

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Thursday, 20 December 2007 at 10.00 a.m.

PRESENT: Councillor TJ Wotherspoon – Chairman
 Councillor RT Summerfield – Vice-Chairman

Councillors:	NCF Bolitho NS Davies	EW Bullman SGM Kindersley
Officers:	Holly Adams Rob Bridge	Democratic Services Officer Corporate Manager, Finance and Support Services
	Greg Harlock Paul Swift	Chief Executive Policy and Performance Review Manager
External:	J Collings Chris Harris Nigel Smith	Grant Thornton Bentley Jennison Audit Commission

Councillors SM Edwards and Mrs VG Ford were in attendance, by invitation.

Apologies for absence were received from Councillor JA Hockney and from Paul Dossett of Grant Thornton.

31. DECLARATIONS OF INTEREST

Councillor TJ Wotherspoon declared a general personal interest in any discussions relating to grants, as the recipient of a Home Improvement grant.

32. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 26 September 2007 were confirmed as a correct record.

33. INTERNAL AUDIT QUARTERLY REPORT

The quarterly progress report from Bentley Jennison, the Council's internal auditors, was received. Since the previous meeting, a further nine final reports had been issued, five more were in draft form and five others were in progress. The audit programme was on target for completion within the financial year.

Chris Harris confirmed that the outstanding item with regards to the Contact Centre report had been a recommendation to have mystery shoppers conduct an independent review of the service for additional assurance; this would be re-visited following the current review of Contact Centre performance.

The Chairman confirmed that he had had discussions with the Chief Executive, lead officers and relevant portfolio holders to ensure that all auditable areas were being addressed, particularly those with a limited assurance level.

The quarterly progress report was **NOTED**.

34. EXTERNAL AUDIT REPORTS

34 (a) Use of Resources

Justin Collings, of external auditors Grant Thornton, explained that the Audit Commission made assessments slightly tougher each year and that the next assessment would be conducted in the summer of 2008. The report's findings showed that the Council had clear priorities and was strengthening the links between priorities and services to demonstrate value for money.

The Chief Executive confirmed that an evaluation of gains and losses would be included in the fixed assets register by the close of the 2007/08 accounts. He also noted that the Council would be able to demonstrate in the next Use of Resources report consistent maintenance of its spending within the overall budget, as over or underspends were closely monitored in a controlled manner through regular reporting, and could not be considered "unexpected".

In response to comments made by the Committee, the Use of Resources report would be re-issued, including:

- explicit reference that the report referred to the 2006/07 Council year before the results of the Corporate Governance Inspection and the Improvement Plan had time to take effect; and
- that, although the growth agenda was a major priority, it was impossible to link investment in new developments with improved services for residents, since most of the growth areas had yet to be built or settled.

Grant Thornton would also speak to the Executive Director and provide greater detail about areas of concern regarding community housing.

The Corporate Governance Committee and Cabinet would have joint risk management training sessions in early 2008.

The Use of Resources report was **NOTED**.

34 (b) Data Quality

The Data Quality report would become more directly integrated in the Use of Resources report from 2008/09 onwards. As with the current Use of Resources report, the information refers to the assessments done during the 2006/07 financial year, and the assessments would become more difficult each successive year. Justin Collings commended the good work being done by the Council, and the Policy and Performance Review Manager confirmed that actions were in place to formalise the performance indicators into service plans and would be the subject of a follow-up report in six months.

The Data Quality report was **NOTED**.

34 (c) Matters of Topical Interest

Grant Thornton:

- Move to Comprehensive Area Assessments (CAA) – Grant Thornton was hosting a workshop on 29 February in London outlining the new process;
- Move to International Financial Reporting Standards (IFRS) and the implications for District Councils – Council officers had been invited to a course on this subject in early January;
- Appointments process for selection of auditors – a report would come to the next Corporate Governance Committee meeting.

Audit Commission:

- Moving towards the delivery of CAA: it was likely that the new regime would be in place at least eighteen months before the first assessments were carried out, to give authorities time to prepare;
- The follow-up Corporate Governance Inspection would take place in January 2008, focussing primarily on areas previously identified as underperforming. The report was expected in late March or early April 2008, and would avoid the pre-election "purdah" period;
- The annual management letter would not be ready before the Direction of Travel statements had been prepared, expected by the end of March 2008, although the letter would comment on the previous calendar year. Members of the Committee felt that the authority would suffer from the delay and asked the Chairman to write to the Audit Commission to express disappointment at having to wait three months into the next year for receipt of the annual letter.

35. LOCAL CODE OF GOVERNANCE

The Committee, at its June 2007 meeting, had identified the need to have a local code of governance in accordance with the Delivering Good Governance in Local Government Framework issued jointly by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers. The Chairman explained that the principles and requirements in the proposed code had been taken verbatim from the Framework document and adoption of the Local Code would be included in the Annual Governance Statement.

The Corporate Governance Committee **RECOMMENDED TO COUNCIL** adoption of the Local Code of Governance as set out in Appendix A to the report.

36. REVIEW OF FINANCIAL REGULATIONS

The Committee considered revisions to the Financial Regulations, which had not been updated since 2005 and needed to reflect organisational changes at the Council. The Corporate Governance Committee delegated authority to the Chairman and the Chief Executive to finalise the wording of section 6, Operation of Bank Accounts, to include references to BACS transfers.

