

HUNTINGDONSHIRE DISTRICT COUNCIL

GOVERNANCE STATEMENT

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](http://www.huntingdonshire.gov.uk) and hard copies are available on request from the Head of Policy and Strategic Services.

The Code of Governance was updated in August 2007 to reflect the framework for "Good Governance in Local Government" published by CIPFA/Solace in June 2007 and adopted, by the Corporate Governance Panel, in September 2007.

The principles and 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.

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.

## 1. The Governance Framework

The Governance Framework has been in place for the year ended 31st March 2008 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 (note this post is currently vacant and interim arrangements have been put in place whereby the Chief Executive and Head of Legal and Estates will exercise these delegations) 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.

## 2. 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 stakeholders. 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 Place 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 is 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 review of this approach has been undertaken and a communications and marketing strategy and a strategy for consultation and engagement have been developed – 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.

### **3. Roles & responsibilities**

#### **Cabinet**

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.

#### **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 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 in place

### **Governance Panel**

The Council has established a Corporate Governance Panel to consider the issues of audit, governance and finance including:

- Ensuring that the financial management of the Council is adequate and effective.
- Approving the Council's statement of accounts
- Ensuring that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions including arrangements for the management of risk.
- Considering the Council's Code of Corporate Governance and approving the annual statement in that respect
- Determination of the Council's complaints procedure, monitoring compliance with the procedure, compensatory payments to complainants and formulation of recommendations to the Cabinet or Council on any action to be taken as a consequence
- Receiving and considering the external auditor's annual management letter

### **4. 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. Responsibility for receiving complaints and carrying out the preliminary assessment of what action, if any, is required, transferred from the Standards Board for England to local authority Standards Committees in May 2008. The Council has made the necessary changes to its Constitution and put in place the appropriate procedures to deal with this additional responsibility

## **5. Review of the Constitution**

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 have been 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.

## **6. Development needs**

### **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 Committee/Panel
- Development Control Panel
- Standards Committee
- Overview & Scrutiny Panels
- Corporate Governance Panel.

### **Officers**

The Council is committed to developing the skills of employees to enable roles to be carried out effectively and enhance career progression. Skills of employees are assessed as part of the annual appraisal process and an appropriate personal training and development plan is agreed. In addition, an annual Management Development training programme is in place.

## **7. Internal Audit**

Internal audits are 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.

## **8. Whistleblowing**

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.

## **9. Complaints Procedure**

A complaints procedure is in place to identify and deal with failure in service delivery. Complaints can be made, in person at the Council offices, via telephone, fax, e-mail or the Council's website.

## **10. RIPA**

A policy has been adopted by the Council dealing with covert surveillance under the Regulation of Investigatory Powers Act 2000 and is published on the intranet. A group of officers has been established and meets on a regular basis to discuss surveillance issues and appropriate training is provided to staff and members. The 3<sup>rd</sup> Inspection Report of the Office of Surveillance Commissioners, published in June 2008 described the Council's use of RIPA as 'exemplary'.

## **11. 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'. The Risk Register is in place and Risk software has been purchased and regular reports are submitted to the Corporate Governance Panel. Training has been provided to Corporate Governance Panel and other Members.

## **12. 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 2007/08 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 system's of internal control are adequate and that no significant weaknesses were identified during 2007/08 or since.

### **13. Review of Effectiveness – Assurance Framework**

To ensure that the Council is complying with it's Governance arrangements and meeting the requirement's of the code (as set out in the principles, core principles and specific requirements) an annual cycle is in place which includes:

- an annual review of governance arrangements;
- preparation of an Annual Governance Statement (AGS);
- implementation of an action plan associated with the AGS;
- a half yearly review of progress against the action plan; and
- continued reference to systems and reporting as necessary to provide assurance and support for good governance.
- the Audit Manager's annual report and comments by the external auditors and other inspections

This cycle is designed to reflect good practice in delivering a framework of assurance for Members and employees in terms of governance arrangements and to help to ensure accountability and transparency for local people and other stakeholders such as the Council's external auditors and Government inspectors.

The Corporate Governance Panel has overall responsibility within the Council for ensuring that the assurance framework is in place and operating effectively. To that end, it has considered its own effectiveness to ensure that it was receiving all the information necessary to fulfil its terms of reference and fulfil its 'charged with governance' role. An action plan has been prepared to deal with issues that were highlighted by the review.

