

# CAMBRIDGE CITY COUNCIL

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REPORT OF: Director of Business Transformation

TO: Civic Affairs Committee

29/06/16

WARDS: All

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## ASSURANCE FRAMEWORK, DRAFT ANNUAL GOVERNANCE STATEMENT AND DRAFT CODE OF CORPORATE GOVERNANCE 2015/16

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### 1 INTRODUCTION

- 1.1 The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirements as set out in Regulation 4(3) of the Accounts and Audit (England) Regulations 2015. The AGS covers the Council's governance arrangements for the 2015/16 reporting year and is published as part of the Statement of Accounts.
- 1.2 This report includes the draft AGS and incorporated AGS action plan (presented in **Appendix A**) for the Members of Civic Affairs Committee to review, challenge and advise the Leader and Chief Executive upon accordingly.
- 1.3 This report also identifies progress with the 2014/15 AGS action plan and presents the necessary recommendations for Member approval that will allow the Council as a whole to ensure that the AGS is produced in accordance with CIPFA guidance and therefore meet External Audit requirements.
- 1.4 The Council's Code of Corporate Governance summarises the ways in which the authority directs and controls its functions and relates to its communities. It is reviewed annually.

### 2 RECOMMENDATIONS

- 2.1 Members of Civic Affairs Committee are required to:
  - note the arrangements for compiling, reporting on and signing the AGS.
  - critically review the draft AGS and incorporated action plan (**Appendix A**) having regard to the Head of Internal Audit Annual Opinion (earlier on this agenda); and

- advise the Leader of the Council and Chief Executive on any issues arising from the draft AGS and action plan.
- 2.2 That the Council approves the Code of Corporate Governance (**Appendix B**) at Full Council on 14<sup>th</sup> July 2016.

### **3 BACKGROUND TO THE AGS**

#### *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 CIPFA, in conjunction with SOLACE, have produced a framework for delivering good governance in local government. This framework is used as a guide in compiling the AGS for the City Council.
- 3.3 Arrangements for compiling the AGS for 2015/16 have been undertaken by the Head of Legal Services (the Council's Monitoring Officer) in conjunction with the Head of Corporate Strategy, Head of Finance (the Council's s151 Officer) and the Principal Auditor.
- 3.4 Assurances from the work of the Internal Audit team relating to 2015/16 have been reviewed and have been used to inform the AGS and its associated action plan.
- 3.5 One of the key messages coming out of the CIPFA/SOLACE guidance is that good governance relates to the organisation as a whole and there should be corporate ownership of the AGS and governance arrangements.

### *Arrangements for reporting on and signing off the AGS*

- 3.6 The draft AGS and Action Plan is being presented to the Members of this Committee for them to review and advise the Leader and Chief Executive upon, prior to it being signed off by the Leader and the Chief Executive.
- 3.7 Members are asked to consider the Head of Internal Audit's Annual Opinion, which is presented earlier on this agenda, in their review of the AGS.

## **4. Progress with the 2014-15 AGS Action Plan**

- 4.1 All of the actions included in last year's AGS Action plan have either been completed in full or are in progress, as follows:
- ***Delivery of Savings Targets*** – The follow-up audit to the 2014/15 audit report on 'Achievement of Income and Savings Targets' is underway. All actions agreed as part of the original audit have been marked as implemented on the risk register. The follow-up audit will confirm evidence of implementation.
  - ***Business Transformation*** – Appropriate governance arrangements have been implemented for the three new shared service arrangements (ICT, Legal Services and Building Control).
  - ***Review of the Council's Whistleblowing Policy*** - Amendments to the Council's Whistleblowing Policy have been drafted and are currently with the Head of HR for final review.
  - ***People Strategy*** – A revised draft of the strategy has been circulated to Directors, Heads of Service and trade unions for comment. The strategy is currently being updated to take account of feedback received.
  - ***Information Security*** - Complete. A number of actions have been taken to manage and reduce the risks of data security incidents, both in individual service areas and corporately. Among controls added, a major training push has been underway which should see all staff who use the Council's computer network trained on Data Protection by the end of June 2016. A further action on Information Security is included in this year's AGS Action Plan, as this remains a key risk to the Council and it is important that it is effectively managed.
  - ***Homelessness*** – A second follow-up audit of Homelessness commenced in May 2016. All actions agreed as part of the original audit have now been marked as implemented on the risk register. The follow up audit will confirm evidence of implementation.
  - ***Counter-Fraud Arrangements*** – A Counter-Fraud Strategy and Action Plan have been drafted and are being considered at this meeting of Civic Affairs for approval.

- **Business Planning and Performance Measurement** - The review of the business planning process led to the move from seven separate portfolio plans to a single corporate plan. This is intended to achieve greater coherence and visibility to the Council's key business planning document.

The Corporate Plan was agreed by the Leader at Strategy & Resources Committee in January 2016 and progress is expected to be reported back there in summer 2017. Meanwhile the annual report on the 2015/16 portfolio plans goes to Civic Affairs with the Statement of Accounts in June 2016. Progress reports against a basket of key performance indicators has been reported to the Strategic Leadership Team on a quarterly basis for some years. These will now be reported to the Senior Management Team that comprises SLT and Heads of Service, alongside regular financial performance reporting and risk management reports, to ensure a streamlined approach to governance of operational delivery.

- 4.2 **Appendix A** to this report details the action plan to address significant governance issues during 2016/17.

## 5. **BACKGROUND TO THE CODE OF CORPORATE GOVERNANCE**

- 5.1 The Council adopted a Code of Corporate Governance on 25 April 2002 and it has been reviewed annually since then.
- 5.2 There are no significant changes to the Code this year. The Code has been revised to ensure that references to supporting plans, policies and procedures are up to date. A copy of the Code is given in **Appendix B**.

## 6. **CONSULTATIONS**

- 6.1 Key officers have been consulted in compiling the 2015/16 AGS and Action Plan. The draft AGS and Action Plan have been shared with the Council's External Auditors.

## 7. **CONCLUSION**

- 7.1 The draft AGS and draft Code of Corporate Governance set out the governance framework for the City Council for 2015/16 and identify a number of issues where action is planned to improve the level of governance.

## 8. **IMPLICATIONS**

- (a) **Financial Implications**  
None
- (b) **Staffing Implications**  
None

(c) **Equality and Poverty Implications**  
None

(d) **Environmental Implications**  
None

(e) **Procurement**  
None

(f) **Consultation and communication**  
None

(e) **Community Safety Implications**  
None

**BACKGROUND PAPERS:** The following background papers were used in the preparation of this report:

- Delivering Good Governance in Local Government – The Framework and Guidance Note for English Authorities – CIPFA/SOLACE plus Addendum (December 2012)
- The Annual Governance Statement: Meeting the Requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulations 2006
- The CIPFA Finance Advisory Network – A Rough Guide for Practitioners 2007/08.
- Application Note to Delivering Good Governance in Local Government – a Framework – CIPFA/SOLACE – March 2010
- Accounts and Audit (England) Regulations 2011
- Statement on the Role of the Head of Internal Audit in Local Government – CIPFA – December 2010
- Statement on Role of the Chief Financial Officer – CIPFA

To inspect these documents contact Bridget Bishop on extension 8182.

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