

Dear Councillor,

CORPORATE GOVERNANCE COMMITTEE - THURSDAY, 25 JULY 2019

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

- 6. APPROVAL FOR PUBLICATION OF THE 2018/19 ANNUAL GOVERNANCE STATEMENT AND THE ANNUAL FINANCIAL REPORT (Pages 3 - 10)**

A copy of the Annual Governance Statement (Appendix A).

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Huntingdonshire District Council
Draft Annual Governance Statement
2019/20

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.

Governance impacts

Traditionally this Statement has contained issues for which the Council is wholly responsible. During 2017/18 it became clear that there were a number of overarching issues that were 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). Consequently an inward looking Statement did not feel appropriate as it did not address the risks that are of greatest potential impact to the authority and the achievement of its objectives.

Five themes were identified last year to reflect a more strategic outlook. The same themes remain in this year's Statement as they still continue to have the ability to severely impair the Council's financial position and consequentially, its ability to function (or indeed identifying new opportunities to be realised). However, they have been joined by a sixth issue, that of the environment and our collective responsibility to ensure that our actions and behaviours do not cause irreversible harm.

Progress made across the five themes in 2018/19 is outlined in the Statement together with the actions planned for 2019/20.

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.

We are also 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 2019 /20 Annual Financial Report.

No signatures have been added to this draft Statement. The Statement will be reviewed prior to it being presented for approval at the 24 July 2019 Corporate Governance Committee (CGC). The review is undertaken to ensure that the Statement is reflective of the current governance arrangements. Following the review, and prior to CGC, it will be formally signed by the Executive Leader and Managing Director

Signature Councillor Graham Bull
Executive Leader

Signature Joanne Lancaster
Managing Director

Date to be inserted.
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

Housing Affordability

Leading to homelessness and constraining economic 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.

2018/19 actions		2019/20 actions
✓	Bring forward proposals for the delivery of further accommodation through the use of local authority assets.	✓
✓	Complete a formal review of homelessness within the District to inform the development of an updated Homelessness Strategy.	✓
✓	Implementing new ways of working to intervene early with those individuals whose circumstances mean that they are vulnerable to homelessness.	✓
--	Develop and introduce pathways with other agencies to enable earlier interventions for those individuals whose circumstances mean that they are vulnerable to homelessness.	✓
✓	Developing new delivery options to secure affordable homes within the District, using Council assets to provide alternatives to the market delivery homes where necessary.	✓
✓	Work with the Cambridgeshire & Peterborough Combined Authority (CA) to develop local Community Land Trusts to bring forward genuinely affordable and local solutions.	--
--	To bring forward formal Scrutiny recommendations for the acceleration of supply of new affordable and accessible housing stock across the district.	✓

2018/19 achievements

The Council has developed a series of early intervention approaches, seeking to identify future housing need and address the root cause at the earliest possible opportunity. These include the delivery and continued support of the multi-agency housing trailblazer, intervening immediately on a safeguarding issue being identified to address housing needs. The new homelessness reduction act duties were implemented and supported with new technology, and working more broadly across the council to identify those at risk, or long term future risk of homelessness, and using appropriate pathways, such as employment support and budgeting to seek to build individual capacity and address the underlying need.

The Council has worked to proactively use Discretionary Housing Payments (DHP) to deliver the best possible outcome and reduce the strain on the public purse, by preventing expensive and disruptive outcomes. This has included assisting those who may be at risk of homelessness. There has been some innovation in the use of DHPs. For example, someone living in social housing and in rent arrears due to having their housing benefit payments reduced due to living in a property that had a spare bedroom (and classed as being under-occupied) have been supported in clearing their rent arrears and in moving to a smaller property. This freed up a property whilst reducing the possibility of future financial problems for the tenant.

A pathway has been established with Criminal Justice partners that allows for the early notification of the release of offenders so that potential employment opportunities and other appropriate support can be identified. A key group at risk of homelessness.

The Council is increasingly working to focus services around the need of the community, rather than traditional service delivery siloes in the Huntingdon North ward, all public service agencies are working alongside the community and voluntary groups to identify those who are vulnerable and may become homeless. The group is supporting a number of community groups with the intention that residents can develop and take responsibility for these initiatives themselves.

The Council has provided support to the Greater Staughton Community Land Trust (CLT) who are planning to build 12 affordable houses in Great Staughton to which local people who have a connection to the Great Staughton parish area will be given priority.

Details of a number of surplus land sites have been provided to a developer with the intention of identifying the optimal way of using these assets to support the provision of additional affordable housing on these surplus sites.

