

Draft Annual Governance Statement 2017/18

Huntingdonshire District Council Draft Annual Governance Statement 2017/18

What is Governance?

Governance generally refers to the arrangements put in place to ensure that the intended outcomes are defined and achieved.

The Council approved a new local Code of Corporate Governance in July 2016. It is consistent with the seven principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE¹.

The Council aims to achieve good standards of governance by:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing its capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The overall aim of the local Code of Corporate Governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities.
- there is sound and inclusive decision making.
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

Underpinning the Code is the Council's commitment to equality of opportunity in its approach to policy-making, service delivery and employment.

Opinion

After conducting a review of the governance arrangements across the Council and overall compliance with the Council's Code of Corporate Governance, we are satisfied that the arrangements are effective.

Over the course of the year it has become clear there are a number of overarching issues that are regularly informing and influencing the budget, performance and service delivery discussions at both Member and Officer level (e.g. homelessness/working with partners to keep people in their own home/service transformation).

The National Audit Office amongst other Local Government organisations are increasingly identifying these challenges as the issues that are likely to exert pressure on how the Council operates and how its finances are deployed during the period of the medium term financial strategy. These issues will also impact upon Corporate Plan objectives and shape its future direction.

Traditionally this statement has contained matters for which the Council itself was wholly responsible. In a climate of increasing partnership and public service reform, it is felt that this approach does not address the risks that are of greatest potential impact to the authority and the achievement of its objectives. The statement reflects a more strategic outlook in considering matters that could severely impair the Council's financial position and, therefore, its ability to function (or indeed identifying new opportunities to be realised). Consequently this statement details five themes that will be required to be addressed across the forthcoming financial years.

We are satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015 - to prepare an annual governance statement to accompany the 2017/18 Annual Financial Report.

Signature Councillor Graham Bull
Executive Leader

Signature Joanne Lancaster
Managing Director

01 June 2018
Signed on behalf of Huntingdonshire District Council

¹ The Chartered Institute of Public Finance & Accountancy (CIPFA) & Society of Local Authority Chief Executives & Senior Managers (SOLACE).

Themes – 2017/18

Housing Affordability

Leading to homelessness and constraining growth.

This issue is one which impacts on the Council's ability to deliver the Corporate Plan primarily through the escalating financial consequences of homelessness. Furthermore it also has a bearing on the mobility of the local labour market, on inward investment and business growth opportunities. For the Council as an employer it also hampers our ability to recruit and retain suitably experienced and qualified staff.

Morbidity/Growing number of years of ill health

Impacting on people's ability to be self-reliant and generating additional cost through support needs.

Increasing pressures are being felt by many parts of the public service system, primarily through the growing demand on support costs, a rise in complex individual cases which cuts across many service providers, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has ownership of, but requires joint working to deliver effective solutions focussing on wellbeing and life choices as well as housing, open spaces, transport infrastructure and the design of place.

Wider economic environment

Impact of Commercial Investment Strategy/Business rates receipts and level of need from residents.

The Council's financial robustness is closely linked with the private sector, which also supports the delivery of one of its key Corporate Plan strategic priorities – delivering sustainable growth across the District. The Council is making tactical investments in the property market and is able to assist the private sector in many ways, but external factors such as market volatility will have a greater impact, which may in turn directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes.

Skills level and educational attainment

As a means by which residents are able to attract profitable work and in attracting employers to the area.

It is important that all young people are able to fulfil their potential and become active citizens with meaningful and valuable work. Furthermore the workforce within the area needs to be supported to continue to gain value employment and meet the demands for new skills in the labour market. In turn this will also contribute to the area's reputation for attracting inward investment and so grow and thrive. Finally, skilled and flexible workforces who possess digital skills will allow the Council to transform its current delivery models and offer new methods of service delivery.

Partner agency operational pressures

Financial challenges of partners impacting on demand for our services or reducing existing support.

There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand transfers to other agencies. In Huntingdonshire whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Elsewhere financial pressures in one sector, have had significant financial and capacity impacts on the authority.

Improvement areas - 2016/17

There were four improvement areas included in the 2016/17 AGS. Progress made in respect of each area is set out below.



