



How did we do in 2014/15?

Were we well-governed?

Did we perform well?

**SCDC's annual assessment of its
governance and performance
during the year
to 31 March 2015**

South Cambridgeshire District Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

So that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which, in 2007 (updated in 2012), jointly published a “Framework for Delivering Good Governance in Local Government”.

This guidance sets out six core principles of good governance, which we think are compatible with the summary above. CIPFA/SOLACE lists these core principles as:

1. **Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
2. **Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
3. **Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
4. **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
5. **Developing the capacity and capability of Members and Officers to be effective**
6. **Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’, where we do a self-assessment of how well all our processes are working to make sure we do things well and in the right way. This report seeks to provide this assurance in respect of South Cambridgeshire District Council.**

We need to demonstrate that we meet the requirements of the Accounts and Audit (England) Regulations 2011 which require the publication of a statement on internal control which shows that

we manage risk to a reasonable level. We must also fulfil our duty under the Local Government Act 1999 to continually improve the way we function, having regard to economy, efficiency and effectiveness.

Governance matters because **good governance produces good results**. Governance can sometimes be difficult to measure; however, the delivery of positive outcomes arising from the implementation of our Corporate Plan (in line with core principle (1) above) is not only the ultimate test of good governance but also an indicator that our underlying culture, values, systems and processes are also sound. This report therefore focuses on how far we achieved the objectives we set ourselves, in terms of positive outcomes for our communities, and how we performed against key performance measures of the effective running of the business.

Some people will, rightly, question whether it is right that we report on ourselves: surely that gives rise to a conflict of interest? In response, we would say that:

- we are required to do so;
- we have tried to be as objective as possible in summarising our performance against our corporate objectives, linking these wherever possible to demonstrable outcomes and specific performance measures;
- feedback from residents has in many cases contributed to our assessment of how far we have delivered;
- all political groups – those in control of the council and those in opposition or independent – have been given the opportunity to input into this report, challenging its content where appropriate; and
- this report is only part of the overall process, as we are also subject to internal and external audit.

This report is written under the authority of the council's Corporate Governance Committee, who approved it formally on 25 September 2015. It has been signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts on 30th September 2015. It was submitted to our external auditors along with our annual accounts in July 2015 and the auditors considered whether the information submitted met their expectations as part of their annual opinion, also published in September 2015.

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place. This section reviews those structures. We govern ourselves through **Council**, an **Executive Management Team (EMT)**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

- **Council**

The Council met six times – it agreed the Council’s budget and policy framework, primarily consisting of our Corporate Plan, Medium Term Financial Strategy (MTFS), annual capital and revenue estimates and Council Tax. Of the 57 Councillors, the numbers attending were respectively 51, 50, 52, 48, 47 and 45. All meetings of Council were held in open forum and considered reports and recommendations from Cabinet and other committees. Details of agendas and minutes can be found at [SCDC Council Agendas and Minutes](#)

- **Cabinet**

The Cabinet, or Executive, is the Council’s principal decision-making body charged with implementing the budget and policy framework agreed by Council, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a ‘portfolio’. Across the country, councils are allowed to choose between a number of models for their committee structures. We have been using the Cabinet model since 2001, and although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party. Cabinet met seven times during the year – details of agendas and minutes can be found at [SCDC Cabinet agendas and minutes](#)

- **Executive Management Team and structure**

The management team structure (i.e. employees, who we call ‘Officers’, as opposed to elected Councillors) is available to view here [SCDC About the council](#)

EMT meets fortnightly throughout the year, reviewing and approving reports before they are sent on for consideration by Councillors. It is also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. During 2014/15 EMT comprised:

- the **Chief Executive** (Jean Hunter) is the Head of the Paid Service, and is the person who is ultimately responsible for the welfare of the Council’s employees.
- the **Chief Financial Officer** (Alex Colyer) is responsible for looking after the financial affairs of the Council and is the designated Chief Finance Officer responsible for the proper administration of the Council’s financial affairs under Section 151 of the Local Government Act 1972. The Council’s financial management arrangements conform to the governance requirements of the CIPFA “Statement on the Role of the Chief Financial Officer in Local Government” (2010).
- the **Monitoring Officer** (Fiona McMillan) is also the council’s chief legal officer and is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about councillor conduct and behaviour. Fifteen formal complaints were received about district and parish councillors during the year, many of which were settled by informal resolution or no further action was considered necessary.

