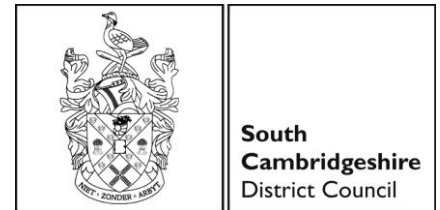


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23 January 2018

To: Chairman – Councillor Andrew Fraser
Vice-Chairman – Councillor Grenville Chamberlain
Members of the Audit and Corporate Governance Committee – Councillors
John Batchelor, Christopher Cross, Roger Hall, Douglas de Lacey, Tony Orgee,
John Williams and Vacancy

Quorum: 3

Dear Councillor

Please find a supplement for the next meeting of **AUDIT AND CORPORATE GOVERNANCE COMMITTEE**, which will be held in **SWANSLEY ROOM A AND B - GROUND FLOOR** at South Cambridgeshire Hall on **FRIDAY, 26 JANUARY 2018** at **9.30 a.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution *in advance of* the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully
Beverly Agass
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA

6. Statement of Accounts 2016-17 Update

PAGES
1 - 16

Please find the annual governance statement for 2016-17 for the committee to note.

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How did we do in 2016/17?

**How well were we governed and how
well did we perform?**

**SCDC's annual assessment of its
governance and performance
during the year
to 31 March 2017**

(1) INTRODUCTION AND PURPOSE OF THIS DOCUMENT

1.1 This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

So that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

1.2 Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives), which, in 2016, jointly published an updated Framework for Delivering Good Governance in Local Government.

1.3 This guidance sets out seven core principles of good governance, which we think are compatible with the summary above. CIPFA/SOLACE lists these core principles as:

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 the entity’s 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 practice in transparency, reporting and audit to deliver effective accountability.**

1.4 The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’, where review how well all our processes**

are working to make sure we do things well and in the right way. This report seeks to provide this assurance in respect of South Cambridgeshire District Council.

1.5 We need to demonstrate that we meet the requirements of the Accounts and Audit Regulations 2015 which require the publication of a statement on internal control which shows that we manage risk to a reasonable level. We must also fulfil our duty under the Local Government Act 1999 to continually improve the way we function, having regard to economy, efficiency and effectiveness.

1.6 Governance matters because **good governance produces good results**. Governance can sometimes be difficult to measure; however, the delivery of positive outcomes arising from the implementation of our Corporate Plan (in line with core principles (3) and (4) above) is not only the ultimate test of good governance but also an indicator that our underlying culture, values, systems and processes are also sound. This report therefore signposts to performance reports setting out how far we achieved the objectives we set ourselves, in terms of positive outcomes for our communities, and how we performed against key performance measures of the effective running of the business.

1.7 Some people will, rightly, question whether it is right that we report on ourselves: surely that gives rise to a conflict of interest? In response, we would say that:

- we are required to do so;
- we have tried to be as objective as possible in summarising our performance against our corporate objectives, linking these wherever possible to demonstrable outcomes and specific performance measures;
- feedback from external stakeholders, including residents has contributed significantly to our assessment of how far we have delivered;
- all political groups – those in control of the council and those in opposition or independent – have been given the opportunity to input into this report, challenging its content where appropriate; and
- this report is only part of the overall process, as we are also subject to internal and external audit.

This report is written under the authority of the council's Audit and Corporate Governance Committee, who approved it formally on 29 September 2017. It has been signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts. It was submitted to our external auditors along with our annual accounts prior to publication, and the auditors considered whether the information submitted met their expectations as part of their annual opinion, received in January 2018.