### **14. Governance of Partnerships**

Increasingly the Council is seeking to promote joint working and partnership to deliver local objectives. Having developed a Partnership evaluation framework (including the good Governance of partnerships as identified in the Audit Commission's report on the governance of partnerships) and undertaken an initial assessment of our strategic partnerships a programme is being implemented to continue to review strategic partnerships (3 year programme) and

operational partnerships. In addition the Council is actively involved in a review of the structure and governance of county wide partnerships, supporting the delivery of the Local Area Agreement.

#### **15. Annual Audit and Inspection Letter: (March 2008)**

The Annual 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 letter were –

*“The Council is making improvement in many priority areas. Recycling and composting performance remains amongst the best nationally. Access to services has improved. The Council continues to perform well in the use of resources and value for money”.*

The Annual Audit and Inspection Letter highlighted one area where action is needed by the council:

*“Maintain focus on service performance in order to improve the rate of improvement and tackle areas of comparative under performance”.*

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

The **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:-

<b>Theme</b>	<b>2006/07</b>
Financial reporting	3
Financial management	3
Financial standing	3
Internal control	2
Value for money	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 have been raised, as a result of which the Council will have 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.

## **16. 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:

- **developing and implementing the Partnership framework;**

A health check has been approved, evaluation of strategic partnerships completed and an ongoing review procedure being established. Also, Partnership arrangements in place with other Cambridgeshire authorities and partners to implement the Local Area Agreement (Cambridgeshire Together) and the associated scrutiny arrangements (Joint Accountability Committee).

- **budget monitoring processes;**

The most significant areas (identified in the risk assessment) were the monitoring of the achievement of the turnover allowance and refinements to the monitoring of recharges from revenue to capital. These have now been introduced.

Budget variations were identified much earlier in 2007/08 than previous years

- **reporting on planned savings and efficiency gains;**

Identified spending adjustments are deducted from relevant budgets so that monitoring is mainstreamed into budget monitoring. The target for further spending adjustments in 2009/10 was partly identified within the 2008/09 budget and the remainder will be identified before the 2009/10 budget is finalised

- **monitoring compliance with constitution;**

Inclusion of explanatory information in employee induction. Introduction of report checklist for committee reports which requires authors to certify compliance with constitution. Programme of regular updates in Team News to be implemented

- **further development to the approach to equalities, specifically implementing arrangements to facilitate progress in relation to the Local Government Standard for Equalities;**

Making progress in delivering the Equality Impact Assessment programme and actions identifies in the Corporate Equality Policy action plan.

- **ensuring capacity is in place to enable sustained service improvement while managing major projects;**

Corporate training programme (CTP) in place, supplemented by specific professional/management training identified from annual performance development reviews. Successful MTP bid will increase the CTP from 2008/09 to cater for the new skills that will be required. Where appropriate additional resources have been available to support capacity while implementing new

- **developing consultation and engagement with local communities;**

Consultation and Engagement strategy developed and adopted by Cabinet in February 2008, an annual consultation exercise with local residents undertaken in March 2008, a system of e-petitions has been introduced to encourage greater access to democratic process and arrangements for public speaking at meetings of Development Control Panel introduced.

- **Improving the overall Assurance opinion on the System of Internal Control;**

The percentage of agreed audit actions introduced has increased throughout the year and the number of "slightly late" introductions show that there is a realistic potential for achieving the target in the current year. Paragraph 12 above concludes that the overall system of control is adequate.

- **Put in place effective arrangements to identify and deal with failure in service delivery;**

The corporate complaints system will be reviewed during 2008/09. Completion by Autumn 2008

- **Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained;**

A protocol has been developed.

## **17. 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 -

- Put in place effective arrangements to identify and deal with failure in service delivery.
- Tackle areas of comparative under performance
- Maintain the high profile of delivering agreed audit actions on time by effective monitoring, and reviewing achievements when Chief Officer Management Team consider Heads of Service quarterly performance reports.

- Delivery of the Review of Council structure being led by Cabinet Member
- Biennial review of the constitution will be undertaken in spring 2009 to address any issues not dealt with in the structural review.
- Delivery of Improvement plan, (external inspection action plans incorporated into Council Improvement plan i.e. Use of Resources, Value for Money, Data Quality etc).
- Undertake Partnership review programme

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: .....

Ian Bates  
Leader of the Council

Signed: .....

David Monks  
Chief Executive

Signed: .....

Terry Parker  
Director of Commerce & Technology

I hereby confirm that the Councils Corporate Governance Panel have approved the Governance Statement

Signed: .....

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

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September, 2008