

**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 employees 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 <http://www.huntsdc.gov.uk/Councils+and+Democracy/Council/Code+of+Corporate+Governance.htm> and hard copies are available on request from the Policy & Strategic Services Manager.

The Code describes the way in which the Council will carry out its functions and how it complies with the principles of openness, integrity and accountability. The Code applies 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**:

- focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for Huntingdonshire.
- Members and employees working together to achieve a common purpose with clearly defined functions and roles.
- promoting the values of the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- developing the capacity and capability of Members and employees to be effective.
- 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.

## **The Governance Framework**

A Governance Framework has been in place for the year ended 31st March 2009 and up to and including 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 Audit 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 approve the annual statement in that respect.

In turn the Council's Head of Law, Property & Governance and 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 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.

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:

### **1. Communicating vision and purpose**

The Council has in place a Community Strategy, "Growing Our Communities", which sets out a vision, shared with partners, for Huntingdonshire, published on the Council's website at <http://www.huntsdc.gov.uk/NR/rdoonlyres/0C4046F2-C533-437B-B16A-C2BAE99C03C1/0/CommunityStrategy.pdf>. The Strategy was reviewed and re-adopted by the Council in September 2008. In addition the Council's Corporate Plan, "Growing Success", sets out our vision and our purpose in the context of the Community Strategy. The Council has recently reviewed "Growing Success" by identifying and prioritising community and Council objectives, which will help to achieve the vision. In turn, both "Growing Our Communities" and "Growing Success" are supported by a series of Plans and policies to achieve the vision and aims for Huntingdonshire. These Plans are supported by a comprehensive performance management framework which monitors the achievement of targets and measures.

The Council's Communications & Marketing and Consultation & Engagement Strategies are used to promote and guide communications and engagement with local residents and to ensure that the vision and supporting plans are shared with local residents and other

stakeholders. Extensive consultation and engagement has been used to develop the plans and regular surveys are carried out to gauge satisfaction with the achievement of the vision.

## **2. Roles & responsibilities**

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 local residents 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.

A Member-led cross party review of the Council's democratic arrangements was undertaken in 2008/09 that evaluated the Council's performance since the adoption of the current structure, the implications of change necessitated by the Local Government and Public Involvement in Health Act 2007 and the emerging themes of strengthening local democracy in recent Government consultation documents and guidance.

The review concluded that the existing structure had worked well since its inception and the principles of the executive/scrutiny split had become embedded in the organisation. Nevertheless, the Council agreed various changes to promote local democracy and community engagement in the process, involving –

- a new look to Council meetings with headline debates, Cabinet 'white paper' proposals, monitoring of LAA performance, public question time and evening meetings;
- public consultation on a move to an executive leader in 2011;
- restructuring of the role of the Deputy Leader to improve support for the Leader and other executive councillors;
- a move to evening Cabinet meetings to assist executive councillors in full time employment;
- a refocusing of overview and scrutiny to enhance scrutiny of LSP priorities, partners and general well-being;
- co-option of independent persons to Overview and Scrutiny Panels to promote community engagement and widen experience;
- establishment of neighbourhood forums to promote community local democracy and community engagement;
- role descriptions for holders of special responsibility allowances, all councillors and group leaders; and
- signing of the IDeA Member Development Charter to enhance support for elected councillors.

## **Cabinet**

Chaired by the Leader of the Council, the Cabinet has responsibility for all executive functions of the authority. Having moved to monthly evening meetings following the review of the democratic structure, the Cabinet is now better placed to consider reports and recommendations from Overview and Scrutiny Panels that meet earlier in the month.

Portfolios of executive responsibilities are allocated by the Leader to seven executive councillors with the Deputy Leader now concentrating on a supportive function with specific responsibility for Member development and achievement of the IDeA Member Development Charter.

Key decisions, defined as issues involving income/expenditure of £50,000 plus or that affect two of more wards, are listed in a Forward Plan publicised four months in advance with executive decisions published within three days to facilitate potential call-in by scrutiny.

The arrangements for delegated decision making, the conduct of business at meetings etc. are defined in Cabinet procedure rules contained in the Council's constitution.

## **Overview & Scrutiny Panels**

The Council has appointed 3 Overview and Scrutiny Panels (Social Well-Being, Environmental Well-Being, and Economic Well-Being) 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. The composition of the three Panels reflect the three main principles of the Sustainable Community Strategy.

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;
- scrutinise the performance of partnerships in relation to LAA targets and crime and disorder;
- exercise the Councillor "call for action" arrangements;
- 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. An annual report for 2008/09 has been put on hold for the current year as a result of the changes arising from the restructuring of the overview & scrutiny panels, implementation of partnership scrutiny and resourcing issues

## **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 feedback 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; and
- receiving and considering the external auditor's reports including the Annual Report to those charged with Governance and the Annual Audit Letter.

