



Cambridge City Council Civic Affairs

Date: Wednesday, 24 July 2019

Time: 5.30 pm

Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

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|----|--|-------------------|
| 1 | Apologies | |
| 2 | Declarations of Interest | |
| 3 | Minutes | (Pages 3 - 12) |
| 4 | Public Questions | |
| 5 | Review of Elections 2 May 2019 | (Pages 13 - 40) |
| 6 | Oral update on the 2018/19 External Audit Process' | |
| 7 | Annual Report on Counter Fraud and Corruption | (Pages 41 - 58) |
| 8 | Annual Head of Internal Audit Opinion | (Pages 59 - 84) |
| 9 | Annual Governance Statement and Local Code of Corporate Governance | (Pages 85 - 122) |
| 10 | Review of Officer Employment Procedure Rules | (Pages 123 - 136) |
| 11 | Mayoral Allowance | (Pages 137 - 146) |
| 12 | Update on Issues on Standards for Councillors | (Pages 147 - 164) |

Civic Affairs Members: McPherson (Chair), Sargeant (Vice-Chair), Chadwick, Dalzell, Davey and Thornburrow

Alternates: Martinelli and Moore

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CIVIC AFFAIRS13 May 2019
5.30 - 6.15 pm

Present: Councillors McPherson (Chair), Bick, Dalzell, Robertson, Thornburrow and Sargeant

Officers:

Chief Executive: Antoinette Jackson

Head of Shared Internal Audit Service: Jonathan Tully

Democratic Services Manager: Gary Clift

FOR THE INFORMATION OF THE COUNCIL**19/10/Civ Apologies**

No apologies were received.

19/11/Civ Declarations of Interest

No interests were declared.

19/12/Civ Minutes

The minutes of the meeting held on 30 January 2019, were approved as a correct record and signed by the Chair.

19/13/Civ Public Questions

There were no public questions.

19/14/Civ Nominations for Committees for the Municipal Year 2019/20

The Committee considered a report and update paper (published on 13 May) setting out the proposed Committees and the nominations received. The Committee considered the rules on political balance set out in the Local Government and Housing Act 1989 in developing the recommendations.

In noting the Leader of the Council's proposed changes to the Executive, Councillor Robertson requested that for ease of reference in Section 2 Part 3 of the Constitution (Executive Councillor Portfolios) should list appointments that sit with the relevant portfolio holder, for example on the board of C.I.P

Resolved to:

(i) Agree the number and size of committees, depart from proportionality on the Planning and Transport Scrutiny Committee and to note the nominations listed below-

Environment and Community Scrutiny Committee 8 (5 Labour + 3 Lib Dem)
Smart, Barnett, Hadley, Collis, Davies
Summerbell, Martinelli, Payne
Alternates – O'Reilly, Page-Croft

Planning and Transport Scrutiny Committee 9 (5 Labour + 3 Lib Dem + 1 Independent)
Smart, Sheil, Hadley, Green, Baigent
Bick, McGerty, Chadwick
Hipkin
Alternates – McQueen, Bird, Lord

Housing Scrutiny Committee 8 (5 Labour + 3 Lib Dem)
Todd-Jones, Bird, Thittala, Collis, Sheil
Cantrill, Lord, Porrer
Alternates – Barnett, O'Reilly, McGerty

Strategy and Resources Scrutiny Committee 5 (3 Labour + 2 Lib Dem)
Davey, Baigent, Green
Bick, Dalzell

Alternates – Davies, Lab TBC, Cantrill

Civic Affairs Committee 6 (4 Labour + 2 Lib Dem)

McPherson, Sargeant, Davey, Thornburrow

Dalzell, Chadwick

Alternate – Lab TBC, Martinelli

Employment (Senior Officer) Committee 6 (4 Labour +2 Lib Dem)

Sargeant, Thornburrow, Herbert, Sheil

Bick, Nethsingha

Licensing Committee 11 (7 Labour+ 4 Lib Dem)

Bird, Thittala, McQueen, Massey, Moore, McPherson, Sargeant

Pippas, Gehring, Porrer, Summerbell

Alternates – Johnson, Page-Croft

Planning Committee 8 (5 Labour+ 3 Lib Dem)

Smart, McQueen, Green, Baigent, Sargeant

Tunnacliffe, Lord, Page-Croft

Alternates – Thornburrow, Nethsingha

Cambridge City Joint Area Committee (with County Council) 6 (4 Labour + 2 Lib Dem)

Sargeant, Smart, Massey, Robertson

Payne, Martinelli

Alternates – Bird, Lord

Cambridgeshire and Peterborough Combined Authority - 1 seat

Herbert

Alternate - Sargeant

Cambridgeshire and Peterborough Combined Authority Overview and Scrutiny Committee 1 Labour + 1 Lib Dem

Price, Gehring

Alternates – Lab TBC, Summerbell

Cambridgeshire and Peterborough Audit and Governance Committee
1 Labour + one alternate

Lab TBC

Alternate – Lab TBC

Greater Cambridge Partnership Joint Assembly 3 (2 Labour + 1 Lib Dem)

Davey, Massey, Bick

Joint Development Control Committee - Cambridge Fringes 6 (4 Labour+ 2 Lib Dem)

Thornburrow, Baigent, Sargeant, Smart

Tunnacliffe, Page-Croft

Alternates- Price, Lab TBC, Porrer

(ii) Agree the nominations for Chairs and Vice Chairs as below:

	Chair	Vice Chair
Environment and Community Services	Smart	Barnett
Planning and Transport	Smart	Sheil
Housing	Todd-Jones	Bird (nb. Tenant/Leaseholder is Chair of Part 1 of the meeting)
Strategy & Resources	Davey	Baigent
Civic Affairs	McPherson	Sargeant
Licensing	Bird	Thittala
Planning	Smart	McQueen
JDCC	Thornburrow as Lead Cllr	

(iii) Agree the changes to the Constitution as set out below (in capitals and struck through):

SECTION 6: OVERVIEW AND SCRUTINY COMMITTEES

The Council shall have the following Overview and Scrutiny Committees. Their role and functions are set out in Article 6 of Part 2 of this Constitution and their procedure is governed by the Overview and Scrutiny Procedure Rules in Part 4 of this Constitution.

Environment and Community (Scrutiny) Committee

Terms of Reference
Overview and scrutiny of the functions for which the Executive Councillors for (i) Communities (ii) CLIMATE CHANGE, Environment at Services and City Centre are responsible for and; (iii) the community safety responsibilities of the EXECUTIVE COUNCILLOR FOR TRANSPORT AND COMMUNITY SAFETY Streets and Open Spaces are responsible
As required by Section 19 of the Police and Justice Act 2006 to be the crime and disorder committee with the power to review or scrutinise decisions made by the Council or by the Crime and Disorder Reduction Partnership.

Planning and Transport (Scrutiny) Committee

Terms of Reference
Overview and scrutiny of the functions for which the Executive Councillor for (i) Planning Policy and OPEN SPACES Transport is responsible for and (ii) the transport responsibilities of the EXECUTIVE COUNCILLOR FOR TRANSPORT AND COMMUNITY SAFETY

19/15/Civ Nominations of Honorary Councillors

Councillor McPherson proposed the nomination of former Councillor Caroline Hart as an Honorary Councillor.

Resolved to:

Recommend to Council the appointment of former Councillor Hart as an Honorary Councillor.

19/16/Civ Internal Audit Plan

The Committee received a report from the Head of Shared Internal Audit Service regarding the draft Internal Audit Annual Plan and Strategy for 2019 / 2020.

The Head of Internal Audit stated the following in response to Members' questions:

- i. The profession was moving to more dynamic audit plans.
- ii. Prioritisation is in line with the Council's requirements and the audit team will also base priority on risk scores for each audit listed in the Plan.
- iii. Systems testing in an audit will vary, with the team having available a range of tools and methods and choosing to use the most appropriate for each audit.

Resolved to:

- i. Approve the draft Audit Plan and Strategy and;
- ii. Approve the supporting Charter and Code of Ethics

19/17/Civ Municipal Year 2019/20

The Committee received a report from the Democratic Services Manager regarding the scheduling of Council meetings in school holidays 2020 and also whether to cancel one Council meeting in April 2020.

The Committee made the following proposals in response to the report:

- i. Avoiding half term and main school holidays should be observed.
- ii. Re-consider whether to cancel the April 2020 Council meeting at 9 October committee for a decision.
- iii. Move the Council Budget meeting to 13 February 2020, with consequential changes to S&R Scrutiny and the Executive meetings to 3 February 2020 and publish the Budget Setting Report on 2 January at 10am.
- iv. Consider the time of day for the Annual Meeting of the Council in 2020 and report back to 9 October committee for a decision.

Resolved to:

- i. Confirm Council will be held on 13 February 2020.
- ii. Agree that school holidays and half terms should be avoided when compiling the Municipal Year calendar.
- iii. Report back to 9 October committee on timing of the Annual Meeting (2020) and whether to cancel April 2020 Council.

The meeting ended at 6.15 pm

CHAIR

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Public Document Pack

Civic Affairs

Civ/1

Wednesday, 22 May 2019

CIVIC AFFAIRS

22 May 2019
12.00 - 12.05 pm

Present: Councillors McPherson (Chair), Sargeant (Vice-Chair), Dalzell, Davey, Thornburrow and Martinelli

FOR THE INFORMATION OF THE COUNCIL

19/1/Civ Appointment of Working Party

The Committee agreed the membership of the following:

	Number of allocation
Chief Officer Performance Review	4 Labour 2 Liberal Democrat
Councillors – Sheil, Herbert, Sargeant, Moore, Bick, Nethsingha	

19/2/Civ Appointment to Sub Committee

The Committee agreed the membership of the following:

	Number of allocation
Employment Appeals Sub Committee	Total 6 Labour Liberal Democrat
Councillors – Bird, Johnson, McQueen, Thornburrow, Page-Croft, Lord	

The meeting ended at 12.05 pm

CHAIR

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Item

REVIEW OF ELECTIONS

- 2 MAY 2019 & 23 MAY 2019

To:

Civic Affairs Committee 24/07/19

Report by:

Returning Officer (Chief Executive), Antoinette Jackson

Tel: 01223 - 457003 Email: antoinette.jackson@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The purpose of this report is to update Members on the City Council elections held on 2 May 2019 and the European Parliamentary election held on 23 May 2019.
- 1.2 The report will deal with the 2 May elections and the 23 May election in turn. The City Council elections were scheduled but the Government did not confirm the European election would go ahead until 5 April. This meant that the planning for both elections overlapped.

2. Recommendations

- 2.1 That the Committee notes this report and provides feedback to the Returning Officer on issues it would like to be considered in the management of future polls.
- 2.2 That the Returning Officer sends this report to the Cabinet Office and the Electoral Commission highlighting the issues experienced by EU electors in Cambridge in connection to EU Parliamentary elections on 23 May.

Cambridge City Council elections – 2 May 2019

3. Background

- 3.1. On 2 May 2019 elections were held for 16 City Council seats comprising 14 seats scheduled for re-election, plus two by-elections: in King's Hedges and Trumpington. A County council by-election was also held in the Trumpington division. A total of 90,575 electors were registered to vote in this election.
- 3.2 At all elections, the Returning Officer appoints deputies with full powers to ensure that all legal aspects of the polls are covered and to allow them to act in the event the Returning Officer becomes unavailable. The Head of Corporate Strategy, the Democratic Services Manager and the Electoral Services Manager were appointed as deputies for this election. Additionally, a deputy is appointed to run the postal vote opening process.
- 3.3 An Election Steering Group is chaired by the Returning Officer and attended by the deputies and relevant election staff. The Election Steering Group's remit is to review progress against the project plan and advise the Returning Officer on matters arising.
- 3.4 The Electoral Services team was supported by officers from across the authority who have specific roles within their service area, for example; Customer Services, 3CICT and the Facilities team.
- 3.5 Externally, communication is also maintained with the Police, Royal Mail, the printing company and other relevant parties in order to ensure successful delivery of the poll.

Candidates and Agents

- 3.6 Communication with agents was regular and a face to face briefing was held on 21 March. Feedback had been requested and overall it was very positive.

Promotional Activity

- 3.7 Promotional/proactive registration activity included:
 - website & social media channels

- contact by e-mails to all students via the communications officer at Anglia Ruskin University and accommodation officers at each University of Cambridge College
- letters to students at ARU prior to term ending
- bicycle seat covers promoting registration placed on bikes throughout the city centre
- promotional banner on the Guildhall balcony for the 2 weeks prior to registration deadline,
- two contact days at Anglia Ruskin University,
- empty property notification cards (a pink postcard sent to each property which had no persons registered).

Correspondence

- 3.8 Contact from customers was greater than the previous two years. The chart below compares contact levels for the five weeks leading up to, and including, polling day against previous polls. It should be noted that during the five weeks prior to the 2 May elections, contact was also received regarding the European election, so the figures below are not wholly in relation to the City Council elections.

Contact Method	2 May 2019 City	3 May 2018 City	4 May 2017 County and Combined Authority
E-mails to election team	2,395	976	1,730
Telephone contact to Customer Service Centre	1,054 (109 on polling day)	710	1,173

- 3.9 The Council provided polling station data to Democracy Club which is a non-partisan organisation that collects data from various local authorities to create an easy postcode look-up tool for electors to find information about elections taking place in their area, candidates and polling station locations.

Staffing and Training

- 3.10 Every person working at a polling station was required to receive training – if they did not attend the training, they were not employed. Training was developed locally based on previous sessions and using local experience as learning points. Five face-to-face training sessions were delivered, and some experienced polling station staff used an online learning module.
- 3.11 Poll cards were hand-delivered in all wards by those staff usually employed as electoral canvassers during the annual audit.

Voter Registration

- 3.12 For the May polls, a total of 2,738 electors were added to the register in advance of the poll.
- 3.13 A total of 90,575 electors (down from 91,155 in May 2018) were eligible to vote in Cambridge on 2 May.

Absent Voting

- 3.14 Postal vote packs were issued in-house. A total of 11,661 (12.9%) electors registered for a postal vote. 1,062 packs were combined with ballot papers for the County council by-election. The total number re-issued due to being reported as lost or not received was 10 (7 in 2018).
- 3.15 The vast majority of postal votes are issued as soon as possible after the deadline for applications, which was 15 April and were handed to Royal Mail on 17 April.
- 3.16 Current legislation requires that electors added to the register at the final deadline and who have also made an application for a postal vote, must wait until they are included on the register before the postal vote can be issued. The date of the final update to the register before 2 May was 25 April, when 94 postal votes were issued.
- 3.17 Six postal vote opening sessions were conducted with 8,052 (69.1%) postal votes returned for inclusion in the count (69.7% in May 2018). Signature and date of birth checking was carried out on all returned postal votes, and the following numbers were rejected:

- 71 (0.9%) were rejected because either the date of birth and/or signature was absent from the security statement.
- 74 (0.9%) were rejected due to either an invalid signature and/or date of birth (0.8% in 2018); these personal identifiers on the security statement did not match the original postal vote application.
- 28 (0.3%) were rejected due to either the ballot paper or security statement not being returned in the envelope.

A total of 173 (2.1%) postal votes were rejected, compared to 1.7% at the May 2018 poll.

- 3.18 There were 160 electors who voted by proxy and 5 emergency proxies were issued.

Polling Stations

- 3.19 There were 51 polling stations, staffed by 51 Presiding Officers and 118 poll clerks. Two stations were temporarily moved due to unavailability of the usual stations: ICI, usually Fisher Hall was relocated to St. Columba's Hall and NDG, usually Milton Road Library was again located in Arbury Court Library.
- 3.20 There were no reported queues at polling stations during the day.
- 3.21 Four polling station Inspectors were responsible for overseeing station progress and visited each station at least twice during the day. This was in addition to the Returning Officer visiting all polling stations.

The Count

- 3.22 We had 84 count staff and 14 supervisory staff working across the 14 wards, with both the large and small halls in use. Verification was completed just after midnight and the final declaration was made at 02:57 am. Turnout was 36.6%, compared to 37.8% in 2018.

Other

- 3.23 Prior to the poll, the Returning Officer was approached by the National Election Commission of South Korea, who were planning to come to the UK to observe the election. They were hosted the day before the poll with a question and answer session with the Returning Officer and the Electoral Services Manager. They visited polling stations in the city and

attended the count, having been accredited by the Electoral Commission to observe proceedings.

Complaints

3.24 No complaints were received about the local elections.

European Parliamentary Election – 23 May 2019

4. Background

4.1 For this election, 83,120 electors were registered to vote in the Cambridge City Council area.

4.2 Following the 'leave' result of the national referenda in 2016, there was no expectation that the European Parliamentary election would be required to be held in 2019.

Timeline leading up to the decision to run the European Election in the UK

4.3 Appendix A details the chronology of communication regarding whether councils needed to prepare for holding a poll on 23 May 2019. Despite the Chief Executive and other ROs asking for clearer guidance on the issues, it was not until March 2019 that the government began to acknowledge that contingency planning might be needed for the European elections. It was 1 April before they confirmed Returning Officers could incur expenditure on the election; and not until 7 May 2019, that they finally confirmed that the poll would definitely go ahead.

4.4 Attached at appendix B is a combined election timetable used by the election team for planning the 2 May and 23 May elections, which outlines the challenges the council had planning for elections with two overlapping timelines

4.5 Despite the lack of clear steer from the government the council began contingency planning in early March. From early March there was active communication between the electoral services team and their print company, Royal Mail, polling station sites and casual staff, in order to

ascertain requirements and availability of premises, print materials and staffing numbers, etc. This all took place in the lead up to the 2 May City council elections.

- 4.6 On 5 April, communication was received from the Council's software provider Idox, the largest electoral services software provider in the UK. They informed users across the country that the functionality allowing communication with registered EU citizens to amend their franchise had previously been removed from the software and work was in urgent development to restore this. The update to the software was released to all users on Thursday 11 April and following internal process testing by 3C ICT was installed in Cambridge on Monday 15 April.
- 4.7 The 15 April was therefore the earliest date that the city council was able to contact EU electors.

Registration of EU Citizens

- 4.8 Since 1994, UK legislation has required EU citizens living in the UK to register separately in order to vote from the UK in European Parliamentary elections. This is done in the form of a declaration called an EC6 form (previously called a UC1) whereby the elector states they intend to use their vote from the UK. This information is collated by the Council's Electoral Registration Officer and passed on to designated contacts in each of the EU countries. Each country has different registration deadlines, e.g. in 2019 the deadline in Luxembourg was 28 February and in Hungary it was 23 May. A similar file is received by the ERO regarding British nationals who have declared they will vote in their country of residence and not the UK. Information on this process and contact details for each member state was only received from the Cabinet Office on 30 April and by which point, the registration deadline for fifteen Member states had already passed.
- 4.9 In advance of previous EU elections, this process for registration EU citizens would have started in the December preceding the poll and allowed time for reminders and follow-ups to take place. Given the late confirmation of the 2019 EU election, coupled with delays in software

capability, EU electors were contacted on 15 April, just three weeks before the deadline to register on 7 May.

- 4.10 Given the short timescales involved, coupled with a need to communicate quickly the decision was taken to e-mail those electors where an e-mail address was held and to send letters to the remainder. Of the 11,188 electors registered at that time, 8,070 (72.1%) were e-mailed on 15 April and 3,118 (27.9%) were sent letters on 17 April via a hybrid-mailing system. This system sends mail out using 2nd class postage as the default. With hindsight this should have been overridden but this was not picked up at the time of mailing.
- 4.11 E-mails sent in bulk are released from the system five at a time. This is to ensure receiving mailboxes do not regard the e-mail as spam when many recipients are e-mailed together. E-mailing letters and forms to electors is common practice and no issues have been reported in the two previous years when this method has been used.
- 4.12 Completed forms and queries to the e-mails were received back into the office within half an hour of the outgoing e-mails, so there was no reason to believe that e-mails were not being received. Likewise, completed forms were received in the post within two days of their distribution again this was no indication of an issue with the communication of EC6 forms.
- 4.13 A further 305 EC6 forms were issued to EU citizens added to the register after 15 April. However, a number of people registered using the Government's register to vote website on the deadline of 7 May and because these applications were not received into the electoral office until the morning of 8 May, it was impractical to issue these people with EC6 forms when in practice they could not have legally submitted them.
- 4.14 As previously mentioned, EU citizens can choose to vote in either their country of birth or their country of residence. Given the expectation that the UK would leave the EU by 29 March 2019 and there would be no elections in this country, some may have already made the decision to vote elsewhere in the EU long before the government began to acknowledge an election might happen in the UK. For those EU

citizens who might choose to register to vote here, there was also a risk up until 7 May, that the election would then be cancelled and they would have no vote in either place.

4.15 A total of 112 EC6 forms were received after the 7 May deadline, 69 of which were received on 8 May. Half of these were postmarked 7 May, which was the Tuesday after the early May Bank Holiday. Three were paid-for next day delivery that did not arrive the day after they were posted. It is clear that the bank holiday contributed to delays in the postal system.

4.16 The following table compares EC6 responses at previous elections:

EU Election year	Registered EU electors in Cambridge	EC6 forms received	% received
2019	11,895	1,825	15.3%
2014	10,767	2,177	20.2%
2009	7,730	923	11.9%

In line with other registration rates, these disparities are not unusual. Combined with anecdotal evidence that EU nationals were registering to vote from their country of birth, there was again no reason to believe in the run up to the election that return rates were abnormal.

Candidates and agents

4.17 As the EU election is managed on a regional basis, the responsibility for candidates and election agents lies with the Regional Returning Officer at Chelmsford City Council.

Promotional Activity

4.18 There was little opportunity to generate much publicity ahead of this election, given the overlap with the local elections in the three weeks prior to the deadlines. National media coverage along with the Electoral Commission's publicity campaign was relied upon to inform electors about the upcoming poll. The Council did issue informational press

releases and some social media was used. In hindsight, this is the one area where perhaps that council could have done more local promotion, albeit that resources were stretched thinly in the run up to the deadline also running the local elections.

