

Covering Note

This is a covering introduction for the **Annual Governance Statement 2022/2023 (AGS)**, recognising the revised timetable for concluding the accompanying Statement of Accountants.

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS. Arrangements for compiling the AGS were coordinated through the Internal Audit team, with input from key stakeholders and management.

The current status of this document is draft. It is unaudited and may be updated and amended.

The draft AGS has been published as required by relevant legislation: <http://www.legislation.gov.uk/ukxi/2015/234/regulation/15/made>. It has been prepared in accordance with regulation 6(1)(b). As a draft document the statement has not yet been approved in accordance with regulation 6(2)(b), and the final version will be approved by the Audit & Corporate Governance Committee in advance of the Statement of Accounts.

The AGS should reflect both events in the relevant financial year, plus significant governance matters up to when the Accounts are approved by Committee.

The final version of the 2020/2021 AGS is expected to be approved as part of the statement of Accounts in November 2023. Due to the additional time needed to approve the Statement of Accounts it is possible that further amendments may be required to this document following, consultation and review by the externally appointed auditors.

This document will continue to be developed during this period and updated on our website.

Despite the delay to the 2020/2021 Statement of Accounts being approved and the impact on this AGS being produced, it is still a good opportunity for the Council to reflect on what has happened in the financial year, through the Review of Effectiveness.

The final version of the AGS, will accompany the Statement of Accounts for approval by the Committee, as required by the Accounts and Audit Regulations 2015.

Annual Governance Statement 2022/2023



Introduction and purpose

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that it also provides value for money. It has to effectively manage its risks and put in place proper arrangements for the governance of its affairs.

Definition of Corporate Governance

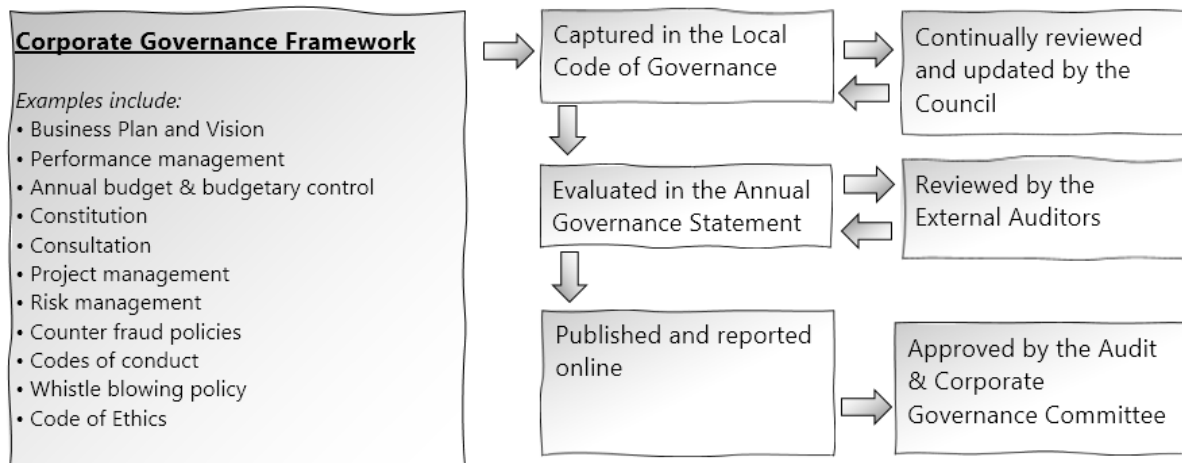
Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

Good governance in the public sector means: "*achieving the intended outcomes while acting in the public interest at all times*"

The Governance Framework

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

The Council has a robust process for reviewing and updating the governance framework.



The governance framework for the 2022/2023 financial year supports the Council aims and objectives, which are published on [our website](#)¹.



The Council produces a [Business Plan](#)² which sets out four Priority Areas, with specific and measurable actions, “Putting the heart into South Cambridgeshire by”:

- Growing local businesses and economies
- Housing that is truly affordable for everyone to live in
- Being green to our core
- A modern and caring Council

Performance against the [Business Plan](#), is published in the [Performance Page](#) of our website.

