

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

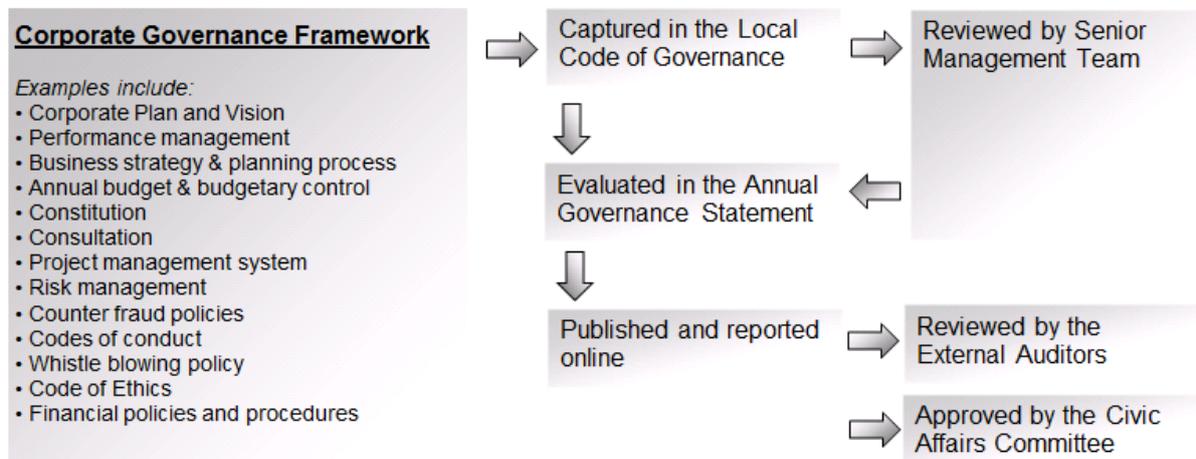
Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

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](#)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 sets strategic objectives under seven themes:

- 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 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 2018 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
Senior Leadership Team	The management structure includes a Senior Leadership Team of a Chief Executive and Strategic Directors, <u>the Head of Corporate Strategy and the Head of Finance</u> . 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 (2010).

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 2018. This report will outline the key findings of the audit work undertaken during 2017/18, 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 2017/18, 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 2016-17 EY issued unqualified audit opinions on the financial statements, value for money conclusion and whole of government accounts.

Peer Challenge

In December 2017 the Council participated in a Peer Review-Challenge with the Local Government Association. It concluded that Cambridge City Council is a good council that is performing well and has a number of areas of strong practice, including leveraging in additional funding and grants, building new homes and supporting vulnerable residents both through service delivery and support grants to the voluntary and third sector.

The Peer team'sA-full report, and the Council's response is published on a dedicated [page of our website](#).

Progress from the last Annual Governance Statement

The Council prepared an [Annual Governance Statement for 2016/17](#) which was approved by the Civic Affairs Committee. An update on the previous action plan is included below:

Action	Update and status
Develop robust project management for the wide range of complex and diverse projects across the authority	The Council has completed regular monitoring and reporting of major projects throughout the year. In addition the Council has also commenced a project management audit and health check. This will help inform a programme to help improve our project governance.
Implementation of the new Financial Management System	The new Financial Management System is being used throughout the Council. The Budgeting and Forecasting module is being developed further, and will be implemented throughout 2018/19. A key achievement was using the new system to produce the current Statement of Accounts.
Complete the programme of training sessions on the new e-tendering package. Review tender evaluation reporting procedures.	The Council has delivered procurement training, and continues to promote effective procurement. A simplified set of procurement documents was developed to streamline processes, reduce time and costs, ensure accessibility to Small & Medium Size Enterprises (SMEs) and facilitate compliance with the procedures.
Shared Services – Deliver reports on finance, performance and delivery of outcomes, and submit business plans.	Ongoing reports on finance, performance and delivery of outcomes will continue to be reported to the various Boards. Annual reports and Business Plans have been reported to, and challenged by, the relevant Scrutiny Committees. This will continue as ongoing good practice.
Complete regular system monitoring and reports, on cyber security threats, with mitigating actions.	The Council has been assessed as compliant with PSN standards. Going forwards the Council will undertake this accreditation annually. The process includes penetration testing which highlights new potential risks to be remediated. Training and awareness on cyber security are made available to employees and contractors.
Ensure there are appropriate arrangements in place to manage the risks of Serious Organised Crime.	Internal Audit has commenced the review of Serious Organised Crime, using Police and professional guidance, and has programmed in further work in the Audit plan. The Council has a positive track record in both reviewing and reporting fraud risks.
Contribute to appropriate Combined Authority projects and working groups.	Council Officers have participated on relevant projects and work has been scrutinised by the Strategy and Resources Scrutiny Committee. <u>The Leader of the Council is a member of the Cambridgeshire and Peterborough Combined Authority Board. In addition the Council has allocated two Councillors, and substitutes, as members of its Overview and Scrutiny Committee.</u>

Publish an organisational development strategy and continue to review recruitment and retention policies

The Organisational Development Strategy was published in March 2018. The Recruitment and Retention policies are currently under review. Recruitment continues to be a challenge and this will continue to be recognised in the 2017/18 action plan.

