

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/uksi/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

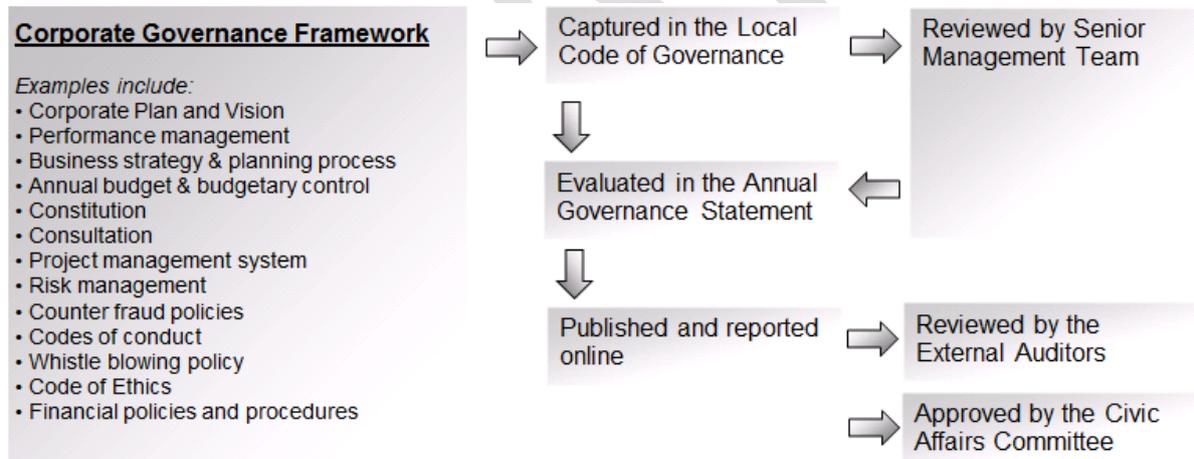
Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

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	<p>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.</p>
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	<p>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.</p>
Implement actions from the Peer Challenge	<p>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.</p>

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
<p>Business Transformation</p>	<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>	<p>Chief Executive, working with the Strategic Leadership Team and project stakeholders.</p>
<p>Cultural Events</p>	<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>	<p>Strategic Director, working with the Head of Community Services, Customer & Community Services</p>

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:

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Councillor Lewis Herbert
Leader of the Council

Signed:

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Antoinette Jackson
Chief Executive

Date:

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Date:

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