

Were we well-governed?

and

Did we perform well?

in 2012/13

SCDC's annual assessment of its
governance and performance
during the civic year
to 31 March 2013

South Cambridgeshire District Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

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 inputs:

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

so that, as outputs, we deliver:

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

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 2007 jointly published a “Framework for Delivering Good Governance in Local Government”, updated by an Addendum in December 2012. This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and sets out six core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of Members and Officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability.

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 we do a self-assessment of 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.**

Governance matters because we all believe that **good governance produces good results**. Since it is sometimes difficult to measure governance, it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This report therefore also focusses on how far we achieved the objectives we set ourselves, in terms of positive outcomes for our communities.

Some people will, rightly, question whether it is right that we report on ourselves: sure that gives rise to a conflict of interest? In response, we would say that (a) we are required to do so; (b) we have tried

to be as objective as possible in summarising our performance against our corporate objectives; (c) feedback from residents has in many cases contributed to our assessment of how far we have delivered; (d) 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 (e) this report is only part of the overall process, as we have internal audit (from RSM Tenon) and external audit (from Ernst & Young) as well.

This report (a) was written under the authority of the council's Corporate Governance Committee, and approved by it on [insert date] 2013 through its delegated authority; (b) will be submitted to a Full Council meeting on [insert date] 2013; and (c) will be signed by the Leader (an elected Councillor) and Chief Executive (an Officer) when it is published with the final accounts by 30th September 2013. It will be submitted to our external auditors along with our annual accounts in July 2013; the auditors will decide whether the information we've submitted meets their expectations when they give their annual opinion in September 2013.

GOVERNANCE STRUCTURES

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**, a **Management Team**, **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**

The Council met seven times. Of the 57 Councillors, the numbers attending were 51, 44, 48, 50, 45, 44 and 46 on those seven occasions. Meetings of Council were held in open forum and considered reports from other committees.

- **Management Team**

The management team structure (i.e. paid Officers, as opposed to elected Councillors) is available to view here [\[insert link\]](#) or at **Appendix #**.

The **Chief Executive** (Jean Hunter) is the Head of the Paid Service, and is ultimately responsible for the welfare of the Council's employees.

The **Management Team** meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment.

The Council has appointed a **Chief Financial Officer** (Alex Colyer) who is responsible for looking after the financial affairs of the Council. By doing this, 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).

The Council has appointed a **Monitoring Officer** (Fiona McMillan), who 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 conduct and behaviour of Members. Nineteen standards complaints were received and dealt with during the year, mostly relating to multiple complaints arising out of a small number of parish councils..

- **Cabinet**

The Cabinet is the Council's principal decision-making body, 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.

- **Corporate Governance Committee**

This Committee met three times during the year. Its main purposes are:

- reviewing and advising on governance arrangements including risk management and internal controls
- approving the Statement of Accounts each year, agreeing the Annual Governance Statement and confirming the annual Audit Risk Index and Strategic Audit Plan
- commissioning “value for money” or special studies as appropriate, and considering the Performance Indicators and Local Authority Profile as published by the Audit Commission
- recommending to the Council action in respect any issues of major concern arising from audit reports and/or management letters
- monitoring overall efficiency and effectiveness of internal and external audit
- monitor 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**

This Committee met three times during the year. Its main purposes are:

- to review 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
- ethical standards (as set out in Article 9.03 of the Council’s constitution)

- **Employment Committee**

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**

The Scrutiny and Overview Committee consists of 13 non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council). It monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement. During the year, the Committee met seven times and:

- considered the draft Health and Wellbeing Strategy, ahead of the Council submitting a formal response to the Health and Wellbeing Board on the content of the Strategy
- following a substantial public consultation process, the Committee considered and provided comments on a range of options open to the Council in respect of the Localised Council Tax Support Scheme (introduced as part of the Government’s Welfare Reform proposals), to reduce Council Tax exemptions and discounts on certain types of empty and second homes
- undertook pre-decision scrutiny on the Medium Term Financial Strategy and the Corporate Plan, prior to consideration of both issues by Cabinet and Full Council. Formal recommendations were made and incorporated.
- considered performance issues quarterly, including in-depth questioning of the under-performing Mechanical Biological Treatment plant for diversion of waste from landfill

- considered updates on the implications of the changes to the NHS and Public Health in Cambridgeshire, including the establishment of Clinical Commissioning Groups (CCGs)

This committee produces its own report of its activities, which can be found by clicking this link [Scrutiny Annual Report 2012-13](#)

The Council also has other committees, eg planning, licensing etc, but these are not concerned directly with governance arrangements so are not listed here.

- **Policies**

The following table lists the Council’s main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

<i>Title</i>	<i>Contact Officer</i>	<i>Last updated</i>
The Council’s Constitution (including Procurement Strategy, Financial and Contract Regulations, Code of Conduct)	Fiona McMillan	April 2013
People and Organisation Development Strategy	Susan Gardner Craig	November 2011
Risk Management Strategy	John Garnham	June 2012
Anti-Fraud and Corruption Policy	John Garnham	November 2009
Whistleblowing Policy	John Garnham	October 2009
Corporate Plan 2013-2018	Richard May	February 2013
Service Plans 2013-14	Richard May	March 2013
Statement of Accounts	John Garnham	June 2012

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right Vision, Aims, Approaches and Actions.

In February 2012, the Council agreed the following **Vision** for itself and for the District, and in [#month] 2013 added the words in square brackets:

“South Cambridgeshire will continue to be the best place to live and 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.