(2) GOVERNANCE STRUCTURES

2.1 In the Introduction above, the first thing we said was that we should have the right governance structures in place. This section reviews those structures. We govern ourselves through **Council**, an

Executive Management Team (EMT), Cabinet and Committees, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

Council

2.2 The Council met six times during 2016/17 – it agreed the Council’s budget and policy framework, primarily consisting of our Corporate Plan, Medium Term Financial Strategy (MTFS), annual capital and revenue estimates and Council Tax and, at an extraordinary meeting, endorsed county-wide devolution proposals. Of the 57 Councillors, the numbers attending were respectively 53, 50, 48, 55, 43 and 47. All meetings of Council were held in open forum and considered reports and recommendations from Cabinet and other committees. Details of agendas and minutes can be found at SCDC Council Agendas and Minutes [SCDC Council Agendas and Minutes](#)

Cabinet

2.3 The Cabinet, or Executive, is the Council’s principal decision-making body charged with implementing the budget and policy framework agreed by Council, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a ‘portfolio’. Across the country, councils are allowed to choose between a number of models for their committee structures. We have been using the Cabinet model since 2001, and although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party. Cabinet met five times during 2016/17 – details of agendas and minutes can be found at [SCDC Cabinet agendas and minutes](#).

Executive Management Team and structure

2.4 The management team structure (i.e. employees, who we call ‘Officers’, as opposed to elected Councillors) comprises a strategic Executive Management Team of Chief Executive and Directors, supported by an operational Corporate Management Team (CMT), introduced during the year, of Heads of Service. Both held formal monthly meetings during the year, in addition to which EMT held regular informal meetings and away days to consider policy formulation and future planning.

During 2016/17 EMT comprised the following (at 31 March 2017):

- Alex Colyer, Interim Chief Executive
- Susan Gardner Craig, Head of People and Organisational Development
- Mike Hill, Director of Health and Environmental Services
- Stephen Hills, Director of Housing
- Stephen Kelly, Director of Planning and Economic Development (Joint Post with Cambridge City Council)

CMT comprised the following senior managers (at 31 March 2017):

- Gemma Barron, Sustainable Communities and Partnerships
- Myles Bebbington, Environmental Health and Licensing
- Gareth Bell, Communications
- Phil Bird, Business Improvement and Efficiency and Facilities Management
- Katie Brown, Revenues
- Susan Carter and Heather Wood, Housing Advice and Options (Job Share)
- Julie Fletcher, Housing Strategy
- Anita Goddard, Housing Services
- Dawn Graham, Benefits and Customer Contact Service
- Jane Green, New Communities
- Caroline Hunt, Planning Policy
- Jane Hunt, Shared Waste Service (with Cambridge City Council)
- Richard May, Policy and Performance
- Paul Quigley, Environment Commissioning
- Caroline Ryba, Finance
- Sarah Stevens, Development Management
- Paul Sumpter, Digital Services and ICT (Shared)
- **Statutory Officers**

We are required to appoint individuals with the necessary skills, knowledge, experience and resources to effectively perform the following statutory positions

- **Beverly Agass**, Chief Executive and **Head of Paid Service**: ultimately responsible for the welfare of the Council's employees.
- **Alex Colyer**, Interim Chief Executive and **Chief Financial Officer** : responsible for looking after the financial affairs of the Council and for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972. The Council's financial management arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010). Caroline Ryba (Head of Finance, Policy and Performance), was the Council's Deputy Chief Finance Officer (a shared post with Cambridge City Council).

- **Tom Lewis**, Head of Shared Legal Practice and **Monitoring Officer** - the **Monitoring Officer** is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about councillor conduct and behaviour. Eight new Code of Conduct Complaints were received and dealt with under the Localism Act 2011 during 2016/17 . One is currently on-going.

There were three complaints which started before April 2016. One did not proceed because the Councillor resigned, one went for investigation and the investigator concluded that there was no breach the code of conduct and the last one was withdrawn by the complainant before an investigator was appointed. *Note:* These figures do not include complaints received that either didn't fall under the Code of Conduct or were passed to Parish Councils for them to consider using the parish complaints procedure.

Audit and Corporate Governance Committee

2.5 This Committee met three times during the year. Its main purpose is:

- reviewing and advising on the effectiveness of governance arrangements including risk management and internal controls
- approving the Statement of Accounts, agreeing the Annual Governance Statement (this document) and confirming the annual Audit Risk Index and Strategic Audit Plan
- commissioning studies as appropriate (including on 'Value for Money'),
- recommending action to the Council in respect of any issues of major concern arising from audit reports and/or management letters
- monitoring overall efficiency and effectiveness of internal and external audit
- monitoring the use of directed surveillance under the Regulations of Investigatory Powers Act (RIPA)
- receiving information from the Chief Finance Officer or Monitoring Officer of any suspected fraud, maladministration or illegality.