- The Directors of Affordable Homes (Stephen Hills), Health and Environmental Services (Mike Hill) and Planning and New Communities (Jo Mills), are responsible for direct service delivery
- The Head of Finance, Policy and Performance (John Garnham [post now held by Caroline Ryba]), Deputy Chief Financial Officer
- The Head of Human Resources (Susan Gardner Craig) is responsible for organisational development and the council's policies and procedures relating to its staff

The Council's three statutory officers have the skills, knowledge, experience and resources to perform effectively in their roles and their roles are properly understood within the authority.

- **Corporate Governance Committee**

This Committee met four times during the year. Its main purposes are:

- reviewing and advising on the effectiveness of governance arrangements including risk management and internal controls
- approving the Statement of Accounts each year, agreeing the Annual Governance Statement (this document) and confirming the annual Audit Risk Index and Strategic Audit Plan
- commissioning studies as appropriate (including on 'Value for Money'), [and considering the Performance Indicators and Local Authority Profile as published by the Audit Commission]
- recommending action to the Council in respect of any issues of major concern arising from audit reports and/or management letters
- monitoring overall efficiency and effectiveness of internal and external audit
- monitoring the use of directed surveillance under the Regulations of Investigatory Powers Act (RIPA)
- receiving information from the Chief Finance Officer or Monitoring Officer of any suspected fraud, maladministration or illegality

In this municipal year the Committee also had a special meeting on 3 September to review the City Deal governance arrangements.

- **Civic Affairs Committee**

This Committee met twice during the year. Its main purposes are:

- reviewing the Council's Constitution, including proposals for substantive changes for consideration by the Council (excluding those matters which are specifically included within the remit of other bodies on the Council)
- considering changes to electoral arrangements, (including District, ward and parish ward boundaries), and making recommendations to Council

- setting ethical standards (as set out in Article 9.03 of the Council’s constitution) and monitoring the Council’s Code of Conduct and those of all parish councils in the district

- **Employment Committee**

The Employment Committee deals with the appointment of senior management, re-gradings and disciplinary and grievance issues. It met once during the year.

- **Scrutiny and Overview Committee**

The Scrutiny and Overview Committee consists of 9 non-Executive members (ie. not members of the Cabinet) whose role is to hold Cabinet decision takers to account, focusing on issues considered as ‘internal’.

It monitors the performance of the Leader and Cabinet, scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement.

During the year, the Committee met six times and:

- scrutinised the Year End Position Statement on Finance and Performance before it was considered by Cabinet;
- scrutinised the Medium Term Financial Strategy and the Corporate Plan, before they were considered by Cabinet and Council;
- scrutinised the Quarterly Position Statement on Finance, Performance and Risk before it was considered by Cabinet;
- scrutinised the Council’s Corporate Plan 2015-2020 before it was considered by Cabinet;
- received an update on Section 106 agreements and the Community Infrastructure Levy;
- considered the Council’s Enforcement and Inspection Policy;
- considered an evaluation of the changes to the Waste and Recycling Service;
- scrutinised the performance of the Council’s Customer Contact Centre and considered the Contact Centre’s Annual Performance Review;
- scrutinised the Council’s People and Organisational Development Strategy;
- reviewed 2007 Scrutiny Committee recommendations regarding the Orchard Park and set up a Task and Finish Group to undertake an in-depth review of these recommendations;

An annual report of the Council’s scrutiny and overview function, consisting of the work of the Partnerships Review Committee and the Scrutiny and Overview Committee, was presented to the Council’s Annual General Meeting on 21 May 2015.

- **Partnerships Review Committee**

The Partnerships Review Committee's remit is mainly externally focused with members scrutinising, challenging and holding decision takers to account on issues relating to the work of those organisations in the council's area, including formal partnerships.

Its membership consists of 9 non-executive members and it met five times during the year, when it:

- considered proposals on shared Building Control, ICT and Legal Services ahead of their consideration by Cabinet;
- received an overview from the Chairman of the Cambridgeshire Health and Wellbeing Board, of the respective roles of the County Council's Health Committee and the Cambridgeshire Health and Wellbeing Board;
- considered the District's ambulance services and held a question and answer session with representatives from the East of England Ambulance Trust and the East Anglian Air Ambulance;
- received an update on the progress of the Connecting Cambridgeshire project;
- received an update on the project to establish a shared waste service with Cambridge City Council;
- received an update on the Council's housing services and key areas of partnership working in housing such as the Homelink partnership, the review of the Mears contract and the Cambridgeshire Home Improvement Agency;
- considered proposals for the Greater Cambridge City Deal and held a discussion with the Leaders of Cambridge City Council, Cambridgeshire County Council and South Cambridgeshire District Council regarding this;
- received updates from Members of the Council appointed to outside bodies.

