
Corporate Governance Panel

Report of the meeting held on 26th June 2012

Matter for Decision

1. NEW STANDARDS REGIME

In conjunction with the Standards Committee, the Panel has considered a report by the Head of Legal and Democratic Services and Monitoring Officer, a copy of which is reproduced elsewhere on the Agenda, on the provisions of the Localism Act 2011 relating to Standards and the Code of Conduct. Draft regulations were published on the 10th June 2012, with changes to be implemented with effect from 1st July 2012.

The Panel has considered the implications of the regulations upon the Council, which will result in the existing national Code of Conduct ceasing on 30th June 2012. This requires a new Code of Conduct to be adopted and in place by the 1st July 2012 (or as soon as possible thereafter). The Panel has considered a number of proposed new model Codes of Conduct, whilst taking into account the views of the Standards Committee. Members of the Panel expressed support for the proposed Code of Conduct recommended by the Committee which is reproduced as Annex B of the report by the Head of Legal and Democratic Services and Monitoring Officer. Subsequent to the Standards Committee, the recommended Code has been updated, a copy of which is reproduced as Annex A hereto.

The Panel has further considered matters relating to the registration and disclosure of Members' Interests, the appointment of a new Standards Committee; including independent persons and Parish Council representatives, arrangements for responding to complaints and whether a Member should withdraw from a meeting room during consideration of any item of business in which he/she may have a disclosable pecuniary interest. Subsequent to the meetings of the Standards Committee and the Panel, an additional paragraph 4.2.4 has been added and paragraph 4.2.1 amended to reflect this proposal. Having regard to the arrangements for responding to complaints, comment was made that there should be provision for individuals to have a right of appeal on any decisions made against them.

Given that the changes require amendments to be made to the Council's Constitution, the Panel

RECOMMEND

that the Council

- (a) adopt the Code of Conduct reproduced at Annex A hereto as the new Code for Huntingdonshire;**
- (b) authorise the Head of Legal and Democratic Services and Monitoring Officer to establish and maintain a new Register of Members' Interests in compliance with the requirements of the Localism Act 2011 and the Council's Code of Conduct and ensure it is available for public inspection in accordance with the Act;**
- (c) authorise the Head of Legal and Democratic Services and Monitoring Officer to establish and maintain new Registers of Interest for each Parish Council in Huntingdonshire in compliance with the Localism Act 2011 and the Code of Conduct adopted by the respective Parish Councils and ensure that they are available for public inspection in accordance with the Act;**
- (d) appoint a Standards Committee comprising seven elected Members of the District Council based on appropriate political proportionality and to include one Member who is a Member of the Executive (as currently constituted);**
- (e) invite Parish Councils to nominate two Parish Councillors to be co-opted as non-voting members of the Committee;**
- (f) authorise the Head of Legal and Democratic Services and Monitoring Officer to commence the process for the appointment of at least two independent persons (one permanent and one able to act in reserve) and to undertake a review of the role and remuneration of the position;**
- (g) establish a Selection Panel comprising three Members of the Standards Committee to short list and interview candidates for the position of independent persons and to recommend an appointment to Council;**
- (h) authorise the Head of Legal and Democratic Services and Monitoring Officer to pursue, if appropriate, the possibility of a joint**

recruitment exercise with Cambridgeshire Authorities to appoint independent persons;

- (i) authorise the Head of Legal and Democratic Services and Monitoring Officer, after consultation with the Chairmen of the Standards Committee and Corporate Governance Panel and appointed independent person(s), to finalise the protocol for the discharge of functions in relation to allegations that a Member of Huntingdonshire District Council or Parish Council in the District failed to comply with the adopted Code of Conduct;
- (j) appoint the Head of Legal and Democratic Services and Monitoring Officer as the Proper Officer to receive complaints of failure to comply with the Code of Conduct and authorise him/her to determine allegations in accordance with the agreed protocol;
- (k) authorise the Head of Legal and Democratic Services and Monitoring Officer, after consultation with the Chairmen of the Standards Committee and Corporate Governance Panel, to make any appropriate variations to the Constitution consequent upon the changes to the District Council's Standards arrangements; and
- (l) amend the Council's Procedure Rules (Standing Orders) to require that a Member must withdraw from a meeting room during the consideration of any item of business in which he/she has a disclosable pecuniary interest.

Matters for Information

2. INSPECTION BY THE INTERCEPTION OF COMMUNICATIONS COMMISSIONER

The outcome of an inspection by the Interception of Communications Commissioner was reported to the Corporate Governance Panel. The inspection was undertaken on 13th March 2012 and concludes that the Council's use of the Regulation of Investigatory Powers Act is of a satisfactory level. Members' attention was drawn to areas identified for improvement. The Panel has noted the actions taken in response to the proposed recommendations.