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"> • Council approved a revised Local Code of Governance. The Code is reviewed annually and this version was updated to reflect the latest professional standards and guidance, which introduced 7 new core principles of good governance. • Council approved an amended Statement of Licensing Policy. • The Executive Councillor for Strategy and Transformation adopted the revised Corporate Enforcement Policy 2017.
B Openness & stakeholder engagement	<ul style="list-style-type: none"> • The Strategy and Resources Scrutiny Committee received a report on the work of Strategic Partnerships. It was agreed to continue working with the Greater Cambridge Partnership and other growth-related partnerships and to work with the new model of delivery for the Local Enterprise Partnership under the Combined Authority, to address the strategic issues affecting Cambridge, to the overall benefit of citizens. It also agreed to continue to work within the Cambridge Community Safety Partnership to fulfill our obligations to help reduce crime and anti-social behaviour in the city. • The Executive Councillor for Communities agreed to adopt proposals relating to six centres as set out in the draft strategy which set out to deliver a programme of support with the overarching theme of 'Building Stronger Communities.' This was based on earlier consultation with stakeholders and the wider community.

Principle	Review of effectiveness
<p>C Defining outcomes - economic, social, environmental</p>	<ul style="list-style-type: none"> The Executive Councillor and the Strategy and Resources Scrutiny Committee endorsed recommendations for capital works which will reduce energy consumption and carbon emissions from the Guildhall and deliver ongoing financial savings for the Council. The Executive Councillor for Finance and Resources noted the progress achieved during 2016/17 in implementing the Climate Change Strategy and the Carbon Management Plan. <u>The Council has a Corporate Plan which is reviewed periodically, which defines outcomes. Performance, achievements, and further actions are included in the Corporate Plan Annual Report. The 2017/18 annual report was presented to the Strategy and Resources Scrutiny Committee in July.</u>
<p>D Determine interventions to achieve outcomes</p>	<ul style="list-style-type: none"> The Executive Councillor for Housing noted the new provisions within the Homelessness Reduction Act and, in particular, the extended range of statutory homelessness duties the Council is obliged to perform, and agreed to support a budget bid for additional staffing resources. This was endorsed by the Housing Scrutiny Committee. The Community Services Scrutiny Committee approved the revised Anti-Poverty Strategy for 2017-2020. <u>The 2017/18 Corporate Plan Annual Report highlights examples of actions which were completed to achieve our outcomes.</u>
<p>E Develop capacity and capability of entity</p>	<ul style="list-style-type: none"> The Council commissioned an independent organisation to conduct a staff survey. The feedback from the survey was used to develop a Corporate Staff Survey Action Plan. Development of shared services is helping the Council to build resilience and develop expertise. Reports are now presented regularly to the Shared Services Board, and business plans were approved by relevant Scrutiny Committees. The Executive Councillor for Strategy and Transformation, and the Scrutiny Committee approved the Business Case for the new Planning Service. South Cambridgeshire District Council was agreed to be the Employing Authority for this shared service. Employees and managers, responsible for procurement, attended a Contract Procedure Rules Update Briefing session.

Principle	Review of effectiveness
F Manage risk & performance, internal control, finance	<ul style="list-style-type: none"> • The Council has implemented a new Financial Management System, to develop resilience and introduce smarter ways of working. Further work will be undertaken in 2018/19 on the Budgeting and Forecasting modules. • A Quality Assurance and Improvement Program, of compliance to the Public Sector Internal Audit Standards, was completed as good practice. • Council approved an update to Contract Procedure Rules following recommendation from the Civic Affairs Committee. This included revisions to the Key Decision threshold, and a corporate contracting strategy.
G Transparency, reporting, audit, accountability	<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. 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 2017/18, and also forward looking matters identified for 2018/19. These actions are captured in existing corporate plans and strategies.

Subject	Actions	Responsible Officers
Project Governance	The Council has completed regular monitoring and reporting of major projects throughout the year. In addition the Council has also commenced a project management audit and health check. This will help inform a programme to help improve our project governance approach during 2018/19 .	Chief Executive working with the Senior Leadership Team
GDPR readiness	The Council has prepared for the General Data Protection Regulations, and has implemented procedural changes to reflect the new legislation. The Council also recognises that this is an evolutionary process, and will continue to develop and deliver action plans in response to emerging good practice from both the General Data Protection Regulations and the Data Protection Act 2018. Internal Audit is providing independent assurance as part of the 2018/19 risk based audit plan .	Data Protection Officer, the Senior Information Risk Owner and Information Governance Group
Capacity to deliver services from loss of key personnel	The Council recognises the ongoing difficulty recruiting in some areas and, as services undergo change, may be more at risk of losing key personnel. The Organisational Development Strategy was published in March 2018. The Recruitment and Retention policies are currently under review, which will help to manage this risk.	Strategic Leadership Team Head of Human Resources

Subject	Actions	Responsible Officers
Impact of external change	<p>The Council recognises that there are potential risks from external sources and changes in legislation. Examples include Business Rates Retention, Fair Funding Review and Brexit. Looking ahead, the Council will continue to prepare for these changes, consult with stakeholders, and develop new policies and procedures where required. <u>Changes to governance arrangements will be communicated to the Civic Affairs committee and recorded in the Local Code of Governance and as part of the annual review.</u></p>	Chief Executive working with the Senior Leadership Team
Implement actions from the Peer <u>Challenge Review</u>	<p>The Council participated in a Local Government Association peer review challenge. This enabled us to reflect on our delivery and forward thinking, the things we do well, and our opportunities to improve. This helped to identify actions we want to implement over the next year, building also on a range of initiatives we already had in train or in plan. The Senior Leadership Team will work towards delivering the <u>action plan</u> over the next year.</p>	Chief Executive working with the Senior 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:

Signed:

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Councillor Lewis Herbert
Leader of the Council

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Antoinette Jackson
Chief Executive

Date:

Date:

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