Lead Officer: Corporate Director (Services)

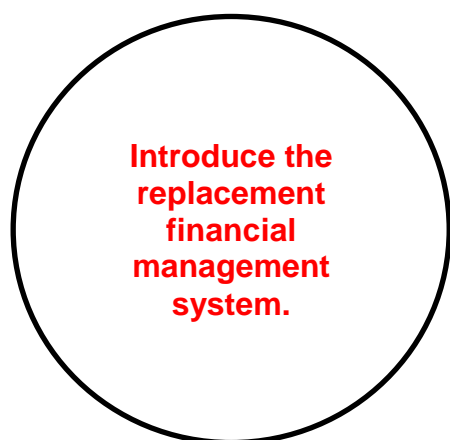
Issue: The Council delivers ICT for the 3C's partnership. The 2016/17 ICT savings target were not achieved primarily due to the use of expensive hired staff and the failure to achieve the savings from the rationalisation of contracts and the sharing of licence costs due to existing contractual obligations and insufficient time to re-procure common systems across all three authorities. Budget overspends was highlighted in the financial information presented to both the 3C Partnership Board and the 3C Management Board but not until early in Qtr.4 2016/17, highlighting the need for improved reporting and more proactive management of budget information.

Performance reporting – in respect of both delivery of the shared services business plan and budget – is not included in the performance management suite of information regularly presented to Members of the Council. Members received their only report on the performance of the three shared services in February 2017.

Action taken: An IT Strategy and IT roadmap laying out the future direction of 3CIT services, alongside a refreshed business case for 3CIT has been approved by the three constituent councils. Similar work is underway for the shared Building Control service.

A new governance structure is currently being developed to ensure appropriate oversight and alignment of all shared service activity by constituent authorities. This has been presented to the 3C Joint Management Board and final modifications are being made.

IT shared service performance information has been included in the quarterly performance management suite reported to Members. Performance information is also included within the annual business plans. The new governance arrangements will embed member visibility of performance data.



Lead Officer: Head of Resources

Issue: The 3C Council's jointly purchased a financial management system (FMS) in June 2016 with the intention of modernising the way each Council undertakes its budgeting, financial forecasting, income collection, procurement and payment of suppliers. The 'go-live' date was April 2017.

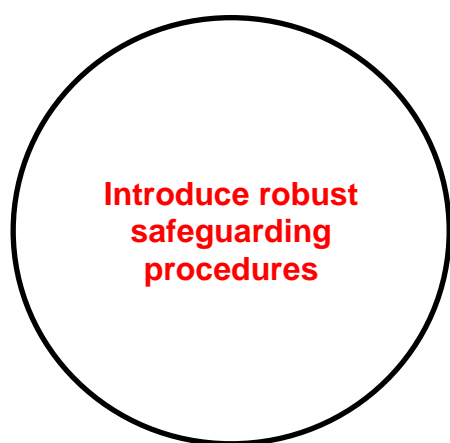
Action taken: The implementation was delayed due to issues with system functionality in a number of modules. These are being resolved and the FMS go live date will be in the summer of 2018.



Lead Officer: Corporate Team Manager

Issue: An internal audit review of customer feedback procedures was undertaken during Qtr. 3, 2016/17. It concluded that overly bureaucratic and time consuming systems were in place to handle customer complaints.

Action taken: A mini LEAN review on complaints management was undertaken in March 2017 and recommendations were worked up in summer of 2017. An action plan was produced which involved working with Services to understand their particular issues whilst exploring potential changes to our current system. There has been an ongoing resource issue in managing this but workshops have been held with the majority of Services. It is anticipated that by the end of June 2018 a new set of policies and procedures will be adopted.



Lead Officer: Head of Leisure & Health

Issue: An internal audit review of safeguarding procedures was undertaken during Qtr. 4 2016/17. It concluded that the procedures being followed were not as effective as they could be – there was an ad-hoc approach across Services to the assessment of safeguarding risks, piecemeal training and a lack of evidence that consistent checks on employees suitability for employment are carried out.

Action taken: The Managing Director has set-up a Safeguarding Governance Board. Its terms of reference and membership have been agreed and it has met regularly. The safeguarding policy has been reviewed and a combined Children and Adult at Risk policy introduced. The staff training programme and awareness raising is due to commence in June 2018. It is anticipated that all of the audit actions will be completed by their due dates.

How do we know our arrangements are working?

