

## 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: [Huntingdonshire District Council - Code of Corporate Governance](#). Hard copies are available on request from the Policy & Performance 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 2011 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 Legal, Democratic Services 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 Council's Chief Financial Officer is responsible for the authority's financial management arrangements and in line with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

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.huntingdonshire.gov.uk/sustainable\\_community\\_strategy](http://www.huntingdonshire.gov.uk/sustainable_community_strategy)

The Strategy was reviewed and re-adopted by the Council in September 2008. In addition the Council has recently reviewed "Growing Success" the Council's

corporate plan and identified priority objectives over the next 1 to 2 years. A further, more comprehensive review will be undertaken in due course.

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, including the performance management framework are currently being reviewed and this has been identified as a governance issue to address over the next 12 months.

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 surveys are carried out to gauge residents’ and stakeholder satisfaction.

## **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. Changes brought about by the Senior Management Structure reorganisation will require the Scheme of Delegation to be reviewed. This is noted in Section 4.

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;
- The Council moved to the Executive Leader model at the start of the 2011/12 Municipal Year;
- 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.
- A review of the changes to the Council's democratic structure, which had been in place since May 2009 was undertaken in September 2010. This concluded that there should be no change to the democratic structure approved following the 2009 review but that the Working Party be retained to report on an ad hoc basis on legislative and other changes in the future that might impact on the Council's democratic structure.

## **Cabinet**

Chaired by the Executive 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.

The Cabinet has six Members including the Executive Leader and Deputy Executive Leader. The description of the Deputy Executive Leader's role has changed. He now has his own portfolio of responsibilities. The Council has recently been awarded 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;
- 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 for 2010/11 was completed and approved by the Panels in July. It has been publicised in the Council's website and sent to interested parties

## **Corporate 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;
- overall responsibility within the Council for ensuring that the assurance framework is in place and operating effectively
- 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. One complaint about standards of behaviour has been received and dealt with during the reporting period.

### **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 approved by the Council in December 2010 to come into effect in May 2011. A further review by the Independent Remuneration Panel is therefore not required until 2014.

During the year, £404,000 was paid as allowances to 52 Members, the basic allowance being £4,459 per annum. In addition Members can claim a limited range of travel and sundry expenses. This amounted to £22074.24 in the year. Total allowances include these other expenses.

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 rates ranging between 10p & 17p per mile. In total £9700 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. Because of changes to the Senior Management Structure of the Council and the programme of early retirement/voluntary redundancy in the spring/summer 2011, the Senior Management Team agreed to defer the undertaking of the biennial review in March. This is now due to commence in Autumn 2011.

#### **5. Capacity and Capability**

##### **Members**

The Council has signed the IDeA Member Development Charter. An Action Plan has been completed and Charter status has been achieved. 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 annually and personal development plans have been prepared for individual Members. A record of all training undertaken is maintained.. 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 Strategy for 2011/12 was approved by the Council in February 2011.

### **Risks associated with investments**

The risk is managed by:

High credit quality:

- Investing in institutions with a high credit quality which takes into account factors in addition to credit ratings including credit default swap prices
- Specifying the minimum credit rating of the counterparty in the value of the investment according to the size even though many do not have a credit rating because the regulatory framework means that deposits from local authorities would be paid before retail deposits
- Reacting immediately to any changes to credit ratings which often results in the counterparty being removed from the approved list

Spreading the risk

- Spreading the investments by counterparty taking into account where institutions are linked to the same group
- By having country limits
- By imposing limits for non-specified investments (time deposits of more than one year and corporate bonds)

Duration of investments

- A maximum duration of 5 years

## **Additional 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.

## **7. Internal Audit**

Internal audit work is undertaken in accordance with the CIPFA Code of Audit Practice. The Managing Director (Resources) is the Council's Chief Financial Officer and is responsible for ensuring the Council has adequate 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.

Business continuity arrangements have been identified as an area of concern. Whilst action has already been taken further work is required and consequently, business continuity has been identified as a governance issue that requires to be addressed over the next 12 months.

In respect of the 12 month period ending 31<sup>st</sup> August 2011, the opinion expressed was that the "Council's internal control environment and systems of internal control provide adequate 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 are available on the Council's Website and Intranet. They are reviewed annually. A 'phone line and 'web form' are available for complainants' use at all times.

A dedicated 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 Council Anti-Fraud and Corruption Strategy is reviewed annually by the Corporate Governance Panel. Amendments to the Strategy to take account of the Bribery Act 2010 were made in December 2010. In addition the Employees' Code of Conduct has been amended to reflect these changes

The Council participate in the National Fraud Initiative and work is underway on reviewing data matches released by the Audit Commission in January 2011

## **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.

The revised procedure has been in place for approximately two years. In that period the number of complaints that the Council receives has fluctuated but complainants now tend to pursue their complaints further through the process. There is no suggestion that there are more service failures, as the number of complaints examined by the Ombudsman which have lead to a local settlement remains negligible and no findings of maladministration have been found. There are, nevertheless, demands on senior managers to respond to complaints. For this reason the procedure is again being reviewed. It is intended that the review will reduce the burden on Chief Officers of investigating complaints.