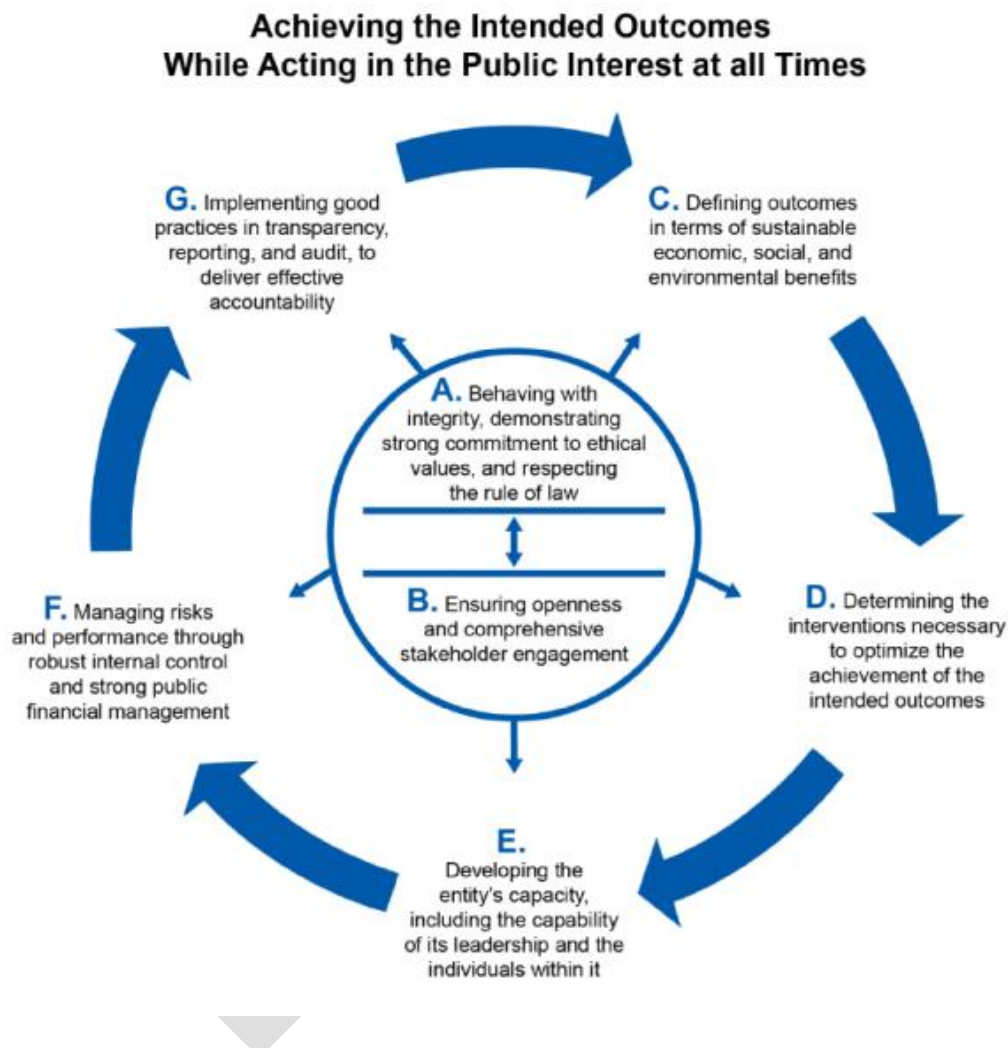
¹ <https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/>

² <https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/council-plans-and-reports/our-business-plan/>

Local Code of Governance

We are responsible for ensuring that there is a sound system of governance which incorporates the system of internal control.

This Governance Framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the statement of accounts. It is recorded in our [Local Code of Governance](#), which was reviewed by our Audit & Corporate Governance Committee in January 2023. Our code is underpinned by the 7 principles of good governance as set out in the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'. The principles are:



Role and responsibilities

All of the Council is responsible for developing and complying with its Local Code of Governance. There are a variety of governance structures, and some of the key roles include:

