

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee 26 June 2015
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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2014/15

Purpose

1. To consider and endorse the draft Annual Governance Statement 2014/15 prior to the statement being signed by the Leader and Chief Executive and being included in the statement of accounts for the year ending 31st March 2015.

Recommendations

2. That the Committee:
 - a) considers and approves the draft Annual Governance Statement, including whether to accept the draft recommendations for action, and notes the information which supports the report;
 - b) notes that the final version of the Statement will be updated following the receipt of the External Auditors Opinion in September.
 - c) notes the draft Shared Services Governance Arrangements at Appendix 2 and makes any comments or recommendations for reporting to Cabinet in July

Background

3. The requirement to publish an Annual Governance Statement ("the AGS") is a statutory requirement which was introduced with effect from the 2007/2008 financial year. The AGS provides public assurance about the effectiveness of the Council's system of internal control and the Council's corporate governance arrangements and assurance framework.
4. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" brings together an underlying set of legislative requirements, governance principles and management processes and highlights the fact that good governance relates to the whole organisation. Six core principles of governance in the framework focus on the systems and processes for the direction and control of the Council and its activities through which it accounts and engages with the community.

Considerations

5. The functions of the Corporate Governance Committee include consideration of the AGS prior to its inclusion in the annual statement of accounts. The AGS should explain the governance framework operating during the accounting period, assess the effectiveness of those controls and identify any significant issues and associated actions.

6. The draft AGS is **attached as Appendix 1**. It retains the revised format first used for the 2012-2013 AGS, mapping core principles to the Council's performance framework into a simpler, plain English document which presents a strategic overview of good governance, with links and appendices providing the more detailed evidence base.
7. In order demonstrate the integration between performance and governance, **Appendix 2** provides a summary of Corporate Plan achievements during 2014-15.
8. The final AGS will include the External Audit opinion for 2014/15 on whether the council has followed the right accounting processes, delivered value for money and that the Council's finances were adequately presented when it is received prior to the Committee meeting in September.
9. No "significant" governance issues have been identified in this year's AGS, which concludes that the council was well-governed during 2014-2015 (This is subject to confirmation by external audit).
10. Three issues have been identified by the internal auditors as possibly "meriting attention" in order to further strengthen corporate governance at the council. These are shown under 2014/15 recommendations.
11. One of these recommendations concerns ensuring that robust governance arrangements are put in place for shared services. A proposed governance structure is attached as **Appendix 3** for the Committee to comment on before it goes to Cabinet in July. The proposed Lead Authority model and Joint Committee will provide a formalised arrangement for operational management and processes by which to manage disputes. Legal specialists will provide a clear view of the steps needed and requirements to protect all parties to the Shared Services arrangements, enabling everything to be agreed and in place prior to implementation.

Implications

12. In the writing of this report, the following implications have been considered:

Financial

13. Good corporate governance and internal controls reduce the risk to the Council of financial loss.

Legal

14. It is a statutory requirement to produce an Annual Governance Statement under the Accounts and Audit (Amendment) (England) Regulations 2006 and the Statement of Reporting Practice 2007 (CIPFA). Operating good corporate governance and internal control systems should demonstrate high ethical standards.

Risk Management

15. Failure to produce an Annual Governance Statement would affect the approval of the statement of accounts.

Equality and Diversity

16. Preliminary screening of the statement identified no significant equality and diversity implications, therefore a full Equality Impact Assessment is not required.

Effect on Strategic Aims

17. Delivering strategic objectives in an open, accountable and transparent manner provides evidence of strong governance. Improved service performance and a well-run business are key themes running through the Council's 2014-15 Corporate Plan.

Background Papers: the following background papers were used in the preparation of this report:

Annual Governance Statement 2013/2014

Delivering Good Governance in Local Government – Guidance and Framework
published by CIPFA 2007

Annual Audit Letter

Equality Impact Assessment: Initial Screening Document

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