The Council also has other committees (planning, licensing etc), but as these are not concerned directly with governance arrangements they are not listed here.

- **Policies**

The following table lists the Council's main documents, policies and procedures which underpin our assurance framework; we refer to and follow these, to make sure we do things consistently and in the right way. All these policies have been approved by your elected Councillors where required and all are available for inspection at the Council's reception as well as via our website

The Council has put procedures in place to ensure informed and transparent decisions which are subject to effective scrutiny and management of risk. The Council has a Risk Management Strategy which is reviewed annually by Council alongside a strategic risk register which is reviewed quarterly by senior officers and members. It also has a Code of Conduct for staff incorporated in the Constitution, Capability and Disciplinary Procedures and a Whistleblowing policy.

Compliance with the Council’s Anti- Theft, Fraud and Corruption Policy is monitored by the internal auditors in liaison with the council’s Fraud Team. The National Fraud Initiative has led to the delivery of investigating fraud becoming part of the Single Fraud Investigations Service within the Department of Work and Pensions (DWP). Internal Audit recommended to Corporate Governance Committee in March 2014 that an annual report is produced on fraud and irregularities and the steps taken to mitigate and reduce. This will also include review of the appropriate policies to ensure that they remain relevant and raise the awareness and appreciation amongst officers and members.

The Council is committed to the ongoing development of its staff and members. The People and Organisational Development Strategy was reviewed and considered by Scrutiny Committee on 4th September 2014 before being adopted by the Finance and Staffing Portfolio Holder on 21st October 2014. The Council is currently seeking gold accreditation from Investors in People, having already achieved silver accreditation previously. In September 2014 Council also adopted a revised Member Development Strategy for the period up to 2017.

<i>Title</i>	<i>Contact Officer</i>	<i>Last updated</i>
Constitution (including Procurement Strategy, Finance and Contract Regulations and Codes of Conduct)	Fiona McMillan	April 2015
People and Organisational Development Strategy	Susan Gardner Craig	October 2014
Risk Management Strategy	John Garnham	March 2015
Anti-Fraud and Corruption Policy	John Garnham	September 2013
Whistleblowing Policy	Fiona McMillan	September 2013
Corporate Plan	Richard May	February 2015
Service Plans	Richard May	March 2015
Statement of Accounts	Sally Smart	September 2014
Member Development Strategy 2014-17	Graham Watts	September 2014

VISION, AIMS, AND OBJECTIVES

In the introduction to this document, the second thing we said we needed was the right plan of action.

During 2014-2015, the Council's Vision was as follows:

"South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

Each year we agree a rolling five-year **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of "Aims, Approaches and Actions", because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2014/15 Corporate Plan had three strategic **aims**:

- A. We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money
- B. We will work with partners to create and sustain opportunities for employment, enterprise, education and world-leading innovation
- C. We will make sure that South Cambridgeshire continues to offer an outstanding quality of life for our residents

For each of these three aims, we set out:

- 12 strategic objectives, describing how we will go about achieving those aims
- Specific **actions** take forward during the year towards the delivery of these objectives under each Objective), performance against which is summarised in Appendix 1.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that strong performance against key corporate aims and indicators as a mark of good governance in itself, as well as a sign that the underlying governance is also working properly. This section reviews how we operated and delivered.

Regular reporting

We publish annually ([SCDC Statement of Accounts](#)):

- **Statutory accounts:** The format of these is set by accounting regulations, and we recognise that these are hard for many people to understand. To help make them comprehensible, we add an ‘**explanatory foreword**’.
- **Plain English Accounts** - these are intended to be a straightforward and comprehensible version of the statutory accounts.

With respect to the Council’s Vision and Objectives mentioned above, we publish:

- **Corporate Plan and in-year three, six, nine-month and year-end progress reports.**

These documents can be found at [SCDC Council Aims and Objectives](#)

REVIEW OF EFFECTIVENESS

The Council must review the effectiveness of its governance arrangements annually by considering the work of senior managers on the development and maintenance of the governance environment, the head of internal audit’s annual report and comments by external auditors and other review agencies and inspectorates.