Governance structures	Roles and responsibilities
Council	Council agrees the budget and policy framework, such as the Corporate Plan, Medium Term Financial Strategy.
Cabinet	This is the Council's principal decision-making body charged with implementing the budget and policy framework agreed by Council.
Leadership Team	The management team structure includes a strategic Leadership Team and is supported by an operational Corporate Management Team. Both teams consider policy formulation and future planning.
Audit and Corporate Governance Committee	<p>The Audit and Corporate Governance Committee also plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done. It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability.</p> <p>The Committee exists to challenge the way things are being done, making sure the right processes are in place. It works closely with both Internal Audit and senior management to continually improve the governance, risk and control environment.</p>
Civic Affairs Committee	This committee reviews the Council's Constitution, including proposals for substantive changes for consideration by the Council. It also considers changes to electoral arrangements, setting ethical standards and monitoring the Councils Code of Conduct.
Scrutiny and Overview committee	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. The committee also has an overview function in which it considers matters that may affect South Cambridgeshire and decides whether the Council is appropriately responding to these issues. It works closely with external organisations to come up with solutions to these problems and provide recommendations that will improve Council services.

Purpose of the Annual Governance Statement

The Council conducts a review of its system of internal control, prepares and publishes an Annual Governance Statement (AGS) in each financial year.

This enables us to demonstrate whether, and to what extent, the Council complied with its Local Code of Governance.

The Local Code of Governance is updated regularly. This process records our good practice, and also helps us to plan further action which can improve our governance arrangements.

Statutory compliance

Producing the Annual Governance Statement helps the Council meet the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015. It is reviewed by the Audit & Corporate Governance Committee and approved in advance of the Statement of Accounts.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Other review and assurance mechanisms

Management activities contribute to the continuous review of the Local Code of Governance, and also inform the Annual Governance Statement. In addition, assurance can be provided from other sources, as detailed below:

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and the extent to which the Council can rely on it. This has been considered in the development of the Annual Governance Statement.

The audit opinion was regularly communicated to the [Audit & Corporate Governance Committee](#) throughout 2022/2023. The reports outlined the key findings of the internal audit work undertaken during the year, including any areas of significant weakness in the internal control environment.

The audit reviews undertaken did not identify any unmanaged risks that, if materialised, would have a major impact on the organisation as a whole. If the reviews identified the control environment was not strong enough, or not complied with sufficiently to prevent risks, Internal Audit issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and reported to Audit and Corporate Governance Committee.

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's

overall internal control environment during the financial year 2022/2023, and this remains at a similar level to the previous year.

Partnership Assurance

The Council has services which are delivered in partnership with other Councils. Where other Councils are the lead authority, they will provide assurance back to South Cambridgeshire District Council that controls are effective, and where there is opportunity for improvement. This includes Legal Services, plus Information and Communications Technology.

External Reviews

The Trade Waste function of the Shared Waste Services maintained their accreditation with the ISO9001 (Quality Management) and ISO14001 (Environmental Management) standards following external inspections.

The [Local Government and Social Care Ombudsman](#) resolve complaints in the public sector and provides annual statistic on performance. No public interest reports were published.

External Audit

Ernst & Young (now EY) are the appointed external auditor. Their results report (ISA260) for 2022/2023 will be presented to the Audit & Corporate Governance committee once the work is concluded.

EY have most recently issued an “unqualified” audit opinion on the financial statements which provided assurance for the Statement of Accounts. They issued an “except for qualified” value for money conclusion in respect of the Authority’s proper arrangements to make informed decisions as a result of having reliable and timely financial reporting. This was because of the consecutive years that the Authority has been unable to prepare and publish its accounts by the dates outlined in the Accounts and Audit Regulations.

This ongoing challenge is reflected in our Opportunities for Improvement.

Public Services Network

The Council completed the Cabinet Office compliance verification process for the Public Services Network Code of Connection (PSN), and a certificate was issued. This demonstrated that the information technology infrastructure was sufficiently secure to connect to the PSN.

The Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government to give a comprehensive picture of financial management in the Council.

Councils are required to be compliant with the code, and we must demonstrate that the requirements of the code are being satisfied. An Internal Audit review has provided assurance that we are compliant with the code.

Challenges to Local Authority Governance

Significant events have the potential to affect our governance, risk and control environment. Immediate impacts could include the Council's decision-making processes, risk management, and the overall capacity and capability of the Council. In the longer term it can also impact our strategic outcomes, financial and organisational resilience, stakeholder engagement and accountability.

