and approving the annual statement in that respect.

In turn the Council's Director of Central Services & Monitoring Officer has been given responsibility for –

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

3. Communicating vision and purpose

The Council has in place a Community Strategy which sets out a vision shared with partners for Huntingdonshire. The Strategy currently is under review. In addition the Council has a Corporate Plan – "Growing Success" which sets out our vision and our purpose. The Council has recently reviewed "Growing Success" by identifying and prioritising community and Council objectives, which will help to achieve the vision. The Council has put in place a communications plan to ensure the vision and priorities are clearly communicated to local residents and stake holders. The Council undertakes an annual survey of residents based on measures and targets in Growing Success to gauge levels of satisfaction of local residents and users of services. This is supplemented by other surveys,

such as the Best Value Performance Indicator User Survey and Quality of Life survey.

The results of these surveys are made available to help service planning. There was extensive consultation in developing the first Community Strategy and the Huntingdonshire Strategic Partnership has developed a programme to ensure the new Sustainable Community Strategy representative of the views of local communities.

The Council's Communications & Consultation Strategy is used to promote and guide two-way communications with local residents. A planned review of this approach is underway with the intention of producing both a communications and marketing strategy and a strategy for consultation and engagement – both of which will enhance the existing practices and support good governance.

Work on incorporating arrangements in respect of partnerships - as identified by the Audit Commission's report on the governance of partnerships - in the Council's overall governance arrangements is now taking place and the 'partnership framework' is being used to evaluate and assess the risk of strategic and other partnerships.

4. Roles & responsibilities of the Cabinet (Executive)

The Council's Constitution provides a comprehensive explanation of the Council's administrative and managerial processes. Designed to illustrate the statutory division between executive and non-executive roles and responsibilities within the Council, the Constitution also defines the relationship between the Council and its citizens by means of a series of articles, procedure rules and codes of practice.

Articles and tables list the functions of the Executive, Scrutiny and Standards Committee arrangements as defined by the Local Government Act 2000 and explain how the Council has delegated its non-executive decision making to Committees and Panels. The role of Statutory Officers is defined, together with the management structure of the authority, and the Scheme of Delegation contains a comprehensive summary of all decision making powers delegated to Officers by the executive and non-executive parts of the Council. A series of procedure rules demonstrate clearly the inter-relationship between those various elements.

5. Role of Overview & Scrutiny Panels

The Council has appointed 3 Overview and Scrutiny Panels (Service Delivery, Service Support and Corporate and Strategic Framework) which discharge the functions conferred by Section 21 of the Local Government Act 2000 in relation to the matters set out in Article 6 of the constitution.

Within their terms of reference, the Overview and Scrutiny Panels will:-

- review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;
- make reports and/or recommendations to the full Council and/or the Cabinet and/or any joint committee in connection with the discharge of any functions;

- review the performance of the Council and the achievement of performance indicators and targets;
- consider the Best Value Review process and monitor and scrutinise individual Best Value Reviews;
- consider any matter affecting the area or its inhabitants; and
- exercise the right of call-in, for reconsideration, of decisions made but not yet implemented by the Cabinet, an individual member of the Cabinet, a committee of the Cabinet or a key decision made by an officer.

An annual report of the activities of the Overview & Scrutiny Panels is prepared and an action plan to enhance and improve the scrutiny process is nearing completion

6. Codes of conduct defining standards of behaviour

A Members' Code of Conduct provides the statutory framework for the ethical conduct and behaviour of Members of the Council and persons appointed or co-opted to Committees. Training is provided by the Monitoring Officer to ensure Members are thoroughly aware of the standards expected of them and to embed the principles set out in the Code into the culture of the Council. Notwithstanding the absence of a statutory model, an Employees' Code of Conduct defines the behaviour that the Council expects of its employees, with training provided as part of the induction process and annual reminders issued to both Members and employees of the need to register any new or changed interests. A protocol for relations between Members and employees establishes the principles to be observed in the relationships at both an individual level and between executive and non-executive bodies and employees. A further protocol on community leadership by Members and Codes of Good Practice for both planning and licensing explain to Members the high standards of behaviour and conduct expected of them in carrying out their constituency and quasi-judicial decision making roles. Published on the Council's Internet and Intranet, the Codes and protocols are supplemented by training to ensure a thorough understanding and compliance with the principles and standards that they establish.