Outcomes from the 2017/18 Housing Strategy action plan were discussed by the Overview & Scrutiny Panel (Performance & Growth) in September 2018. Highlights include the 363 successful homelessness preventions during 2017/18 and the completion of 123 affordable homes.

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 total responsibility for, and it 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.

2018/19 actions		2019/20 actions
✓	Use our leisure services to encourage healthier lifestyles through engaging people of all ages in activities to improve health.	✓
✓	Pilot new ways of working within localities with local communities and other agencies to deliver tailored solutions to issues within defined communities.	✓
--	To bring forward formal Scrutiny recommendations on how the Council can support improved community health outcomes through its task and finish work.	✓
✓	Pilot new ways of working within localities with local communities to deliver improved infrastructure that promotes cycling and walking	✓
--	Development of a 'Healthy Open Spaces Strategy' to optimise the provision and use of the Council's green open spaces, parks and play areas to encourage healthier lifestyles through engaging people of all ages in activities to improve health.	✓

2018/19 achievements

More People, More Active, More Often has been adopted as the key objective for our One Leisure service, as we seek to maximise the use of our award winning leisure facilities.

Business case developed and approved for increasing the use of Hinchingsbrooke Country Park (HCP) with a clear vision to ensure that more people use this key health asset, whilst reducing the amount of subsidy the site needs. An outline case for the further enhancement of Paxton Pits has also been prepared. Supporting two key health assets in our market towns. The business case seeks to secure and enhance open free space as a key route for activity for all residents as evidenced by over 500 people attending a free park run at HCP.

Through the Active Lifestyles team, a range of exercise initiatives and classes have been introduced for older people and those requiring additional support to exercise. In 2017/18 the team organised and delivered more than 3,700 physical activity or sport sessions attracting more than 45,000 attendances (19,700 older people and 20,400 long term health conditions). One notable success in 2017/18 was the introduction of a 'Care Home offer' leading to 124 exercise sessions delivered in partnership with local Residential and Care Home Providers. Work to make access to leisure services easier for those on low incomes has also been a success.

The team also contributed to a public health led county wide strategic group tackling falls among older adults and were actively involved in a pilot scheme in St Ives. Continuing the theme of continuous improvement, 2018/19 also saw the introduction of classes for people with long term health conditions (including cancer patients, and postural stability which is a more specific, highly tailored falls prevention service). In January 2019 Active Lifestyles launched the ESCAPE² pain management rehabilitation programme aiming to help people with osteoarthritis and chronic joint pain, self-manage their condition.

With support from both the Design Council and Local Government Association that Council has been tackling significant levels of obesity in Ramsey through the Live Well initiative. Work is to continue into 2019/20.

Section 106 agreements continue to be negotiated with developers towards the provision of recreational spaces and their future up-keep. This has become more challenging as developers are frequently requiring that the Council show that there is a demonstrable demand for play provision in schemes before committing to S106 agreements.

External funding for the Countywide 'Let's Get Moving' initiative extended until June 2020. Aimed to improve the health of the Cambridgeshire population, by increasing levels of physical activity, by promoting opportunities, and supporting individuals to achieve their goals.

Urban & Civic, at the Council's behest, successfully applied to become a member of the NHS Healthy Towns Network. In developing the new communities at Alconbury Weald and Wintringham St Neots, Urban & Civic will incorporate healthy living initiatives for the benefit of future residents.

² ESCAPE Pain stands for Enabling Self-management and Coping with Arthritic Pain through Exercise. ESCAPE Pain is endorsed and supported by NICE, British Society of Rheumatology, Royal Society of Rheumatology, Royal Society of Public Health, Charters Society of Physiotherapy, Arthritis Research UK, Arthritis Research UK, and the Academic Health Science Network.

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 success of the overall local economy, driven in large part to a prosperous commercial sector. This supports the delivery of one of our key Corporate Plan strategic priorities – delivering sustainable growth across the District. The Council is making tactical investments in the property market and is determined to support the conditions for economic success to support a vibrant economy and positive community outcomes. Ultimately external economic factors do directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes, and the level of demand for our services. We take our role on supporting the conditions for stable growth very seriously.

