

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Tuesday, 9 February 2010 at 10.00 a.m.

PRESENT:	Councillor Peter Topping – Chairman Councillor Nigel Bolitho – Vice-Chairman	
Councillors:	John Batchelor Douglas de Lacey Richard Summerfield	Francis Burkitt David McCraith
Officers:	Adrian Burns Alex Colyer Greg Harlock Paul Howes Fiona McMillan Steve Rayment Ian Senior	Head of Accountancy Executive Director, Corporate Services Chief Executive Corporate Manager, Community and Customer Services Acting Legal & Democratic Services Manager and Deputy Monitoring Officer Head of ICT Democratic Services Officer
External:	Neil Gibson Chris Harris Suzanne Lane MacAskill	Audit Commission RSM Tenon RSM Tenon Audit Commission

Apologies for absence were received from Councillor Simon Edwards (Finance and Staffing Portfolio Holder) and Councillor Janice Guest.

26. DECLARATIONS OF INTEREST

Councillor Nigel Bolitho declared a personal interest as the tenant of an industrial unit at Unit 3, to the rear of 176 High Street, Cottenham.

27. MINUTES OF PREVIOUS MEETING

The Corporate Governance Committee authorised the Chairman to sign, as a correct record, the Minutes of the meeting held on 23 October 2009, subject to a correction being made in Minute 19 (External Audit Reports – Annual Governance Report) to record, under 'Financial Statements', that Neil Gibson was representing the District Audit Service but was not the District Auditor.

28. INTERNAL AUDIT PROGRESS REPORT

Chris Harris (RSM Tenon and formerly of RSM Bentley Jennison) presented the Internal Audit Progress Report, dated February 2010. The overview was the financial systems at South Cambridgeshire District Council were essentially sound.

Members briefly discussed a number of issues arising from the report, including Value for Money concerns and review of the ICT service.

29. EXTERNAL AUDIT: ANNUAL AUDIT LETTER AND REVISED ANNUAL GOVERNANCE REPORT 2008/09

Neil Gibson presented the Annual Audit Letter for 2008-09, published by the Audit Commission in December 2009, and the Annual Governance Report for 2008-09, revised and republished in November 2009.

Members discussed a number of issues arising from the Letter and Report, including

- Financial reporting standards
- The use of jargon and preference for plain English
- Value for Money
- The Audit Commission scoring system

30. STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2008/09

The Corporate Governance Committee received and noted the statement of Accounts and Annual Governance statement 2008-09.

31. CAMBRIDGESHIRE PENSION FUND ANNUAL REPORT 2008/09

The Corporate Governance Committee received and noted the Pension Fund Annual Report for 2008-09, published by Cambridgeshire County Council.

The Scheme was open to both councillors and staff, and a number of those present did in fact contribute to it.

Members noted with concern that the actuarially forecast deficit on the Pension Fund would, in all probability, require an employer's contribution rate of approximately 33% being introduced and maintained for a period of some 20 years, until the funding imbalance had been addressed. The Chief Executive commented that although as part of the pre-budget statement the Government had signalled its intention to cap employer's contribution rates at a predetermined level, further details of the proposal were not yet available.

Councillor Francis Burkitt questioned the extent of awareness of the Pension Scheme, and its implications, across South Cambridgeshire District Council as a whole. He suggested that there might be some merit in providing all 57 elected Members with a copy each of the Pension Fund Annual Report 2008-09 with a view to setting aside time at Full Council for a dedicated debate on the subject (that is, not as an aside to some other discussion).

Councillor Douglas de Lacey asked whether there was anything South Cambridgeshire District Council could do to enhance performance of the Funds. Greg Harlock (Chief Executive, said that the best this Council could do was to ensure effective stewardship in the management of its staffing arrangements.

Following further discussion, it was agreed that:

- Alex Colyer, Executive Director (Corporate Services) would invite the lead Cambridgeshire County Council officer for the Pensions Service to present the 2009/10 Pension Fund Annual Report to Members at a Corporate Governance Committee meeting in Autumn 2010.
- Invitations to attend the meeting in Autumn 2010 would also be extended to the Finance and Staffing Portfolio Holder at South Cambridgeshire District Council (currently Councillor Simon Edwards) or to the equivalent Portfolio Holder at that time, and to the councillor representing all district councils participating in the Fund.

32. COMPREHENSIVE AREA ASSESSMENT (CAA) ORGANISATIONAL ASSESSMENT

The Corporate Governance Committee considered a report setting out the findings of the Organisational Assessment for South Cambridgeshire District Council for 2008-09, which had been published by the Audit Commission on 9 December 2009. The report highlighted the Assessment's key findings and outlined measures both for responding to the current assessment and preparing for future ones.