7. Reviewing and updating Standing Orders

The Council's Constitution, which incorporates the Council procedure rules (Standing Orders), Code of Financial Management (financial regulations), Code of Procurement (Standing Orders as to Contracts) etc., is reviewed formally at biennial intervals, with an opportunity provided for both the executive and non-executive, as well as individual Members and senior management, to reflect on its robustness and operation in practice over the previous two years. Interim changes may be made from time to time that are necessitated by legislative developments, reviews of working practices or alteration to decision making responsibilities. Any such change is communicated by updating the Constitution both electronically on the Internet and Intranet and in hard copy.

Arrangements are to be made to ensure that reports to Members are subject to completion of a template that requires authors to certify that they have had regard to the implications implicit in the report, including legal, financial and risk issues.

8. Development needs of Members

A training and development programme has been designed for Members that embraces the professional, organisational and behavioural knowledge and skills that they require to enable them to perform their roles both internally and within the community. Skills and needs audits are undertaken periodically and personal development plans will be prepared for individual Members. A record of all training undertaken is held on Members' individual files. Training is provided both internally by senior management and by external consultants and specialists.

A Members' induction scheme is in place for new Members. Specific training is provided for Members who sit on the –

- Licensing Panel
- Development Control Panel
- Standards Committee
- Overview & Scrutiny Panels
- Corporate Governance Panel.

9. Internal Audit

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

A Whistleblowing Policy and Procedure have been adopted, and is available on the Council's Website and Intranet. They are reviewed annually and publicised widely. A 'phone line and 'web form' are available for complainants' use at all times.

10. Risk Management

The Council maintains a risk register which contains the significant corporate and operational risks which are likely to affect the achievement of corporate objectives. The register is reviewed by a Risk Management Group, who report to the Chief Officers' Management Team and the Corporate Governance Panel. The Cabinet are responsible for formally deciding the acceptability of the highest levels of residual risk or if additional mitigation is required. Amendments to the risk management strategy were approved in June 2007 and the Council is working towards raising their Use of Resources Assessment score for risk management to '3'.

11. System of Internal Control

Central to the governance environment is a system of 'Internal Control' designed to manage risk to a reasonable level rather than to eliminate all risk. The system is based on a continuing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks occurring and the impact should they occur; and to manage them proportionately and effectively.

The effectiveness of the system of internal control is informed by –

- the Internal Audit Manager's annual opinion on the internal control environment;
- the Council's performance management framework which has recently been revised and refreshed in conjunction with a review of the Corporate Plan "Growing Success";
- the consideration and monitoring by the Chief Officers' Management Team of reports and decisions prepared for, and taken by, Cabinet;
- reviews of the Constitution which have included variations to the Council's overview and scrutiny processes;
- the 2006/07 Audit and Inspection Letter from the Audit Commission; and
- the Council's Improvement Plan – incorporating the Use of Resources Assessment Action Plan.

The Council's responsible Finance Officer, the Director of Commerce & Technology, is of the opinion that the **systems of internal control** are adequate and that no significant weaknesses were identified during 2006/07 or since.

12. Review of Effectiveness

Each year the Council conducts a review of their governance framework to ensure its effectiveness in practice.

The review comprises of analysis of the practical applications of the core principles, supporting principles and specific requirements set out in the Council's Code of Governance. This analysis gives examples of the work of service managers responsible for the development of the Governance Framework.

It is informed also by the Audit Manager's annual report and comments by the external auditors and other inspections. The review also incorporates an assessment of the action taken to address issue identified during the first review.

13. External Audit and Inspection: (March 2007)

The Audit and Inspection Letter provides a summary of the Audit Commission's assessment of the Council. It draws on findings from inspections during the year including the 'Direction of Travel' report and the external auditor's assessment of

how well the Council has managed their resources – the Use of Resources Assessment.

The main messages of this report were –

“The Council is improving in some priority areas with improvements in over half of its performance indicators. There is clarity about services requiring improvement and the Council is taking action. Improvement to local areas is being achieved through effective partnership working. Access to services is improving.

However performance on equalities is mixed. The Council is refining its plans, to help improve focus on improvement priorities. Capacity is being effectively developed to deliver this planned improvement.”

The Letter highlighted two areas where action is needed by the council;

- Further develop the approach to equalities.
- Ensure that capacity is in place to enable sustained service improvement whilst managing major projects such as the redevelopment of the Council offices.

Work on Equalities during 2006/07 has enabled the Council to improve achievement against the Equality Standard for Local Government, which has been externally validated at level 2, nevertheless these concerns have been incorporated into the issues to improve governance in section 15

The External Audit and Inspection Letter is available on the Council's website and from the Director of Central Services.