Print Supplier

- 4.19 The Council's electoral print supplier, Print UK, are one of only a few specialist electoral print suppliers and provide printing to several councils across the UK. Communication with them was ongoing in the lead up to the poll being confirmed. On 9 April, Print UK requested that poll cards be posted direct from their print facility as this would aid their production timescales. Production of all print materials would be delivered on a 'first-come, first-served' basis, which differs from the usual practice of an agreed timetable with built-in contingency.
- 4.20 The delays confirming polling stations led to a delay in data being handed to the printer to produce poll cards. The printer was asked to go ahead with printing cards for those areas where polling stations had been confirmed but would only take one whole data file and not several separate ones. The final polling station location was confirmed on Thursday 25 April and the data to the printer was transmitted that day. Proofs were received back and signed-off on Monday 29 April and it was confirmed that they had been delivered into the postal system on Thursday 2 May.
- 4.21 Despite the above difficulties, it should be made clear that the print company did everything they could to deliver materials to the very tight timescales created by an election called at extremely short notice and which affected all their local authority clients simultaneously.

Polling Stations

- 4.22 A total of 51 polling stations were in operation for this election, staffed by 49 Presiding Officers and 98 Poll Clerks. Two of the Presiding Officers were responsible for two polling stations each in some smaller polling districts. Four Inspecting Officers were responsible for overseeing stations.

- 4.24 As is usual when an election is called at short notice, not all polling stations sites were available. Some sites were slow in responding to the request to book premises and where replacement sites were required, approaching new premises and agreeing terms was time consuming. Because Arbury Community Centre was not available for GBG polling district, there was a delay in confirming arrangements with North Cambridge Academy in Arbury Road because of their availability during the Easter school holiday. Furthermore, finding a replacement for St. Matthew's Church Hall took longer than expected due to establishing a suitable location within the JAJ polling district. Cherry Trees Day Centre on the same road was eventually used as the alternative site.
- 4.25 The Returning Officer is always grateful for the cooperation of premises for the use as a polling station, especially when such short notice means disruption to other community users.

Staffing

- 4.26 A total of 357 people were employed to work across the election, on polling stations, postal vote issuing/opening sessions and at the two count sessions: verification and counting into favour.
- 4.27 Given the late notice of the election and its proximity to the late May Bank Holiday, recruiting staff was more difficult. We could not recruit the usual numbers of poll clerks and count staff for the Thursday night verification.
- 4.28 Given the slightly reduced polling staff a few queues were reported at a small number of stations for short periods of the day. However, the Thursday night verification was not noticeably delayed with fewer staff.

External agencies

- 4.29 Given the high-profile nature of the election and some candidates, Cambridgeshire Police were keen to understand the risks and mitigations in place to ensure the smooth running of the poll. The Electoral Services Manager attended an emergency services scenario planning exercise on 15 May, along with the five other Cambridgeshire districts. In the event, no issues occurred on polling day.

Absent Voting

4.30 For this election, 11,700 postal votes were issued, of which 8,323 (71.1%) were returned in time to be included in the count. A total of 156 postal votes were received in the ten days after the poll, including three that were posted after polling day.

4.31 The following postal votes were rejected:

- 49 (0.6%) were rejected because either the date of birth and/or signature was absent from the security statement.
- 51 (0.6%) were rejected due to either an invalid signature and/or date of birth, i.e. the personal identifiers on the security statement did not match the original postal vote application.
- 12 (0.1%) were rejected due to either the ballot paper or security statement not being returned in the envelope.

4.32 There were 597 proxies appointed for this election and 16 emergency proxies granted.

The Count

- 4.33 As the election was taking place across the whole of the EU area, counting of the votes could not commence until the evening of Sunday 26 May and so the count was conducted on two separate dates.
- 4.34 After the close of poll, ballot papers were brought to the count venue and verified against the ballot paper accounts from the Presiding Officers. At this point the postal votes were mixed in with the polling station votes. Verification was completed at 00:50 am and turnout was 48.0%.
- 4.35 On Sunday 26 May, the ballot papers were counted for each party and the local totals for Cambridge were transmitted to the Regional Returning Officer in Chelmsford at 8.25pm. Totals for Cambridge could not be published until after 10pm, given that other parts of Europe were voting until that time.

Correspondence

- 4.36 Contact from customers in the lead-up to polling day was not noticeably greater than previous national polls. Given the overlap between the two elections, the following breakdown is unreliable in terms of assessing which contact was purely in relation to the EU election. The table below shows contact made in the five weeks before poll, with caution that there were two weeks prior to 2 May when both polls were running in tandem.

Contact Method	23 May 2019 <i>EPE</i>	2 May 2019 <i>City</i>	22 May 2014 <i>EPE & City</i>
E-mails to election team	3,548	2,395	654
Telephone contact to Customer Service Centre	1,666 (429 on polling day)	1,054 (109 on polling day)	1,525

Complaints

4.37 The following complaints have been received:

- 38 EU nationals who could not vote because they said they had not received the EC6 form. There is an audit trail to show these electors were either e-mailed or posted the EC6 form. Using e-mail to correspond with electors has been successfully used by electoral services for two years without issue so it is not clear why there appeared to be a problem this time for these electors.
- Four EU nationals whose completed form was received after the 7 May deadline. These were date-stamped on receipt and the post-marked envelope retained.
- Seven from EU nationals who had submitted the EC6 form on time by e-mail, but this had been missed during processing. These electors were all re-enfranchised on polling day and had either contacted the election office or were proactively contacted by the election team to inform of the error and that they could vote. We are looking at how e-mail submissions can be better managed in future.
- Six from non-EU citizens who were upset at the fact some EU citizens were unable to vote.
- Four from electors (3 overseas) whose postal vote had reached them close to polling day and so could not have been returned in time to be counted.

- Three from electors whose poll card had been received close to or on the deadline for requesting a postal vote. Two of these complaints came via Daniel Zeichner, MP for Cambridge.
- One from an elector who objected to the way that a staff member in a polling station had spoken to them. It is not clear which member of staff the complaint was about, but the Electoral Services Manager has spoken with all staff at that polling station.
- There were several complaints from electors regarding issues that are not within the scope of the Returning Officer and fall within the scope of current legislation:
 - Several electors objected to their personal information being used by the political parties.
 - Some electors were unhappy with tellers outside polling stations on polling day.
 - One complaint from an elector unhappy with political party campaigning on polling day.

Conclusions

4.38 There are several external issues that exacerbated the EU citizen registration difficulties across the country:

- The confused messages from central Government as to whether the election was happening or not significantly contributed to insufficient time to follow up non-responders to the EC6 form or properly organise promotional activity surrounding the poll.
- Delays with the poll being confirmed meant that the software company and print company were unprepared and this delayed processes in the office from taking place swiftly, contributing to the overall slowness at the start of the election timetable.
- The Government's register to vote website did not carry any messages to alert EU citizens that there was a further process after their initial

registration (the EC6 form) that would allow them to vote in the UK on 23 May. This meant people thought they were registered to vote on 23 May when they were not.

- Delays in the postal system, caused by the early May Bank Holiday, meant that receipt of application forms into the office and poll cards delivered to electors were delayed.
- There is an underlying legislative discrepancy for all elections which allows very late applications from overseas electors for postal votes, which means in practice that postal votes going overseas do not have enough time to be returned. Despite strong messages to overseas voters regarding the potential for delays in overseas postal services and advising they appoint a proxy; many still chose to receive a postal vote that then does not arrive in time.

4.39 Elections in the UK are increasingly complex and challenging to organise. Preparation for scheduled elections such as the local elections in May, begin six months in advance. Organising elections in six weeks is not practical and contributes to an extremely compacted timetable that does not serve the elector in the best way.

4.40 The number of EU citizens who arrived to vote at a polling station but couldn't was not officially recorded. Presiding Officers were not instructed to keep a record but of the seven who did, ten EU electors were recorded as not being able to vote across seven polling stations. Anecdotal feedback from PO's suggests that the overall numbers affected were small, but understandably caused significant disappointment and anger for those voters affected. We apologise to all electors who wanted to vote and found they could not.

4.41 Given the number of telephone calls received on polling day regarding the inability of EU citizens to vote, the Electoral Services Manager telephoned the Electoral Commission. Reports had been received that some local authorities were accepting EC6 forms at the polling station and allowing people to vote. The Electoral Commission confirmed that this was not a legal practice and there was nothing that could be done to assist those who had not submitted the form in time.

Lessons Learnt

4.42 While a number of the issues highlighted above were not within the council's control, there are lessons we can learn to assist with future polls in Cambridge:

- Applications returned by e-mail will be automatically filtered into a specific and relevant folder. This should help when officers are scanning the inbox to find types of application and reduce the chance of applications being missed. Application forms will be updated to request the sender use specific keywords in the e-mail subject heading to ensure they stand out and can be filtered appropriately.
- Where application forms are issued by e-mail, a further paper form will be posted if no response is received within an agreed timescale, if the statutory timetable permits.
- We will send post out first class where there are tight deadlines.
- All types of registration letters will be reviewed to ensure any appropriate election messaging is included.
- The issue of postal votes will be reviewed and the potential to out-source the issue of postal votes investigated. The need to send postal votes quickly will be balanced against the accuracy and security of any processes available.

4.43 The Chief Executive, in her role as Returning Officer and Electoral Registration Officer, will continue to press the Electoral Commission, the Cabinet Office and Government to carry out a review of electoral legislation. The current statutory timetable is unsustainable and needs to be addressed as a matter of urgency.

5. Review of Polling District Boundary

5.1 Following the review of ward boundaries by the Local Government Boundary Commission for England, a review of polling districts will be carried out during summer/autumn 2019. A six-week consultation began

on 16 July, which all Members have been informed of. Draft recommendations will be brought to this Committee for determination at its 9 October meeting.

6. Implications

- (a) Financial Implications**
- (b) Staffing Implications**
- (c) Equality and Poverty Implications**
- (d) Environmental Implications**
- (e) Procurement Implications**
- (f) Community Safety Implications**

None

7. Background papers

No background papers were used in the preparation of this report.

8. Queries

If you have a query on the report please contact Vicky Breeding, Electoral Services Manager, tel: 01223 457057, email: vicky.breeding@cambridge.gov.uk.

Timeline leading up to the decision to run the European Election in the UK

May 2018	<p>The Minister for the Constitution makes a Statement on the Government's position:</p> <p><i>"... the Government does not consider it is necessary or a prudent use of taxpayers' money for Returning Officers and electoral administrators to make the usual preparations for the conduct of a European Parliamentary poll in 2019. The Government does not intend to make an Order setting the date of the poll for the European Parliamentary elections in 2019. We also do not intend to undertake the usual preparations for Information Exchange between the UK and the Member States in respect of EU citizens (including UK citizens) living in another Member State."</i></p>
January 2019	<p>The Chief Executive seeks guidance from Cabinet Office on contingency planning for the European Election. The reply says that Chloe Smith's statement of May 2018 (above) remains the Government's position.</p>
February 2019	<p>Local authorities make regular risk returns to Government on Brexit planning. These highlight the risks of the requirement to hold a European election at short notice and the uncertainty that Councils face over election planning and communication with EU residents.</p>
13 March 2019	<p>The Prime Minister makes a statement:</p> <p><i>"The House has to understand and accept that, if it is not willing to support leaving without a deal on 29 March, then it is suggesting that there will need to be a much longer extension to Article 50. Such an extension would undoubtedly require the United Kingdom to hold European Parliament elections in May 2019. I do not think that would be the right outcome."</i></p>

14 March 2019	<p>An e-mail is received from the Association of Electoral Administrators:</p> <p><i>“In light of (last night’s vote in Parliament), I have written to the Minister for the Constitution to formally request that Cabinet Office officials be authorised to speak to us and the Electoral Commission to contingency plan the possibility that such elections will be required.</i></p> <p><i>I have stressed our deep concern that significant risk would be introduced to the successful delivery of such polls, were they to be required, if steps are not taken now - particularly in areas where local government elections are taking place on 2 May.”</i></p> <p>The e-mail goes on to say that they strongly advise Council’s to start making contingency plans but not to incur any costs, as this would not be reimbursed by the Government if the poll did not go ahead.</p>
1 April 2019	<p>An e-mail is received from the Electoral Commission, confirming that the Cabinet Office will now reimburse spending on contingency planning for a poll on 23 May:</p> <p><i>“Returning Officers will want to be particularly mindful of the need to use public money appropriately. This is particularly the case in the current circumstances. For example, thought should be given to what actions are strictly necessary ahead of the start of an election timetable and what can be undertaken on a contingency basis given that circumstances may continue to change.”</i></p>
2 April 2019	<p>The Electoral Commission write to Electoral Registration Officers (ERO’s) with advice not to write to EU citizens yet, and that this will be reviewed on 4 April.</p>
4 April 2019	<p>The Electoral Commission write to ERO’s advising that as the poll is not yet confirmed, they may want to wait until the Order to hold the poll has been laid before sending out any declarations.</p> <p><i>“Whilst this would lead to a shortened timescale for this</i></p>

	<i>activity, it does avoid committing significant resource without certainty that the work is needed, and most importantly would limit the risk of confusion for EU citizens if the poll is not held in the UK. In any case, you should look now at what preparatory steps you will need to take in order to be able to send the declaration forms out at short notice if required.”</i>
10 April 2019	The European Parliamentary Elections (Appointed Day of Poll) Order 2019 comes into force.
11 April 2019	Further statement made by the Prime Minister: <i>“We want to leave the EU with a deal as soon as possible. The extension that has been agreed can be terminated when the Withdrawal Agreement has been ratified, which retains our ability to leave the EU without having to hold European Parliamentary elections on 23 May. If a Brexit deal is able to pass in the first three weeks of May, we will not have to take part in European elections and will officially leave the EU on 31 May 2019 at 11pm”.</i>
15 April	The Notice of Election for the European Parliamentary Elections is published
7 May 2019	Minister for the Cabinet Office, David Lidington confirmed in a statement that the election would now have to go ahead: <i>“It is not going to be possible to finish the process of agreeing a Brexit deal before the date of the elections. Given how little time there is, it is regrettably not going to be possible to finish that process before the date that's legally due for the European Parliamentary elections.”</i>

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Elections to Cambridge City Council and European Parliamentary Election
Thurs 2 May 2019 & Thurs 23 May 2019

Election timetable – Office

City Council Election Event	Time	Date/Deadline	Time	European Election Event
Publication of Notice of Election	-	Tues 26 March		
Delivery of poll cards begins	-			
First day for delivery of nomination papers	-	Weds 27 March		
Rolling Register update & distribution	-	Mon 1 April		
Publication of 1 st election Notice of Alteration and distribution of updates	-	Weds 3 April		
Deadline for delivery of nomination papers	4 pm			
Publication of Statement as to Persons Nominated	4 pm	Thurs 4 April		
Poll card delivery ends	-			
Deadline for applications to be included in the Register of Electors to be used at this election	11:59 pm	Fri 12 April	11:59 pm	Registration election deadline 1

City Council Election Event	Time	Date/Deadline	Time	European Election Event
Deadline for new applications to vote by Post or to make a change to an existing postal or proxy vote	5:00 pm	Mon 15 April	-	Publication of Notice of Election
			-	Issue of UC1 forms to EU Citizens (11,493)
Publication of 2 nd election Notice of Alteration and distribution of updates	-	Tues 16 April		
Issue of postal votes	10 am	Weds 17 April		
Easter Bank Holiday 19 – 22 April				
Training – Council Chamber	6 pm	Tues 23 April		
Publication of Notice of Poll & Situation of Polling Stations	-	Weds 24 April		
Postal vote opening 1	10 am			
Deadline for applications to vote by Proxy	5 pm			
First day for applications to vote by Emergency Proxy	After 5pm			
Deadline for delivery of notice in writing of appointment of Polling and/or Counting Agents	-	Thurs 25 April	-	Publication of Statement of Parties and Individual Candidates, including Notice of Poll
Issue of late addition postal votes	-			

City Council Election Event	Time	Date/Deadline	Time	European Election Event
Postal vote opening 2	10 am	Fri 26 April		
Training – Council Chamber	Noon			
First day to issue ballot papers in response to requests to replace lost ballot papers	-			
			-	Issue of poll cards (via Royal Mail)
Training	11 am	Sat 27 April		
Training	Noon	Mon 29 April	11:59 pm	
Presiding officers collect ballot boxes – Abbey Pool	9 am – 6 pm	Tues 30 April		
Postal vote opening 3	10 am			
Training - Council Chamber	6 pm			
Postal vote opening 4	10 am	Weds 1 May		
Polling Day	7am – 10pm	Thurs 2 May		
Last day to issue replacement spoilt or lost postal ballot papers	5 pm	Thurs 2 May		
Deadline for emergency proxy applications				
Postal vote opening 5	6 pm			

City Council Election Event	Time	Date/Deadline	Time	European Election Event
Last day to make alterations to the register of electors to correct a clerical error	9 pm	Thurs 2 May		
Verification & count of ballot papers - Halls	10 pm			
May Day Bank Holiday Mon 6 May				
		Tues 7 May	11:59 pm	Deadline for applications to be included in the Register of Electors to be used at this election
		Weds 8 May	5 pm	Deadline for new applications to vote by Post or to make a change to an existing postal or proxy vote
		Fri 10 May	10 am	Issue of postal votes
		Tues 14 May	10 am	Postal vote opening 1
		Weds 15 May	5 pm	Deadline for applications to vote by Proxy
		Thurs 16 May	10 am	Postal vote opening 2
			-	Deadline to appoint sub-agents
			-	Deadline to appoint polling and count agents
		Fri 17 May	-	First day to issue ballot papers in response to requests to replace lost ballot papers

City Council Election Event	Time	Date/Deadline	Time	European Election Event
		Sat 18 May	11 am	Training
		Mon 20 May	10 am	Postal vote opening 3
		Tues 21 May	-	Issue of ballot boxes
			6 pm	Training
		Weds 22 May	10 am	Postal vote opening 4
		Thurs 23 May	7 am – 10 pm	Polling Day
		Thurs 23 May	5 pm	Last day to issue replacement spoilt or lost postal ballot papers
				Deadline for emergency proxy applications
			6 pm	Postal vote opening 5
			9 pm	Last day to make alterations to the register of electors to correct a clerical error
			10 pm	Verification of ballot papers
		Sun 26 May	TBC	Count & Declaration of Result Declare no earlier than 10 pm
Spring Bank Holiday Mon 27 May				

City Council Election Event	Time	Date/Deadline	Time	European Election Event
Deadline for submission of candidate's election expenses for results declared <u>before</u> midnight	-	Thurs 6 June		
Deadline for submission of candidate's election expenses for results declared <u>after</u> midnight	-	Fri 7 June		
Deadline for submission of candidates declarations	-	13 / 14 June		
Deadline for sending postal vote identifier rejection notices	-	Tues 30 July		
		Fri 23 August	-	Deadline for sending postal vote identifier rejection notices



Item

Annual report on prevention of fraud & corruption policy

To:

Civic Affairs Committee [24/07/2019]

Report by:

Jonathan Tully, Head of Shared Internal Audit Service

Tel: 01223 - 458180 Email: jonathan.tully@cambridge.gov.uk

Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report communicates the annual review of the Councils counter fraud arrangements, for consideration by the Civic Affairs Committee.
- 1.2 The Council introduced the Prevention of Fraud and Corruption (PFC) Policy in 1998, and in line with good practice the Policy is reviewed and reported annually to this Committee.
- 1.3 The Policy was updated in 2013 to reflect the implementation of the Bribery Act 2010. One of the recommendations by the Ministry of Justice was that organisations need to monitor and review the effectiveness of their anti-bribery policy and procedures. This is also achieved through the annual review of the Policy.
- 1.4 The Policy establishes the culture of the organisation in terms of not tolerating any act of fraud or corruption, and a commitment that all concerns raised will be properly investigated. The Policy also sets out the reporting and investigation arrangements for different types of allegation. Minor presentational changes have been made to the policy as part of the review. A copy of the Policy is attached as an Appendix to this report.

- 1.5 CIPFA produced a Code of Practice for Managing the Risk of Fraud and Corruption in 2015. This voluntary code is a statement of high level principles which sets out good practice for managing counter fraud arrangements across the public sector. Internal Audit assessed the Council's compliance with the Code and produced a separate Anti-Fraud and Corruption Strategy which remains current.
- 1.6 This report also provides Members of Civic Affairs with a summary of fraud / whistle-blowing activity for the period 1 April 2018 to 31 March 2019.

2. Recommendations

- 2.1 The committee should note the details of fraud / whistle-blowing activity in section 3 of this report.

3. Fraud investigation

- 3.1 Dependant on their nature, fraud investigations are carried out by either the Fraud Prevention Team (FPT) within Revenue & Benefits; or by Internal Audit.

Fraud Prevention Team

- 3.2 The FPT prevents detects and pursues those who commit a number of potential frauds against Cambridge City Council, including:
 - Social housing fraud (including other registered social landlords),
 - Local taxation fraud,
 - Discount and exemption fraud,
 - Local support scheme fraud,
 - Right-to-buy fraud.
- 3.3 Additionally, the team are the single point of contact for the Department for Work and Pensions (DWP) 'Counter Fraud and Compliance Directorate' (CFCD) in relation to welfare benefit fraud, principally Housing Benefit paid within the city of Cambridge. This involves:
 - Receipt and dispatch of local allegations received through multiple sources,
 - Selection and preparation of evidence to support investigation and prosecution by that agency,
 - Preparation of documentation and witness statements for court.

- 3.4 As part of a 'Joint Working' trial, the FPT is now also conducting joint investigations with the DWP's CFCD. The expected impact of this trial is greater efficiency for both organisations by reducing duplication by working collaboratively. Resourcing from within the DWP's CFCD is currently limited, but should increase if this proves successful.
- 3.5 The team consists of 3.0 FTE, of which 1.0 FTE is an apprentice. This successful apprenticeship has been running since April 2015 and has led to both young people moving into full time employment. The team has also received a nomination for the 'Mentor of the Year' award in the Apprentice and Employer Apprenticeship Awards event.
- 3.6 Some key statistics for 2018/19 include:
- i) Investigations were conducted under the Prevention of Social Housing Fraud Act, resulting in 14 Council owned properties being made available for genuine tenants. These were generally cases where an individual had either illegally sub-let or abandoned the property. The Ministry of Housing, Communities and Local Government calculates the cost of social housing fraud at £18,000 per property (this is a non-cashable saving as it contributes to the wider public purse).
 - ii) Investigations led to 87 inappropriate Council Tax discounts or exemptions being removed, generating an additional council tax revenue of £52,021.
 - iii) There were 4 inappropriate HomeLink applications which were either removed or corrected, and an inappropriate right-to-buy application was also identified and declined. This ensures that the Council's resources continue to be targeted towards those in most genuine need.

