



**South  
Cambridgeshire  
District Council**

# **How did we do in 2013/14?**

**Were we well-governed?  
Did we perform well?**

**SCDC's annual assessment of its  
governance and performance  
during the year  
to 31 March 2014**

**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 **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**.

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 (updated in 2012), jointly published a “Framework for Delivering Good Governance in Local Government”.

This guidance ~~is recognised as the proper practices referred to in the Accounts & Audit Regulations 2011 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.**

We need to demonstrate that we meet the requirements of the Accounts and Audit (England) Regulations 2011 in relation to 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.

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 focuses 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: 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;
- feedback from residents has in many cases contributed 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 Corporate Governance Committee, who will be asked to approve it formally on 26<sup>th</sup> September 2014. Subject to this approval, it will be signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts on 30<sup>th</sup> September 2014. It will also be submitted to our external auditors along with our annual accounts in July 2014; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2014.

## 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**, 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**

The Council met eight times. Of the 57 Councillors, the numbers attending were 46, 48, 49, 47, 48, 50, 46, 55 respectively. All meetings of Council were held in open forum and considered reports and recommendations from other committees.

- **Cabinet**

The Cabinet, or Executive, 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. Cabinet met seven times during the year – details of agendas and minutes can be found at <http://scams.moderngov.co.uk/mgCommitteeDetails.aspx?ID=293>

- **Executive Management Team and structure**

The management team structure (i.e. employees, who we call 'Officers', as opposed to elected Councillors) is available to view here <http://www.scams.gov.uk/content/about-council>

EMT meets fortnightly throughout the year, reviewing and approving reports before they are sent on for consideration by Councillors. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. EMT comprises:

- the **Chief Executive** (Jean Hunter) is the Head of the Paid Service, and is the person who is ultimately responsible for the welfare of the Council's employees.
- the **Chief Financial Officer** (Alex Colyer) is responsible for looking after the financial affairs of the Council. and is the designated Chief Finance Officer responsible 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).

- the **Monitoring Officer** (Fiona McMillan) 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; complaints were received about 15 district and parish councillors during the year.
- The Directors of Affordable Homes (Stephen Hills), Health and Environmental Services (Mike Hill) and Planning and New Communities (Jo Mills), are responsible for direct service delivery
- The Head of Finance, Policy and Performance (John Garnham), Deputy Chief Financial Officer
- The Head of Human Resources (Susan Gardner Craig) is responsible for organisational development and the council's policies and procedures relating to its staff
- The Council's three statutory officers have the skills, knowledge, experience and resources to perform effectively in their roles and their roles are properly understood within the authority.

- **Corporate Governance Committee**

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

- reviewing and advising on the effectiveness of governance arrangements including risk management and internal controls
- approving the Statement of Accounts each year, 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'), [and considering the Performance Indicators and Local Authority Profile as published by the Audit Commission]
- 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**

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

- 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)

- **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 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.

During the year, the Committee met six times and:

- received ongoing updates from the South Cambridgeshire Youth Council;
- scrutinised the annual report of Mears Group PLC, as the company responsible for the Council's social housing maintenance and repairs;
- scrutinised the Medium Term Financial Strategy and the Corporate Plan, before they were considered by Cabinet and Council;
- scrutinised the Communications Strategy;
- considered the implications of the introduction of the Community Infrastructure Levy;
- considered proposals for the use of the Council's redundant ICT equipment, following an informal Member working group;
- considered performance and risk management issues quarterly;
- considered issues relating to shared equity schemes and the Council's Empty Homes Strategy;
- scrutinised proposals for a review of the Council's Conservation Service;
- considered the Council's Enforcement and Inspection Review;
- considered the annual report for the Council's in-house Customer Contact Centre;
- considered the annual report for the Council's newly developed Website;

An annual report of the Council's scrutiny and overview function, consisting of the work of the Partnerships Review Committee and the Scrutiny and Overview Committee, will be presented to the Council's Annual General Meeting on 5 June 2014.

#### • **Partnerships Review Committee**

The Partnerships Review Committee was introduced to the Council's committee structure at the Annual General Meeting in May 2013. The Committee's remit is mainly 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.

Its membership consists of 9 non-executive members and it met five times during the year, when it:

- considered the role and function of Local Neighbourhood Policing Panels in its role as the Council's Crime and Disorder Committee and held a question and answer session with senior representatives of Cambridgeshire Police;
- considered the district-wide implications of changes to public health and wellbeing provision in Cambridgeshire;
- considered the Council's approach to equalities partnership working;
- held a question and answer session with the Member of Parliament for Cambridgeshire South;
- considered proposals for a Greater Cambridgeshire City Deal;
- considered aspects of partnership working across the district relating to youth issues and services for children and young people;
- received updates from Members of the Council appointed to outside bodies.

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**

The following table 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 in the right and consistent way. All these policies have been approved by your elected Councillors where required and all are available for inspection at the Council's reception 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 Full 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 will mean the delivery of investigating fraud will change by the creation of the Single Fraud Investigations Service within DWP. Internal Audit recommended to Corporate Governance Committee in March 2014 that an annual report is produced on fraud and irregularities and the steps taken to mitigate and reduce. This will also include review of the appropriate policies to ensure that they remain relevant and raise the awareness and appreciation amongst officers and members.