Members noted that green flags indicated exceptional performance or innovation from which others could learn. Cambridgeshire had received a green flag in respect of its partnership in reducing waste. Members noted that red flags indicated significant concerns requiring action. Cambridgeshire had not been identified for any red flags.

Focusing on the statement that "...Crime levels are low [in Cambridgeshire] compared to other areas but burglary and car crime has increased", Councillor Francis Burkitt sought clarification as to the kind of influence South Cambridgeshire District Council could bring to bear. In reply, the Corporate Manager (Community and Customer Services) referred to the Council's role within the South Cambridgeshire Crime and Disorder Reduction Partnership.

Councillor Douglas de Lacey expressed concern at the observation that "There has been little impact on tackling climate change". Stewart MacAskill (AC) acknowledged that the Council had achieved a great deal in terms of policy development in this context, but said there was little evidence of any impact achieved by such policy so far.

Councillor John Batchelor challenged the Audit Commission to explain why it seemed to be expressing opinions about Council actions. In response, Stewart MacAskill (AC) said that the Audit Commission's only concern was to examine the adequacy of the Council's *processes*.

Councillor Burkitt highlighted the Organisational Assessment's statement that "...planning requests are worked out slowly. Council targets for planning applications were not met in 2008/09 and more successful appeals were made against planning decisions". The Democratic Services Officer undertook to prepare a short report for the Corporate Governance Committee's next meeting, setting out actual planning and appeals performance during 2008-09.

Members identified the following key messages and, in the absence of both the Leader of Council and Deputy Leader at this meeting, asked the Chief Executive to convey them to the Cabinet on 11 February 2010:

- An Audit Commission score of '2' (adequate) was satisfactory. There was no need to strive for a score of '4' and, while a few specific scores of '3' would be welcome, the Council should not set itself targets, the achievement of which would not represent best use of resources.
- More work was needed in identifying outcomes, not just processes.

33. STRATEGIC RISK REGISTER QUARTERLY REPORT

The Corporate Governance Committee considered a report on the interim review of the Council's risk management strategy and process.

Councillor Douglas de Lacey asked the Committee to consider what the risk and financial cost to the Council might be should it fail to address the issue of climate change. It was suggested that this risk was one to which the Climate Change Working Group might wish

to give some attention.

The Corporate Governance Committee

- (a) **approved** the reallocation of Member executive and governance roles regarding risk management between the Executive and Corporate Governance Committee, in line with paragraphs 7 to 10 of this report;
- (b) **approved** the adoption of a procedural framework following from the reallocation of roles, as suggested in paragraph 11 of this report;
- (c) **approved** the changes in recording, assessing, prioritising and reporting of risks, in line with paragraphs 12 to 16 of this report and Appendices A to D; and
- (d) **noted** that it is likely the Leader will assign the Executive responsibility to the Policy and Performance Portfolio Holder.

34. **MATTERS OF TOPICAL INTEREST**

Chris Harris (RSM Tenon) reported that, on 9 December 2009,, RSM Tenon had announced the intention to merge its operations with those of RSM Bentley Jennison. The merger was effective from 30 December 2009 and the vision was now to make RSM Tenon the leading financial and business advisers in its chosen markets. Mr Harris assured the Corporate Governance Committee that the Council would not in any sense be disadvantaged by the new business arrangement – the existing contract would be novated. Alex Colyer, Executive Director (Corporate Services), confirmed that there was no financial risk for the Council. The Chairman said that both RSM Tenon and RSM Bentley Jennison were companies of good standing and, as such, caused him no concern. Councillor Francis Burkitt hoped that the merger might result in greater efficiency during 2010-11.

Greg Harlock referred to the Audit Commission's intention to rotate its staff as part of its revolving structure of audit appointments. District Audit staff usually remain in place for five years in order that they, and local authorities, have the benefit of some consistency. Debbie Hanson had been responsible for South Cambridgeshire District Council for one year but the proposal was now to move her on. As a result of Greg Harlock expressing his disappointment at this move, the Audit Commission had agreed that Debbie Hanson would continue to fulfil the role of External Auditor to South Cambridgeshire District Council during 2010-11.

35. **DATE OF NEXT MEETING**

The next scheduled Corporate Governance Committee meeting would take place on Wednesday 31 March 2010, starting at 9.30am.

The Chairman requested that a Forward Plan be developed and linked in with a schedule of meetings for 2010-11.

The Meeting ended at 12.15 p.m.