Internal Audit

- 3.7 Part of Internal Audits remit is to investigate other types of fraud, whistleblowing allegations or theft. Internal Audit look to ensure that employees follow the various policies, procedures and Codes of Conduct established to protect the public purse, as well as the integrity of officers. Matters referred to Internal Audit can be received as a direct request from management or via the whistleblowing route. Under the Council's Whistleblowing Policy, employees are encouraged to report any genuine, serious concerns about any aspect of the Council's work

to the Head of Shared Internal Audit, who will investigate those concerns.

- 3.8 During 2018 / 2019 Internal Audit conducted twelve investigations. In all cases, if appropriate, actions were agreed with management to improve controls which could mitigate risks of fraud and error.
- 3.9 Internal Audit received five referrals which were covered by Whistleblowing policy. This provides assurance that people are aware of their opportunity to refer concerns.
- 3.10 Fraud and error risks are considered as part of each Internal Audit review. This helps us to establish a risk profile which can be a determinant in our continuous risk-based audit plan.

4. Serious Organised Crime

- 4.1 Internal Audit facilitated a Serious Organised Crime review as part of the risk-based internal audit plan.
- 4.2 The Government's Serious and Organised Crime Strategy, published in 2013, reported that serious and organised crime costs the UK more than £24 billion each year. £2.1 billion of this fraud relates to local government.
- 4.3 The 2016 National Strategic Assessment of Serious and Organised Crime notes that the UK is one of the most attractive destinations for laundering the proceeds of grand corruption and that professional enablers and intermediaries play a role in this.
- 4.4 In December 2016 the Home Office published a report, Organised Crime Procurement Pilots, which examined the threat faced by public procurement from Serious Organised Crime.
- 4.5 Public Procurement is considered to be a lucrative target for serious and organised criminals, with procurement fraud accounting for £876 million of the estimated £2.1 billion fraud committed against local government. Organised criminals may use public sector procurement to launder criminal proceeds, operate illegal activities from residential or commercial properties owned by local authorities or use contracts to generate additional income to further their illegal activities.
- 4.6 Joint pilot studies were undertaken by Local Authorities and police forces in seven areas, to further investigate the links between organised criminals and public procurement. The report detailed the results of these pilots and highlighted the attractiveness of public procurement to

serious and organised criminals, the range of opportunities for fraudulent exploitation, the importance of having appropriate controls in place to safeguard public funds and provided a range of tools to help reduce vulnerability to such exploitation. The tools included:

- a self-assessment Serious and Organised Crime Checklist
- a Serious and Organised Crime Audit Framework; and
- a 'non-involvement in serious and organised crime' statement to include in invitations to tender for contracts in higher risk areas.

- 4.7 The Council adopted these tools to assess the risk of organised crime, and to identify further opportunities for improvement.
- 4.8 Serious Organised Crime continues to be a high risk, and features in the latest United Kingdom Anti-Corruption Strategy 2017-2022.
- 4.9 Internal Audit completed the self-assessment checklist. This provided 'significant' assurance, based on the processes and controls examined at the time of the review. An action plan was developed to identify further opportunities for improvement. Overall the internal control system is well designed to meet the objectives, address relevant risks, and key controls are consistently applied.

5. Fraud Prevention

- 5.1 The Council continues to give out a strong deterrent message about fraud in both publicly issued and internal documents, for example, on Council Tax leaflets and Housing Benefit claim forms.
- 5.2 Fair Processing Notices, which inform the public that we will use their data for the prevention and detection of crime, have been updated as part of the General Data Protection Regulations.
- 5.3 Revenues and Benefits follows appropriate DWP 'Security Guidance' and has adopted a Risk Based Verification process. It has a Fraud Referral Procedure for staff to refer cases of suspected fraud through to the Fraud Prevention Team. Regular reminders are sent to people claiming benefit of their responsibilities in respect of overpayments; the aim being to prevent overpayments building up which can make repayment difficult and can encourage concealment and therefore fraud.
- 5.4 The National Fraud Hotline Scheme continues to be publicised in the Council Tax leaflet and publicity is sought for successful benefit

prosecutions through the local papers and via the Council's website as this is seen to have a deterrent effect.

- 5.5 Employees subscribe to the National Anti-Fraud Network, which provides proactive intelligence of potential fraud and error risks.

6. Fraud Detection

- 6.1 The Council participates in the National Fraud Initiative (NFI), a national data-matching exercise organised by the Cabinet Office that matches data within and between audited bodies to prevent and detect fraud. This includes police authorities, fire & rescue authorities as well as other councils and Housing Associations.

- 6.2 The NFI is a wide-ranging exercise and has used the following datasets:

- Housing Benefits
- Payroll
- Housing Rents
- Creditors
- Market Trader licences
- Taxi-Driver licences
- Personal licences to supply alcohol
- Housing Waiting List
- Council Tax Reduction Scheme

- 6.3 The current NFI 2018/19 exercise is undertaken under the Cabinet Office's data matching powers set out in Part 6 of the Local Audit and Accountability Act 2014. In preparation for the exercise, an initial review of data specifications was undertaken by the Cabinet Office to improve the matching process and the quality of matches.

- 6.4 The Council submitted the data sets to the Cabinet Office at the end of the year for processing, and publicised this on our [website](#). The data matches have been returned for follow-up by the Council in 2019/20.

7. Conclusions

- 7.1 The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to investigate all concerns arising.

8. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None.

(c) Equality and Poverty Implications

None.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

9. Consultation and communication considerations

None.

10. Background papers

Background papers used in the preparation of this report:

- [Anti-fraud and Corruption Strategy](#)

11. Appendices

- a) Prevention of fraud and corruption policy

12. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.

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CAMBRIDGE CITY COUNCIL

PREVENTION OF FRAUD AND CORRUPTION POLICY

1 INTRODUCTION

- 1.1 The purpose of this document is to outline the policies and procedures, which the Council has in place for deterring, reporting and investigating fraud, corruption and theft.
- 1.2 The Prevention of Fraud & Corruption Policy covers cases of fraud, corruption and theft committed by employees, Councillors, contractors, partners and members of the public and relates to allegations of such cases, which originate from anyone including Councillors, employees, partners and members of the public.

2 CULTURE

- 2.1 Cambridge City Council is committed to providing best value services carried out in accordance with the highest ethical standards. The Council will not tolerate any act of fraud, corruption or theft by either a Councillor or an employee, as such acts reduce the public's confidence in the ability of the Council to be managed in an honest, fair and effective manner. Neither will the Council tolerate fraud or corruption attempted by parties external to the Council.
- 2.2 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with honesty and integrity and that Council employees at all levels, and Councillors, will lead by example in these matters.
- 2.3 Where sufficient evidence exists in any fraud or corruption case it is the policy of the Council to refer the matter to the Police.
- 2.4 The Council's employees, Councillors and members of the public are encouraged to raise any concerns relating to possible cases of fraud, corruption or theft. Such concerns will be properly investigated and the outcome reported as appropriate.
- 2.5 The Council will endeavour to recover any losses as a result of fraud or corruption from the perpetrators, as appropriate.
- 2.6 The Head of Shared Internal Audit will report annually on the effectiveness of the Policy to the Council's Civic Affairs Committee, including a summary of any investigations concluded during the year.
- 2.7 The Head of Shared Internal Audit will be responsible for identifying lessons learnt from the outcome of any investigation and for ensuring that, where necessary, controls are strengthened in the areas concerned. They will also consider whether it is appropriate to share the outcome of an investigation with managers across the Council, with a view to preventing similar situations arising.

Seven principles for the conduct of individuals in public life

- 2.8 The Council has an established governance framework which is supported by the seven Principles of Public Life. This sets the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings:

1. Selflessness	Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
2. Integrity	Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
3. Objectivity	In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
4. Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office.
5. Openness	Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
6. Honesty	Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. Leadership	Holders of public office should promote and support these principles by leadership and example.

3 PROCEDURES FOR THE PREVENTION AND DETECTION OF FRAUD

- 3.1 The Council has well-defined procedures for the prevention and detection of fraud, corruption and theft:

Internal Control Systems

- 3.2 The Council's Constitution sets out Financial Regulations and Financial Procedure Rules which Councillors and employees are required to comply with in the conduct of Council business.
- 3.3 The Council has developed and is committed to maintaining systems and procedures which incorporate efficient and effective internal controls to manage the Council's risks and which include adequate separation of duties. These controls prevent and detect irregularities occurring. Directors are required to ensure that such controls are properly maintained and documented. Their existence and appropriateness are independently monitored by Internal Audit and the Council's external auditors.

Recruitment and Employees

- 3.4 Employees are recruited in accordance with procedures laid down by Human Resources. The HR Recruitment Team is responsible for carrying out all relevant pre-employment checks of potential employees. Criminal Records Bureau (CRB) checks are also undertaken by Human Resources for certain posts identified by management where the employee will be working with children, young people or vulnerable adults. Management are responsible for reviewing references in terms of performance, suitability and integrity.
- 3.5 The Officer Code of Conduct requires employees to maintain conduct of the highest standard such that public confidence in their integrity is sustained. The Code includes guidance on declaring any conflicts of interests, particularly in relation to any commitments outside of the workplace; acceptance of gifts, hospitality and sponsorship and maintaining separation of roles during tendering.

Councillor

- 3.6 All Councillors on accepting office are required to declare that they will be guided by the National Code of Local Government Conduct. The code sets out the requirements for disclosing pecuniary and other interests and gives guidance on accepting any offers of gifts or hospitality including reporting these matters to the appropriate senior officers of the Council.

Complaints Procedure

- 3.7 The Council has an established procedure for dealing with complaints from the public. Details are kept of all complaints and there is a complaints co-ordinator for every service. The way in which complaints are dealt with and the need for changes in response to complaints are monitored on a regular basis. If anyone is dissatisfied with the response to their complaint they can contact the Council's Internal Ombudsman. Where the complaint indicates possible fraud or corruption it is referred to the Head of Internal Audit for investigation.

Welfare Benefit and Housing Fraud

- 3.8 In April 2015, responsibility for Welfare Benefit fraud investigation transferred to the Fraud and Error Service (FES) operated by the Department for Work & Pensions (DWP). The Council's Fraud Prevention Team (FPT) within the Revenues and Benefits Service acts as the 'single point of contact' for Welfare Benefit fraud enquiries, principally Housing Benefit, and undertakes Housing Tenancy, Right to Buy and Council Tax fraud investigations.

4 PROCEDURES FOR ANTI-BRIBERY

Introduction

- 4.1 The Bribery Act 2010 came into force on 1 July 2011 and places additional requirements on 'commercial organisations'. Whilst the Council is not a 'commercial organisation' in terms of its normal local authority activities, guidance issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the National Crime Agency (NCA) states that a court would view a local authority as a relevant organisation for the purposes of the Act. It is important therefore that the City Council should have regard to the principles of the Act in the conduct of its activities and its policies and procedures, to ensure that it does not fall foul of the legislation.
- 4.2 The [Bribery Act 2010](#) makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a new separate offence of bribing a foreign public official. There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery.
- 4.3 The Act extends to all persons associated with the City Council, including employees at all levels and grades, those permanently employed and temporary agency staff; Members (including co-opted or external Members); suppliers; contractors; partners; volunteers and consultants.
- 4.4 The definition of 'Bribery' for the purposes of this policy is given below:

'Bribery' is defined as:

The promise, giving, request, acceptance or receipt of a financial or other advantage (e.g. hospitality) to induce or reward a person for improper performance of a relevant function of activity. The advantage can be promised, given, requested, accepted or received either directly or via a third party.

The advantage can be for the benefit of the person performing the function or another person.

Policy Statement

- 4.5 Bribery is a criminal offence. Cambridge City Council does not, and will not pay, offer, or request bribes to anyone for any purpose, nor does it or will it accept or receive bribes or improper inducements from anyone for any purpose. To use a third party as a means to channel bribes to others is also a criminal offence.

- 4.6 The Council is committed to the prevention, deterrence and detection of bribery and has a zero-tolerance attitude towards bribery. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with honesty and integrity and that Council employees at all levels, and Councillors, will lead by example in these matters.
- 4.7 Areas of the Council's business that could be exposed to the risk of bribery include:
- Procuring of supplies, goods, or services;
 - Awarding concessions, grants, and licences;
 - Approving planning applications;
 - Selling or letting commercial properties;
 - Cancelling liabilities (e.g. business rates, debtors);
 - Allocating housing;
 - Recruiting staff;
 - Determining the course of enforcement action.
- 4.8 This is not an exhaustive list, but sets out some of the areas where there may be a risk of bribery arising.
- 4.9 This Policy does not change the Council's policy on gifts & hospitality, which is set out in the Employee Code of Conduct:
http://intranet.ccc.local/hr/documents/policy_code_of_conduct.doc.
- 4.10 The Code of Conduct makes it clear that you should:
- refuse any gift you are offered by external people you come into contact with at work, with the exception of small, low value items or where refusal is likely to offend the donor.
 - only accept hospitality where it is on a corporate rather than a personal basis, and it is appropriate to the occasion.
 - ensure there is a record of any gift or hospitality in the Gifts and Hospitality Register and that your Manager has authorised this.
- 4.11 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for, or associated with, the City Council. If you witness (or have reasonable grounds to suspect) that any act of bribery has/ is taking place, it is your responsibility to report the matter to the Head of Shared Internal Audit (by telephone: extension 8180 or (01223) 458180 or by e-mail: whistleblowing@cambridge.gov.uk).

5 REPORTING & INVESTIGATING POTENTIAL FRAUD & CORRUPTION

- 5.1 Allegations of fraud and corruption can be made **by** or **against** employees, members of the public, Councillors, contractors, suppliers or partners.
- 5.2 Senior managers are responsible for addressing any allegation of fraud or corruption reported to them and should do so by informing the Head of Shared Internal Audit immediately they are discovered.
- 5.3 The Council is committed to the highest possible standards of openness and accountability. In line with that commitment, we expect employees with genuine, serious concerns about any aspect of the Council's work to report their concerns to the Head of Shared Internal Audit and this is covered by the Council's Whistleblowing Policy – see [Human Resources Intranet](#).
- 5.4 Employees who report their concerns in good faith will be protected from reprisals or victimisation. However, if employees are found to have made allegations for malicious or vexatious reasons, disciplinary action may be taken against the employee concerned.
- 5.5 The Whistleblowing Policy adds an additional method of raising concerns for employees where it is felt inappropriate to approach their line manager, or if their line manager has failed to address their concern properly.
- 5.6 Any allegations against an employee are investigated by the Head of Shared Internal Audit and Human Resources. The relevant Director is informed of the investigation at the outset.
- 5.7 Where Council employees are suspected of fraud or corruption, Human Resources are responsible for ensuring that the investigation is conducted in accordance with Council procedures and employment law to protect the rights of both the Council and the individual(s) concerned. Internal Audit works closely with Human Resources during the investigation. The Manager, supported by Human Resources, is responsible for invoking any disciplinary procedures against the employee(s) concerned.
- 5.8 Allegations about a Councillor should be reported to the Council's Monitoring Officer. Allegations against a Councillor are investigated by the Chief Executive and the Monitoring Officer.
- 5.9 Allegations against members of the public or external organisations must be notified to the Head of Shared Internal Audit immediately they are discovered. The Head of Shared Internal Audit investigates the allegation in conjunction with the relevant department.
- 5.10 The Council also encourages members of the public to raise any genuine concerns, which will be appropriately investigated. If members of the public wish to report an allegation they should contact the Chief Executive or any Director of the Council.
- 5.11 Councillors who wish to report an alleged case of fraud or corruption should contact the Chief Executive, Head of Shared Internal Audit or the relevant Director, as appropriate to the allegation.
- 5.12 In cases of suspected Money Laundering, this should be reported to the Money Laundering Reporting Officer, currently the Head of Shared Internal Audit. More information on the procedures to follow in such cases is included in the Managers' Guide to Anti-Money Laundering.
- 5.13 The process for raising and investigating different types of concern is summarised in the flowchart at Appendix A.

- 5.14 The decision to involve the Police will be made by the Head of Shared Internal Audit in consultation with the relevant Director.
- 5.15 Clear procedures are in place for briefing Members and senior officers of the Council of fraud investigations. See Appendix B for details.

6 LIAISON WITH OTHERS

- 6.1 The Council has arrangements in place for the exchange of information with other agencies in relation to the detection and investigation of fraud and corruption, for example with the Cabinet Office for the National Fraud Initiative and the Department for Work and Pensions for Housing Benefit fraud. Any transfer of data between the Council and other organisations is conducted in a secure manner and in accordance with the General Data Protection Regulations and Data Protection Act.

7 FRAUD INVESTIGATIONS: PROCEDURE FOR BRIEFING MEMBERS AND SENIOR OFFICERS

- 7.1 This procedure note is intended to advise Directors, Internal Audit and other staff who may be involved in fraud investigations about the points at which they should ensure that appropriate senior officers and members are briefed. The procedure has to respect the need for confidentiality and the maintenance of proper impartiality where disciplinary action is contemplated. It supplements the requirement in the Council's Financial Regulations section 3.51 for Directors to notify the Head of Internal Audit of all suspected irregularities.
- 7.2 The procedure applies to all cases where the alleged fraud involves City Council staff or contractors. It also applies to fraud by members of the public.
- 7.3 At the point where officers decide there is sufficient evidence to warrant either:
- i) commencing formal disciplinary proceedings; or
 - ii) referring an investigation to the police
- the appropriate Director must ensure that the following are informed:

Officers: CEX and the Monitoring Officer

Members: The leaders of the political groups (CEX) and the party spokespersons (Director) for the relevant committee. This may be impractical if more than one committee is involved. In this case, CEX will brief the Group Leaders.

- 7.4 The content of the briefing required will depend on the nature of the case. Briefing for members can be done orally and if information is particularly sensitive this should be discussed in advance with CEX or Monitoring Officer so that the amount of information to be disclosed can be agreed. The contents of any briefing should be kept confidential by those that receive them.
- 7.5 You should bear in mind that if Members are briefed in any detail they may not be able to be involved in any subsequent disciplinary process. It is unlikely that the party leaders or spokespersons would be needed for this role, but this aspect should be discussed with the CEX or Head of Human Resources in advance.
- 7.6 As the investigation proceeds, it is important to keep the information to senior officers and members up-to-date and the Director should repeat the briefing to the CEX and Monitoring Officer, and agreed Members as necessary and

certainly where:

- i) an internal disciplinary case is likely to go to Members on appeal;
- ii) an employee is summarily dismissed or resigns in circumstances which were likely to lead to dismissal;
- iii) the police/CPS decide to either drop a case or proceed with charges;
- iv) in the case of a prosecution, the court hearing date is given (or amended);
- v) there is likely to be media interest for some other reason.
- vi) the investigation finds there is no case to answer.

7.7 In the case of court proceedings the Head of Shared Internal Audit is responsible for checking regularly with the police, the Clerk to the Court or another relevant contact to obtain information on hearing dates and informing the CEX and the relevant Director(s) who need to ensure that Members are informed.

8 COMMITMENT TO FIGHT FRAUD AND CORRUPTION

- 8.1 The Council considers it has taken reasonable and appropriate steps to combat fraud and corruption within the Council. It is determined that these arrangements will continue to be effective in the future. The Council will therefore consider any future measures to combat fraud and corruption where the proposal can be demonstrated to be cost effective and successful. The Council is also committed to participating in any appropriate Central Government led fraud initiatives.
- 8.2 The Council's strategy will be subject to review to ensure it is kept up to date and relevant.

Definitions of fraud and corruption

For the purpose of this strategy fraud and corruption are defined as:

FRAUD: *dishonest or improper behaviour or acts intended to secure an advantage, whether financial or non-financial, for the perpetrator or for a third party, or to cause loss or risk of loss to another.*

CORRUPTION: *the offering, giving, soliciting or acceptance of an improper inducement or reward in order to influence the action of a Member of the Council, employee, contractor or partner.*

Relevant Contact Numbers

Chief Executive	(01223) 457001
Head of Shared Internal Audit	(01223) 458180
Head of Human Resources	(01223) 458101
Monitoring Officer	(01223) 457001
Fraud Prevention Team Leader (Revenues and Benefits)	(01223) 457731

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Item

Head of Internal Audit – Annual Opinion 2018/19

To:

Civic Affairs Committee [24/07/2019]

Report by:

Jonathan Tully, Head of Shared Internal Audit Service

Tel: 01223 - 458180 Email: jonathan.tully@cambridge.gov.uk

Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report communicates the annual Head of Internal Audit Opinion, for consideration by the Civic Affairs Committee.
- 1.2 In accordance with the Public Sector Internal Audit Standards the Head of Shared Internal Audit (HSIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement (AGS), which is also being presented to this committee. The Head of Shared Internal Audit is required to give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework.

2. Recommendations

- 2.1 The committee are asked to note the annual opinion of the Head of Shared Internal Audit.

3. Overall Opinion.

- 3.1 The overall opinion is that based on the works undertaken by Internal Audit and other independent assurance work. Cambridge City Council

has adequate and effective systems of internal control in place to manage the achievement of its objectives. The audit work completed has provided sufficient coverage to enable Internal Audit to form an opinion on the internal control environment, governance and risk management arrangements. There is Reasonable assurance awarded during the financial year 2018/19, and this remains at a similar level to the previous year.

- 3.2 However, no system of control can provide absolute assurance against material mis-statement or loss, nor can Internal Audit give that assurance.

4. Background

- 4.1 The Internal Audit service works within a framework of:
- General acceptance of control within the management culture;
 - Agreement of actions arising from Internal Audit reports; and
 - A high level of support from Senior Management and Members.
- 4.2 Audits during the year have been conducted in accordance with the principles contained in the Public Sector Internal Audit Standards.
- 4.3 The Council continues to give out a strong deterrent message about fraud in both publicly issued and internal documents, for example, on Council Tax leaflets and Housing Benefit claim forms.
- 4.4 Given this context, and in the light of work undertaken in the year, the Head of Internal Audit is able to give reasonable assurance on the adequacy and effectiveness of the organisation's internal controls in respect of the work undertaken. Further details are available in the Appendix – Annual Report of Internal Audit.
- 4.5 In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out during 2018 / 2019. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified by managers. Where weaknesses in control are identified, an action plan is agreed with management and this is recorded in the Council's Risk Register. Progress is monitored against target dates for delivery of these agreed actions during the year.