This Use of Resources Assessment is designed to assess how well local authorities manage and use their financial and other resources. The Assessment focuses on the importance of having available sound and strategic financial and resource management to ensure that resources are available to support the Council's priorities and to improve services.

The Use of Resources Assessment covers five themes, each of which were assessed on a 1 – 4 scale, 1 representing inadequate performance, 2 adequate performance, 3 good performance and 4 innovative practice. The Council's scores for each of the five themes are reproduced in the following table:-

Theme	2005/06	2006/07
Financial reporting	2	3
Financial management	3	3
Financial standing	3	3
Internal control	2	2
Value for money	3	3

This level of performance equates to the Council performing well and consistently above minimum requirements on the Audit Commission scale.

From 2007/08 the criteria for assessing compliance against some of the Key Lines of Enquiry in the assessment were raised, as a result of which the Council have had to perform to a higher standard to maintain or improve previous scores. Similar raising of standards is likely in future years.

Development areas identified by other external organisations or by the Council are incorporated into the Council's overall Improvement Plan. Progress on the achievement of this Plan is monitored by both the Overview & Scrutiny Panels and by the Cabinet.

14. Governance Issues Previously Identified

In last year's statement, and as a result of other considerations, the Council identified their perception of the need to develop aspects of the governance arrangements. These are highlighted in bold, together with information on the progress in dealing with these issues;

- **monitor progress on the Action Plan annexed to the Use of Resources Assessment;**
 - The action plan is reported to Overview and Scrutiny and Cabinet and published in the corporate plan "Growing Success" to comment on performance.
- **review its Code of Corporate Governance in the light of the outcomes of the framework to be promulgated by CIPFA/SOLACE;**
 - This review was undertaken following the publications of the new Framework and guidance and a new code adopted.
- **assess the continued effectiveness of the comprehensive performance management framework following revisions in conjunction with the review of its Corporate Plan "Growing Success";**
 - Following the review of the corporate plan "Growing Success", community and Council objectives have been redefined and new processes of reporting to Chief Officer Management team and Members has been put in place. The effectiveness and transparency of the framework continues to be a short to medium term priority.
- **assess the effectiveness of arrangements to monitor capital and revenue spending against the budget;**
 - From November 2006 a new process was introduced which incorporates quarterly review meetings between Directors, Heads of Service and senior financial managers.
 - The monitoring of Capital schemes has been incorporated into the performance management systems. Data input by project managers along with financial data imported from Council's Financial Management System is available through the performance management Software enabling regular monitoring on demand.

- In addition robust systems have been introduced or are planned in the following areas -
 - recharges from revenue to capital;
 - from September 2007 the achievement of turnover assumptions;
 - aggregate variations (ie items that are not significant on individual budgets that may aggregate to a significant item when considered over the whole Council); and
 - bringing forward the production of monitoring statements to within ten working days of the end of the month;
- **continue to provide advice and training and to develop systems to ensure that arrangements for the procurement of contracts comply with its approved Code.**
 - Advice and training provided on an on-going basis. Introduction of an intranet based Contracts Register in Dec 06 provides a tool for monitoring all quotes, tenders and contracts. Use of the Register was mandated in the May 07 revision of the Code of Procurement.

15. Governance Issues

While generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve governance arrangements the Council has identified the following issues for attention in the forthcoming year.

- developing and implementing the Partnership framework;
- budget monitoring processes;
- reporting on planned savings and efficiency gains;
- monitoring compliance with constitution;
- further development to the approach to equalities, specifically implementing arrangements to facilitate progress in relation to the Local Government Standard for Equalities;
- ensuring capacity is in place to enable sustained service improvement while managing major projects.
- developing consultation and engagement with local communities
- Improving the overall Assurance opinion on the System of Internal Control.

During the coming year steps will be taken to address these issues to further enhance the Council's Governance arrangements. In these circumstances we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation through the Council's Improvement Plan and as part of our next annual review.

Signed:

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

Signed:

Ian Bates
Leader of the Council

Signed:

David Monks
Chief Executive

Signed:

Terry Parker
Director of Commerce & Technology

Pathfinder House
St Mary's Street
HUNTINGDON
Cambs PE29 3TN
September, 2006

Improvement Plan

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

In progress

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress March 07
Learning & Knowledge	Learning across the Council and making the most of learning opportunities to use research, consultation and knowledge to plan services.	CPA	Adopt systematic approaches to learning and sharing knowledge via the Council's intranet.	Council uses learning and knowledge and research effectively across the organisation to improve the delivery of services and achievement of priorities.	Member: Mike Simpson Officer: Dir Commerce & Technology support Head of IMD	
Capacity and Resources	Sustainability of spending plans, employee capacity, staff turnover.	CPA	Delivery of People Strategy	The Council has the right number of employees with the right skills to meet its priorities and objectives	Member: Andrew Hansard Officer: Dir Central Services Support: Head of Personnel	
Partnership Working	Relationship between partnerships and Council priorities, risks and opportunities of partnerships, the links between the three tiers and the extent of innovative working to improve services. Review the financial performance (where applicable) and outputs of its significant partnerships.	CPA	Monitoring and evaluation of partnership success. Development of new Sustainable Community Strategy. Review via Huntingdonshire Strategic Partnership. Contribute to the development and achievement of Local Public Service Agreements. Implement Partnership Framework and review significant partnerships.	Strong and effective partnerships which enhance capacity to delivery priorities. The Council is satisfied with financial performance and outputs of significant partnership.	Member: Ian Bates Member: Andrew Hansard Officer: Dir of Central Services Support: Policy and Strategic Services	
Risk Management	Risks relating to partnerships are identified and managed.	Use of Resources 2006/07	Implement Partnership Framework and review significant partnerships.	Risks relating to partnerships will be identified and evaluated accordingly.	Member: Ian Bates Officer: Dir of Central Services Support: Policy and Strategic	

	Members role in risk management	Use of Resources 2006/07	An assessment of risk management training requirements for Members will be completed and training delivered accordingly.	Members adequately trained in risk management.	Services Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services
Financial Accounts	How well does the Council plan and manage it's Finances	Use of Resources 2006/07	Periodic consultation to ensure that the Council can demonstrate that it is considering the views of a range of stakeholders, in making its decision whether to continue not too publish an annual report.	The Council plans and manages it's finances effectively	Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services
	Working paper requirements should be agreed with the auditor prior to the commencement of the final accounts audit.	Use of Resources 2006/07	Already actioned for 2006/07 final accounts	The Council plans and manages it's finances effectively	Accountancy Manager
Financial Reporting	Publication of financial information	Use of Resources 2006/07	No response to previous invitations to the public to identify any additional financial information they require but invitation repeated periodically	Published financial information which meets the needs of stakeholders.	Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services
	Managing Performance Against budget	Use of Resources 2006/07	The Council will continue to review and update its budget monitoring processes, ensuring that it is: <ul style="list-style-type: none"> - predictive rather than backward looking; - focused on large, high risk or 	Effective budget monitoring process	Member: Terry Rogers Officer: Dir Commerce & Technology Support: Financial Services

				<p>volatile budgets;</p> <ul style="list-style-type: none"> - related to operational activity indicators that are lead indicators of spend; and - informed by a risk assessment. <p>Planned savings are deducted from relevant budgets so that monitoring is "Maine streamed" into budgetary control. Gershon efficiency savings have already been identified to cover much of the 2007/08 target and the system is likely to be fundamentally changed by the Government for 2008/09 onwards</p>				
			Use of Resources 2006/07	Planned saving and efficiency				Member: Terry Rogers Officer Dir Commerce & Technology Support: Financial Services
Systems of Internal Control			Use of Resources 2006/07	Assurance with systems of internal control				Member: Chris Stevens Officer: Dir of Central Services Support: Policy and Strategic Services
			Use of Resources 2006/07	Compliance with constitution				Member: Andrew Hansard Officer: Dir Central Services Support: Head of Administration Head of Legal & Strategic Services Head of Finance
Internal Control			Use of Resources 2006/07	Probity and Propriety				Member: Terry Rogers Dir Commerce & Technology Support:

			results of internal audit.		Learning used to improve systems	Financial Services Member: Terry Rogers Officer: Dir of Commerce and Technology Support: Revenues and Benefits	
Probity and Propriety	Use of Resources 2006/07	A review process will be maintained for appropriate areas and any lessons that can be learnt' or any weaknesses in controls will be addressed where frauds have been identified.	The Council has improved the monitoring arrangements for the capital programme	Use of Resources 2006/07	Effective monitoring of the capital programme	Member: Terry Rogers Officer: Dir of Commerce and Technology Support: Financial Services	
Improvement in value for money through procurement	Use of Resources 2006/07	The Council will demonstrate a best-practice approach to procurement, that it has identified where the greatest benefits can be gained and there is evidence that it acts on these effectively. Existing joint procurement exercises will be built upon and developed where appropriate to yield further cost savings and improvements to value for money.		Use of Resources 2006/07	Improve value for money resulting from the approach to procurement	Member: Terry Rogers Officer: Dir of Commerce and Technology Support: Financial Services	
Procurement							