The Corporate Governance Committee **RECOMMENDED TO COUNCIL** adoption of the revised Financial Regulations, as set out at Appendix A to the report, subject to the following amendments and minor typographical corrections:

- (a) references to "Chief Accountant" to read "Head of Accountancy";
- (b) the penultimate sentence of paragraph 3.6 read: "No body of the Council nor any officer will commit items of expenditure not provided in their estimates unless, in cases of extreme importance and after opportunities for virement have been exhausted, specifically approved by the Executive up to level 3 and within approved policy or specifically approved by Council if outside approved policy and / or above level 3"; and
- (c) amendments to section 6, Operation of Bank Accounts, to include specific reference to BACS transfers.

37. REVIEW OF CONTRACT STANDING ORDERS

Apologies were received from the Principal Solicitor, who had been unable to complete the review before the meeting. The Corporate Governance Committee **DEFERRED** consideration of the review of Contract Standing Orders to its next meeting.

38. THE NEW INSPECTION REGIME: COMPREHENSIVE AREA ASSESSMENT (CAA) AND USE OF RESOURCES

The Policy and Performance Review Manager presented a summary of the new inspection regime, which outlined the new arrangements and most significant changes from the Comprehensive Performance Assessment (CPA) programme, particularly the greater emphasis on partnership working. Nigel Smith from the Audit Commission explained that Comprehensive Area Assessments (CAA) would recognise the need to report outcomes across a geographic area rather than focus on inputs made by individual authorities, and would aim to produce a Quality of Life judgement for an area, in this case Cambridgeshire and Peterborough. It was the Audit Commission's hope that these judgements would be viewed as highly as, for example, OFSTED reports, by people considering moving to the area.

The Audit Commission warned that CAAs could cause a loss of accountability for individual authorities, and therefore would be balanced by a continuation of the Use of Resources assessment to maintain individual focus on the work going on behind the scenes to support the Quality of Life judgement. Assessment would be conducted through on-going work all year, rather than through a targeted inspection.

The Committee questioned the benefit to District Councils of CAAs and whether District Councils would suffer if the overall score were poor even though the Use of Resources showed that the District Council had achieved its objectives successfully. The Audit Commission was unable to provide assurance that low performing areas would benefit from increased government funding, as the judgement could reflect inadequate use of available funds rather than a need for more funds, details which would be included in the Use of Resources report. It was confirmed that Direction of Travel judgements would note the position from which an authority began at the start of each assessment period.

The Corporate Governance Committee indicated its preference towards Direction of Travel judgements of "improving strongly", "improving well", "improving adequately" or "not improving or not improving adequately", and delegated authority to the Chairman and Vice-Chairman to work with the Policy and Performance Review Manager to prepare a response to the consultation papers.

The Corporate Governance Committee **NOTED** the proposals for the CAA, including the Use of Resources judgement.

39. STRATEGIC RISK REGISTER QUARTERLY REPORT (TO DECEMBER 2007)

The Chief Executive introduced the Strategic Risk Register quarterly report, which now included the Direction of Travel and timelines, as requested by the Corporate Governance Committee. A new addition to the risk register was "first point of contact services".

In light of recent government announcements about flooding, it was confirmed that business continuity arrangements were in place for the Council, but wider community issues fell under the remit of the emergency planning authorities. The Chief Executive represented the authority on the Cambridgeshire and Peterborough Resilience Forum, which was the multi-agency group responsible for emergency preparedness and planning within the county.

The Resources Portfolio Holder and Chief Executive would be discussing the Medium Term Financial Strategy (MTFS) in detail on 21 December 2007 following the recent local authority finance settlement announcement. The Chief Executive was seeking a meeting

with a senior civil servant to emphasise the Council's unique circumstances. The Corporate Governance Committee was satisfied that the risks identified with regards to the MTFS were being dealt with appropriately.

The Corporate Governance Committee **APPROVED**

- (a) the strategic risk register, the matrix and the action plans; and
- (b) actions being taken to achieve risk management targets.

40. PARTNERSHIP WORKING RISK MANAGEMENT

Partnership risk management was being managed actively by Senior Management Team, and Executive Management Team was completing the process of identifying the Council's partnerships and their significance. The Corporate Governance Committee would receive an update at a future meeting.

The Corporate Governance Committee **NOTED** the report.

41. PROVISION OF EMERGENCY PLANNING AND RESPONSE SERVICES WITHIN CAMBRIDGESHIRE

The Corporate Governance Committee, which previously had requested details of the emergency planning arrangements within Cambridgeshire, confirmed that it was satisfied with the arrangements as described in the report and appendix.

The Corporate Governance Committee **NOTED** the report.

42. CONTINUATION OF INTERNAL AUDIT PRESENTATION

Chris Harris completed the internal audit presentation, highlighting the functions expected of a Corporate Governance Committee. He undertook to do a presentation on ethical governance at a later date and agreed to send copies of the CIPFA Toolkit for Local Authority Audit Committees to the Chief Executive.

43. DATE OF NEXT MEETING

The next meeting would be in late March 2008, the exact date to be circulated.

The Meeting ended at 12.25 p.m.