5. Assurance and opportunities for improvement

- 5.1 A number of issues have emerged from across the Council during the year and these are highlighted in the Head of Internal Audit Opinion. Those issues which are considered significant governance issues are incorporated into the Annual Governance Statement Action Plan. As part of our involvement in the preparation and validation of the Annual Governance Statement we agree that these actions are appropriate.
- 5.2 There are also a number of positive assurances which have been summarised in our annual report.

6. Conclusions

- 6.1 The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to investigate all concerns arising.

7. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None.

(c) Equality and Poverty Implications

None.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

8. Consultation and communication considerations

Managers and Heads of Service are consulted on audit reports to agree the proposed action plan. The Chief Executive, relevant Director, the Leader of the Council, relevant Executive Councillor, the Head of

Finance, the Monitoring Officer and the Council's External Auditors receive copies of the final versions of all audit reports.

9. Background papers

Background papers used in the preparation of this report:

- Risk Based Internal Audit Plan;
- Audit reports issued during the year;
- Public Sector Internal Audit Standards and the Local Government Application Note

10. Appendices

- a) Annual report

11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.

**CAMBRIDGE CITY COUNCIL
CIVIC AFFAIRS COMMITTEE
24 JULY 2019
ANNUAL REPORT OF INTERNAL AUDIT**

Report Author:	Jonathan Tully
Position:	Head of Shared Internal Audit (for Cambridge City / South Cambridgeshire Councils)
Contact:	01223 458181

Contents

Contents	2
1 INTRODUCTION	3
2 BACKGROUND	3
3 ASSURANCE	3
4 INDEPENDENCE AND OBJECTIVITY	4
5 ADDED VALUE SERVICES	4
6 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME	4
7 FRAUD AND ERROR	5
8 CONCLUSION	6
ANNEX A – AUDIT PLAN COVERAGE	7
1 RISK BASED ASSURANCE	7
2 ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK	19
3 THIRD PARTY ASSURANCE / JOINT WORK	20
4 OTHER ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE	20

1 INTRODUCTION

- 1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Civic Affairs Committee, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation by evaluating the effectiveness in achieving the organisation's objectives.
- 1.2 This report is the culmination of the work during the course of the year. It provides an opinion on the effectiveness of the internal control environment, governance and risk management arrangements, and reports the incidence of any significant control failings or weaknesses. The report also gives an overview of audit performance during the year. The overall reports will then contribute to the Annual Governance Statement.

2 BACKGROUND

- 2.1 The 2018 / 2019 audit plan was prepared in accordance with the requirements of the Public Sector Internal Audit Standards and the requirements of the Accounts and Audit Regulations.
- 2.2 The Council continues to evolve and change. The drivers for change are both organisational (e.g. public sector reform and developing smarter ways of working) and financial (e.g. national austerity programme and consequent savings programs).
- 2.3 During a period of change it is important that any increased business risks are identified and managed in an effective manner. Our audit plan reflected these changes by concentrating on those areas of highest risk.

3 ASSURANCE

- 3.1 The audit plan enables me to provide an independent opinion on the adequacy and effectiveness of the systems of internal control in place (comprising risk management, corporate governance and financial control). This opinion will inform the Annual Governance Statement.
- 3.2 Our work is carried out to assist in improving control. However management is responsible for developing and maintaining an internal control framework. This framework is designed to ensure that:
- The Council's resources are utilised efficiently and effectively;
 - Risks to meeting service objectives are identified and properly managed; and
 - Corporate policies, rules and procedures are adequate, effective and are being complied with.
- 3.3 Assurance is received from a number of sources. These include the work of Internal Audit; assurance from the work of the External Auditor; the Annual Governance Statement together with the Local Code of Corporate Governance and the Risk Management process. This enables a broader coverage of risks and ensures that the totality of the audit, inspection and control functions deployed across the organisation are properly considered in arriving at the overall opinion.
- 3.4 If the audit reviews undertaken identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has 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 is reported to Civic Affairs Committee.

- 3.5 It is the opinion of the Head of Shared 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, governance and risk management arrangements, during the financial year 2018/19, and this remains at a similar level to the previous year.

4 INDEPENDENCE AND OBJECTIVITY

- 4.1 It is important that the Internal Audit service is sufficiently independent to provide an objective annual opinion. We safeguard against any potential ethical threats by preparing an Internal Audit Code of Ethics, which is presented to the Committee annually.
- 4.2 I can confirm that during the year there has not been any impairment in independence or objectivity to the Head of Shared Internal Audit or the service itself.

5 ADDED VALUE SERVICES

- 5.1 Although our primary responsibility is to give an annual assurance opinion it is also important that the Internal Audit service adds value to the organisation.
- 5.2 There needs to be a firm focus on assisting the organisation to meet its aims and objectives and on working in an innovative and collaborative way with managers to help identify new ways of working that will bring about service improvements and deliver efficiencies. Examples of how we have done this during the year include providing advice / input to support a number of projects and key working groups.

6 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

- 6.1 The Internal Audit team was independently assessed by CIPFA in 2018, using the Public Sector Internal Audit Standards and the Local Government Application Note. This concluded that the Internal Audit Team "generally conforms" with the requirements of the standards. This was the top-level accreditation and was reported separately to the Committee. This process is completed once every five years.
- 6.2 The Internal Audit team is committed to continuous improvement and also completes an annual self-assessment to the standards. This enables us to conclude that we still continue to conform with the professional standards.
- 6.3 The Internal Audit Team is a shared service, with South Cambridgeshire District Council. During 2018/19 we have been reviewing our working processes and consolidating our procedures to achieve efficiencies.
- 6.4 A Business Plan and Annual report is prepared as part of our Shared Service governance arrangements, and is reported to the Strategy and Resources Scrutiny Committee. Management of resources is recognised as a risk in the Business Plan for the Shared Service. The team utilises agency workers to cover vacant posts, when needed. I am satisfied that there were adequate resources available to deliver the audit activities in the year and provide an annual opinion.
- 6.5 The audit work that was completed for the year to 31 March 2019 is listed in ANNEX A, which summarises all the audits undertaken and their results in terms of the audit assurance levels provided and the number of actions agreed.

- 6.6 Our reporting protocols have remained constant throughout the year with the following assurance ratings used:
- Full
 - Significant
 - Limited; and
 - No
- 6.7 Similarly, the agreed actions are categorised in the following types, based on their severity, and these have remained the same during the year:
- Critical
 - High
 - Medium
 - Low
- 6.8 In addition to the risk based audits, further audit work was carried out including consultancy work and other specific activities such as special investigations. These do not usually warrant an assurance rating, but there may be actions arising from the work undertaken to address the issues identified, and they help to inform the annual opinion.
- 6.9 The team has a continuous plan of work, which is updated at least annually. Consequently there are also a number of reviews in progress, as documented in the current risk based audit plan reported to the committee, and audit opinions relating to these will continue to be reported during 2019 / 2020.
- 6.10 The Shared Internal Audit Service Business Plan, and results of the Quality Assurance and Improvement Programme, will inform the development of the service over the longer term.

7 FRAUD AND ERROR

- 7.1 Both proactive and reactive fraud and error work is completed by the Internal Audit team throughout the year.
- 7.2 Going forwards we are exploring the use of data analytics tools to help improve our proactive error checking work.
- 7.3 This is reported, along with a summary of work completed by the Revenue and Benefits Services Fraud Prevention Team, to the Committee as a separate item on the agenda.

8 CONCLUSION

- 8.1 The work carried out by the Internal Audit Team conforms to the Public Sector Internal Audit Standards.
- 8.2 A continuous risk based audit plan is completed, providing assurance. The team also provides added value consulting activities such as providing advice and fraud and error activities.
- 8.3 The audit work completed in 2018/19 has provided sufficient coverage to enable Internal Audit to form an opinion on the internal control environment, governance and risk management arrangements. There is Reasonable assurance awarded during the financial year 2018/19, and this remains at a similar level to the previous year.

Jonathan Tully
Head of Shared Internal Audit
July 2019

ANNEX A – AUDIT PLAN COVERAGE

The following pages provide information on work completed throughout the year.

1 RISK BASED ASSURANCE

- 1.1 The Council undertakes risk based reviews, to ensure that resources are allocated effectively across the Council. A summary of work completed is detailed below:

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Building control fees	Not applicable – new review	Limited	0	4	4	1	9	The Building Control function is a shared service. Overall the system is performing well. However as it was going through a transitional period, to establish the shared service, we agreed some high level actions that would improve the new arrangements by updating delegations, reviewing debt management processes and updating risk management processes.

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Serious Organised Crime	Not applicable – new review	Significant	0	0	0	14	0	Internal Audit facilitated a review of the organisations proactive and responsive controls, using guidance issued from Central Government. The control environment is effective, and we have reported this through the annual Counter Fraud report.
Contract Management – Ditchburn Place	Not applicable – new review	Significant	0	0	0	1	1	We undertook a review of the team's risk register, to provide assurance that risks were being managed effectively. We agreed two new risks to be added to the register.

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
HRA – Electrical Safety Compliance	Not applicable – new review	Limited	0	3	13	0	16	<p>Under the Landlords and Tenants Act 1985, the Council have a legal duty to ensure that the electrical installation in a rented property is safe when a tenancy begins; and also throughout the tenancy. We reviewed controls and sample tested the electrical certificates for a selection of properties.</p> <p>There are areas of good practice within the team, and the Service has taken proactive measures to review the stock condition of all its HRA properties. In the past 12 months, two temporary members of staff have been employed to review all those properties where there are no records of previous inspections.</p> <p>Our review has also highlighted that although proactive work has been undertaken, there is still further work required to ensure properties comply with the electrical standards and that data held within asset management system is accurate. The main themes for improvement were around data cleansing prior to migration to a new system; improving contract management; reconciling certificates for void properties and improving compliance reporting for management. This will be followed up in the current audit plan.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
HRA – Gas Safety Compliance	Not applicable – new review	Limited	0	8	5	0	13	<p>Under the 'Gas Safety (Installation and Use) (Amendment) Regulations 2018', the Council have a legal duty to ensure all Council owned gas appliances in the properties are checked at intervals of no more than 12 calendar months with a Landlords Gas Safety Record (LGSR) generated and issued to the tenant and the Council by a competent qualified engineer who is registered on the Gas Safe Register. Gas safety inspections, including gas servicing, are carried out by a contractor.</p> <p>Our review has highlighted that although some progress has been made to update the LGSR records, there was risk of errors in the record keeping due to various systems being used.</p> <p>The review identified a total of 9 new build properties without a certificate, and these were promptly rectified by the team. There was a significant reliance on the use of spreadsheets being used as a source document for updating the current LGSR record.</p> <p>As part of the review Management have agreed to implement processes which will help improve processes, and reconcile data, to provide assurance that LGSR records are complete. This will be followed up in the current audit plan.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
HRA - Service Charges - Leaseholder	Not applicable – new review	Significant	0	0	0	4	4	<p>The review concluded that: record keeping is consistent; Debt management is maintained at very low and sustainable levels (approximately 2% of total revenue) and is in the lower quartile range of debt to revenue percentage as measured by the recent HQN inspection (measured between 0 and 12%); Uptake of payment by direct debit is good (75% and growing); and General Data Protection Regulations / Data Protection Act and PCIDSS (Payment Card Industry Data Security Standards) compliance is adhered to.</p> <p>The extensive transfer of information from Finance to Orchard (Housing IT system), which is undertaken by the Leaseholder Service Team, is a labour intensive process. With the forthcoming system upgrade, consideration should be given as part of the programme scope to identify opportunities to reduce this where possible.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Information Governance – GDPR	Not applicable – new review	Significant	0	0	0	0	0	<p>We reviewed the Councils preparation for the implementation of the General Data Protection Regulations and the revised Data Protection Act. There were no significant areas of concern, and the Council had a robust approach to identifying areas for improvement.</p> <p>This review is also included in the audit plan for 19/20 to monitor the improvement plan.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Planning Obligations - S106 / Community Infrastructure Levy	Not applicable – new review	Significant	0	0	0	2	2	<p>The system for monitoring S106 funding was reviewed. Record keeping was accurate, although we identified potential risks.</p> <p>Maintaining a fund of allocated and unallocated S106 contributions in excess of £6 million utilising in-house developed Access database, spreadsheet extracts, separate supporting documentation in both Word and PDF format is exposed to both IT and end user risks. Whilst in its current state it is being managed adequately, due mainly to the effort and diligence of the Section 106 team, Management could benefit from utilising a holistic single system to manage the funds and to act as a document repository for the supporting evidence files.</p> <p>Discussions are already taking place across Corporate Strategy, the shared Planning Service and 3C ICT to safeguard the integrity of data during the transition to Council Anywhere.</p> <p>Managers in the shared Planning Service are conscious of the need to review S106 data management systems in 2019/20.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Grant certification – Better Care Fund	Unqualified	Unqualified	0	0	0	0	0	<p>The Council receives funding from Central Government through the Better Care Fund, a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.</p> <p>Typically the Council will use the money to support adaptations as part of the Disabled Facility Grant.</p> <p>A review of the grant scheme concluded that it was operating effectively, and in accordance with the grant conditions from Central Government.</p>
Quality assurance – carbon management data	N/A	Significant	0	0	0	0	0	<p>The Council reports statistical information on its carbon management data. This is a complex data set comprising source information from multiple sources.</p> <p>Internal Audit checked the data for accuracy and highlighted areas which required updating and correction before final publication.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Housing Benefit Assurance Program – Modules 2 and 5	N/A	Full	0	0	0	0	0	<p>The team used the Public Sector Audit Appointment diagnostic templates to verify calculations, and review the system control environment in relation to the housing benefit grants.</p> <p>This provides assurance that the data parameters were correct and that the Benefits team is using the correct software as issued by the supplier.</p> <p>The diagnostic tools (Modules 2 and 5) were completed and submitted to the external auditors (Ernst & Young) to provide assurance as part of the year end accounts process.</p>
BACS	Limited	Significant	0	0	0	0	0	<p>We completed a follow-up review of the BACS process. The system contained inherent risks which could enable fraud. Although the likelihood was low the impact would be high, and the original review received Limited assurance.</p> <p>The teams that use the BACS system have implemented compensating controls to mitigate the risk, and the system has improved to Reasonable assurance.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Contract Management – Leisure	Not applicable – new review	Significant	0	0	2	2	4	<p>The audit is currently at draft report stage, and we are agreeing the management action plan with the customer.</p> <p>Testing of the control environment, and compliance testing of data, has been completed. There are no major risks arising.</p>
Flood Assessment	Not applicable – new review	Significant	0	0	3	7	10	<p>Flooding causes significant damage to local infrastructure ruining historical landmarks, disrupting local transport and provision of critical public services and amenities. There is also a costly impact to businesses and households.</p> <p>The audit has focussed on how the Council works to achieve the five objectives agreed jointly within the Cambridgeshire Flood Risk Management Partnership.</p> <p>The audit is currently at draft report stage, and we are agreeing the management action plan with the customer. Testing of the control environment, and compliance testing of data, has been completed. There are no major risks arising.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Licences - Alcohol, Premises, Events	Not applicable – new review	Significant	0	0	6	9	15	<p>The audit is currently at draft report stage, and we are agreeing the management action plan with the customer.</p> <p>Testing of the control environment, and compliance testing of data, has been completed. There are no major risks arising.</p>
Procurement cards	Not applicable – new review	Full assurance	0	0	0	0	0	<p>The Council issues procurement cards to employees. Cards should be used for low value payments which need to be made quickly and should be a preferable alternative to petty cash and cheque (which are generally considered to be more expensive cost to the Council to use).</p> <p>We reviewed the controls and sample tested transactions for completeness, reasonableness and accuracy. There were no errors and this provides full assurance that controls are operating effectively.</p>

			Actions summary					Supporting information
Review	Prior Review	Assurance	Critical	High	Medium	Low	Total	
Procurement Governance	Limited	Reasonable	0	4	1	0	5	<p>The audit is currently at draft report stage, and we are agreeing the management action plan with the customer.</p> <p>Testing of the control environment, and compliance testing of data, has been completed. There are no major risks arising.</p> <p>Recommendations are being made to improve policies and procedures which will help support the Council with its procurement.</p>

2 **ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK**

2.1 Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement.

Area of review	Status	Narrative
Annual Audit Opinion	COMPLETED	The Annual Audit Opinion was submitted to the Civic Affairs Committee in June 2018, highlighting all Internal Audit activity for the previous 12 months together with any areas of concern.
Annual Governance Statement	COMPLETED.	The Annual Governance Statement was submitted to the Civic Affairs Committee in July 2018. Internal Audit has reviewed the methodology used to collect, collate and interpret the information and have identified no gaps. A revised Local Code of Corporate Governance was prepared, reflecting the latest standards in the Good Practice Governance Framework for Local Authorities.
Counter Fraud and Corruption	COMPLETED	The Annual report on fraud and whistleblowing was submitted to Civic Affairs Committee in July 2018.
National Fraud Initiative	COMPLETED	The biannual fraud initiative. Data matches were received in February 2019 covering a series of datasets provided to an external body. Internal Audit has undertaken a routine sift and those requiring investigation have been allocated to a number of officers across the Council to investigate.
Internal Audit Effectiveness	COMPLETED	The Internal Audit team has completed a continuous review of working practices to ensure that it continues to be effective. A full 5 year assessment was completed in the 2018/19 year which provided assurance that the team conforms with the professional standards.

3 THIRD PARTY ASSURANCE / JOINT WORK

- 3.1 The Council participates in a number of shared services and partnership working. Where appropriate we work with our partners to either receive or provide assurance. This is taken into account when concluding the annual audit opinion.

4 OTHER ACTIVITIES: PROJECT MANAGEMENT / GENERAL ADVICE

- 4.1 Various ad-hoc advice and support has been provided to management during the year across the organisation, and these are detailed below:

Added value	
Members of the Internal Audit team participate in the following working groups: <ul style="list-style-type: none">• Information Security Group• Capital Programme Board / Quality Assurance Group Other areas undertaken in the period include: <ul style="list-style-type: none">• Project support advising on the control environment• Providing advice on effective document management and retention• Providing advice on procurement and commissioning, and quality assurance validation of tender evaluations	
Unplanned activity: Fraud and error	
The Internal Audit team provides reactive support into potential fraud and error cases, such as allegations of breaches of officer code of conduct / whistleblowing referrals. The outcomes of this work is included in the annual Counter Fraud report to Civic Affairs Committee. Where appropriate internal controls have been reviewed and updated.	
Risk Management	
As part of our dynamic risk-based audit plan our ongoing work includes the review and monitoring of the Councils risks and	

implementation of actions agreed to mitigate these. In addition we have provided administrative support and coaching on the use of the Risk Management system.

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Item

Annual Governance Statement and Local Code of Governance

To:

Civic Affairs Committee [24/07/2019]

Report by:

Jonathan Tully, Head of Shared Internal Audit Service

Tel: 01223 - 458180 Email: jonathan.tully@cambridge.gov.uk

Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report presents the Annual Governance Statement (AGS) for 2018/19, and the Local Code of Corporate Governance, for consideration by the Civic Affairs Committee.
- 1.2 The purpose of this report is to provide an update on the progress of actions identified in the previous year, report the annual review of effectiveness, communicate any new governance issues, and provide and update of the Local Code of Corporate Governance.

2. Recommendations

- 2.1 Members of the committee should approve the Annual Governance Statement in advance of the Statement of Accounts. To help complete this members should note:
 - the arrangements for compiling, reporting on and signing the AGS;
 - the progress made on issues reported in the previous year;
 - the current review of effectiveness
 - the issues considered for inclusion in the current AGS;

- 2.2 Members should note and endorse the amendments to the updated Local Code of Corporate Governance;

3. Background

Scope of the AGS

- 3.1 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:
- The Council's policies are implemented in practice;
 - High quality services are delivered efficiently and effectively;
 - The Council's values and ethical standards are met;
 - Laws and regulations are complied with;
 - Required processes are adhered to;
 - Its financial statements and other published information are accurate and reliable; and
 - Human, financial and other resources are managed efficiently and effectively.

Arrangements for compiling the AGS

- 3.2 The Accounts and Audit Regulations require the Council to review its governance arrangements, and prepare an AGS to accompany the Statement of Accounts. The AGS should communicate how we complying with our Local Code of Governance.
- 3.3 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.
- 3.4 Arrangements for compiling the AGS have coordinated through Internal Audit, with input from the Head of Legal Services (the Council's Monitoring Officer) in conjunction with the Head of Corporate Strategy, and Head of Finance (the Council's s151 Officer).
- 3.5 Assurances from the work of the Internal Audit team have been reviewed and have been used to inform the AGS and its associated

action plan. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

Arrangements for reporting on and signing off the AGS

- 3.6 The Accounts and Audit regulations require the Committee to approve the AGS. Good practice guidance requires the AGS to be signed by the Leader and Chief Executive.
- 3.7 The draft AGS was prepared with the Statement of Accounts and is available for review and comment prior to it being signed by the Leader and Chief Executive.
- 3.8 Members of the Committee were invited to a workshop and an overview of the AGS, plus governance arrangements, was presented.
- 3.9 The draft AGS is then issued to the External Auditors to review as part of the draft Statement of Accounts. No further amendments have been requested prior to the publication of this report. Further changes may be requested up to the signing of the accounts.
- 3.10 Members should approve the draft AGS appended to this report.
- 3.11 The final, and formatted, version of the AGS is included in the Statement of Accounts.

Local Code of Corporate Governance

- 3.12 The preparation of the AGS and the Local Code of Governance is undertaken in accordance with the guidance published by CIPFA.
- 3.13 The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.
- 3.14 Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council.
- 3.15 The Council first adopted a Code of Corporate Governance on 25 April 2002 and it has been reviewed annually since then. The Code stands as the overall statement of the Councils corporate governance principles and commitments.

- 3.16 The Code has been reviewed as good practice. Significant changes were made in 2017, following revised international guidance being issued in 2016. This year there are minimal changes required, and these have been marked up using tracked changes for reference.

4. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

There are no implications.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

5. Consultation and communication considerations

Key officers have been consulted in compiling the draft AGS and Local Code of Governance. The draft AGS is issued to Members of the Civic Affairs Committee, and the Council's External Auditors for comment.

6. Background papers

Background papers used in the preparation of this report:

- Delivering Good Governance in Local Government (CIPFA 2016)
- Accounts and Audit (England) Regulations 2015
- CIPFA good practice guidance on AGS presentation

7. Appendices

- a) Annual Governance Statement
- b) Local Code of Governance

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.

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Covering Note

This is the draft Annual Governance Statement (AGS) for 2018/19.

The AGS has been prepared as per the Accounts and Audit Regulations 2015, and Proper Professional Practice. This includes guidance from CIPFA and SOLACE.

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 Civic Affairs Committee in advance of the Statement of Accounts.

DRAFT

Annual Governance Statement

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

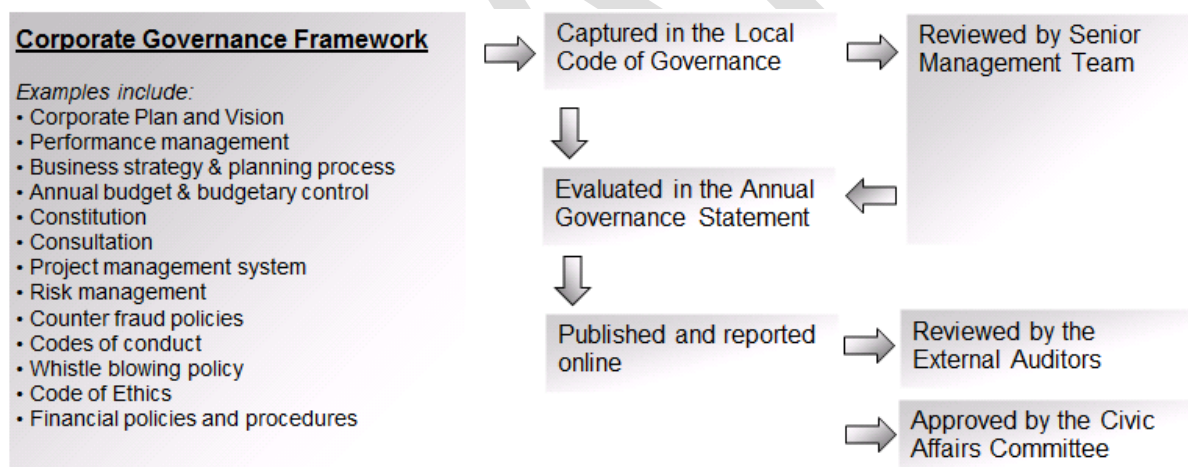
Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

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 Council has aims and objectives which are published on [our website](https://www.cambridge.gov.uk/vision-statement)¹. The Council has a clear vision to *"lead a united city, in which a dynamic economy and prosperity are combined with social justice and equality"*. The vision has three main aims, captured in the annual statement:

- to make Cambridge fair for all,
- to make it a great place to live, learn and work, and
- caring for the planet.

¹ <https://www.cambridge.gov.uk/vision-statement>

The Council produces a [Corporate Plan](#)², which includes seven strategic-level objectives for 2018/19:

- Delivering sustainable prosperity for Cambridge and fair shares for all
- Tackling the city's housing crisis and delivering our planning objectives
- Making Cambridge safer and more inclusive
- Investing in improving transport and tackling congestion
- Protecting our city's unique quality of life
- Tackling climate change, and making Cambridge cleaner and greener
- Protecting essential services and transforming council delivery

The Corporate Plan was revised during the year, with five new objectives set for 2019/20 onwards.

The Council prepares an Annual Report illustrating progress against the plan each year, and this is published on the [website](#).

The governance framework has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

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 is recorded in our [Local Code of Governance](#), which 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:

- A. behaving with integrity and in accordance with our core values
- B. being open and ensuring effective engagement takes place
- C. working together to achieve our intended outcomes
- D. setting goals for economic, social and environmental benefits and reaching them
- E. growing our capacity - including our leadership and the people who work with us
- F. managing risks and performance through robust internal control and strong financial management
- G. Implementing good practice in transparency, reporting and audit – delivering effective accountability

² <https://www.cambridge.gov.uk/corporate-plan>

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. Further details are published on our website .
The Executive	<p>The Executive comprises the leader of the council and six executive councillors. The executive councillors make decisions relating to the major service areas.</p> <p>These councillors can make decisions individually, usually at a meeting of a scrutiny committee relevant to their executive area. They also meet collectively to determine the council's budget and medium-term financial strategy. Further details are published on our website.</p>
Scrutiny and Overview committee	<p>To balance the Executive's powers, scrutiny committees are responsible for advising and reviewing decisions. They hold the Executive to account to make sure the best decisions are taken for the council and local residents. Further details are published on our website:</p> <ul style="list-style-type: none"> • Environment and Community Scrutiny Committee • Housing Scrutiny Committee • Planning and Transport Scrutiny Committee • Strategy and Resources Scrutiny Committee
Strategic Leadership Team	The management structure includes a Strategic Leadership Team of a Chief Executive, Strategic Directors, the Head of Corporate Strategy and the Head of Finance. It is supported by a Senior Management Team. Both teams consider policy formulation and future planning. Further details are published on our website .
Civic Affairs Committee	<p>The Civic Affairs 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 and is responsible for corporate governance issues including:</p> <ul style="list-style-type: none"> • Electoral issues • Audit and regulatory financial matters • Civic and democratic process management issues • Miscellaneous regulatory responsibilities <p>It works closely with both Internal Audit and senior management to continually improve the governance, risk and control environment. Meetings details and minutes are published on the website.</p>

Purpose of the Annual Governance Statement

The Council conducts a review of its system of internal control, prepares and publishes an Annual Governance Statement 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 Civic Affairs 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 (2016).

Other review and assurance mechanisms

Management have helped to review 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 therefore the extent to which the Council can rely on it. This has been considered in the development of the Annual Governance Statement.

The Annual Report will be presented to the Civic Affairs Committee in July 2019. This report will outline the key findings of the audit work undertaken during 2018/19, including any areas of significant weakness in the internal control environment.

From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has 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 is reported to Civic Affairs 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 2018/19, and this remains at a similar level to the previous year.

External Audit

Ernst & Young (now EY) are the appointed external auditor. Their results report (ISA260), annual audit letter and annual report on the certification of claims and returns was presented to Civic Affairs committee.

For 2017-18 EY issued unqualified audit opinions on the financial statements, value for money conclusion and whole of government accounts.

Investors In People

Following a visit from an assessor in October and November, the Council has once again been successful in meeting the Investors in People (IiP) standard. The IiP standard is a national measure of good practice for employers in terms of the training and development opportunities provided for staff.

Progress from the last Annual Governance Statement

The Council prepared an [Annual Governance Statement for 2017/18](#) which was approved by the Civic Affairs Committee. An update on the previous action plan is included below:

Action	Update and status
Project Governance	The Council has completed regular monitoring and reporting of major projects throughout the year. A project management audit and health check helped to inform a programme to help improve our project governance approach during 2018/19. Consequently a revised governance approach to project management was implemented. In addition the Council has committed to implementing a new computerised Project Management System which will help improve management and monitoring.
GDPR readiness	<p>Following preparation for the General Data Protection Regulations, the Council implemented procedural changes to reflect the new legislation.</p> <p>The Council also recognises that this is an evolutionary process, and has developed a continuous treatment plan in response to emerging good practice from both the General Data Protection Regulations and the Data Protection Act 2018. This is monitored through an Information Security Group, and chaired by a Data Protection Officer and Senior Risk Information Officer.</p>
Capacity to deliver services from loss of key personnel	<p>The Council recognises the ongoing difficulty recruiting in some areas and, as services undergo change, may be more at risk of losing key personnel.</p> <p>To help manage the risk the Council has undertaken a number of activities. The Organisational Development Strategy was published in March 2018. Subsequently the Recruitment and Retention policies were reviewed during the year. In addition the Council approved revisions to the Council's pay scale, considered the Pay Policy Statement and considered the annual Equality in Employment - End of Year Workforce report.</p>
Impact of external change	The Council has actively consulted with stakeholders, and developed new policies and procedures where required to help manage the potential risks arising from external sources and changes in legislation. The Council is still potentially impacted by the Fair Funding Review and Brexit, and these are included in the current action plan.
Implement actions from the Peer Challenge	The Council participated in a Local Government Association peer challenge. This enabled us to reflect on our delivery and forward thinking, the things we do well, and our opportunities to improve. The Strategic Leadership Team has been delivering the action plan during the year.

Review of effectiveness

The Council has a number of policies and procedures which are recorded in its Local Code of Governance. These are mapped to the 7 principles of good governance.

The effectiveness of the key elements of the governance framework is reviewed throughout the year. The review 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, and from comments received from external auditors and other review agencies and inspectorates.

Ongoing good practice is recorded in the [Local Code of Governance](#) and the review concludes that the Council has complied with its code. Additional examples of good practice from the last twelve months, and governance issues, considered when completing the review are recorded below:

Principle		Review of effectiveness
A	Behave: integrity, ethical values, respect rule of law	<ul style="list-style-type: none">The Local Code of Governance was reviewed and updated to reflect the latest professional standards and guidance.The Council approved the revised Comprehensive Equalities and Diversity Policy and approved the Single Equality Scheme 2018-2021. The Comprehensive Equalities and Diversity Policy set out the Council's commitment to promoting equality and diversity, including through its role as an employer and a provider of services to the public. The Single Equality Scheme set out how the organisation would challenge discrimination and promote equal opportunities in all aspects of its work over the next 3 years.

Principle	Review of effectiveness
<p>B Openness & stakeholder engagement</p>	<ul style="list-style-type: none"> • A Digital Transformation Strategy was approved for the Council. The strategy set out a vision and ambition for the council to use new technologies to improve customer services, improve productivity, achieve efficiencies and open up possibilities for involving and engaging residents in a new way. • In August the Council launched a new refreshed website, and this was supported by an online customer portal: https://my.cambridge.gov.uk/. • Council adopted the Cambridge Local Plan 2018, and the Cambridge Policies Map 2018. The Local Plan sets out policies and proposals to guide future development and sets the framework for determining planning applications. Local Plans are shaped by early, proportionate and effective engagement with a wide variety of stakeholders. The Cambridge Local Plan was submitted for Examination on 28 March 2014 alongside the South Cambridgeshire Local Plan. Lead and Assistant Inspectors were appointed to carry out the Examination of both Local Plans in parallel, given the interrelationships and the joint nature of much of the evidence. Independent inspectors had concluded that the plan was sound, and could be adopted as part of the Development Plan. • Following a periodic review, and a 12 week consultation, the Council approved the Statement of Gambling Principles. Cambridge City Council, as the Licensing Authority, is required to discharge its responsibilities under the Gambling Act 2005 with a view to promoting the three licensing objectives, namely; preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime; ensuring that gambling is conducted in a fair and open way; and protecting children and other vulnerable persons from being harmed or exploited by gambling. • The Council undertook various consultations and engagements with stakeholders, including: <ul style="list-style-type: none"> ○ Residents were asked to give their ideas for ways to improve the city centre as part of the work for the 'Making Space For People project. ○ A consultation on the council's Air Quality Action Plan was launched on national Clean Air Day. ○ Initial plans for redeveloping the Cambridge Northern Fringe area were published ahead of a public consultation.

Principle	Review of effectiveness
<p>C Defining outcomes - economic, social, environmental</p>	<ul style="list-style-type: none"> • The Council has a Corporate Plan, which defines outcomes and sets out strategic level objectives. It is reviewed periodically and a new Corporate Plan 2019-2022 was set during the year. This introduced five new Strategic objectives: <ul style="list-style-type: none"> ○ Helping people in Cambridge who have the greatest need ○ Planning for growth and ensuring our new communities are successful ○ Protecting our environment and tackling climate change ○ Delivering quality services within financial constraints ○ Developing effective partnerships and an innovative and dynamic organisation • Performance, achievements, and further actions linked to the Corporate Plan are included in the Corporate Plan Annual Report. The 2018/19 annual report was presented to the Strategy and Resources Scrutiny Committee in July. • The Council received updates on significant development, such as the current status of the Cambridge Northern Fringe East, proposals for the site and next step actions. • The Council produced a revised and updated Anti-Poverty Strategy for the period from April 2017 to March 2020. The Council's Anti-Poverty Strategy aims to: improve the standard of living and daily lives of those residents in Cambridge who are currently experiencing poverty; and to help alleviate issues that can lead households on low incomes to experience financial pressures. • The Council approved a single "Waste Collection Service Policies and Procedures" document setting out the service that Greater Cambridge Shared Waste Service would deliver for the residents of both Cambridge City Council and South Cambridgeshire District Council. • The Council signed up to the Oxford Charter for Cleaner Air. The purpose of the Charter is to maintain pressure on central government to take steps to reduce illegal levels of air pollution and to recognise the crucial role local authorities play in this area by providing them with adequate funding, powers and new legislation to be able to fulfil their role and deliver local air quality action plans and other actions.

Principle	Review of effectiveness
<p>D Determine interventions to achieve outcomes</p>	<ul style="list-style-type: none"> • The 2017/18 Corporate Plan Annual Report highlights examples of actions which were completed to achieve our outcomes. • The Council adopted the Sustainable Food Policy Statement, acknowledging the innovative work that is taking place across Cambridge to help the city become a leader in sustainable food practice. • The Civic Affairs Committee reviewed the annual report of the complaints, comments and compliments and subsequently considered an update report for the waste services during the period of April – December 2018. • The Civic Affairs Committee received the annual report on transparency, including Data Protection, Freedom of Information and Environmental Information Regulations. In addition they noted the Council was managing the changes to information legislation under GDPR & Data Protection Act 2018 in May. • The Housing Scrutiny Committee considered the report on Rough Sleeping, and endorsed the work already being carried out by the Homelessness team and our partners in delivering services to rough sleepers.
<p>E Develop capacity and capability of entity</p>	<ul style="list-style-type: none"> • Members were appointed to panels, with examples including Equalities, Joint Staff Employment Forum; and to Outside Bodies including: Greater Cambridge Partnership Executive Board, Local Government Information Unit, East of England Local Government Association, LGA General Assembly, Horizons Board, and the Cambridge Investment Partnership. This proactively helps the Council to work effectively with our partners. • A number of initiatives were completed to develop the capacity of the organisation: Recruitment policies and guidance were updated during the year; council staff transferred to the new Greater Cambridge Shared Planning Service; the new Real Living Wage rate for 2018-19 was announced during Living Wage Week; and the Council maintained its Investors In People accreditation. • The Council received updates on the work of the Cambridgeshire and Peterborough Business Board (former Greater Cambridge Greater Peterborough Local Enterprise Partnership), Greater Cambridge Partnership and other growth-related partnerships. This is provided as a part of the Council's commitment, given in its "Principles of Partnership Working", to set out annual reports summarising the work of the key partnerships it is involved with.

Principle	Review of effectiveness
<p>F Manage risk & performance, internal control, finance</p>	<ul style="list-style-type: none"> • The Council continued to implement the new Financial Management System, working on the Budgeting and Forecasting modules, to develop resilience and introduce smarter ways of working. Training and coaching was delivered to management and budget holders. • The Council presented a Corporate Plan Annual report which shows what was achieved under the seven Corporate Priorities. • A Quality Assurance and Improvement Program, of compliance to the Public Sector Internal Audit Standards, and the Local Government Application Note was completed as good practice. An external assessment provided assurance that the service “Generally Conforms” with both standards, and this was reported to the Civic Affairs Committee. • Scrutiny Committees received Business Plans for the Shared Services, and annual Performance reports. This communicated that increased collaborative working between partners is assisting in delivering the benefits set out in the original business plans.
<p>G Transparency, reporting, audit, accountability</p>	<ul style="list-style-type: none"> • The Council received an unqualified opinion on the statement of accounts. • Council approved amendments to the Constitution which set out changes to the Scrutiny Committees and a review of the decision making process. It was agreed to create an Environment and Community Scrutiny Committee which will scrutinise the decisions of three executive councillors (Communities; Environmental Services & City Centre; Streets & Open Spaces) and create a Planning and Transport Scrutiny Committee which will scrutinise the decisions of one executive councillor (Planning Policy and Transport). This will help to balance workloads and reflect the changing service, delivery and partnership landscape.

Action plan

The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

The review process has helped us to identify some opportunities to improve the governance arrangements over the next twelve months. Some of these may feature in previous statements where the work is ongoing. They address both significant governance issues that have arisen during 2018/19, and also forward looking matters identified for 2019/20. These actions may be captured in existing corporate plans and strategies.

Governance Theme	Actions	Responsible Officers
Brexit Risk Management	<p>There are a number of potential risks associated with Brexit, and the Council has been proactively managing these. Potential considerations include legislative risk, where functions are defined by EU standards and regulations, and supply chain risk which may impact the availability of resources. The Council has also been working with the Cambridgeshire Resilience Forum, to help manage the impact to communities across Cambridgeshire.</p> <p>There continues to be a reasonable amount of uncertainty, and the Council will continue to identify and manage the relevant risks over the next 12 months.</p> <p>To help provide assurance that the Council is taking all reasonable steps, resource has been included in the Internal Audit Plan to independently review the management of risks.</p>	Chief Executive working with the Strategic Leadership Team and the Cambridgeshire Resilience Forum

Governance Theme	Actions	Responsible Officers
Business Transformation	<p>The Council is committed to delivering Business Transformation, and a revised governance framework for project management was implemented in 2018/19. This has helped to improve the accountability, risk management, performance and scrutiny, which is important as the Council aims to deliver significant projects.</p> <p>The Council has also committed to implementing a new Enterprise Portfolio Management System. This is a computer application which can potentially improve the management and monitoring of project delivery through smarter working.</p> <p>The Council has recently appointed to a new Head of Transformation post, which will help to provide capacity and support the Council deliver Business Transformation.</p> <p>These planned changes should help enable projects to be delivered efficiently and economically.</p>	Chief Executive, working with the Strategic Leadership Team and project stakeholders.
Cultural Events	<p>The charity 'Cambridge Live' was established in 2014 to take advantage of operating efficiencies, cost savings and income generating opportunities, and provide a more innovative and flexible environment in which cultural activity in Cambridge could thrive for the benefit of local people.</p> <p>The Council decided to bring 'Cambridge Live' back in-house in December 2018. The decision was made in the best interests of the beneficiaries of these services and to ensure a successful and financially sustainable future for all cultural activity covered by the contract.</p> <p>Bringing services back in-house has potential risks and opportunities, and the Council has been actively managing these. Detailed financial modelling work was undertaken, to ensure a smooth transfer for services, staff and customers. The immediate priority was to stabilise the organisation and manage the transition well. The Council is now drafting a terms of reference to commission an external review of the service, to be agreed with the Environment and Community Scrutiny Committee. This will help the Council to benefit from any lessons learnt, and can be used when considering other alternative delivery models and future projects.</p>	Strategic Director, working with the Head of Community Services, Customer & Community Services

Governance Theme	Actions	Responsible Officers
Business Continuity	<p>The Council has a positive track record of responding to and managing unplanned events. A number of unplanned Information Technology disruptions occurred during the current year and consequently business continuity plans were used to maintain services for our customers.</p> <p>It is important that the Council continues to be prepared for unknown events, and has robust business continuity arrangements. Our capability should continuously be reviewed as we increasingly leverage use of technology for smarter working.</p> <p>As good practice we will review the effectiveness of the Business Continuity arrangements and communicate any opportunities for improvement throughout the organisation.</p>	Chief Executive working with the Strategic Leadership Team
Resources and funding	<p>There are risks which could adversely impact our finance and resources, which are caused by unplanned events from external sources and changes in legislation. Examples include Business Rates Retention, delayed confirmation of the Fair Funding Review and the uncertainty of Brexit.</p> <p>The Council manages its financial risks, undertakes financial modelling, and reports long term budgets through the Medium Term Financial Strategy. This considers known external factors, including the overall economic climate, and external funding levels which can reasonably be expected; as well as the existing commitments of the Council.</p> <p>There is potential for additional financial pressures, which could be challenging to manage over the longer term, should uncertain risks materialise and if available funding is less than budgeted. Consequently this could impact our capacity to maintain service delivery.</p> <p>The Council will continue to prepare for these risks, and will respond to any further pressures by updating our financial modelling, consulting with stakeholders, and developing new policies and procedures.</p>	Strategic Director, working with the Strategic Leadership Team

Conclusion

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

We are satisfied that the 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 annual review.

Signed:

.....
Councillor Lewis Herbert
Leader of the Council

Signed:

.....
Antoinette Jackson
Chief Executive

Date:

.....

Date:

.....

Local Code of Corporate Governance

Good governance

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

A Council's Code of Corporate Governance is:

"The system by which local authorities direct and control their functions and relate to their communities"

Our commitment

Cambridge City Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

This local code of governance has been developed in accordance with and is consistent with the Delivering Good Governance in Local Government framework, which builds on the seven Principles for the Conduct of Individuals in Public Life.