3. INTERNAL AUDIT SERVICE – INTERNAL AUDIT PLAN

The Panel was provided with an opportunity to comment upon the Internal Audit and Assurance Plan for the twelve month period commencing 1st August 2012. Attention was drawn to a number of new areas included in this year's plan and discussion has also taken place on the resources required to deliver the plan. Additional resource support will be provided externally through Deloitte's to cover the anticipated time spent by a member of the Internal Audit Team on Employee Liaison Advisory Group (ELAG) duties over the course of the year.

Matters discussed included the Council's computer audit arrangements, the yearly inspections undertaken, the level of external support provided through Deloitte's over the previous year and the methodology used to calculate the number of days spent for each audit activity.

4. ANTI-FRAUD AND CORRUPTION MEASURES

The Panel has expressed its support for the aims of the new Local Government Fraud Strategy, which was launched by the National Fraud Authority in April 2012. The Strategy seeks to encourage local authorities to adopt a tougher approach to tackling fraud. Attention was drawn to the likely fraud losses projected for Huntingdonshire relating to Council Tax, procurement and payroll fraud. Upon review however, it was confirmed to Members that the losses are significantly lower than projected.

The Panel was informed of the difficulties faced by Officers in identifying procurement fraud, a matter that is acknowledged by the Office of Fair Trading. A challenge remains within the Internal Audit Team to ensure that appropriate controls are in place to help identify such cases.

The Panel has discussed the work of the Fraud Team and noted that half the Team's work is attributed to investigating benefit fraud with the remaining time spent on other initiatives such as tenancy fraud and investigations into rent deposit schemes.

Members wish to gain a better understanding of the fraud risks faced by the Council and highlighted the need to ensure that there are adequately resourced fraud resources available in the future. The Panel has established a Working Group for this purpose. This approach was welcomed by the Executive Councillor for Resources.

5. FINAL ACCOUNTS 2011/12 AND AUDIT OF 2010/11 ACCOUNTS

The Head of Financial Services provided an update on the 2010/11 accounts which were yet to be approved for publication. It is hoped that these accounts will be finalised by 4th July 2012. There is currently one matter outstanding that requires attention before they are passed on to the external auditors for review. An explanation was delivered on the reasons for the delay and a number of lessons have

been learnt from the process which have been taken into account when finalising the 2011/12 financial statements. Having regard to the latter, the Panel received assurance that the 2011/12 accounts will be ready for audit by 30th June 2012.

Members continue to express their concerns over the delay in the publication of the 2010/11 accounts and questioned whether external specialist support continued to be provided for these accounts. Additionally, a brief update was delivered on the appointment of a replacement Accountancy Manager, in light of the fact that the current post holder will soon be leaving the authority. The Panel has received assurances that external specialist support will not be required in the future.

The Panel has requested a report to be submitted to a future Panel meeting on the lessons learnt together with the additional costs incurred by the Council which are attributed to the delay with the publication of the 2010/11 accounts. Members suggested that this should be considered at a special meeting of the Panel, the approach for which was welcomed by the Executive Councillor for Resources. The Chairman has agreed to review how best to proceed pending the finalisation of the 2010/11 accounts. Arising from discussions on the matter, the external auditors confirmed that they will be submitting their own audit report on the 2010/11 accounts which will be submitted at a future meeting of the Panel.

6. FINAL ACCOUNTS 2011/12 – ACCOUNTING POLICIES

This item was submitted as an urgent item under Section 100 B (3) (b) of the Local Government Act 1972 (as amended by the Local Government (Access to Information) Act 1985).

The Panel has approved minor changes to the accounting policies which are required by 30th June 2012 to enable the 2011/12 accounts to be passed on to the external auditors for audit.

7. EXTERNAL AUDIT PLAN 2011/12

Representatives from the Council's external auditors have delivered to the Panel the draft external audit plan for 2011/12. They have indicated that they will prioritise the 2010/11 accounts before moving on to the 2011/12 accounts whilst also acknowledging the number of lessons learnt from the previous year. Members' attention was drawn to the key audit risk areas identified and noted the approach that will be undertaken to complete these audits.

Clarification was received on how the Value for Money Conclusion was evidenced by the auditors and attention was drawn to the audit fees for the 2011/12 year which, at £116,801, complied with the standards set by the Audit Commission and represented a slight reduction when compared to the previous year.

The Panel's views on fraud were sought by the external auditors. Any areas to bring to the attention of the external auditors will arise from

the Working Group's investigations into fraud (Item No. 4 of the Report refers).

8. INTERNAL AUDIT SERVICE – TERMS OF REFERENCE AND INTERNAL AUDIT STRATEGY

The Panel was informed of recent developments arising from the Chartered Institute of Public Finance and Accountancy and the Institute of Internal Auditors who are developing national Public Sector Internal Audit Standards. A review of the Internal Audit Service's Terms of Reference and Internal Audit Strategy has therefore been delayed pending the receipt of these Standards.

9. COMPLAINTS

An analysis of the Council's internal complaints and a summary of complaints involving the District Council which have been determined by the Local Government Ombudsman in 2011/12 has been received by the Panel. In addition, the Panel has approved a revised Compliments, Complaints and Lessons Learned Policy to take into account feedback received from two recent external assessments relating to Customer Service Excellence and the Equality Framework for Local Government.