2018/19 actions		2019/20 actions
✓	Use the Council's Commercial Investment Strategy to support the local economy.	✓
✓	Maintain and enhance the Council's existing commercial estate to provide value accommodation for local businesses.	✓
✓	Work with local Business Improvement District (BID) teams and the CA to further stimulate economic growth within the District to ensure a pipeline of new and high value jobs in the major growth sectors.	--
✓	Refocus our economic development activity to support new and emerging sectors in our economy, to create the environment within which new business can thrive.	✓
--	Following the development of the Masterplan for St Neots, develop Prospectuses for Growth for St Ives, Huntingdon and Ramsey to focus on transformational interventions that can make the most of opportunities unique to each town and its community, creating new jobs, improving productivity and raising aspirations in and around each town'	✓
✓	Delivery of the Council's Parking and Markets Strategies to increase dwell in the town centres and support local retailers, and the vibrancy of our market towns.	✓
--	To work creatively with key industrial sectors to create pathways for growth and linkages to skills and training provision.	✓

2018/19 achievements

A Local Industry Strategy is being signed off by Government that will be supported by a Combined Authority delivery plan with which the Council is collaborating. The strategy will consider how the Council can assist in developing both the local economic environment and a skilled workforce to work within it, focussing on key opportunities for growth. HDC are also pursuing an active role in OxCam Arc supporting planned economic growth across the corridor to 2050.

A 'Better Business for All' pilot is underway which has been developed via funding from the Ministry of Housing, Communities and Local Government (MHCLG). The pilot is a means by which the Council can engage with the local businesses and deliver the support they need to grow.

Property acquisitions have been made within the District under the Commercial Investment Strategy, supporting local employment and our local 'offer'

Principles for the distribution of business rates arising from properties in the Alconbury Weald Enterprise Zone have been agreed with the CA. This will lead to 60% of business rate growth being invested in the District.

A feasibility study is underway to consider whether businesses in St Neots should be given the opportunity to vote for their own Business Improvement District (BID).

Working with a number of partners the Council is involved in the St Neots Smart Town initiative. Whilst the initiative is at an early stage, the intention is that by using data and emerging technologies to address transport and connectivity challenges it will help provide information that will influence the behaviours of residents and businesses.

The Council is an active partner in the 'Connecting Cambridgeshire' (CoCam) project which is in the process of investing approx. £25m in improving the digital infrastructure (superfast broadband, full fibre, public access wi-fi and 5G mobile coverage) across Cambridgeshire and which is a key factor for economic investment decisions by businesses.

Skills level and educational attainment

As a means by which residents are able to gain fulfilling work and to assist in attracting and retaining high quality 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 meaningful work and to be able to 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.

2018/19 actions		2019/20 actions
✓	Fully develop and deliver a digital vision for Huntingdonshire, ensuring that we support the establishment of the basic infrastructure of superfast broadband and 5G mobile coverage through our own estates and the planning system.	✓
✓	Support apprenticeships, directly as an employer, but also through our supply chain and through promotion with local businesses.	--
✓	Continue to engage with schools through local careers fairs and EDGE, but also through fostering direct links between employers and educational institutions.	✓
✓	Build upon the work which has begun to draw in investment and create an environment in which industries of the future can thrive	✓
--	Work to create pathways from local communities and schools to colleges and institutions such as iMet which support the development of skills required by the future economy.	✓

2018/19 achievements

Played a key role in supporting the Smart St Neots initiative, supporting the uptake of digital opportunities and fostering sustainable networks that will support future innovation and community benefits.

Adopted a social value procurement policy, which rewards suppliers who recognise amongst other things the value of development of local staff and young people.

Work has also taken place with key local schools and colleges, including the iMet in Alconbury to support pathways for young people into fulfilling long term careers.

A review of the Council’s apprenticeship programme has been completed. From 2019/20 the Council intends to stop recruiting to its current apprenticeship posts but use the apprenticeship levy to fund the training of its current employees. This is likely to see an overall increase in apprenticeship numbers.

Safeguarding training for taxi drivers has been provided, ensuring good service, and supporting a vibrant wider economy

Over sixty One Leisure employees have obtained or are being trained to become qualified lifeguards. Lifeguarding posts are an entry level position for many staff and obtaining the qualification is the first steps towards a career in the leisure industry.

The Council was represented at the third annual school careers fair at Wood Green in December 2018 and also supported its organisation, supporting the development of long term careers for the areas young people.

Limited benefits have been obtained to date from suppliers delivering a social value benefit (i.e. creating opportunities for the long-term unemployed or other disadvantaged groups, apprenticeships or other environmental or community benefits) to the District when being awarded contracts of a significant value. The Council addressed this by introducing in February 2019 a requirement that social value considerations be including in all contracts over £100k.

All of the Council’s apprenticeship cohort have found permanent employment either inside or outside of the Council.

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.