Core principles of good governance

The core governance principles of the council are:-

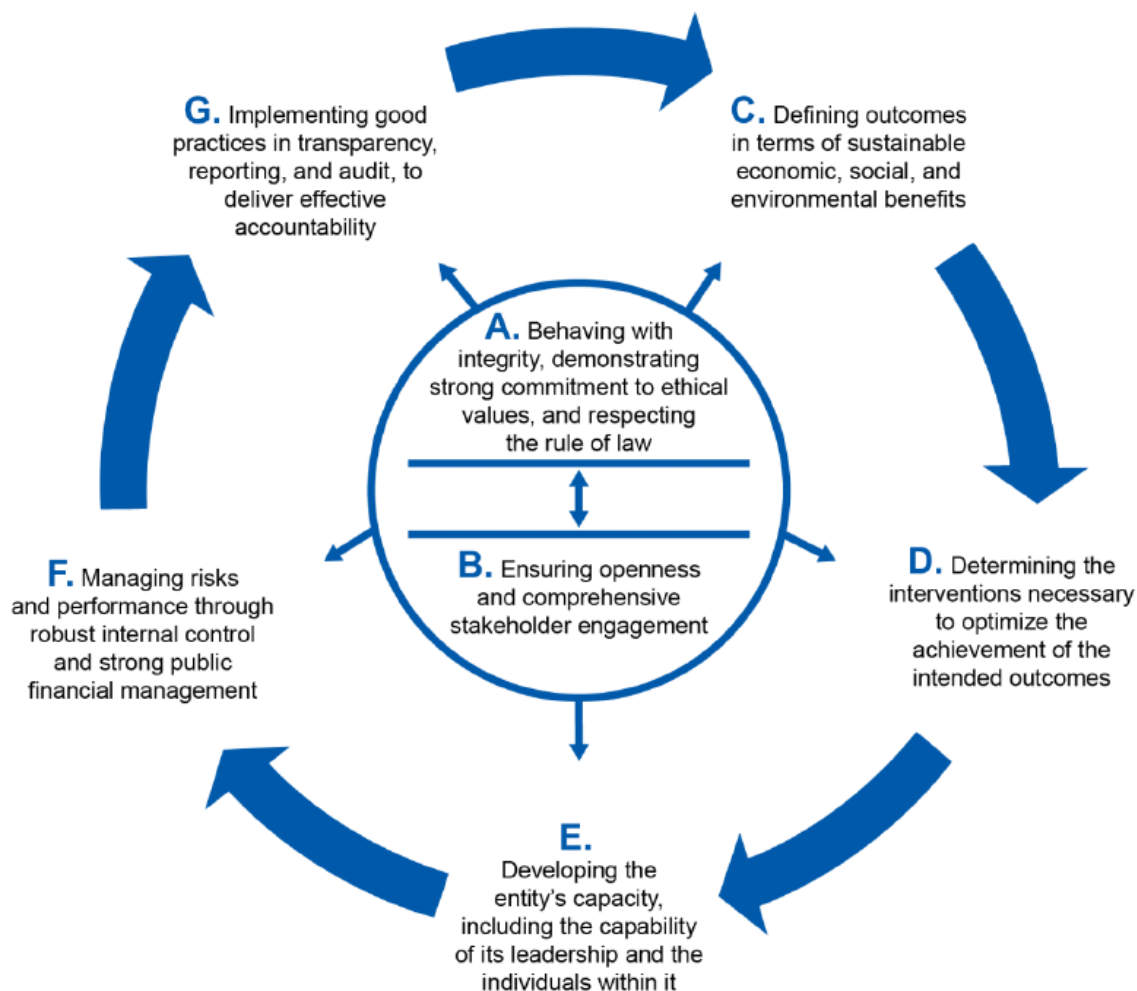
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Council first adopted a Code of Corporate Governance in 2002. It has been reviewed annually since then.

Applying the core principles of good governance

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



This Code takes each of the principles of good governance in turn and sets out the systems, processes and principles the Council has put in place to ensure good corporate governance.

The Code will be reviewed annually through the Annual Governance Statement process, which will identify the actions to be taken to enhance the code or address any limitations within it.

Principle A – Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law 	<p>The Council expects the authority's leadership – both Members and Officers - to create a climate of openness, support and respect and to uphold the Council's values.</p> <p>Standards of conduct and personal behaviour are set out in the Employee Code of Conduct, the Member Code of Conduct and in the Member/ Officer protocol. An up-to-date register of Member and Officer Senior Officer Interests is maintained. The underlying principles which underpin the Codes of Conduct build upon the Seven Principles of Public Life (the Nolan Principles).</p> <p>The Council has put in place procedures for considering complaints so that members of the public can express dissatisfaction with Council services and their concerns can be monitored and addressed.</p> <p>The Council has appointed two “independent persons” to support this, in accordance with the requirements of the Localism Act, 2011.</p> <p>It publishes an Annual Complaints report analysing trends in complaints against the Council and what has been done to address them.</p> <p>The Council's Civic Affairs Committee fulfils the core functions of an Audit Committee. The Committee is responsible for constitutional issues and ensures that the constitution is monitored and updated when required.</p> <p>The terms of reference of the Civic Affairs committee include responsibility for advising on the Council's ethical framework and the promotion of openness, accountability and probity to ensure the highest standards of conduct.</p> <p>The Council maintains a Whistleblowing policy to enable confidential reporting of suspected breaches of the Employee Code of Conduct or unethical behaviour. It also maintains a Prevention of Fraud and Corruption Policy. Both policies are reviewed regularly by the Civic Affairs Committee.</p>	<p>Constitution</p> <p>Register of Interests</p> <p>Employee Code of Conduct</p> <p>Member Code of Conduct</p> <p>Member/Officer Protocol</p> <p>Complaints Procedure</p> <p>Annual Complaints Report</p> <p>Terms of Reference for Civic Affairs Committee</p> <p>Whistleblowing Policy</p> <p>Prevention of Fraud & Corruption Policy</p> <p>Annual Report on the Prevention of Fraud and Corruption</p>

Principle - Ensuring openness and comprehensive stakeholder engagement		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with Institutional stakeholders • Engaging stakeholders effectively, including citizens and service users 	<p>The Council holds its meetings, and those of its committees and working groups in public unless there are good reasons for confidentiality. The public are allowed to ask questions at all Council and committee meetings.</p> <p>The Council records the deliberation of scrutiny committees and the reasons for Executive and Regulatory decisions and makes agenda papers and minutes available on the Council's website. The Council also records and publishes on the website written questions asked at Council meetings and their answers, and oral questions and answers where these are available.</p> <p>Officers use standard report templates for committee and executive reports to help ensure that readers are provided with information that is accurate, complete and unbiased. Reports make clear the options available so that the implications of all decisions and strategic risks can be assessed before those decisions are made.</p> <p>The Council has a network of Area Committees to ensure neighbourhood issues are considered in the Council's decision-making processes.</p> <p>The Council has a Joint Development Control Committee with the County Council and South Cambridgeshire District Council for decisions affecting growth sites bordering the City and South Cambridgeshire.</p> <p>The Council seeks to encourage engagement in its work through a variety of means including through area committees, public representatives on the Equalities Panel, Tenant Representatives on the Housing Scrutiny Committee and involvement of appointed "Independent Persons" in the work of the Civic Affairs Committee.</p> <p>It also puts resources into outreach work through its community development services and support to tenant and leaseholder representatives.</p>	<p>Committee Agendas</p> <p>Constitution</p> <p>Committee Forward Plan</p> <p>Agendas and Minutes of Committees</p> <p>Council Website</p> <p>Standard Committee Report Templates</p> <p>Area Committee Terms of Reference</p> <p>Terms of Reference of Joint Development Control Committee</p> <p>Membership and Terms of Reference of these bodies</p> <p>Public Questions and petitions</p>

	<p>The Council seeks to ensure all partnerships with which it is engaged have a set of values or criteria against which decision-making and actions can be judged. It works with those partnerships to promote open and accountable decision making and to ensure they have clear governance structures in place.</p> <p>It also ensures that there is clarity about the legal status of each partnership and that all representatives in the partnership have clarity about their powers to bind their own organisation to partnership decisions.</p> <p>The Council operates in accordance with principles of partnership working agreed with our key partner organisations.</p> <p>The Council ensures that the authority as a whole is open and accessible to the community, service users and its staff.</p> <p>It promotes the role of Councillors and makes the public know who the Councillors are, what roles they have on the Council and how to contact them.</p> <p>It treats everyone fairly and strives to treat all as rational people able to make up their own minds.</p> <p>It also strives to provide services on the basis of need rather than ability to pay.</p> <p>The Council makes clear through its website and other Council publications the services that it is responsible for, how people can contact the Council and the service standards they can expect.</p> <p>The Council undertakes surveys of residents to ensure that it has up to date information about their priorities and levels of satisfaction with the Council and its services.</p> <p>The Council's consultation programme ensures that the Council proactively seeks the views of a wide range of people and engages with all sections of the community effectively.</p> <p>This is achieved through a mix of corporate consultation initiatives with more targeted consultation on service specific issues led by relevant departments.</p>	<p>Partnership Terms of Reference</p> <p>Principles of Partnership Working</p> <p>Survey results</p> <p>Public Question time and petition procedures</p> <p>Council Website</p> <p>Cambridge Matters</p> <p>Annual Statement</p> <p>Charging policies</p> <p>Council Website</p> <p>Council Tax Leaflet</p> <p>Annual Report</p> <p>Open Door Magazine</p> <p>Budget Consultation</p> <p>Citizens Survey</p> <p>Consultation reports</p> <p>Statement of Community Involvement</p> <p>Code of Best Practice on Consultation and Community Engagement</p>
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	<p>The Council seeks to ensure all views are actively considered when making decisions, recognising that it is not always possible to reconcile conflicting viewpoints.</p> <p>The Council ensures it makes feedback available to consultees on the outcomes of consultation, what has changed as a result and explaining why it has made the decisions it has.</p> <p>The Council's Equalities Panel (which has staff, member and public representatives) helps the Council evaluate its success in promoting diversity and meeting a broad range of needs.</p> <p>The Council enters into compacts with Tenants and the Voluntary Sector agreeing ways of working with these two stakeholder groups. The Compacts are reviewed on a regular basis.</p> <p>The Council sets out in its collective agreements, employment policies and procedures, and terms of reference for forums and meetings involving trade unions, and how it consults with staff and Trade Unions.</p> <p>Members meet with the Trade Unions in a Joint Staff/ Employer Forum. Each Strategic Director has staff forums and there are Joint Trade Unions Group meetings.</p>	<p>Consultation pages on website</p> <p>Council Publications</p> <p>Code of Best Practice on Consultation and Community Engagement</p> <p>Terms of Reference and Agendas for these Meetings</p> <p>Compact documents</p> <p>Collective Agreements</p> <p>Employment policies and procedures</p> <p>Joint Staff/Employer Forum Terms of Reference and Agendas/Joint Trade Unions Group Agendas and Minutes</p> <p>Trade Union Facilities Agreement</p>
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Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> Defining Outcomes Sustainable economic, social and environmental benefits 	<p>The Council has a clear vision for the City and sets objectives to guide the Council's activities.</p> <p>It reviews those objectives each year, through the Annual Statement agreed at the Annual Council meeting and the Corporate Plan.</p> <p>The Council actively considers the environmental impact of the Council's decisions before those decisions are made.</p> <p>The Council agrees with partners a plan for the Local Enterprise Partnership, and contributes to the agreement of priorities for the Health & Wellbeing Board and other relevant countywide partnerships including the Combined Authority for Cambridgeshire and Peterborough.</p>	<p>Vision</p> <p>Annual Statement</p> <p>Environmental Assessment Tool for Council Policies Plans and Projects</p> <p>Environmental Policy Statement</p> <p>Committee reports</p> <p>Budget Setting Report</p> <p>Local Enterprise Partnership</p> <p>Strategic Economic Plan</p> <p>Health and Wellbeing Strategy</p>

Principle - Determining the interventions necessary to optimise the achievement of the intended outcomes		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> • Determining Interventions • Planning Interventions • Optimising achievement of intended outcomes 	<p>The Council has a Medium Term Financial Strategy to resource the Council's aspirations and to assess and plan for any financial risks. The strategy is reviewed annually.</p> <p>The Council puts service to the public first. The annual business planning process is used to agree the priorities for the Council. The Corporate Plan expresses the strategic objectives for the Council over the financial year 2017/18 and beyond.</p> <p>Alongside each of the objectives are detailed the particular outcomes to be achieved and performance measures that provide evidence that the outcomes have been achieved.</p> <p>This information enables members and the services contributing to the delivery of the plan to be clear about the priorities for the Council and assists in decisions about where resources should be focussed.</p> <p>Heads of individual service areas prepare operational plans indicating how they will meet objectives set in the corporate plan and setting out their priorities and work programmes for the year ahead.</p> <p>The Council's overall spending plans are set out in an annual Budget-Setting report for both revenue and capital expenditure.</p> <p>There are arrangements in place for regular budget monitoring and the reporting of significant variances to senior management.</p> <p>The Council works to maximise its resources by delivering services as efficiently as possible, working in partnership with others and using other providers where these are the best options. Periodic internal audit reviews consider the effectiveness of controls and efficiency of processes.</p> <p>The Council seeks expertise from outside the authority when it does not have the necessary skills in-house, making use of peer reviews and other mechanisms for ensuring challenge of Council services. The Council has LGA membership.</p> <p>Performance against key Performance Indicators for each service are prepared for and presented to the Strategic Leadership Team to consider necessary remedial action.</p>	<p>Medium Term Financial Strategy</p> <p>Corporate Plan Agendas for Strategy and Resources Committee</p> <p>Operational Plans</p> <p>Budget Setting Report Budget Variance Reports</p> <p>Quarterly Performance Monitoring Reports</p>

Principle E - Developing the Council's capacity, including the capability of its leadership and the individuals within it		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> Developing the Council's capacity Developing the capability of the entity's leadership and other individuals 	<p>The Council sets out a clear statement of the roles and responsibilities of Executive Members, other Members and Council Officers in its Constitution. The scheme of delegation within the Constitution makes clear what matters are reserved for collective decision-making by full Council.</p>	Constitution
	<p>A Member/Officer protocol is used to aid effective communication between Officers and Members and to clarify their respective roles and appropriate ways of working.</p>	Member/Officer Protocol
	<p>The Council's Chief Executive is its Head of Paid Service responsible and accountable to the authority for its operational management.</p>	Constitution
	<p>When working in partnerships the Council ensures that Members are clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships and to the Council.</p>	Partnership Terms of References Principles of Partnership Working
	<p>The behaviour expected of employees is set out in the Council's competency framework and this is used as the basis for performance appraisal.</p>	Competency Framework
	<p>The Council seeks to maintain its Investors in People accreditation.</p>	Grievance and Disciplinary Procedures Organisational Development Strategy IIP Accreditation
	<p>Employees joining the Council are offered an induction programme and their training and development needs are reviewed regularly through the Council's annual performance review process.</p>	Council Induction Programme Performance Review Process
	<p>The Council has up-to-date job descriptions. It sets and monitors clear objectives for Officers through the annual performance review process. It agrees appropriate remuneration for officers based on an agreed framework of national and local agreements which include job evaluation.</p>	Job Descriptions Performance Review Process
	<p>The Council offers all new Members an induction programme and the opportunity to develop, with a briefing and development programme to meet their needs. The Council also provides resources for training, attending conferences/seminars and briefings in-house for all elected Members. It keeps a register of the training received by Members and involves Members in reviewing training needs and the resources available during the year.</p>	Member Induction Programme
	<p>The Council encourages and facilitates Members to have appropriate training or briefing before performing certain roles (e.g. dealing with staff recruitment or disciplinary issues, being a member of the Planning or Licensing Committees).</p>	Recruitment Guidance

Principle F - Managing risks and performance through robust internal control and strong public financial management		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> Managing Risk Managing Performance Robust Internal Control Managing data Strong public financial management 	<p>The Council has a Risk Management Strategy, supplemented by procedures and guidance.</p> <p>It undertakes systematic risk assessments in all areas of Council activity, including those covered by Health and Safety legislation.</p> <p>It maintains a corporate risk register detailing the Council's strategic and service risks and reviews this regularly.</p> <p>The Council ensures that risk management is embedded into the culture of the authority; with managers at all levels recognising that risk management is part of their job.</p> <p>Risk assessment is incorporated into the Council's decision making and Members are advised of the Council's risk profile at key stages.</p> <p>The Council respects the personal data of its citizens, employees, suppliers and others the Council may communicate with in line with the principles of the Data Protection legislation and makes this clear in its own Data Protection Policy. <u>The Council has an Information Security group, which is chaired by the Data Protection Officer and Senior Information Risk Officer, to help manage Information Governance Risks and continuous improvement is monitored through a treatment action plan.</u></p> <p>The Council respects the privacy of members of the public when carrying out investigations and ensures that privacy is only interfered with when the law permits and there is clear public interest justification.</p> <p>The Head of Finance is the Council's Chief Financial Officer and S151 Officer, responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p> <p>The Council develops and maintains an effective Scrutiny process to encourage constructive challenge and enhance the Council's performance.</p> <p>It also has clear protocols about Members' access to information and officer advice to enable them to perform their roles.</p>	<p>Risk Management Strategy</p> <p>Risk Management Procedures and guidance on the Intranet</p> <p>Risk Assessments</p> <p>Data Protection Policy</p> <p><u>Information Security Group and Treatment Action Plan.</u></p> <p>Regulation of Investigatory Powers Act 2000 – Guidance</p> <p>Job Description for the Head of Finance</p> <p>Compliance with the CIPFA Role of the S151 Officer in Local Government</p> <p>Terms of Reference of Scrutiny Committees</p> <p>Member/Officer Protocol</p>

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
Supporting Principles	How does the City Council achieve this?	Supporting Evidence
<ul style="list-style-type: none"> Implementing good practice in transparency Implementing good practices in reporting Assurance and effective accountability 	<p>The Council makes sure members of the public have access to information about the workings of the Council. It makes clear what information is routinely published through its Freedom of Information Publication scheme and responds promptly to requests for information. The Council publishes on its website all responses to Freedom of Information requests.</p>	<p>Publication Scheme</p> <p>Freedom of Information Requests Monitoring Reports on Council Website – Open Data</p>
	<p>Each year the Council publishes an Annual Report and Statement of Accounts giving information on the authority's vision, strategy, performance, future plans and financial statements.</p>	<p>Annual Report and Statement of Accounts</p>
	<p>Shared services arrangements with other local authorities or partners document their governance arrangements, which are clear, open and accountable. Business plans and performance is reported to shared service boards and relevant scrutiny committees.</p>	<p>Shared Services Collaboration Agreements</p>
	<p>The Council maintains an independent Internal Audit function, with a risk-based annual plan, designed to test regularly that the Council's policies and processes operate in practice and that the Council complies with legislation and good practice.</p>	<p>Risk based Internal Audit Plan</p>
	<p>The Head of Internal Audit produces an annual opinion on the Council's internal control environment and the risk management framework to meet the requirements of the Public Sector Internal Audit Standards.</p>	<p>Head of Internal Audit Annual Opinion</p>
	<p>The Head of Internal Audit Opinion is used to inform an Annual Governance Statement, which is signed by the Chief Executive and Leader of the Council, and approved by the Civic Affairs Committee.</p>	<p>Annual Governance Statement</p>
	<p>The Council also agrees an annual work plan with its External Auditors to test the Council's response to major legislation and the soundness of its financial and governance processes.</p>	<p>Terms of Reference of Civic Affairs Committee</p>
	<p>Recommendations arising from internal and external audit and inspection processes are used to inform future decision-making.</p>	<p>Risk Register</p> <p>Annual Audit Letter</p>

	The Council uses an Independent Remuneration Panel to give advice on payments for Members and considers their advice when setting the Members' Allowance Scheme.	Independent Remuneration Panel Terms of Reference
	The Panel operates in an open and transparent manner, making their agendas, reports and minutes available to the public.	Independent Remuneration Panel agendas, reports and minutes
	The Members' Allowance Scheme is also made available to the public and on the Council's website and the scheme is reviewed annually.	Members' Allowance Scheme Pay Policy Statement

Monitoring and reporting

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Civic Affairs Committee for consideration and will form part of the Council's annual Statement of Accounts.

The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

The Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive on behalf of the Council.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

Seven principles for the conduct of individuals in public life

The governance framework is supported by the seven Principles of Public Life, which set the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings.

1. Selflessness	Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
2. Integrity	Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
3. Objectivity	In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
4. Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office
5. Openness	Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
6. Honesty	Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. Leadership	Holders of public office should promote and support these principles by leadership and example.

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Item

REVIEW OF OFFICER EMPLOYMENT PROCEDURE RULES

To:

Civic Affairs Committee 24/07/19

Report by:

Deborah Simpson, Head of Human Resources

Tel: 01223 - 458101 Email: Deborah.Simpson@cambridge.gov.uk

Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report asks Civic Affairs Committee to consider and recommend to Full Council changes to the Officer Employment Procedure Rules in relation to the level of post for which Executive Notification is required.
- 1.2 The Council's current Constitution (Part 41) requires that when considering the appointment or dismissal of a head of service, Director or Chief Executive level post, the Members of the Executive are consulted. The proposal is to amend the Constitution so that this process would in future only be required for Director and Chief Executive level posts.
- 1.3 Executive Notification is the process whereby each Member of the Executive is notified of the name and other particulars relevant to the appointment or dismissal to a post at Chief Executive, Strategic

Director or head of service level, including the Monitoring Officer and Section 151 Officer. This takes place prior to any offer of appointment or decision to dismiss being finalised. Each Member of the Executive is asked to respond to the Leader with any material or well-founded objection to the making of the offer of appointment or dismissal. Any objection will be assessed to determine if it is material or not well-founded.

- 1.4 The Executive notification process is an anomaly in that members of the Executive who are not involved in the decision making process for appointment of employees at head of service level and below, which is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by Councillors, can express a view on a candidate.
- 1.5 The Leader of the Council and a number of Executive Councillors have asked that the Executive Notification process for heads of service level posts be reviewed.

2. Recommendations

2.1 The Civic Affairs Committee is asked to approve and recommend to Full Council that the:

2.1.1 Part 41: Officer Employment Procedure Rules be amended to include the following statement:

Other Employees

Appointment of employees at head of service level and below is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by Councillors.

2.1.2 Part 41: Officer Employment Procedure Rules be amended to include the following statement:

Director Posts

A committee of the Council appointed for that purpose will appoint Director level posts. The Executive Notification process will be undertaken for these roles.

- 2.1.3 The Head of Human Resources and Head of Legal Services be given delegated authority to update Constitution in Part 41: Officer Employment Procedure Rules to include the approved statements.
- 2.1.4 The Head of Human Resources and Head of Legal Services be given delegated authority to update the Constitution in Part 41: Officer Employment Procedure Rules to modify the remaining paragraphs to simplify and clarify the text in line with the practice of South Cambridgeshire and Huntingdonshire District Councils.