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous statements which are available on the Council's website. The local [Code of Corporate Governance](#) (as at September 2017) is also available on the website and describes in more detail the governance processes in place. An revised Code is due to be presented to the Corporate Governance Committee on 13 June 2018.

The review of effectiveness was informed by the work of the Senior Management Team, who are responsibility for the development and maintenance of the governance environment, the Internal Audit & Risk Manager's annual report and comments made by the external auditors.

Governance Framework

| Assurance required upon | Sources of Assurance | Assurances received |
|--|---|---|
| <ul style="list-style-type: none"> • Delivery of Corporate Plan priorities • Services are delivered economically, efficiently & effectively • Management of risk • Financial planning and performance • Effectiveness of internal controls • Community engagement & public accountability • Shared service governance • Project management & project delivery • Procurement processes • Roles & responsibilities of Members & Officers • Standards of conduct & behaviour • Training and development of Members & Officers • Compliance with laws & regulations, internal policies & procedures | <ul style="list-style-type: none"> • Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules) • Council, Cabinet, Committees and Panels • Corporate and service plans • Shared service joint committee • Policy framework • Risk management framework • Project management methodology • Financial Performance Monitoring Suite • Medium Term Financial Strategy • Customer Service Strategy • Consultation and Engagement Strategy • Complaints system • Head of Paid Service, Monitoring Officer and S151 Officer • HR policies & procedures • Whistleblowing & other countering fraud arrangements • Staff and Member training • Codes of conduct • Corporate/Senior Management Team • Independent external sources • Regular monitoring of outcome measures • Monitoring of economic indicators & associated financial receipts • Effective joint working arrangements | <ul style="list-style-type: none"> • Regular performance and financial reporting • Annual financial report • External audit reports • Internal audit reports • Officer governance groups • On-going review of governance • External reviews and inspectorate reports • Customer feedback • Peer reviews • Council's democratic arrangements incl. scrutiny reviews and the 'audit' committee • Council annual report • Corporate Governance Committee annual report • Staff surveys • Community consultations |

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Two key pieces of assurance are provided by Internal and External Audit.

The Internal Audit & Risk Manager stated in their 2017/18 annual opinion that the Council's internal control environment and systems of internal control provided adequate assurance over key business process and financial systems.

The external auditors, Ernst & Young LLP, issued an unqualified opinion on both the 2016/17 statutory financial statements and the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources. This statement will be updated to reflect the outcome of the 2017/18 external audit once it has been completed.

Future challenges

The landscape for the delivery of public services is becoming increasingly challenging for all agencies and the National Audit Office (NAO) in its report 'Financial Sustainability of Local Authorities 2018' makes it very clear that all local authorities should be prepared, opining:

The financial future for many authorities is less certain than in 2014. The financial uncertainty created by delayed reform to the local government financial system risks longer-term value for money.....(government) Departments need to build a consensus about the role and significance of local government as a whole in the context of the current funding climate, rather than engaging with authorities solely to deliver their individual service responsibilities.'

This prediction around reform is also relevant in the context of the Combined Authority for Cambridgeshire and Peterborough, which has as part of its deal with Government the issue of public service reform. Any fundamental review of public services will impact on the Council's capacity to deliver services but also lead to uncertainty for the local communities.

Post- year end events

Council elections – 3 May 2018

The Council agreed in February 2017 to move to all-out elections on a four year cycle. The first such election took place on 3 May 2018. This resulted in the Conservative Party remaining in overall control of the Council. The Council agreed at its first meeting following the elections to elect Cllr Graham Bull as the Executive Leader. Cllr Bull has made changes to the Cabinet, reducing by two the number of Executive Councillors and re-assigning portfolio responsibilities. The Council also agreed to changes in the Overview and Scrutiny process, replacing the three Panels that had operated in the 2017/18 municipal year with two new Panels. This degree of political continuity and refocusing of accountability and work programmes places the Council in a strong position to deal with decision making and prioritisation of resources and service delivery.

Organisational values

A revised set of organisational values - ICARE – Inspiring, Collaborative, Accountable, Respectful and Enterprising – was launched in April 2018. All of the Council's permanent workforce attended launch events that clearly explained and set out how they are expected to go about their work and the level of internal challenge expected in order for them to deliver the best possible service in an increasingly collaborative and accountable way.

End