Civic Affairs Committee

2.6 This Committee met three times during the year. Its main purpose is:

- reviewing the Council's Constitution, including proposals for substantive changes for consideration by the Council (excluding those matters which are specifically included within the remit of other bodies on the Council)
- considering changes to electoral arrangements, (including District, ward and parish ward boundaries), and making recommendations to Council

- setting ethical standards (as set out in Article 9.03 of the Council's constitution) and monitoring the Council's Code of Conduct and those of all parish councils in the district

Information about the Committee's work during 2016/17 was presented to the Annual Council Meeting on 25 May 2017.

Employment Committee

2.7 The Employment Committee deals with the appointment of senior management, re-gradings and disciplinary and grievance issues. It met once during the year.

Scrutiny and Overview Committee

2.8 The Scrutiny and Overview Committee consists of 9 non-Executive members (ie. not members of the Cabinet) whose role is to hold Cabinet decision takers to account, focusing on issues considered as 'internal'.

It monitors the performance of the Leader and Cabinet, scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement.

2.9 Partnerships Review Committee

The Partnerships Review Committee's remit is externally focused with members scrutinising, challenging and holding decision takers to account on issues relating to the work of those organisations in the council's area, including formal partnerships.

2.10 Information about the Overview and Scrutiny and Partnerships Review Committees' work during 2016/17 is available to view in the annual [report](#) presented to the Council's Annual Meeting on 25 May 2017.

The Council also has other committees (planning, licensing etc) but, as these are not concerned directly with governance arrangements, they are not listed here.

Policies

2.10 The table below lists the Council's main documents, policies and procedures which underpin our assurance framework; we refer to and follow these, to make sure we do things consistently and in the right way. All these policies have been approved by your elected Councillors where required and all are available for inspection at the Council's [main offices](#) as well as via our [website](#).

The Council has put procedures in place to ensure informed and transparent decisions which are subject to effective scrutiny and management of risk. The Council has a Risk Management Strategy which is reviewed annually by Council alongside a strategic risk register which is

reviewed quarterly by senior officers and members. It also has a Code of Conduct for staff incorporated in the Constitution, Capability and Disciplinary Procedures and a Whistleblowing policy.

Compliance with the Council's Anti- Theft, Fraud and Corruption Policy is monitored by the internal auditors in liaison with the council's Fraud Team. The National Fraud Initiative has led to the delivery of investigating fraud becoming part of the Single Fraud Investigations Service within the Department of Work and Pensions (DWP). Internal Audit carried out a review of the Council's anti-fraud arrangements during 2015-2016, against CIPFA best practice guidelines. We have since carried out a project to draw up options for an integrated corporate framework for addressing fraud, as part of which all relevant policies will be reviewed and updated, and will adopt a Fraud Policy during 2017-2018.

The Council is committed to the ongoing development of its staff and members. The Council achieved gold accreditation from Investors in People (IIP), reflecting outstanding practice in a number of key areas. The Finance and Staffing Portfolio Holder has agreed a People and Organisation Development Strategy for 2016-2020 which will enable the Council to implement recommendations arising from the last IIP towards and consider whether to seek Platinum status in 2018; the new strategy includes priorities for Member development, removing the need for a separate Member Development Strategy.

<i>Documents underpinning assurance framework</i>	<i>Contact Officer</i>	<i>Last updated</i>
Code of Corporate Governance	Tom Lewis	September 2017
Constitution (including Procurement Strategy, Finance and Contract Regulations and Codes of Conduct)	Tom Lewis	May 2017
Medium Term Financial Strategy	Caroline Ryba	February 2017
People and Organisational Development Strategy	Susan Gardner Craig	July 2016
Risk Management Strategy	Suzy Brandes	June 2017
Anti-Fraud and Corruption Policy	Mike Hill	September 2013
Whistleblowing Policy	Tom Lewis	September 2013
Corporate Plan	Richard May	February 2017
Business Plans	Richard May	April 2017
Statement of Accounts	Caroline Ryba	September 2016

2.11.1 Governance arrangements for shared services are documented in shared service collaboration agreements.

2.11.2 The corporate website, residents' magazine and social media channels, inform and engage residents and other stakeholders in service delivery and policy formulation.