10. TRAINING OF PANEL MEMBERS

Members of the Panel received details of their anticipated work programme for 2012 and in doing so agreed to address any future training requirements on a meeting by meeting basis.

E R Butler
Chairman

HUNTINGDONSHIRE DISTRICT COUNCIL

CODE OF CONDUCT FOR MEMBERS

Introduction

Huntingdonshire District Council (the Authority) has adopted this Code of Conduct pursuant to Section 27 of the Localism Act 2011 to promote and maintain high standards of behaviour by its members and co-opted members whenever they are acting in their capacity as a member of the Authority or when they claim to act or give the impression of acting as a representative of the Authority.

This Code is based on the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (“the Nolan Principles”).

1 Application

This Code of Conduct applies to you whenever you are acting, claim to act or give the impression you are acting in your capacity as a Member of the Authority, including –

- 1.1 at formal Meetings of the Authority
- 1.2 when acting as a representative of the Authority
- 1.3 in taking any decision as a Cabinet Member or a Ward Councillor
- 1.4 in discharging your functions as a Ward Councillor
- 1.5 when corresponding with the authority other than in a private capacity

2 Meeting

In this Code “Meeting” means any meeting organised by or on behalf of the Authority, including :-

- 2.1 any meeting of the Council, or a Committee or Sub-Committee of Council
- 2.2 any meeting of the Cabinet and any Committee of the Cabinet
- 2.3 at any briefing by Officers; and
- 2.4 at any site visit to do with the business of the Authority

3 General Conduct

You must –

- 3.1 provide leadership to the authority and communities within its area, by personal example and
- 3.2 respect others and not bully or threaten or attempt to bully or threaten any person
- 3.3 respect the confidentiality of information which you receive as a Member by–
 - 3.3.1 not disclosing confidential information to third parties unless required by law to do so or where there is a clear and over-riding public interest in doing so; and
 - 3.3.2 not obstructing third parties' legal rights of access to information
- 3.4 not conduct yourself in a manner which is likely to bring the Authority into disrepute
- 3.5 use your position as a Member in the public interest and not for personal advantage
- 3.6 comply with the Authority's reasonable rules on the use of public resources for private and political purposes
- 3.7 exercise your own independent judgement, taking decisions for good and substantial reasons by–
 - 3.7.1 attaching appropriate weight to all relevant considerations including, where appropriate, public opinion and the views of political groups;
 - 3.7.2 paying due regard to the advice of Officers, and in particular to the advice of the statutory officers, namely the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer; and
 - 3.7.3 stating the reasons for your decisions where those reasons are not otherwise apparent
- 3.8 do nothing that causes the Authority to act unlawfully.

4 Disclosable Pecuniary Interests

- 4.1 You have a disclosable pecuniary interest if it is of a description specified in regulations made by the Secretary of State and either:
 - (a) it is an interest of yours, or
 - (b) it is an interest of:
 - (i) your spouse or civil partner; or
 - (ii) a person with whom you are living as husband and wife; or
 - (iii) a person with whom you are living as if you were civil partners;and you are aware that other person has the interest.
- 4.2 You must -
 - 4.2.1 comply with the statutory *and the Authority's* requirements to register, disclose and withdraw from participating in respect of any matter in which you have a disclosable pecuniary interest.

- 4.2.2 ensure that your register of interests is kept up to date and notify the Monitoring Officer in writing within 28 days of becoming aware of any change in respect of your disclosable pecuniary interests.
- 4.2.3 make a verbal declaration of the existence and nature of any disclosable pecuniary interest at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- 4.2.4 *Where you have a disclosable pecuniary interest, whether the interest is registered or not, you must not (unless you have obtained a dispensation from the Authority's Monitoring Officer) –*
- (i) participate, or participate further, in any discussion of the matter at the meeting; or*
 - (ii) remain in the meeting room whilst the matter is being debated or participate in any vote taken on the matter at the meeting.*

5 Other Interests

- 5.1 In addition to the requirements of Paragraph 4, if you attend a meeting at which any item of business is to be considered and you are aware that you have a “non-disclosable pecuniary interest or non-pecuniary interest” in that item, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent
- 5.2 You have a “non-disclosable pecuniary interest or non-pecuniary interest” in an item of business of your authority where –
- 5.2.1 a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or
- 5.2.2 it relates to or is likely to affect any of the interests listed in the Table in the Appendix to this Code, but in respect of a member of your family (other than a “relevant person”) or a person with whom you have a close association
- and that interest is not a disclosable pecuniary interest.

6 Gifts and Hospitality

- 6.1 You must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £50 which you have accepted as a Member from any person or body other than the authority.
- 6.2 The Monitoring Officer will place your notification on a public register of gifts and hospitality.

NOTE: Members must also comply with the relevant Codes and Protocols contained in Part 5 of the Constitution.

Appendix

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<i>Interest</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose –

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.