Significant events

The financial year 2022/2023 was another year of change and turbulence for many people and organisations in the South Cambridgeshire District, in the face of a complex and intertwined set of circumstances. Following the upheaval and tragedy of the global pandemic across the previous two years, 2022/2023 saw war break out in mainland Europe, leading to hundreds of thousands of people fleeing the tragic situation there and exacerbating energy supply and price shocks. The Cost-of-Living crisis saw many of our residents deeply affected by the impact of inflation, high mortgage costs and other related issues.

In response we implemented mitigating measures through our business continuity framework, with continuous risk management, and proactively worked with our stakeholders, partners and customers. Our committee reports illustrate how it was an exceptional year and highlights how council services continued to adapt, seeking new ways of working – including with communities and partners - to deliver the services that are important.

The continued pressures illustrate how important 'good governance' has been to enable and sustain a whole system response. It has highlighted the systemic risks beyond the Council's control that can have a significant impact on achieving intended outcomes for the residents of South Cambridgeshire. This includes, for example, our ability to sustain partnerships, joined up delivery of services and multi-agency co-ordination mechanisms with police, fire, NHS, and other local authorities, where they are under significant strain, or under-resourced, or take a different approach to managing risk, accountability and transparency.

Transformation and new ways of working

The Council has significantly changed the way it works as a result of the Covid-19 pandemic, with an increase in the use of technology, more flexible working, and more home working, all while maintaining standards across frontline services for residents and businesses. We are however still faced with recruitment challenges across a range of services, and an increasingly challenging financial environment.

The need to continue to develop new ways of working that will protect services to residents and businesses, whilst maintaining a motivated and highly productive workforce has led to a proposal to trial a four-day week.

Our [four-day week trial](#) is helping to deliver changes to services that have not been possible in the past. This new model of working that we are trialling, creates a social contract between our officers and the Council with an aim of ensuring our services are maintained and improved where possible.

Cabinet approved a proposal to trial a four-day week at the Council, running from January to March 2023, and preceded by a planning period of three months. The proposal considered potential risks of innovating a new way of working, such as adverse publicity, short term disruption and dissatisfaction from those not involved in the trial.

In March 2023 Cabinet confirmed the arrangements for the next steps of the Four-Day Week Trial, to ensure clarity around the process of reviewing the first trial and considering the next steps.

In May 2023 Cabinet [approved an extension to the trial](#), up until March 2024, in order to assess the impact on recruitment and retention, with regular reports on progress being submitted to Employment & Staffing Committee during 2023/2024 and a final report to Cabinet and Council at the end of the extended trial period. Cabinet also approved a three-month trial for Facilities Management colleagues at South Cambs Hall.

The trial has attracted scrutiny, publicity and debate since its launch. In November 2023 the Department for Levelling Up, Housing and Communities issued a [Best Value Notice](#) to the Council. The department expects authorities to identify and implement arrangements to secure continuous improvement. The Notice is a request that we engage with them to provide assurance of improvement (and was not issued using any legislative powers). Consequently, we are providing them with information about the impact of the trial and productivity.

We have continued to keep our customers and stakeholders updated about the trial on the [Council website](#).

Impact on our governance arrangements

We have proactively taken action to meet these challenges. This has positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.

Review of effectiveness

The Council records policies and procedures, and ongoing good practice, in our [Local Code of Governance](#). These are mapped to the seven principles of good governance. We have a positive risk appetite, and the governance framework is designed to manage risk to an acceptable level. It provides a reasonable level of assurance, as it is not possible to eliminate all risks which may impact the achievement of its vision, policies, aims and objectives.



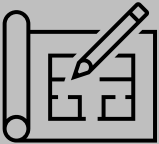
The effectiveness of the key elements of the governance framework is reviewed throughout the year. This activity is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, comments received from external auditors and other review agencies and inspectorates.


The [Performance Page](#) on the Council's website sets out details of how the examples below have contributed to the delivery of quality services and the Council's Corporate Plan objectives.


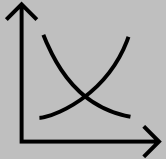
The Council is involved in partnership working and has group relationships with other entities. It is the sole owner of [Ermine Street Housing](#), a contributor and partner to the [Greater Cambridge Partnership](#). Additionally, the Council owns a leasing company [Shire Homes](#) which looks to house vulnerable adults and families into short term let accommodation. Activities of the groups are also reflected in our review of effectiveness where these have a significant impact on our governance arrangements.