2018/19 actions		2018/19 actions
✓	Share budget planning activity with other public agencies to guard against unintended consequences of financial decisions.	✓
✓	Continue to engage with near neighbours, particularly the County Council and health services to understand how best we can compliment each other's activity	✓
--	Work closely with partners to understand the triggers and impacts of decisions on partners, and seek to proactively prevent costly crises, and deliver better outcomes.	✓
--	Use evidence to understand changes in the local environment and develop new ways of working which ensure that public services become more agile in responding to changing circumstances.	✓
--	Lead by example in creating opportunities to work differently by engaging with partners early to explore and understand opportunities for collaboration	✓
--	To establish multi-disciplinary teams with partners, where the evidence shows that these will better help us achieve our objectives.	✓

2018/19 achievements

There was engagement with Cambridgeshire County Council about their proposed 2019/20 budget and the likely impact service cuts would have upon the District. The County Council understand that the Council is willing to work collaboratively both with themselves and other agencies to consider alternative ways of working.

The County Council were planning to remove £1m from their £7.5m Supporting People budget in do we want this degree of detail? 2019/20. Following representations from the Council and others the County agreed not to cut the service but work with the District authorities to consider alternative ways of providing housing related services.

The NHS has changed the way in which it defines whether or not it is responsible for the collection of 'sharps'. 'Sharps' that used to be collected by the NHS are now the responsibility of the Council to collect and dispose of. With increases in the number of type 1 diabetics and the self-administration of certain types of prescription drugs increasing people's health and well-being should see a reduction in 'sharp' collections.

In conjunction with other agencies, the Council is involved in looking to reduce the costs of responding to incidents of crime in the Huntingdon North ward which is estimated to cost the agencies £8m/annum to deal with.

Representatives from both the Police and Public Health sector have spoken at the Managers Forum, outlining the financial and operational pressures they are facing.

From April 2017 the County Council's Public Health Team (PHT) withdrew its financial support for the Exercise Referral Scheme (ERS). The PHT had contributed to the costs of the ERS for a number of years allowing it to be provided free of charge to the client. The Public Health grant was circa £27,000 per annum effectively funding one full time Physical Activity Officer working across the District directly with clients. Attempts to secure replacement funding from the NHS were unsuccessful. The ERS has continued but with clients being charged to access.

Environmental pressures and sustainability challenges
Challenges to the long term sustainability and attraction of our area.

There is growing recognition of the significant consequences of a failure to properly account for human actions, and wider climactic events which are becoming increasingly common. The national risk register includes flooding and severe weather events as risks that as a country we should prepare for. We also recognise the health impacts of pollution and poor human behaviour in terms of pollution and improper handling of waste as key challenges to the beauty and sustainability of our area.

2018/19 actions		2019/20 actions
✓	To maximise the recycling rate within our district, seeking to reduce contamination, and deliver the highest possible rate of recycling and reuse of our recycled materials.	✓
--	Develop proposals around improving the movement around the district, seeking to address key bottle necks and present practical alternatives to car use at peak times. To promote sustainable transport options, including the provision of charging points for electric cars, and through supporting walking and cycling as practical alternate travel options.	✓
✓	Maximising the use of solar technology in all suitable locations across the Councils assets and achievable land opportunities.	✓
✓	Ensuring new residential developments are environmentally sustainable, and make best consideration of key environmental factors during both the design and build stage and ongoing liveability.	✓
✓	Maximising the impact of our green space, by investing in and expanding green spaces across the district, and seeking to support biodiversity as part of this.	✓
--	Implementing a single use plastics strategy across our estate. Removing such items from our cafes.	✓
✓	Working with parish and town councils to ensure that Neighbourhood Plans reflect the growing environmental and sustainability agenda.	✓
--	Working to understand our communities' ambitions on the sustainability agenda, and supporting this through the way we undertake our business.	✓

2018/19 achievements

Initial scoping work has taken place to establish how the District Council can contribute to this agenda, and developing opportunities to take this forward as outlined above.

Sustainability considerations form part of the District's Parking Strategy and form a new part of the newly adopted Local Plan to 2036

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 May 2018) is also available on the website and describes in more detail the governance processes in place.

The review of effectiveness was informed by the work of the Senior Management Team, who are responsible 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 • Corporate Governance Committee annual report • Staff surveys • Community consultations

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

The Internal Audit & Risk Manager stated in their 2018/19 annual opinion that the Council’s internal control environment and systems of internal control provided adequate assurance over key business process and financial systems. However the opinion excluded any view on the effectiveness of the key controls associated with the financial management system due to work in that area not being completed at the time of preparing the annual opinion statement.

The external auditors, Ernst & Young LLP, issued an unqualified opinion on both the 2017/18 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 2018/19 external audit once it has been completed.

End