### **3. 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 about standards of behaviour 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. Since May 2008 the monitoring officer has received and dealt with 19 complaints of which 2 were referred for further investigation, no action was necessary in 3 cases and the remainder were referred to the monitoring officer for further action, such as training. The Council has made the necessary changes to its Constitution and put in place the appropriate procedures to deal with this additional responsibility.

## **Allowances**

Councillors' allowances are set by the Council based on the recommendations of an Independent Remuneration Panel as required by the legislation. Allowances can be fixed for a 4 year period with an agreed formula to deal with annual adjustments without the need for further review. Regulation 10 of the Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021) refers. The Council's allowances were set by the Council in February 2007 to come into effect in May of that year. A further review by the Independent Remuneration Panel is therefore not required until 2011.

During the year a total of £389,000 was paid to 52 Councillors, the basic allowance being £4,100 per annum. In addition Councillors can claim a limited range of travel and sundry expenses. A total of £448,000 was paid during the year.

The Chief Executive and Directors incurred travel and subsistence costs in the course of their duties. No taxable expenses were reimbursed. Car fuel costs were reimbursed at the rate of 10p & 17p per mile. In total £ 10,700 of expenses were reimbursed.

## **4. 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 employees, 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. A biennial review of the constitution was undertaken in 2009, together with a Member led review of the Council's democratic arrangements which resulted in a number of changes.

## **5. Capacity and Capability**

### **Members**

The Council has signed the IDeA Member Development Charter and is preparing an Action Plan to achieve Charter status. Role descriptions have been introduced for all Executive Councillors, other Councillors in receipt of special responsibility allowances, political group leaders and Ward Councillors

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 Management Panel  
Standards Committee  
Overview & Scrutiny Panels  
Corporate Governance Panel.

## **Employees**

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 corporate training programs such as Management and Leadership, Equality and Diversity, and Health and Safety training are in place.

## **6. Treasury Management**

Treasury Management is the process by which the Council:

- ensures it has sufficient cash to meet its day-to-day obligations
- borrows when necessary to fund capital expenditure, including borrowing in advance when rates are considered to be low
- invests any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

The Council's Treasury Management Strategy provides clear objectives for the management of its borrowing and investments. It emphasises the need for effective management and control of risk.

The following is an extract from the 2009/10 Strategy produced in January 2009:

### **Risks associated with investments**

The collapse of the Icelandic Banks in October 2008 resulted in the Capital Receipts Advisory Group (CRAG) reviewing its appetite for risk as regards counterparties that the Council would be willing to invest with. Whilst investments could be made with the Government's Debt Management Office which are theoretically risk-free, as they are backed by the Government, there is a significant downside to this level of safety in that the rates offered have been up to 2% below the market rate – a major issue when base rate itself is only 2%.

Following detailed discussion, CRAG recommended that the, then current, counterparty list of banks and building societies should continue to be used. They felt that Building societies are such key financial institutions within the UK that if one got into financial difficulties it would either be taken over by another building society or supported by the Government. They also have a significant proportion of their funds covered by retail savings so are less at the risk of market volatility.

Whilst we have a reasonable number of institutions to invest with, the list reduces every time a bank or building society is taken over by another institution. It is possible that the level of borrowing in anticipation of future needs could become limited by the availability of acceptable counterparties. This will be monitored closely.

Although many organisations rely on credit ratings to determine suitable counterparties and the Government advice refers to bodies with a "high" credit rating, recent events have shown that ratings are not totally reliable. The following changes have been made to mitigate this risk but they still only reduce it rather than remove it:

- The Council's Treasury Management advisors (Sterling) provide notice of institutions where the credit rating agencies have indicated a 'rating watch' which indicates that there may be a concern over the long-term stability of the bank or building society. These will often result in the counterparty being immediately removed from our list.
- Country limits have been set of £6M for non-EU countries, £10M for individual EU countries and £20M for EU in total. The EU limits exclude the UK.
- For shorter term investments the short-term credit rating is the most relevant, however as we may be investing in the medium-term when we have borrowed in advance it is prudent to take long-term credit ratings into account for any investment longer than 1 year. These should be A- or higher (FITCH) or the equivalent with other rating agencies."

### **Subsequent Restrictions**

In order to manage risk whilst maintaining acceptable returns the following additional limitations have been introduced:

- Even if borrowing rates appear to be particularly good value compared with current and expected trends, any additional forward borrowing to finance the Council's MTP will only be undertaken after considering how acceptably safe counterparties would be identified to cover the investment of such sums pending their use.
- Maximum use will be taken of investment call accounts, where we can recover our funds in less than 24 hours, with highly rated banks as long as their rates continue to be reasonable.
- Investments will not normally be for longer than one month.
- It is considered that the action taken when the Dunfermline Building Society got into difficulties endorsed the view that Building Societies will be protected by the Building Society industry or the Government and we have also been advised that the Dunfermline was in a much weaker position than the other Societies.