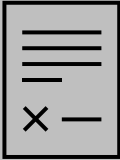
The 2021/2022 and 2022/2023 Statement of Accounts was not concluded by the statutory deadline, due to the delay in the previous 2020/2021 Statement of Accounts, and the Annual Governance Statement must be approved in advance of the Statement of Accounts. As good practice the Council is also reporting items up to the date that the Statement of Accounts is concluded. As they relate to the next financial year, they may also feature in the next AGS too.

Our review concludes that the Council has complied with its Code. Additional examples of good practice, emerging controls, and governance issues from the last twelve months, considered when completing the review are recorded below, and may be incorporated into the next revision of the Code where appropriate:

Principle	Review of effectiveness
<p>A Behave: integrity, ethical values, respect rule of law</p> 	<ul style="list-style-type: none"> • Our Greater Cambridge Shared Planning Service reviewed their planning enforcement activities. The review included combining the enforcement policies of both Cambridge City Council and South Cambridgeshire District Council into one united Compliance Policy, and this was adopted by Cabinet. • We completed a periodic review of our Whistleblowing Policy, and this was approved by the Audit and Corporate Governance Committee.
<p>B Openness & stakeholder engagement</p> 	<ul style="list-style-type: none"> • Cabinet noted the representations made to the Greater Cambridge Local Plan First Proposals (Preferred Options) consultation and agreed to adopt the updated Local Development Scheme for Greater Cambridge. • Cabinet agreed the consultation responses to the draft Cambridgeshire and Peterborough Local Transport & Connectivity Plan; the Anglian Water Drainage and Waste Water Management Plan 2022; and a joint response with Cambridge City Council on the Draft Regional Water Resources Plan.
<p>C Defining outcomes - economic, social, environmental</p> 	<ul style="list-style-type: none"> • Council approved the Business Plan Action Plan for 2023-24. The updated version of the Plan aimed to provide clear priorities that will ensure that the Council could easily monitor the progress and delivery of the agreed actions. • Cabinet endorsed the Biodiversity Net Gain proposal as an interim approach of guiding principles for siting biodiversity net gain for developments within South Cambridgeshire. • We have undertaken initiatives to revise savings and make environmental contributions, including greening of South Cambridgeshire Hall, provision of electric refuse vehicles and the constructing a solar panel array to power these vehicles at the Waterbeach depot. • Councillors debated various topics including updates on the OxCam Arc, Public Transport, Sustainable Travel Charging, Chalkstreams and pollution. • Council agreed to approve additional funding for the Northstowe Phase 1 community buildings of £1.53m for the Sports Pavilion and £6.5m for the Community Building funded from Capital Receipts

Principle	Review of effectiveness
<p data-bbox="163 220 560 284">D Determine interventions to achieve outcomes</p> 	<ul style="list-style-type: none"> <li data-bbox="651 225 2063 391">• We developed a team to support Ukrainian guests and their hosts, and established an online welcome pack for new arrivals. The Council kept hosts and guests in South Cambridgeshire connected with regular bulletin updates, alongside a dedicated web-page, and dedicated Facebook pages for Hosts, guests and young people. After one year of the invasion of Ukraine the Council had welcomed approximately 800 refugees, which was the largest number for any district in the country. <li data-bbox="651 411 2063 746">• The Council agreed a motion to declare a Cost-of-Living Emergency in September 2022. We have been supporting residents by giving advice in our quarterly publication, South Cambs Magazine, highlighting support provided by Cambridgeshire County Council and the Cambridgeshire Home improvement Agency. We also provided a Cost of Living Support page on our website to help local people find immediate support with food poverty, housing, debt, energy bills, transport, unemployment and health and wellbeing, whilst also signposting to grants and loans to help improve the energy efficiency of their homes. We partnered with Cambridgeshire ACRE in the provision of warm hubs in the District. Cabinet reviewed packages of support for residents throughout the winter and approved the priorities and allocated funding during the cost-of-living crisis. In March 2023 Cabinet approved revised priorities, and further £206,000 funding, to support local communities during the ongoing cost-of-living-crisis. <li data-bbox="651 767 2063 863">• Council approved updates to the New Build Council Housing Strategy 2020-25, including Setting the target annual completions for 2023-24 and 2024-25 at 75 homes per year; and increasing the modelling period for payback from 35 to 45 years. <li data-bbox="651 884 2063 1018">• The Council agreed to procure a modular building for the interim community facility on Council owned land in Northstowe, and approved an annual revenue budget for budget years 2023-2026 to cover the net costs of running the interim facility. We promoted the modular installation with an online video and the community centre opened in July 2023. <li data-bbox="651 1038 2063 1102">• Cabinet approved the Minimum Energy Efficiency Standards Policy which are used for enforcement of standards in private sector housing.