The Council is committed to the ongoing development of its staff and members. The People and Organisation Development Strategy is under review and was considered by Scrutiny Committee on 4<sup>th</sup> September 2014. On 18 June 2013 the Council was reaccredited for the East of England Charter for Elected Member Development due to continually meeting the standards set out in the Charter and a revised Member Development Strategy is to be considered by Full Council in September 2014.

<i>Title</i>	<i>Contact Officer</i>	<i>Last updated</i>
<a href="#">The Council's Constitution (including Procurement Strategy, Financial and Contract Regulations, Code of Conduct)</a>	Fiona McMillan	April 2013
<a href="#">People and Organisation Development Strategy</a>	Susan Gardner Craig	November 2011 (currently under review)
<a href="#">Risk Management Strategy</a>	John Garnham	March 2014
<a href="#">Anti-Fraud and Corruption Policy</a>	John Garnham	September 2013
<a href="#">Whistleblowing Policy</a>	John Garnham/Fiona McMillan	September 2013
<a href="#">Corporate Plan</a>	Richard May	February 2014
<a href="#">Service Plans</a>	Richard May	March 2014
<a href="#">Statement of Accounts</a>	Sally Smart	June 2013
<a href="#">Member Development Strategy 2014-17 ( link to be added after Council on 25 September 2014)</a>	<a href="#">Graham Watts</a>	<a href="#">September 2014</a>

## VISION, AIMS, AND OBJECTIVES

In the introduction to this document, the second thing we said we needed was the right plan of action. During 2013-2014, 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.

"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 2013/14 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 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
- 30 specific **actions** (10 under each Aim), performance against which is summarised 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 (<http://www.scams.gov.uk/content/statement-accounts>):

- **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 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 <http://www.scams.gov.uk/content/council-aims-and-objectives>

## REVIEW OF EFFECTIVENESS

The Council must review the effectiveness of its governance arrangements annually by considering the work of senior managers 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

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

- **Internal audit:** Although this is called 'internal' audit, the first 3 months of 2013/14 saw the end of a contract we had in place with an external firm (RSM Tenon) to help us. Since 1<sup>st</sup> July 2013 we have entered into a shared service internal audit arrangement with Cambridge City Council and Peterborough City Council. We commissioned 250 days work and they carried out audits on a number of specific areas that we asked them to investigate. 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 accepted or rejected each of their recommendations. The 2013/14 Internal Audit annual report, which includes 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 at:

<http://scams.moderngov.co.uk/documents/s76070/Internal%20Audit%20Report.pdf>

The overall conclusion is that the Council "*has a sound governance framework from which those charged with governance can gain reasonable assurance*" and no significant control weaknesses were identified. The report concluded that "*the internal control environment is fundamentally well established and continues to operate well in practice throughout the year.*"

*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:** The Audit Commission 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 2013-14 (*\*to be confirmed – the following is potential wording only\**) 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 full report is available here ( *\*new link to be added in Sept 2014\**):

<http://scams.moderngov.co.uk/documents/s72255/External%20Audit%20Report.pdf>

- **Other external assurance sources:** During 2013-2014 we carried out a self-assessment against the 'Excellent' standard of the Equalities Framework for Local Government, which found much evidence that we are listening to and responding to the needs of our diverse communities and remain a community leader in equalities as an employer and service provider. We were also reassessed by the East of England Local Government Association for the Charter for Elected Member Development and were pleased that we continue to meet the standards for this award. The council's housing service has a number of external methods of scrutinising its performance. The Affordable Homes service 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 will undertake scrutiny reviews of the housing management service.
- **Major Opposition Leader's annual report:** Another 'critical friend' of the Council is the Leader of the largest opposition political party. For SCDC in 2013/14, when the majority of Councillors were Conservative (29 out of 57), the Major Opposition Leader was Cllr Sebastian



Kindersley, leading 13 Liberal Democrats. The Major Opposition Group Leader's Annual statement for 2014, which was made by Cllr Bridget Smith as the new opposition leader, can be found here:

<http://scams.moderngov.co.uk/documents/s75888/Opposition%20Group%20Leader%20Annual%20Statement.pdf>

There were also seven members of the Independent Group in opposition and two non-group councillors.

### Analysis performed for this Governance statement

In drawing up this governance statement we have reviewed the 30 actions in the Corporate Plan from a governance and performance basis, as set out in Appendix 1. For each action, the table:

- lists the action
- asks 'how did we do?'
- asks '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 of Appendix 1.

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 (2012-13), we did not identify any significant governance areas which required improvement. This year (2013/14), during our own review of our arrangements, and by the work of the internal and external auditors, we did not identify any governance issues which we regard as 'significant'. 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 2013/14, and will reflect and report on their operation and effectiveness 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.

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 2013/14, the council was well-governed, and performed well.**