3. Background

- 3.1 The Constitution contains a section, Part 41: Officer Employment Procedure Rules (see Appendix 1) which relates exclusively to the appointment and dismissal of senior posts; Chief Executive, Monitoring Officer (Head of Legal), Section 151 officer (Head of Finance), Strategic Directors and Heads of Service.
- 3.2. There are currently 16 posts within scope of these procedure rules.
- 3.3. Appointment or dismissal of the Chief Executive must be agreed by Full Council following a recommendation from the Employment (Senior Officer) Committee (see Appendix 2). In the case of dismissal the Independent Persons would also make a recommendation.
- 3.4 Appointment of a statutory post (Monitoring Officer or Section 151 Officer) or Head of Service is delegated to the Chief Executive or their representative.
- 3.5 Dismissal of a statutory post (Monitoring Officer or Section 151 Officer) must be considered by the Employment (Senior Officer) Committee who would make a recommendation to Full Council. The Independent Persons would also make a recommendation.
- 3.6 Appointment or dismissal of a Strategic Director is determined by the Employment (Senior Officer) Committee.
- 3.7 In the case of appointment or dismissal for any of the above posts there is the additional stage of Executive Notification.
- 3.8 Each Council is required to have a section on Officer Employment Procedure Rules in its Constitution. The style and scope of these varies

in each Council but all must cover the Head of Paid Service, statutory posts (Monitoring Officer and Section 151 officer) and the most senior level posts. The Council's guidance is seven pages long and is written in the style of the originating legislation.

- 3.9 South Cambridgeshire District Council's Officer Employment Procedure Rules are three pages long, are clear and easy to read and cover the same matters as the City Council's.

There are differences in the level at which Executive Notification for appointment takes place, which is for the Head of Paid Service, Directors, Chief Financial Officer and Monitoring Officer only. Appointment of officers below Director is the responsibility of the Head of Paid Service or their nominee.

Executive Notification is required for the dismissal of the Head of Paid Service, Executive Directors, Monitoring Officer or Chief Finance Officer.

Dismissal of posts below Director is the responsibility of the Head of Paid Service or their nominee.

- 3.10 Huntingdonshire District Council's Officer Employment Procedure Rules are four pages long, are clear and easy to read and cover the same matters as the City Council's.

There are differences in the level at which Executive Notification for appointment takes place, which is for Head of Paid Service or Chief Officers only. Appointment of heads of service is the responsibility of the Head of Paid Service (Managing Director, or their nominee).

Dismissal of heads of service (other than statutory officers) is the responsibility of the Head of Paid Service (Managing Director, or their nominee).

Cabinet Notification is required for the dismissal of a Chief Officer, Monitoring Officer or Section 151 Officer.

- 3.11 It is proposed that Executive Notification be carried out for the appointment of Chief Executive and Director level posts only and for the dismissal of Chief Executive, Director, Monitoring Officer and Section 151 Officer posts only and that the Constitution be amended.

4. Implications

a) Financial Implications

There are no financial implications relating to this proposal.

b) Staffing Implications

This report relates to the Executive Notification process for the appointment or dismissal of senior officers.

c) Equality and Poverty Implications

There are no equality or poverty implications relating to this proposal.

d) Environmental Implications

There are no environmental implications relating to this proposal.

e) Procurement Implications

There are no procurement implications relating to this proposal.

f) Community Safety Implications

There are no community safety implications relating to this proposal.

Consultation and communication considerations

The Leader of the Council, Executive Councillors, the Chief Executive, Head of Legal and Head of Finance have been consulted about these proposals.

If approved the changes to Executive Notification will require the Constitution to be updated in Part 41: Officer Employment Procedure Rules.

5. Background papers

Background papers used in the preparation of this report:

- The Council's Constitution - <https://www.cambridge.gov.uk/media/6726/constitution-october-2018.pdf>
- The Constitution of South Cambridgeshire District Council <http://scambs.moderngov.co.uk/documents/s106709/08%20-%20Officer%20Employment%20Rules.pdf>

- The Constitution of Huntingdonshire District Council
<https://www.huntingdonshire.gov.uk/media/3744/constitution.pdf>

6. Appendices

Appendix 1 shows Part 41:Officer Employment Procedure Rules of the Council's Constitution.

Appendix 2 shows the terms of reference of the Employment (Senior Officer) Committee.

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Deborah Simpson, Head of Human Resources, tel: 01223 - 458101, email: deborah.simpson@cambridge.gov.uk.

Part 4I: Officer Employment Procedure Rules

Recruitment and appointment

1. Standing Orders Regarding Appointment And Dismissal Of Staff

1.1 In this Part -

- "the 1989 Act" means the Local Government and Housing Act 1989;
- "the 2000 Act" means the Local Government Act 2000;
- "disciplinary action" has the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001;
- "executive" and "executive leader" have the same meaning as in Part II of the 2000 Act;
- "member of staff" means a person appointed to or holding a paid office or employment under the Council; and
- "proper officer" means an officer appointed by the Council for the purposes of the provisions in this Part.

1.2 Subject to paragraphs 1.3 and 1.7, the function of appointment and dismissal of, and taking disciplinary action against, a member of staff of the Council must be discharged, on behalf of the Council, by the officer designated under section 4(1) of the 1989 Act (designation and reports of head of paid service) as the head of the Council's paid service or by an officer nominated by him.

1.3 Paragraph 1.2 shall not apply to the appointment or dismissal of, or disciplinary action against -

1. the officer designated as the head of the Council's paid service;
2. a statutory chief officer within the meaning of section 2(6) of the 1989 Act (politically restricted posts);
3. a non-statutory chief officer within the meaning of section 2(7) of the 1989 Act;
4. a deputy chief officer within the meaning of section 2(8) of the 1989 Act; or
5. a person appointed in pursuance of section 9 of the 1989 Act (assistants for political groups).

1.4.1 Where a committee, sub-committee or officer is discharging, on behalf of the Council, the function of the appointment or dismissal of an officer designated as the head of the Council's paid service, the Council must

approve that appointment before an offer of appointment is made to him or, as the case may be, must approve that dismissal before notice of dismissal is given to him.

1.4.2 Where a committee or a sub-committee of the Council is discharging, on behalf of the Council, the function of the appointment or dismissal of any officer referred to in sub-paragraph 1, 2, 3 or 4 of paragraph 1.3, at least one member of the executive must be a member of that committee or sub-committee.

1.5.1 In this paragraph, "appointor" means, in relation to the appointment of a person as an officer of the Council, the Council or, where a committee, sub-committee or officer is discharging the function of appointment on behalf of the Council, that committee, sub-committee or officer, as the case may be.

1.5.2 An offer of an appointment as an officer referred to in sub-paragraph 1,2,3, or 4 of paragraph 1.3 must not be made by the appointor until –

1. the appointor has notified the proper officer of the name of the person to whom the appointor wishes to make the offer and any other particulars which the appointor considers are relevant to the appointment;

2. the proper officer has notified every member of the executive of the Council of –

a) the name of the person to whom the appointor wishes to make the offer;

b) any other particulars relevant to the appointment which the appointor has notified to the proper officer; and

c) the period within which any objection to the making of the offer is to be made by the executive leader on behalf of the executive to the proper officer; and

3. either –

a) the executive leader has, within the period specified in the notice under sub-paragraph 2.b), notified the Cambridge City Council

appointor that neither he nor any other member of the executive has any objection to the making of the offer;

- b) the proper officer has notified the appointor that no objection was received by him within that period from the executive leader; or
- c) the appointor is satisfied that any objection received from the executive leader within that period is not material or is not well-founded.

1.6.1 In this paragraph, "dismissor" means, in relation to the dismissal of an officer of the Council, the Council or, where a committee, sub-committee or another officer is discharging the function of dismissal on behalf of the Council, that committee, sub-committee or other officer, as the case may be.

1.6.2 Notice of the dismissal of an officer referred to in sub-paragraph 1, 2, 3 or 4 of paragraph 1.3 must not be given by the dismissor until -

1. the dismissor has notified the proper officer of the name of the person who the dismissor wishes to dismiss and any other particulars which the dismissor considers are relevant to the dismissal;
2. the proper officer has notified every member of the executive of the Council of –
 - a) the name of the person who the dismissor wishes to dismiss;
 - b) any other particulars relevant to the dismissal which the dismissor has notified to the proper officer; and
 - c) the period within which any objection to the dismissal is to be made by the executive leader on behalf of the executive to the proper officer; and
3. either –
 - a) the executive leader has, within the period specified in the notice under sub-paragraph 2 c), notified the dismissor that neither he nor any other member of the executive has any objection to the dismissal;
 - b) the proper officer has notified the dismissor that no objection was received by him within that period from the executive leader; or
 - c) the dismissor is satisfied that any objection received from the executive leader within that period is not material or is not well-founded.

1.7 Nothing in paragraph 1.2 shall prevent a person from serving as a member of any committee or sub-committee established by the Council to consider an appeal by –

1. another person against any decision relating to the appointment of that other person as a member of staff of the Council; or
2. a member of staff of the Council against any decision relating to the dismissal of, or taking disciplinary action against, that member of staff.

2 Disciplinary Action Against Chief Finance Officer, Head Of Paid Service And Monitoring Officer

2.1 In the following paragraphs—

- (a) *“the 2011 Act”* means the Localism Act 2011(b);
- (b) *“chief finance officer”, “disciplinary action”, “head of the authority's paid service”* and *“monitoring officer”* have the same meaning as in regulation 2 of the Local Authorities (Standing Orders) (England) Regulations 2001;
- (c) *“independent person”* means a person appointed under section 28(7) of the 2011 Act;
- (d) *“local government elector”* means a person registered as a local government elector in the register of electors in the authority's area in accordance with the Representation of the People Acts;
- (e) *“the Panel”* means a committee appointed by the authority under section 102(4) of the Local Government Act 1972 for the purposes of advising the authority on matters relating to the dismissal of relevant officers of the authority;
- (f) *“relevant meeting”* means a meeting of the authority to consider whether or not to approve a proposal to dismiss a relevant officer; and
- (g) *“relevant officer”* means the chief finance officer, head of the authority's paid service or monitoring officer, as the case may be.

2.2 A relevant officer may not be dismissed by an authority unless the procedure set out in the following paragraphs is complied with.

2.3 The authority must invite relevant independent persons to be considered for appointment to the Panel, with a view to appointing at least two such persons to the Panel.

2.4 In paragraph 3 *“relevant independent person”* means any independent person who has been appointed by the authority or, where there are

fewer than two such persons, such independent persons as have been appointed by another authority or authorities as the authority considers appropriate.

- 2.5 Subject to paragraph 2.6, the authority must appoint to the Panel such relevant independent persons who have accepted an invitation issued in accordance with paragraph 3 in accordance with the following priority order—
- (a) a relevant independent person who has been appointed by the authority and who is a local government elector;
 - (b) any other relevant independent person who has been appointed by the authority;
 - (c) a relevant independent person who has been appointed by another authority or authorities.
- 2.6 An authority is not required to appoint more than two relevant independent persons in accordance with paragraph 5 but may do so.
- 2.7 The authority must appoint any Panel at least 20 working days before the relevant meeting.
- 2.8 Before the taking of a vote at the relevant meeting on whether or not to approve such a dismissal, the authority must take into account, in particular—
- (a) any advice, views or recommendations of the Panel;
 - (b) the conclusions of any investigation into the proposed dismissal; and
 - (c) any representations from the relevant officer.
- 2.9 Any remuneration, allowances or fees paid by the authority to an independent person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that independent person in respect of that person's role as independent person under the 2011 Act

3. Declarations

- 3.1 The Council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing councillor or officer of the Council; or of the partner of such persons.

- 3.2 No candidate so related to a councillor or an officer will be appointed without the Council of the relevant chief officer or an officer nominated by him/her.

4. Seeking support for appointment.

- 4.1 Subject to Rule 4.3, the Council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information.
- 4.2 Subject to Rule 4.3, no councillor will seek support for any person for any appointment with the Council.
- 4.3 Nothing in Rules 4.1 and 4.2 above will preclude a councillor from giving a written reference for a candidate for submission with an application for appointment.

5. Recruitment of head of paid service and chief officers

- 5.1 Where the Council proposes to appoint a chief officer and it is not proposed that the appointment be made exclusively from among their existing officers, the Council will:
1. draw up a statement specifying:
 - a) the duties of the officer concerned; and
 - b) any qualifications or qualities to be sought in the person to be appointed;
 2. make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
 3. make arrangements for a copy of the statement mentioned in paragraph (1) to be sent to any person on request.

6. Appointment of head of paid service

- 6.1 The full council will approve the appointment of the head of paid service following the recommendation of such an appointment by a committee or sub-committee of the Council. That committee or sub-committee must include at least one member of the executive.

- 6.2 The full Council may only make or approve the appointment of the head of paid service where no well-founded objection has been made by any member of the Executive.

7. Appointment of chief officers

- 7.1 A committee or sub-committee of the Council will appoint chief officers. That committee or sub-committee must include at least one member of the executive.
- 7.2 An offer of employment as a chief officer shall only be made where no well-founded objection has been received from the member(s) of the Executive who is (are) also a member of that committee or sub-committee.

8. Other appointments

- 8.1 Appointment of officers below chief officer (except political assistants to political groups) is the responsibility of the head of paid service or his/her nominee, and may not be made by councillors.

9. Dismissal

- 9.1 The head of the paid service, monitoring officer and chief finance officer can only be dismissed by the full council.

Employment (Senior Officer) Committee

Appointed by:	From time to time in accordance with the wishes of the political groups.
Membership:	6 members allocated between political groups in accordance with the rules on political balance set out in the Local Government and Housing Act 1989
Chair/Vice Chair:	To be appointed by the members of the Committee.
Decision making:	By the majority of members present and voting. The Chair has a casting vote if required.
Terms of Reference:	<ol style="list-style-type: none"> 1. To deal with the recruitment to the post of Chief Executive and to recommend a selected applicant to Council for appointment. 2. To recruit, appoint, take disciplinary action against and dismiss Directors 3. To suspend and keep under review the Chief Executive, Directors, the Monitoring Officer or section 151 Chief Finance Officer whilst an investigation takes place into alleged misconduct. 4. To take disciplinary action short of dismissal against the Chief Executive, the Monitoring Officer or section 151 Chief Finance Officer. 5. To consider and if necessary recommend to Council to dismiss or terminate the employment of the Chief Executive, the Monitoring Officer or section 151 Chief Finance Officer. 6. To make recommendations to Council with regard to proposals for salary or severance packages of £100,000 or more

Note: The committee will be governed by the provisions contained within Part 4I of the Constitution (Officer Employment Procedure Rules)



Item

THE MAYOR'S ALLOWANCE

To:

Civic Affairs Committee 24/7/19

Report by:

Democratic Services Manager, Gary Clift

Tel: 01223 - 457011 Email: gary.clift@cambridge.gov.uk

Wards affected:

None directly affected

1. Introduction

- 1.1 The Committee is being asked to consider the report and recommendations from the Independent Remuneration Panel regarding the Mayor and Deputy Mayor's Allowances (including all hospitality budgets) with effect from 2019/20. This report was intended for the January 2019 committee but was deferred.

2. Recommendations

- 2.1 To agree with the IRPs recommendations, or to amend them.

3. Background

- 3.1. The Committee agreed at its meeting in February 2018 that the Independent Remuneration Panel's remit should cover the Mayor and Deputy Mayor's Allowance (including all hospitality budgets) with any changes agreed to be in time for implementation in the 2019/20 Mayoral year.

- 3.2 The Panel interviewed in November 2018 the then Mayor and two former Mayors and the Executive Councillor for Strategy and External Partnerships, the relevant portfolio holder for policy and budgetary purposes of democratic services.
- 3.3 The IRP's report is attached as appendix 1. The Committee can agree, amend, or reject the Panel's proposals. The Panel has been invited to attend the Committee. Officers could implement the Panel's recommendations.

The Mayoral Allowances

- 3.4 The Mayor receives an allowance (£4,570), paid through payroll. It is expected to be used to cover incidental expenses incurred by the Mayor to include, among other things, the following examples:

- Money spent at any event (charity donations at events, raffles)
- Entertaining guests away from the Guildhall (e.g. at a restaurant) and impromptu entertaining/hospitality
- Clothing/grooming costs which (these can be considerable e.g. the Mayoral Chain can make holes in jackets/tops)
- Personal car mileage
- Taxi tips (when the Mayor is taking a taxi to engagements rather than using the Mayor's Car or personal car).

The way the Allowance is used is up to the Mayor and it is not audited. This also applies to the payment and use of the Deputy Mayor's Allowance (£1,690).

- 3.5 There is a budget for hospitality (£5,310), managed by officers which, in consultation with the Mayor, is used for:

- events in the Mayor's Parlour
- Mayoral hosted events in the Guildhall,
- Remembrance Sunday and other ceremonial/church events,
- Christmas cards
- floral tributes
- visitor gifts.

In addition there is a separate budget (£8,630) set aside for the annual Civic Reception held at the Guildhall and the Reach Village Fair.

- 3.6 Any underspend at financial year end on the budget held by officers will continue to be returned to Council reserves. It does not pass to the incumbent Mayor.

4. Implications

(a) Financial Implications

Page: 3

The IRP recommendation would mean an additional £1,590 in total which should be funded within democratic budgets. Broken down, the recommendations would mean the Mayor's Allowance increases by £336, Deputy Mayor £27 and there is a separate allowance for chairing Council of £1,227. This would be paid to whoever chairs the council meetings for the year (recognising in exceptional circumstances this may not be the Mayor).

These values are to be linked to the national living wage.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

The IRP have equality considerations within its terms of reference and informed its work.

(d) Environmental Implications

(e) Procurement Implications

(f) Community Safety Implications

None of the above.

5. Consultation and communication considerations

The Executive Councillor for Strategy and External Partnerships has been consulted on the contents of this report.

6. Background papers

The background information provided to the Panel was:

The City Council's Civic Handbook 2018-19

<https://www.cambridge.gov.uk/media/3888/2.pdf>

Extract from "Civic Ceremonial"-Paul Millward 5th edition

Reports and Minutes Civic Affairs Committee 28.6.17 and 14.2.18

<https://democracy.cambridge.gov.uk/ieListMeetings.aspx?CId=179&Year=0>

Questions from Panel to Mayors (appendix 2)

Officer contact: Gary Clift Democratic Services Manager 01223 457011

Gary.clift@cambridge.gov.uk

Background

The Civic Affairs Committee has asked the IRP to review allowances for the Mayor and Deputy Mayor. These allowances do not fall within the remit of the IRP. However, we are happy to undertake this review for two reasons:

1. there has not been a comprehensive review since 2004
2. part of the mayoral responsibility is to chair Full Council meetings. This meshes with other responsibilities within our remit.

Cambridge City has had a Mayor for over 800 years. Thus, there are aspects of the role which must uphold this ancient tradition. Each incumbent puts his or her own stamp on their mayoral duties so there is also progress and modernity. The role today is in two distinct parts – the civic duty as ‘first citizen’ and chairing the full council. (More detail can be found in the Cambridge City Council Civic Handbook.)

The mayoral allowance is divided into two parts – the personal allowance which is to be used by the mayor for incidental expenses (£4,550) and the proportion retained by officers for the mayor’s hospitality and certain civic events, eg the costs associated with the Council’s twinning arrangements, (Civic Hospitality £5,070, Civic Receptions £8,300). The Deputy Mayor’s allowance is £1,610.

Principles

The principles that guided our report on SRAs still apply, ie that mayoral allowances should:

- be perceived by everyone to be fair,
- be logical and coherent
- be transparent, efficient and easy to administer,
- encourage councillors to fill the roles of Mayor and Deputy Mayor,
- encourage scrutiny in order to augment the effectiveness of the democratic process,
- be adaptable to future changes.

Method

We have requested information from several similar councils. Our main criteria in choosing these comparators were that they are city councils of similar size to Cambridge with a long history and a university. This includes the nearest statistical neighbour (Oxford). We have also requested information about the SRA paid for chairing full council meetings from authorities which are geographical neighbours. We have received only partial information from those approached. See Tables 1 and 2 below.

We interviewed three present and former Mayors and the Leader of the Council.

Findings

From the oral evidence, we conclude that the mayoral role carries significant responsibilities. Each Mayor carries out approximately 400 civic duties per year together with the task of chairing five full council meetings.

The interviewees all took the civic duty extremely seriously, seeing the mayoral role as representing Cambridge City Council to both residents and visitors. All had had experience of chairing council committees and all described chairing the full council as more arduous than chairing any of the committees including Planning.

Because the personal allowance is not audited in any way, it is difficult to know whether it is sufficient. The disbursements from this allowance include buying raffle tickets, cakes and incidentals at events attended, thus making official auditing difficult if not impossible. One interviewee had opened a separate bank account so could specify a 20% overspend on the personal allowance.

In 2015 the number of support hours for the mayoral role was reduced. As a result, there has been an increase in use of taxis rather than the mayoral car. This trend is set to continue. Difficulties of various kinds were reported to us about the reliability of taxis.

Although the Deputy Mayor role is seen as an apprenticeship to that of Mayor, it is extremely rare for the Deputy Mayor to deputise for the Mayor.

Clothing is a big outlay as the mayoral chain destroys clothing. Gender differences were reported as it is assumed that 'the public' require a greater diversity of clothing for women than for men.

There was some confusion among interviewees as to the ‘pots’ of money within the authority which support the mayoral roles.

Table 1 Information from similar Authorities

Local authority	Mayor Allowance paid direct	Additional allowance for chairing full council	Deputy Mayor allowance paid direct	Events Budget	Average number of engagements	Population	Electorate
Cambridge	£4,470		£1,580	£8,300 + £4,980	420	136,000	91,013
Oxford	£5,016		£1,254	£43,450	300	154,000	103,176
York	£4,960	£2,600	£2,420			208,000	145,115
Norwich	£6,588				300	141,300	99,625
Durham	£3,500	£6,650	£1,500				
Chester	£14,000	£5,800				118,000	77,160
Gloucester	£3,496		£1,165			129,000	79,361
Lincoln	£3,948		£750			97,500	60,520
Peterborough	£12,000					198,000	137,700

Neighbouring councils allocate a Chair’s allowance within their Allowances Scheme.

Table 2

Council	Allowance for chairing full council meetings	Population
South Cambs	£4,002	157,900
East Cambs	£4,200	88,900
Huntingdonshire	£3,763	176,900
Fenland	£4,116	100,800

Recommendations

With regard to the principles outlined above we recommend:

For Mayor's and Deputy Mayor's personal allowance

1. That the Mayor's personal allowance be set at 100% of the Basic Allowance and be linked, as is the Basic Allowance, to the National Living Wage.
2. That the Deputy Mayor's allowance be set at 35% of the mayor's allowance with the same linkage.
3. That, for both, it is required that the payments are put into a separate bank/building society account set up by the incumbent for this purpose to enable them to track costs and help them to account for spending, if it were requested by the Council.
4. That a separate mayoral chairing allowance be initiated for chairing the full council at 25% of basic allowance.