Principle	Review of effectiveness
<p>E Develop capacity and capability of entity</p> 	<ul style="list-style-type: none"> • Cabinet supported initiatives to help our recruitment and retention, and demonstrate we are a modern and caring council. Cabinet approved the introduction of the Hybrid Working Policy, which will allow us to continue to meet our residents needs while also accommodating the needs and wellbeing of our employees, and the increased flexibility that the modern workforce expects. Cabinet also approved a proposal to trial a four-day week at the Council. Regular updates were reported to our Employment and Staffing Committee, such as Retention and Turnover reports and our Pay Policy Statement. • Council agreed to amend the Constitution to allow for the appointment of Political Assistants • Council approved to appoint a new Monitoring Officer from May 2023. • Council endorsed South Cambridgeshire District Council Cabinet’s intention to confirm its membership of the Oxford to Cambridge Partnership as it becomes formally recognised and funded by Government as a Pan-Regional Partnership (PRP) and the appointment of the Leader as the Council’s representative on the PRP. • Council approved a reallocation of seats on committees following a change of political group membership (as a result of all-out elections in May 2022). • Members of the Audit & Corporate Governance Committee discussed governance developments, noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) would be issuing revised guidance on effective committees, and it was expected that independent members would become mandatory. Members attended training sessions, such as Treasury Management.
<p>F Manage risk & performance, internal control, finance</p> 	<ul style="list-style-type: none"> • The Audit and Corporate Governance Committee received and noted a report providing an update about changes to managing risk data and reporting, the recent review of corporate risks, and a summary of current strategic risks. • The Council had recently received Domestic Abuse Housing Alliance (DAHA) accreditation, which demonstrated the authority’s commitment to safeguarding.

Principle	Review of effectiveness
<p data-bbox="163 220 566 284">G Transparency, reporting, audit, accountability</p> 	<ul style="list-style-type: none"> <li data-bbox="651 225 2063 320">• The Audit & Corporate Governance Committee received updates on the Statement of Accounts progress. The 2018/19 final accounts had been completed on 29 March 2022 and an unqualified opinion on the accounts have been issued by the auditors. <li data-bbox="651 344 2063 440">• In December 2022 the Audit and Corporate Governance Committee received and noted a report providing an update about 2018-19 audit fees, the 2019-20 final accounts audit, and preparation for the 2020-21 final accounts audit. <li data-bbox="651 464 2063 632">• In January 2023 EY presented a report, which summarised their audit of the Council’s accounts for 2019/20. They explained the audit was substantially complete, subject to a small number of errors that needed to be adjusted. They thanked officers for their assistance during the work of the audit and stated that there had been a marked improvement in the Council’s processes for liaising with auditors and responding to queries. <li data-bbox="651 655 2063 679">• In January 2023 the Audit & Corporate Governance Committee reviewed the draft accounts for 2020/2021. <li data-bbox="651 703 2063 759">• In February 2023 the Audit & Corporate Governance Committee approved the audited Statement of Accounts for 2019/2020 <li data-bbox="651 783 2063 951">• The Annual Governance Statement 2019/2020 was approved in advance of the Statement of Accounts, as required by legislation. The Audit & Corporate Governance Committee reviewed this and noted that further changes may be made up to the date that the Accounts are approved, and that contents and actions may span across statements in the following years as a result. The Local Code of Governance was also reviewed. <li data-bbox="651 975 2063 1070">• In January 2023 the Audit & Corporate Governance Committee approved the Annual Governance Statement for 2020/2021. Working papers are prepared for the following years statements, and they will be published with the draft Statement of Accounts.

Conclusion and opinion

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders.

No significant governance issues were identified from our review of effectiveness. Where we have identified opportunities for improvement, these are included in the Annual Governance Statement. We are satisfied that any planned actions will improve our governance arrangements, identified from our review of effectiveness. We will monitor their implementation and operation throughout the year and report their progress as part of our next review.

DRAFT