3. VISION, AIMS, AND OBJECTIVES

3.1 In the introduction to this document, the second thing we said we needed was the right plan of action.

During 2016-2017, the Council's Vision was as follows:

"South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

3.2 Each year we agree a rolling five-year **Corporate Plan**, showing how we will work towards this Vision. The 2016-2021 Corporate Plan had four strategic **aims**:

- A. Living Well: Support our communities to remain in good health whilst continuing to protect the natural and built environment (in pursuance of governance principles 3-4).**
- B. Homes for Our Future: Secure the delivery of a wide range of housing to meet the needs of existing and future communities (in pursuance of governance principles 3-4).**
- C. Connected Communities: Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity (in pursuance of governance principles 2-4).**
- D. An Innovative and Dynamic Organisation: Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost (in pursuance of governance principle 5).**

3.4 We identified specific actions showing how we would meet each aim, performance against which is summarised in Appendix 1. The full 2016-2021 Corporate Plan is available to view [here](#).

3.5 Councillors agreed a revised Corporate Plan in February 2017, retaining the Council's Vision and aims, updating actions to reflect completed projects, continuing, changing and emerging priorities. . The 2017-2022 Corporate Plan is available to view [here](#).

4. REPORTING

4.1 In the Introduction, we said that we needed the right way of operating so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also identified strong performance against key corporate aims and indicators as a mark of good governance in itself, as well as a sign that the underlying governance is also working properly. This section reviews how we operated and delivered.

Regular reporting

4.2 We publish an annual [Statement of Accounts](#) made up of:

- **Statutory accounts:** The format of these is set by accounting regulations, and we recognise that these are hard for many people to understand. To help make them comprehensible, we add an 'explanatory foreword'.
- **Plain English Accounts** • these are intended to be a straightforward and comprehensible version of the statutory accounts.

With respect to the Council's Vision and Objectives mentioned above, we publish:

- **Corporate Plan and in-year three, six, nine-month and year-end progress reports.**

These documents can be found at our [Performance Page](#).

5. REVIEW OF EFFECTIVENESS

5.1 The Council must review the effectiveness of its governance arrangements annually by considering the work of Members and Officers on the development and maintenance of the governance environment, the head of internal audit's annual report and comments by external auditors and other review agencies and inspectorates.

Auditing and monitoring

5.2 The Council is subject to the following principal auditing and monitoring processes, which are intended to be objective and (where necessary) critical:

- **Internal audit:** 5.2.1 Since 2013 we have been part of a shared service internal audit arrangement with Cambridge City Council and Peterborough City Council. Internal audit carried out 242 days work during 2016-2017 on a number of specific areas identified in a plan agreed at the start of the year. For each area, we asked them to check our policies and procedures; report on a graded system as to how they think each area is doing; and to make recommendations for changes to our procedures. We then prepared management responses to each of their recommendations. The 2016/17 Internal Audit annual report, setting out details of all the areas they investigated; how many hours they spent doing so; what grading

they gave; how many major/minor recommendations they made; and how many of these we accepted, can be found [here](http://scambs.moderngov.co.uk). (<http://scambs.moderngov.co.uk>)

- The Head of Internal Audit provided a reasonable assurance that the systems in place at South Cambridgeshire District Council were appropriate and met with expectations. Through the annual report and through his general observations, the Head of Internal Audit identified the following potentially significant governance issues requiring attention during 2017/18. These are set out below, with management responses, lead officer and timescales also identified:

Issue	Observation	Management Response	Lead Officer	Timescale
Shared Financial Management System (FMS) implementation	The Council is in the process of implementing a new Financial Management System (FMS), Tech 1, which is due to be fully implemented across three authorities. The Financial Management System is a key corporate system that underpins the whole of the Council's financial control arrangements and it is therefore imperative that there is a robust process for implementing the new system. Shared Internal Audit has been heavily involved in reviewing the arrangements for implementing the new FMS, including project management arrangements, ensuring that appropriate controls are built into new processes and advising the project board on any concerns arising. This work will continue into 2017/18 to help ensure the successful implementation of the new system.	The implementation project team is preparing for user acceptance testing of the new product. Some issues have been identified, which we are working with the software developer to resolve.	Caroline Ryba	To be confirmed, following the conclusion of User Acceptance Testing
Combined Authority	Appropriate governance arrangements need to be in place to ensure that South Cambridgeshire District Council's interests are	SCDC has appointed Members to key positions within the Combined Authority: - Combined Authority	Alex Colyer	Agree reporting relationships with SCDC political management framework by 30

	protected through the work of the Combined Authority. The Council needs to develop effective partnership relationships with the new authority.	(Cllr Peter Topping , with Cllr Nick Wright as Deputy) - Scrutiny Committee (Cllrs John Batchelor and Alex Riley) - Audit Committee (Cllr Andrew Fraser)		Sept 2017
Corporate Governance: Gifts and Hospitality	No assurance was report into this activity following internal audit. A lack of evidence was available in relation to declarations, although steps have been adopted to address this.	The Head of Legal Practice is addressing these recommendations	Tom Lewis	Arrangements for follow-up audit to be set out within 2018-2019 Internal Audit Plan

The Council's assurance arrangements conform with the governance requirements of CIPFA's Statement on the Role of the Head of Internal Audit in Local Government (2010)

External audit: 5.2.2 Ernst and Young was the external auditor of the Council. It performed work on the accounts and other documents and processes; checked that we are delivering good value for money; and provided an audit opinion at the end of that work. In 2016-17 it gave the Council an unqualified opinion on the council's financial statements, stating:

In our opinion the financial statements:

- give a true and fair view of the financial position of South Cambridgeshire District Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Other external assurance sources: 5.2.3 During 2015-2016 the Council achieved Gold Standard accreditation against the Investors in People (IIP) standard, demonstrating outstanding practice in a number of areas, in compliance with Core Principle (5):

'Developing the entity's capacity, including the capability of its leadership and the individuals within it.'

Peer Review: 5.2.4 The Council underwent a Peer Review Challenge by the Local Government Association (LGA) in November 2016. The Peer Review Team, made up of senior members and officers from other local authorities, assessed the extent to which the Council was meeting the challenges facing it in terms of community leadership, place-shaping and running an effective business. The Review Team found many areas of strength and improvement, identifying the Council's clear direction and strong political and managerial

leadership, with focused plans in place to deliver its objectives, which are based on a good understanding of the needs of the area. The Council had achieved huge improvements in performance over the past decade and had a sound track record on delivering savings to meet cuts to national funding whilst still meeting the needs of local people. The team made a number of recommendations for further improvement, which have been developed into an action plan which is aligned to the Corporate Plan 2017-2022 and 2017/18 business plans. The review team will return to the Council within 12-18 months of the review to assess progress. Further information, including the review team's full report, is available on our [website](#).

Benchmarking Housing Performance: 5.2.5 The council's housing service has a number of external methods of scrutinising its performance. The Affordable Homes Directorate submits its key financial and performance data to Housemark, a national benchmarking service, which allows the Council to compare its performance with other landlords across the country. In line with the Homes & Communities Agency regulatory framework for housing organisations, the council has established an independent tenant lead scrutiny body that undertakes scrutiny reviews of the housing management service. During 2016/17 the Council was shortlisted for Outstanding Landlord of the Year, impressing judges with its innovative approach to delivering efficient services and outstanding homes and identifying specific initiatives such as Ermine Street Housing and the trusted handyperson scheme.

Major Opposition Leader's annual statement: 5.2.6 Another 'critical friend' of the Council is the Leader of the largest opposition political party. For SCDC in 2016/17, when the majority of Councillors were Conservative, the Major Opposition Leader was Cllr Bridget Smith, leading the Liberal Democrat Group. The Major Opposition Group Leader's Annual statement for 2016-17 can be found here:

[Major Opposition Group Leader's Annual Statement](#)

There were also seven members of the Independent Group, one Labour councillor and one non-group councillor.