### **7. Internal Audit**

Internal audit work 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. An annual report is submitted to the Corporate Governance Panel by the Internal Audit & Risk Manager in which he expresses his opinion on the Council's internal control environment based upon the work the internal audit service has completed.

In respect of the 12 month period ending 31<sup>st</sup> August 2009, the opinion expressed was that the "Council's internal control environment and systems of internal control provide limited assurance over the effective exercise of its functions. In respect of these systems that refer to, or are substantially related to, internal financial control, ... the controls operated by management are currently adequate"

## **8. Whistleblowing and Benefit Fraud**

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.

The Fraud Team undertakes investigation of allegedly fraudulent applications for housing and council tax benefit. This work complies with various legislative requirements. In addition the team also conduct investigations into fraudulent housing applications, council tax discounts and exemptions made by local taxation customers.

The Fraud Team have been selected as finalists in the national awards organised by the Institute of Revenues, Rating and Valuation for 'Excellence in Anti Fraud' and will hear whether they are the winners at the IRRV annual conference in October

## **9. Complaints Procedure**

The Council has adopted a feedback procedure which is in place to identify and deal with failure in service delivery. Complaints, or feedback to help service improvement, can be made in person at the Council offices, via telephone, fax, e-mail or the Council's website.

## **10. RIPA and FOI**

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 3rd 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 the 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

December 2008. For 2007/08 the Council has achieved a Use of Resources Assessment '3' score for the internal control theme, which includes risk management. A risk register is in place which is used to inform the review of the system of internal audit. Regular reports on the risks facing the Council are reported to the Corporate Governance Panel. Training has been provided to Corporate Governance Panel and other Members

## **12. Assurance Framework**

To ensure that the Council is complying with its Governance arrangements and meeting the requirements of the Code (as set out in the principles, core principles and specific requirements) an Assurance Framework in the form of 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;
- continued reference to systems and reporting as necessary to provide assurance and support for good governance; and
- 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.

## **13. Assurance**

In March 2009 the CGP in taking account of the guidance issued by CIPFA in Jan 2009 agreed that the annual review of Governance arrangements will include the annual review of the effectiveness of the system of internal audit. The system of internal audit provides the framework of assurance necessary to satisfy the Council that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation.

Sources of assurance can be taken from:

- the Internal Audit Manager's annual opinion on the internal control environment;
- the risk register and assurance on the operation of key controls;

- the Council's performance management framework revised and refreshed in conjunction with a review of the Corporate Plan "Growing Success" in September 2008;
- the consideration and monitoring by the Chief Officers' Management Team of reports and decisions prepared for, and taken by, Cabinet;
- arrangements which 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;
- reviews of the Constitution which have included variations to the Council's overview and scrutiny processes;
- the 2008/09 Audit and Inspection Letter from the Audit Commission; and
- the Council's Improvement Plan – incorporating the actions from external audits.

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

Increasingly the Council is seeking to promote joint working and partnership to deliver local objectives, improve efficiency and achieve savings. A Partnership evaluation framework, including the criteria for the good governance of partnerships identified by the Audit Commission report "Governing Partnerships: Bridging the Accountability Gap" has been developed. The framework balances the need for appropriate governance of partnerships which reflect their cycle of development to ensure that innovation and new ways of working are not stifled by over-burdensome procedures, while at the same time ensuring that arrangements exist which are compatible with the governance needs of the Council. Using the framework the Council has undertaken an initial assessment of partnerships and a (3 year) programme is being implemented to continuously review and develop strategic and operational partnerships.

In addition the Council is actively involved in developing governance of County-wide partnerships, supporting the delivery of a Local Area Agreement (LAA). There is a continuing debate and review to ensure that Cambridgeshire Together and supporting structured – the partnership charged with ensuring the LAA - has appropriate governance arrangements.

#### **15. Annual Audit and Inspection Letter: (March 2009)**

The Annual Audit & Inspection Letter for 2007/08, 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 –

*"Huntingdonshire District Council is improving outcomes in most areas that matter to local residents. Improvements continue to be made in environmental services, particularly in recycling and composting, and in keeping the district clean. Crime levels continue to reduce and remain low. The Council works well in many partnerships. It works effectively*

*with its partners to improve job opportunities for local residents and acts well with other councils on enforcement issues and promoting recycling. Access to services has improved with the opening of a new customer service centre. Enhanced focus on migrants and new arrivals is assisting them to access Council services more effectively. The Council performs well in delivering value for money. But numbers of affordable houses completed has decreased.*

*Progress is being made on sustaining improvement. A range of plans have been adopted which clearly link to Council and community priorities. Objectives are being achieved, for example delivering choice based lettings. Plans and service development are based on needs identified through consultation. Capacity is being strengthened through joint working. Actions to address poorer performing services, such as planning, have delivered improvements”.*

The Annual Audit and Inspection Letter highlighted two areas 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; and
- develop a stronger focus on outcomes measures.