“The Council will be recognised as consistently innovative and a high performer with a track record of delivering value for money by focussing on the priorities, needs and aspirations of our residents, parishes and businesses.”

Each year we agree a rolling five-year **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of “Aims, Approaches and Actions”, because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2012/13 Corporate Plan had three strategic **aims**:

- A. We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money
- B. We will work with partners to create and sustain opportunities for employment, enterprise, education and world-leading innovation
- C. We will make sure that South Cambridgeshire continues to offer an outstanding and sustainable quality of life for our residents

For each of these three aims, we set out:

- a number of **approaches** (i.e. how we will go about achieving those aims); and
- specific **actions** (i.e. A1-12, B1-8 and C1-13), as shown in Appendix 1.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly”. This section reviews how we operated and delivered.

Regular reporting

We publish, annually:

- **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 an even more straightforward version of the statutory accounts

With respect to the Corporate Plan mentioned above, we also publish:

- **Corporate Plan**
- **Corporate Health Dashboard:** quarterly report on progress against the targets in the Corporate Plan
- **Council actions and performance summaries:** published after 6 months, 9 months and at the year-end

Auditing and monitoring

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

- **Internal audit:** although this is called ‘internal’ audit, we use an external firm to help us. We hired RSM Tenon to do #X amount of hours work and they carried out audits on [number] of specific areas that we asked us to investigate. For each area, we ask them to check our policies and procedures; report on a ‘traffic light’ system (red, amber, green) as to how they think each area is doing; and to make recommendations for changes to our procedures. We then accept or reject each of their recommendations. Appendix 2 includes all the areas they investigated; how many hours they spent doing so; what ‘traffic light’ they gave; how many [major/minor] recommendations they made; and how many of these we accepted. In addition, their annual report can be found at [link to annual report of IA or Appendix #].
- **External audit:** The Audit Commission is the external auditor of the Council. It performs work on the accounts and other documents and processes; checks that we are delivering good value for money; and provides an audit opinion at the end of that work. In 2011-12 it gave the Council an ‘unqualified’ audit opinion, which means that it was satisfied that we had followed the right accounting processes, delivered value for money and that the numbers were an accurate view of the Council’s finances. The opinion for 2012-13 was #insert annual opinion here when available. The full report is available here [# insert link]
- **Other external assurance sources:** Sometimes we are reviewed by external bodies that look at certain services such as Customer Service Excellence, Investors in People or Health

and Safety. Any actions or recommendations they might make would be included here. **We did not have any inspections** in 2012-13. **# or insert any external opinions [e.g. IIP, ETC]**

- **Major Opposition Leader's annual report:** Another 'critical friend' of the Council is the Leader of the largest opposition political party. For SCDC in 2012/13, when the majority of Councillors were Conservative (33 out of 57), the Major Opposition Leader was Cllr Sebastian Kindersley, leading 16 Liberal Democrats. His report is available at <http://scams.moderngov.co.uk/documents/b50001959/Major%20Opposition%20Group%20Leaders%20Annual%20Written%20Statement%20Thursday%2023-May-2013%2014.00%20Council.pdf?T=9>.

Analysis performed for this Governance statement

In drawing up this governance statement, we have reviewed the 33 actions in the Corporate Plan from a governance and performance basis. This is set out in the table in Appendix 1. For each action, the table:

- lists the action
- comments 'how did we do?'
- comments 'what's still left to do?'
- shows how that action relates to CIPFA/SOLACE's six core principles of good governance listed on page 2.

We believe that a study of the table in Appendix 1 shows that our results and performance was good, when measured against the visions, aims, approaches and actions that we set ourselves, and (on the basis of the 'work backwards' approach discussed above) we take that as a sign that our governance was also good.

IMPROVEMENTS

Last year (2011/12), we identified four areas for improvement. The table below lists them, and comments how we did in addressing them in 2012/13.

2011/12 recommendation	2012-2013 action taken
The Whistle-blowing Policy to be reviewed	# LINK The Policy was a standing item on every Standards Committee agenda and was last considered on 20 June 2012. This will continue to be kept under regular review by the newly constituted Civic Affairs Committee.
Update the Council's Scheme of Delegation when the restructuring is complete. Change job descriptions where responsibilities have changed following management restructure.	click here
Respond promptly to guidance on Localism Act and self-regulation over local standards of Member behaviour, code of conduct, and other governance arrangements.	Civic Affairs Committee established – several committees merged and/or abolished. All actions completed.
Adopt Sustainable Communities Strategy for 2011-14	No longer applicable – Sustainable Communities Strategy has been replaced by a proactive approach to partnership working, based on outcomes.

This year (2012/13), during our own review of our arrangements, and by the work of the internal and external auditors:

- no 'governance issues which we regarded as 'significant' were identified
- the following issues, not classed as 'significant', were identified as meriting attention to further strengthen effective corporate governance:

2012/13 recommendations	Action planned for 2013-14
Range of attendance at the seven Council meetings where all Members should attend was 77%-89%, with an average of 82% over the year. Members to be reminded that every effort should be made to attend all meetings of Council.	
[insert]	

It is clearly important that these issues are addressed. The statement below is an undertaking by the Leader and Chief Executive to do so, as required by regulations:

We, the Leader and Chief Executive, undertake over the coming year to take steps to address the above matters set out in the table headed "2012/13 recommendations" above, to enhance further our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Signed

Date:

Date:

Leader

Chief Executive

CONCLUSION

The Council's 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.

The Council may not have been perfect in all respects, and 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 2012/13, the council was well-governed, and performed well.**