Analysis performed for this Governance statement

5.3 In drawing up this governance statement we have reviewed the objectives and actions in the Corporate Plan from a governance and performance basis, as set out in [performance reports](#). For each action, these reports:

- identify actions
- asks 'how did we do?'
- asks 'what's still left to do?'

5.4 We believe that a study of the review of Corporate Plan performance shows that our results and performance were good, when measured against the visions, aims, approaches and actions that we set ourselves. Taken together with the governance framework and review of effectiveness set out in this statement, we may conclude that our governance was also good.

6. OPPORTUNITIES FOR IMPROVEMENT

6.1 Last year, the Head of Internal Audit made a number of observations regarding potentially significant governance issues requiring attention during 2016/17, all of which were accepted by the Council's management. These are set out in the following table, along with details of actions undertaken to address each.

TABLE THREE

Observation	Progress Update	Lead Officer(s)	Timescale
1. 3C shared services was set up in October 2015. The Council should review the effectiveness of its governance arrangements and outcomes achieved in relation to these in order to establish whether or not value for money is being achieved and the original expectations met.	Scrutiny and Overview Committee begun to receive Shared Services performance reports from February 2017. Performance reports will be submitted as part of regular performance management arrangements during 2017/18.	Brian O'Sullivan / Richard May	March 2018
2. Ensure the replacement Financial Management System is delivered to timescale and meets expectations of all Councils. This will include appropriate testing prior to the system going live and being rolled out across partners.	A number of issues have been identified at the design stage that require addressing by the supplier. As a result the implementation date has been delayed from April to October 2017. Detailed testing of the system is underway.	Caroline Ryba	To be confirmed, following the conclusion of User Acceptance Testing
3. Following the departure of a number of senior officers, review the effectiveness of continuity planning/handover arrangements within directorates.	The Council used a combination of temporary contracts, agency staff and Acting Up arrangements to ensure continuity in key posts during the year, including Chief Executive, Head of Shared Waste and Head of Development Management.	Susan Gardner Craig	March 2017
4. Assess the possible impacts of changes imposed by government upon the viability of the business model for Ermine Street Housing	Ermine Street Housing has business plans and risk registers in place to be able regularly to assess and react to potential impacts. A company board including newly appointed independents has been recruited. Adjustments to the business plan have been made and a new viable business plan approved by the Board in February 2017.	Alex Colyer / Stephen Hills	December 2016 – complete but kept under review

5. In light of a number of services being shared between authorities, there is an opportunity to rationalise policies and procedures. Initial areas to focus on relate to HR and Risk Management.	Risk management strategies have been reviewed with the aim of aligning these with partners. Further consistency with partners has been achieved through the adoption of the 4Risk system, enabling risk management to be integrated more fully into operational management.	Phil Bird Brian O'Sullivan Caroline Ryba	March 2017
6. Ensure the effectiveness of internal controls for group entities, in light of the Group relationship with South Cambs Ltd (trading as Ermine Street Housing) and SCDC's significant activities with the company.	The following controls are in place and planned: <ul style="list-style-type: none"> - Internal audit periodic reviews of company to provide assurance on reliability of processes and procedures - External audit of company audit, independent of SCDC accounts - Submission of company business plan to Cabinet - SCDC Chief Finance Officer (Executive Director) is company Board Member - Company Board includes Non-Executive Directors 	Alex Colyer / Stephen Hills	Complete, but kept under review

6.2 We consider that the Council's governance arrangements are fit for purpose in accordance with the governance framework.

We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2016/17, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed.....

Beverly Agass

Chief Executive

Signed.....

Councillor Peter Topping

Leader of the Council

8. CONCLUSION

The Council's Audit and Corporate Governance Committee is responsible for ensuring that the Council complies with its own governance code, including monitoring the effectiveness of the governance framework and ensuring plans are put in place to address any weaknesses and ensure continuous improvement of the system. The Committee believes that it has discharged that responsibility, and that this report is evidence of that. We recognise that there will always be room for improvement (which will need to be balanced by the costs associated with that, and whether the

'law of diminishing returns' applies), but on balance we are delighted to report that **we believe that, during 2016/17, the council was well-governed, and performed well.**