The Annual Audit and Inspection Letter is available on the Council's website; [http://www.huntsdc.gov.uk/NR/rdonlyres/6334B36A-3B71-46E3-B56D-514364A0FE21/0/audit\\_inspection\\_letter\\_march\\_2009.pdf](http://www.huntsdc.gov.uk/NR/rdonlyres/6334B36A-3B71-46E3-B56D-514364A0FE21/0/audit_inspection_letter_march_2009.pdf) and from the Head of People, Performance & Partnerships.

**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 for 2007/08 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>	<b>2007/08</b>
Financial reporting	3	2
Financial management	3	3
Financial standing	3	3
Internal control	2	3
Value for money	3	3
Overall	3	3

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

For 2008/09 and as part of the Comprehensive Area Assessment (CAA – a new framework for assessment of local public services) a new organisational assessment has been introduced. The organisational assessment has two elements, Use of Resources assessment and Managing Performance (formerly known as the Direction of Travel).

The Use of resources assessment has three themes - Managing Finances, Governing the Business and Managing Resources. The Key Lines of Enquiry (KLOE) that support these themes are very similar to the previous framework with the exception of the KLOE that supports the theme Managing Resources, this is a new KLOE.

The emphasis of the assessment has also changed to one which is now focusing on the outcomes delivered as apposed to the systems and processes in place and consequently it is classed by the Audit Commission as a "harder test". Therefore, to achieve a level 2 or 3 for the new assessment will be far more challenging.

The Use of Resources assessment will still be scored on the same scale of 1 to 4 and merged with the Managing Performance assessment, which will also be scored for the first time using the same 1 to 4 in order to provide an overall organisation score.

A self assessment for both the Use of Resources and Managing Performance assessment has been submitted to our external auditors. These assessments will feed into the CAA assessment with the results being made available in the autumn 2009.

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

## **16. Governance Issues Previously Identified**

- Put in place effective arrangements to identify and deal with failure in service delivery.
  - The corporate complaints system has been recast as part of a wider feedback system, which has been adopted by the Corporate Governance Panel in December 2008. The changes include the introduction of formal procedures to monitor and analyse feedback and to implement any necessary changes
- Tackle areas of comparative under performance
  - Overall performance as measured by performance indicators is positive, with 67 per cent of the Council's performance indicators in 2007/08 improving against an all district average of between 57 and 59 per cent. This reflects its improvement over the last three years, with 66 per cent of indicators improving. In 2007/08, 33 per cent of the Council's performance indicators were amongst the best in the country, an improvement on 2006/07 and matching the average for district council
- 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.

- Performance has been consistently improving; for the 12 month period to July 2009, 68% of agreed audit actions have been introduced on time against the benchmark of 60%; and overall, 84% have been completed.
- Delivery of the Review of Council structure being led by Cabinet Member
  - The Review of the Council's democratic structure was adopted by the Council in April 2009. Changes to internal systems & processes have been implemented from the new municipal year. Community engagement proposals are subject to consultation with partners for implementation later in 2009/2010.
- Review of the Constitution to address any issues not dealt with in the structural review.
  - The biennial review of the Constitution has been undertaken and changes approved by Council in June 2009.
- Delivery of Improvement plan, (external inspection action plans incorporated into Council Improvement plan i.e. Use of Resources, Value for Money, Data Quality etc).
  - Significant progress has been made in achieving the Council's improvement plan. An update on progress is monitored through the Comprehensive Performance Management Framework and considered quarterly by Cabinet.
- Undertake Partnership review programme
  - The framework, guidance and evaluation criteria have been revised to be more 'fit for purpose', and to better support and inform the current CAA process and was approved by COMT in July this year. In addition, a revised partnership list for evaluation purposes has been compiled with the feedback from Heads of Service and Activity Managers. The list consists of those partnerships which are considered to have a significant impact on the delivery of the strategic and operational priorities within the Sustainable Community Strategy and Growing Success. Work on the evaluation of these partnerships will commence in the autumn.

## **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 -

- 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.
- HSP evaluation
  - 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 Council's own Partnership framework.

- Audit Letter recommendations
  - 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.
- Scrutiny Annual Report
  - Following changes to Overview and Scrutiny to ensure an Overview and Scrutiny annual report reflecting their work during 2009/10 is prepared to for publication.

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

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, 2009