For centrally held monies

5. That all the different budgets that support the mayoral role be identified and listed together.
6. An annual report is provided for the information of the Civic Affairs Committee and Executive Councillor covering the expenditure under the headings in recommendation 5.

In addition

Problems with taxis formed an underlying theme. As the council continues the move away from a mayoral car, the reliability of taxis will become of greater importance. They are charged to the City Council account. If the problem continues, a reminder to the taxi firm that the account could go elsewhere might be appropriate.

Questions from the Independent remuneration Panel (Wednesday 28 November 2018)

- 1) In your Mayoral year, did you consider the level of allowance (both parts):

personally received
retained by the officers for hospitality
sufficient for you to undertake your duties in the way that you wanted to
and how the Council sets out the expectations of the role in the Mayor's Handbook?
- 2) We know the monthly allowance is not audited. Can you tell us how you keep an account for yourself so you know if you have under or overspent?
- 3) Do you think it should be necessary, for audit purposes, to provide evidence of how that allowance is used?
- 4) Can you summarise and/or give examples of what you used the monthly allowance for?
- 5) Is there additional expenditure related to disability? Does the monthly allowance adequately cover this?
- 6) Are there gender differences in relation to the adequacy of allowances?
- 7) Do you think the Council should recognise Chairing the Council Meeting separately?
- 8) If you have chaired another committee, can you tell us how it compares in time and weight of responsibility with chairing full council?
- 9) Do you have any comments on the resources provided for the

Mayor's Reception
Reach Fair
- 10) Is there anything else you would like to add?

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Item

UPDATE ON ISSUES ON STANDARDS FOR COUNCILLORS

To:

Civic Affairs Committee 24/07/2019

Report by:

Tom Lewis, Head of Legal Practice

Tel: 01223 - 457401

Email: tom.lewis@3csharedservices.org

Wards affected:

None directly affected

1. Executive Summary

- 1.1 This report provides a general update for members on the standards regime for city councillors and provides additional guidance on the use of social media and councillor appointments to outside bodies.

2. Recommendations

- 2.1 To note the update on the standards regime as outlined in the Local Government Ethical Standard Report referenced under paragraph 3.1.5 and that an update report will be brought to the Committee next year.
- 2.2 To approve the Guidance for Members and Officers who Serve on Outside Bodies (appendix A)
- 2.3 Agree that a copy of this report is sent to all Members of the Council for information.

3. Background

- 3.1 Local authorities are responsible for councillor standards and conduct. The City Council must maintain a code of conduct and a register of disclosable pecuniary interests, and deal with allegations of breaches in the code and failure to register pecuniary interests. This system was introduced by the Localism Act 2011.
- 3.1.2 All councillors on accepting office are required to declare that they will be guided by the National Code of Local Government Conduct. The code sets out the requirements for disclosing pecuniary and other interests and gives guidance on accepting any offers of gifts or hospitality including reporting these matters to the appropriate senior officers of the Council. From this year, all Councillors will be contacted 6 monthly to ensure both their interests and gifts/hospitality are updated.
- 3.1.3 The Code of Conduct adopted by the Council in 2011 incorporated the seven Nolan principles of public life.
- 3.1.4 The Committee on Standards in Public Life which is the guardian of local government standards announced its first examination of standards since the complete transfer of responsibility for standards to local authorities (from a national Standards Board) in 2011.
- 3.1.5 The report, [Local Government Ethical Standards](#), published in January 2019. It concluded that aspects of the current system were not working, recommended to Government changes in the law and to local authorities some best practice. The implementation of best practice now a benchmark would be reviewed in 2020.
- Key changes in the law include:
- i. Councillors to be presumed to be acting in an official capacity in their public conduct, including in statements on publicly-accessible social media.
 - ii. Disclosable pecuniary interests to include a number of unpaid roles coupled with repeal of criminal sanctions.
 - iii. A public interest test for participating in a discussion or voting if councillors have an interest in an issue.
 - iv. Increased powers and protections for Independent Persons
 - v. Local authorities to have the power to suspend councillors without allowances for up to six months.
 - vi. Councillors to have the right to appeal to the Local Government Ombudsman in the event of suspension.

- vii. Disciplinary protections for statutory officers to be extended to all disciplinary action, not just dismissal.

3.1.6 Key best practice proposals are for:

- i. The adoption of an updated model code of conduct, prepared by the LGA.
- ii. Including prohibitions on bullying and harassment in codes of conduct.
- iii. Requiring councillors to comply with formal standards investigations.
- iv. Strengthening aspects of the investigation of breaches of codes of conduct.
- v. Publicly available information on how to make a complaint.
- vi. A report on relationships with separate bodies as part of the annual governance statement.

Officers will consider the best practice proposals and report back to the Committee next year.

Councilor participation on Outside Bodies

31.7 Councilor participation on Outside Bodies: The purpose of the Guidance to Outside bodies is to summarise the legal position and responsibilities of members and officers who are appointed by the council. It is not intended to be an exhaustive explanation of all aspects of the law and the Monitoring Officer is available for particular advice whenever required. This guidance supplements the advice in the Members' Code of Conduct.

4. Implications

a) Financial Implications

Page:

3

None

b) Staffing Implications

None

c) Equality and Poverty Implications

None

d) Environmental Implications

None

e) Procurement Implications

None

f) Community Safety Implications

None

5. Consultation and communication considerations

6. Background papers

Background papers used in the preparation of this report:

Local Government Standards

www.gov.uk/government/collections/local-government-ethical-standards

LGiU Policy Briefing: Standards: recommendations for rigorous change

www.lgiu.org.uk/briefing/standards-recommendations-for-rigorous-change

Internal Audit – Quality Assurance and Improvement Programme: Civic Affairs Committee, 25/07/2018

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=179&MId=3426&Ver=4>

7. Appendices

- A) Guide to the Law for Members and Officers who are Appointed to Represent Cambridge City Council

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Tom Lewis, Head of Legal Practice, tel: 01223 - 457401, email: tom.lewis@3Csharedservice.org.

Cambridge City Council

**GUIDANCE FOR MEMBERS & OFFICERS WHO SERVE ON
OUTSIDE BODIES**

**A guide to the law for members and officers who are appointed to
represent Cambridge City Council on another body - DRAFT**

July 2019

1. INTRODUCTION

1.1. The City Council appoints members and, less often, officers to serve on a wide range of organisations outside the council, which can include as directors of companies, trustees of charities, members of management committees and other roles on public bodies and voluntary organisations. These roles on outside bodies may give rise to occasional uncertainty about responsibilities and sometimes lead to conflicts of interest. For example, if an outside body comes into conflict with the Council and the member is a director or on the management committee of the outside body it is likely that the member's prime duty would be to the outside body in the conduct of the outside body's affairs.

1.2. The purpose of this guidance is to summarise the legal position and responsibilities of members and officers who are appointed by the council to serve on outside bodies. It is not intended to be an exhaustive explanation of the law and if further advice is required the Monitoring Officer should be contacted.

1.3. This guidance does not cover any situation where a member or officer who chooses to sit on an outside body in their own private capacity – in this case they should ensure there is no conflict of interest with their position as a member or officer.

1.4. Members and officers may be appointed by the Council to be an "observer" or to undertake a monitoring role at an outside body, facilitating exchanges of views or information as an extension of their council duties but taking no part in the outside body's management or governance other than to attend and vote at annual or general meetings, or simply to attend. In this type of role members and officers will be mainly concerned with representing the council and will not have responsibility for the governance of the body. Care should be taken to ensure such attendance is minuted/recorded each time to correctly reflect this.

2. GENERAL

2.1 Before accepting the directorship or trusteeship of an external organisation, the member or officer should consider how onerous the

responsibilities are likely to be and should only accept the office if satisfied that they have the time and capacity to undertake them.

2.2 Consideration should also be given to whether there is likely to be any significant conflict of interest between the role as a director or trustee and their role as a member or officer. If such a conflict is likely to arise to a significant degree then the role should not be taken on.

2.3 The member or officer should also assess the risks of things going wrong which might raise the prospect of a personal liability. Matters to be taken into account include the nature of the functions of the outside body and the amount of money it holds or deals with. For example, some external companies handle considerable sums of money in the course of each year and have major functions. On the other hand, the risks associated with relatively small local charities are much less.

2.4 Members and officers who serve on outside bodies must exercise independent judgement in the interests of the organisation in which they are involved. Whilst it is recognised that they may have a commitment to representing the City Council on the outside organisation, they must also be aware that it is their responsibility to decide what view to take on any question before the organisation. Where a member or officer serves on the outside body in a representative capacity, this should be made clear to that body. There will be a fine line to tread between the duty to the outside body and to the City Council.

2.5 Ultimately the member or officer in acting as a Director or Trustee or member of a Management Committee of an outside body, must act in accordance with that body's interests, and not those of the Council or even the council tax payers at large. A mandate from the Council to vote one way or the other would put the member or officer in breach of the duty to the organisation. It is permissible to take account of the City Council's wishes, but not to vote simply in accordance with them. The overriding duty in considering an item before the outside body is to vote in accordance with the interests of that organisation.

2.6 A member or officer serving on an outside body must also ensure that avoidable loss is not incurred in managing that body. Individual responsibility cannot be avoided by not reading the papers or failing to ask for appropriate reports. Professional advice should also be sought where appropriate.

2.7 If there is a major dispute between the City Council and the outside body then the Council's representative can be placed in an untenable position. In these circumstances, the appointee should take advice from either the Chief Executive, the Monitoring Officer or the relevant Chief Officer.

2.8 At the end of the day, it is possible that a representative on an outside body may find themselves unable to adequately carry out their responsibilities properly, both as a member or officer of the City Council and as a Director/Trustee/Committee Member of the outside body. That would be an exception, and should not deflect those appointed to outside bodies from being prepared to participate in the management and running of outside organisations.

2.9 Finally, it is recommended that:-

(a) Upon being appointed to an outside body, appointees obtain essential documents such as the outside body's governing document and the latest annual report and accounts

(b) Clarify if there are any insurances or indemnities in place

(c) Ensure the organisation has sound financial practices and procedures – take an interest in the business plan and other financial reports

(d) Understand how decisions are made in the organisation including delegations of powers

(e) Appointees to outside bodies should take advice from the s151 Officer or the Monitoring Officer (as appropriate) if they have any financial or other concerns about the body to which they have been appointed.

3. COMPANY DIRECTORS

3.1 The management of a company is generally the responsibility of a board of directors and the powers of the directors are usually set out in the company's Articles of Association (rules which govern the company's internal management). Directors are those who are appointed by the company to act in that capacity.

3.2 **Company Directors** have the following duties:-

- **A fiduciary duty** to the company (not individual shareholders) to act honestly and in good faith and in the best interests of the company as a whole. This means taking proper care of the assets of the company.
- **A general duty of care and skill** to the company. This means that Directors must exercise a degree of skill as may reasonably be expected from someone with that individual's particular knowledge and experience. However, Directors are not deemed to be experts, but are expected to use due diligence and to obtain expert advice if necessary.
- Directors must **exercise independent judgement**, although they may take account of the interests of any third party whom they represent. This may well require interests to be declared (see below). However Directors cannot vote simply in accordance with the Council's mandate.
- Directors are **not allowed to make a profit** from their position. They must therefore disclose any interests they or their family may have in relation to the company's contracts. Whether they are then allowed to vote will depend on the company's Articles of Association.
- Directors must **ensure compliance with the Companies Act** in relation to the keeping of accounts and making of returns to the Registrar of Companies and the information to be shown on stationery.
- There is a **duty to have regard to the interests of the company's employees**, particularly, for example, in respect of health and safety.
- Directors also have a range of **accounting and financial responsibilities**, including the preparation of accounts for each financial year, ensuring accounting records are maintained sufficiently to demonstrate the company's day to day transactions, approving the annual accounts and laying them before a general meeting and ensuring that annual accounts and reports are sent to shareholders and anyone else entitled to receive them.

3.3 **Individual Directors** can also be liable in certain circumstances, including the following:-

- A company can only act within the scope set out in its Memorandum of Association, and those Directors who knowingly cause the company to act beyond these activities will be liable personally.
- Directors may also be liable for breach of trust, if they misapply the money or property of the company. Directors may also be liable if they fail to take action to prevent the breach of a Co-Director of which they are aware.
- In the event of a failure to act in accordance with the best interests of the company, or if Directors use their powers improperly or make a personal profit from their position as a Director, then they may be personally liable for loss to the company and may be required to give to the company the personal profit made.
- If the level of skill and care shown by a Director falls below that which could reasonably be expected and the company suffers loss, the Director will be liable for the loss incurred. However, if it believes the Director acted honestly and reasonably, a Court may excuse the Director from this liability.
- If a Director knows or ought to know that there is no reasonable prospect of the company avoiding liquidation, the Court may require the Director to contribute to the company's assets on liquidation if the company continues to trade. This is known as wrongful trading. No such order will be made if the Court is satisfied that the Director took all reasonable steps to minimise the loss to the creditors.
- Directors will also be liable if to their knowledge the company carried on business with intent to defraud creditors or any other person, or for any other fraudulent purpose.
- Where a company fails to pay National Insurance contributions and this is due to fraud or neglect on the part of any director(s) of the company, they may be held personally responsible for the outstanding contributions.

3.4 Finally, information (apart from confidential information) must be given to other councillors about their activities as required by the local authority.

4. CHARITY TRUSTEES

4.1 Trustees of a charity are responsible for the control and administration of a charity and retain personal liability. Trustees must acquaint themselves with the terms of the Trust. In the case of a charity which is also a company, these terms will be found in the Memorandum and Articles of Association. Other Trusts will be found in the document under which the charity was established, such as a will or deed of gift or constitution.

4.2 **Charity Trustees** have the following duties:-

- Trustees must act in accordance with the terms of the Trust.
- The property of the charity must be used for the purposes for which the charity was set up. It must also be applied fairly between those properly entitled to benefit from it.
- Trustees have a duty to exercise such care and skill as is reasonable in the circumstances having particular regard to any special knowledge or experience that they have or holds themselves out as having. In addition, where a Trustee acts in the course of a business or profession, particular regard must be had to any special knowledge or experience which it is reasonable to expect of a person acting in the course of that kind of business or profession.
- Trustees must always act in the interests of the charity and of its beneficiaries or potential beneficiaries and without regard to their own private interests. This means that Charity Trustees must not put themselves in a position where their interests and duties conflict.
- The work must generally be unpaid. Trustees may be paid for their expenses from the charity's income and, very occasionally, the Charity Commission may allow wider remuneration where this is in the interests of the charity.
- Trustees cannot benefit either directly or indirectly from the charity.
- They must act reasonably and prudently in all matters relating to the charity and must always bear in mind the interests of the charity. They should manage the charity as carefully as if they were running their own business. Although they may delegate certain of their functions under the Trustee Act 2000 and also

under any powers in the trust document, they remain legally responsible and must supervise and control the work of officers.

- Trustees must act in accordance with all relevant legislation.
- They have a duty to provide information to the Charity Commissioners. Most charities (except small ones with an annual income under £1000 a year) are required to register under the charities legislation. The Charity Commissioners rely on this information when making a decision about a charity, so it is very important that it is accurate. It is an offence to give the Charity Commissioners false or misleading information, or to alter, conceal or destroy charity documents which may be required by the Commissioners.
- All registered charities are subject to a number of accounting and reporting requirements, depending on their income and expenditure. These involve maintaining proper accounts, preparing the annual statement of accounts and an annual report and in some cases submitting them to the Charity Commission; and where the charity's gross income and total expenditure exceeds £10,000, making an annual report to the Charity Commission. Charity trustees are under a duty to ensure that these accounting and reporting requirements are carried out and to approve the annual report and accounts.
- The accounts of registered charities with a gross income or total expenditure exceeding £10,000 must, at the option of the trustees, be either audited or independently examined. In addition if either income or expenditure has been more than £250,000 in either of the previous two financial years then accounts must be audited by a registered auditor.
- Retaining accounting records and statements of account for at least 6 years.

5. MANAGEMENT COMMITTEES

5.1 Groups which are not charitable trusts or limited companies are "unincorporated associations" and have no separate legal identity from their members. The rules governing the members' duties and liabilities will be set out in a constitution, which is simply an agreement between the members as to how the organisation will operate. Usually the constitution will provide for a management committee to be responsible

for the everyday running of the organisation. An unincorporated organisation may be charitable and registerable as a charity.

5.2 Broadly, management committee members must act within the terms of the constitution, and must take reasonable care in exercising their powers.

5.3 Generally, members of management committees are liable for the acts of the organisation, but are entitled to an indemnity from the funds of the organisation if they have acted properly. If there are not enough funds, the committee members are personally liable for the shortfall. If one person is appointed by the constitution to act as the agent of the organisation for certain purposes, then that person acts as the agent of all the members, who have joint liability for the agent's actions. Members of the management committee will have a personal liability if they act outside the authority given them or if they do not comply with the law.

5.4 Exceptions apply to certain consultative/advisory bodies such as EELGA & LGA where the representative will normally be expected to act in the Council's interests.

6. REGULATED COMPANIES

6.1 A company that is influenced by the Council (20% shareholding or more) or controlled by the Council (50% shareholding or more) will be a regulated company under the Local Authorities (Companies) Order 1995. This piece of legislation has a number of restrictions for members that sit on the board of regulated local authority companies, referring to them as "regulated directors".

6.2 These restrictions include:

- The maximum amount of remuneration is the greatest amount which would be payable by the Council in respect of a comparable duty performed on behalf of the Council, less any amount paid by the Council to the regulated director for duties to the Company;
- The maximum amount of travelling or subsistence allowance which would be payable to that director by the Council of which he is a member if the relevant duty were an approved duty for the purposes of s174 of the Local Government Act 1972

- When a regulated director becomes disqualified for membership of the Council, he/she must be removed as a director of the regulated company.

6.3 Where members sit on the board of an influenced or regulated company there will be an inherent conflict of interest in their roles as the Companies Act 2006 requires Directors to consider the best interests of the company and not the shareholders. However due to the restrictions on the remuneration and expenses of members in relation to such companies members are unlikely to have a disclosable pecuniary interest. Members should nonetheless declare their conflict of interest at Council meetings and avoid voting on or taking Council decisions in relation to such companies.

7. OTHER PUBLIC BODIES

7.1 There are bodies created by an Act of Parliament to carry out particular functions and whose constitution is set out in the legislation relating to that specific body. An example for the city council is Conservators of the River Cam.

7.2 The powers of the members of the body and duties and liabilities of those members individually and collectively depend upon the wording of the legislation in question. In general terms, however, the position of a member is similar to that of a councillor. It is therefore wise for a member of any of these bodies to obtain information for themselves from that body on its powers and duties, its Standing Orders and other procedures which they must follow and financial or other regulations which govern the conduct of its business.

7.3 In addition, conflicts of interest can occasionally arise for such appointees. In this respect, the general provisions described in Section 2 above will apply.

7.4 Finally, there is the developing area of partnerships and partnership boards. Generally, these are not legal entities in their own right and members are appointed purely to represent the City Council. In these circumstances the specific duties referred to above will not therefore tend to apply nor will there be a potential for a conflict of interest. On the other hand, the position may well be different if a separate legal entity is formed as part of the partnership working.

8. DECLARATION OF INTERESTS

8.1 If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter. In many case (but not all) cases a Member will not have a Disclosable Pecuniary Interest (and therefore need not make any declaration)) if the matter relates to an outside body to which the CityCouncil have appointed the Member as its representative.

8.2 Members do however need to pay particular attention to whether a body on which they have a beneficial interest (which includes a body corporate of which they are a director – NB. “director” includes being a member of the committee of management of an industrial and provident society) has or is likely to have a contractual relationship with the council (NB. which includes grant agreements). If this is the case then this is a specific disclosable pecuniary interest under the Localism Act 2011 as set out in the council’s code of conduct and it need to be declared as such and the member must not take part in any decision making.

8.3 If you do not have a Disclosable Pecuniary Interest you may nevertheless have a **“non-statutory disclosable interest”** in a matter to be discussed if it affects:

- your well-being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter, **unless** the interest is *“one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest”* (s.10.2(b) of the council’s code of conduct sets out what action should be taken). Please seek the advice of the council’s Monitoring Officer if unsure about what needs to be declared in order to help avoid the appearance of bias.

8.4 When members discuss at Council meetings matters relating to an outside body on which they serve, they may take account of that outside body's interest. However, they must not vote simply in accordance with the mandate of that outside body. In short, the primary consideration is the public interest.

8.5 Officers should have regard to the Officer's Code of Conduct and discuss all potential conflicts of interest with their line manager, seeking advice from the council's Monitoring Officer where appropriate. Written file notes should be made and kept of all advice given and action taken.

9. INDEMNITIES

9.1 An outside body can provide indemnities for its members as follows:

a) Companies can now give their Directors indemnities. However, such indemnities cannot cover:-

(i) the Director's liability to the company itself or to other companies within the same group;

(ii) fines imposed on a Director in criminal proceedings or in respect of a sum payable to a Regulatory Authority by way of penalty for non-compliance with any requirement of a regulatory nature; or

(iii) Liabilities incurred by a Director in defending criminal proceedings where convicted, or in defending any civil proceedings brought by the company, or an associated company in which judgement is made against such Director.

(b) With regard to Charitable Trusts, an indemnity can be given from the Trust Fund provided the Trustee has acted properly and within their powers. Trustees may take out insurance to protect themselves against personal liability, but not for criminal acts, fraud etc. There will be no problem if the Trustees themselves pay the premiums but if they are paid out of the Charitable Funds the Trustees will need to consent to the Charity Commission unless the Trust Deed specifically allows it.

(c) With regard to Management Committees, members will be entitled to an indemnity if they act in accordance with the Constitution and are not at fault. It is also possible to obtain insurance but if the organisation is to pay the premium it must be permitted by the Constitution.

10. FURTHER INFORMATION

If you require any further information about the issues raised in this Guidance Note please contact the Council's Monitoring Officer.

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