## **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'.

The latest inspection report for August 2011 observes that the Council is not 'a significant user of RIPA but it is evident that they are keen to discharge their legal responsibilities.'

## **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 and updated on a quarterly basis. 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 2010. The risk register is used to inform the

internal audit plan and the review of the system of internal audit. Regular reports on the risks facing the Council are reported to the Corporate Governance Panel.

## **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.

## **13. Assurance**

In March 2009 the CGP in taking account of the guidance issued by CIPFA in January 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;
- A review of the Council's priorities in February 2011. The Council's performance management framework is currently being revised and refreshed to reflect changing priorities.
- 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 2009/10 Audit and Inspection Letter from the Audit Commission;

#### **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 a review of all of its strategic partnerships.

#### **15. Annual Audit Letter: (November 2010)**

The Annual Audit Letter for 2009/10, received in November 2010, provides a summary of our external Auditors (Grant Thornton) assessment of the Council following their 2010 audit.

The key findings of this letter for the Council to address in 2010/11 being;

*The Council has identified the need to make a minimum of £6.4 m savings over the four year period to 2014/15; however, it is estimated this requirement could rise to £10m unless the new homes reward grant is significant. Whatever the results major levels of savings are required. This will be a major challenge and critical to it achieving this will be the strength of its strategic financial planning arrangements and the deliverability of its savings plans. The Council will need to consider the service it delivers and how it delivers them and where savings and changes can be made whilst minimising the impact on the standard of service delivery*

*As part of its savings plans, the Council is planning to reorganise its management structures. The Council has a voluntary redundancy scheme in place and the Chief Executives application has been recommended by the Employees Selection Panel and considered by Cabinet, and is shortly to be considered by Council. Given the financial challenges facing the Council it is critical the Council acts quickly to ensure there are effective and strong leadership arrangements in place to lead the Council through the delivery of its savings plans over the fourth coming months and years.*

The Annual Audit Letter can be found on the Councils Web site:  
[http://www.huntingdonshire.gov.uk/SiteCollectionDocuments/HDCCMS/Documents/Finance/hdc\\_annual\\_audit\\_letter\\_2009-10.pdf](http://www.huntingdonshire.gov.uk/SiteCollectionDocuments/HDCCMS/Documents/Finance/hdc_annual_audit_letter_2009-10.pdf)

## 16. Governance Issues Previously Identified

- Identifying budget savings in order to balance the budget, as identified in the Financial Forecast report which considers the Council position until 2024/2025.
  - The budget approved by members in February identified the savings required for 2011/12 and a significant proportion of those required for later years. It also showed the amount still to be identified. Debate will continue on the savings for 2012/13 onwards with the intention of identifying even more of the future savings required by the time the 2012/13 budget and MTP is approved in February 2012.
- Complaints – Number of complaints and time taken to resolve
  - The introduction of an IT system in February 2011 has enabled the monitoring of complaints within the timescales specified in the Feedback Procedure (acknowledgement within 5 working days and response within 20 working days). In the period since 11<sup>th</sup> February 2011, the Council received 32 complaints. Responses were not provided within the published timescales in two of these cases; however, the correct procedure was followed in both of them with the complainants being informed when they could expect a response. Obviously some complaints have not yet received a response as they are still live in that the deadline to respond has not yet been reached. The number of complaints now seems to have stabilized. In the last three years we have received 52, 67 and 58 complaints respectively. These figures were reported to the Corporate Governance Panel in June.
- The continued need to ensure that the code of Procurement is fully complied with.
  - The Procurement Manager delivers training on a monthly basis covering compliance and best practice as part of an ongoing programme. Extensive guidance is available to officers on the intranet (procurement homepage). Ad-hoc advice is provided to a wide range of projects and specific support to identified high spend or complex projects.
- Preparing for any new inspection regime.
  - As yet the Government have not identified a new inspection regime & senior officers will be reviewing this and inspection arrangements to put in place.

## **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 –

- Review of the Councils Corporate Plan
- Review of the Councils Performance Management Framework
- Review of the Constitution and Scheme of Delegation
- Adequacy of Business Continuity arrangements

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: .....

Jason Ablewhite  
Executive Leader of the Council

Signed: .....

Managing Director – Resources

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

Signed: ..... Date: .....

Councillor Eric Butler  
Chairman of the District Council's Corporate Governance Panel

Pathfinder House  
St Mary's Street  
HUNTINGDON  
Cambridgeshire  
PE29 3TN  
September, 2011