Auditing and monitoring

The Council was subject to four principal auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** Since 2013 we have been part of a shared service internal audit arrangement with Cambridge City Council and Peterborough City Council. We commissioned 240 days work and they carried out audits on a number of specific areas that we asked them to investigate. For each area, we asked them to check our policies and procedures; report on a graded system as to how they think each area is doing; and to make recommendations for changes to our procedures. We then accepted or rejected each of their recommendations. The 2014/15 Internal Audit annual report, which includes all the areas they investigated; how many hours they spent doing so; what grading they gave; how many major/minor recommendations they made; and how many of these we accepted, can be found at: [Internal Audit report](#)

The overall conclusion is that the Council “*has adequate and effective systems of internal control in place to manage the achievement of its objectives*” and no significant control weaknesses were identified. The report concluded that “*the internal control environment is fundamentally well established and continues to operate well in practice throughout the year.*”

The Council’s assurance arrangements conform with the governance requirements of CIPFA’s Statement on the Role of the Head of Internal Audit in Local Government (2010)

External audit: Ernst and Young was the external auditor of the Council. It performed work on the accounts and other documents and processes; checked that we are delivering good value for money; and provided an audit opinion at the end of that work. In 2014-15 it gave the Council an “unqualified opinion” on the council’s financial statements, meaning that the Council has prepared its financial statements adequately. In terms of its opinion on whether the Council has demonstrated value for money the report states that “*you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.*”

The full report is available here: [External Audit Report](#)

- **Other external assurance sources:** During 2013-2014 we carried out a self-assessment against the ‘Excellent’ standard of the Equalities Framework for Local Government, which found much evidence that we are listening to and responding to the needs of our diverse communities and remain a community leader in equalities as an employer and service provider. The council’s housing service has a number of external methods of scrutinising its performance. The Affordable Homes service submits its key financial and performance data to Housemark, a national benchmarking service, which allows the Council to compare its performance with other landlords across the country. In line with the Homes & Communities Agency regulatory framework for housing organisations, the council has established an independent tenant lead scrutiny body that will undertake scrutiny reviews of the housing management service.
- **Major Opposition Leader’s annual report:** Another ‘critical friend’ of the Council is the Leader of the largest opposition political party. For SCDC in 2014/15, when the majority of Councillors were Conservative (35 out of 57), the Major Opposition Leader was Cllr Bridget Smith, leading 13 Liberal Democrats. The Major Opposition Group Leader’s Annual statement for 2014-15, can be found here:

[SCDC Opposition Group Leader's Annual statement](#)

There were also seven members of the Independent Group and one Labour councillor and one non-group councillor.

Analysis performed for this Governance statement

In drawing up this governance statement we have reviewed the 30 actions in the Corporate Plan from a governance and performance basis, as set out in Appendix 1. For each action, the table:

- lists the action
- asks ‘how did we do?’
- asks ‘what’s still left to do?’

- shows how that action relates to CIPFA/SOLACE’s six core principles of good governance listed on page 2 of Appendix 1.

We believe that a study of the table in Appendix 1 shows that our results and performance was good, when measured against the visions, aims, approaches and actions that we set ourselves, and (on the basis of the ‘work backwards’ approach discussed above) we take that as a sign that our governance was also good.

IMPROVEMENTS

Last year (2013-14), we did not identify any significant governance areas which required improvement. This year (2014/15), during our own review of our arrangements, and by the work of the internal and external auditors, we did not identify any governance issues which we regard as ‘significant’.

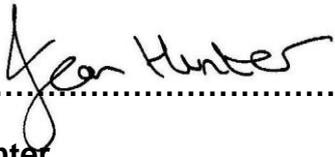
This year as part of its audit work Internal Audit has identified a number of opportunities for improving controls and procedures which they would consider “meriting attention” and which have been accepted by the Council’s management.

Recommendations for 2015/16	Action planned
Ensure that working arrangements with external partners are regularly reviewed in order to demonstrate effective management, in particular the arrangements for the responsive repairs contract	In general regular review is an important part of all external partnership arrangements. Regarding the responsive repairs contract in particular, an action plan is being drawn up in response to the Internal Audit report and a follow-up audit is planned for later this year to ensure all necessary actions have been carried out.
Ensure there are avenues available to enable robust challenge to be made to the ongoing development of shared services in order to protect the interests of SCDC stakeholders	Governance arrangements have been worked up and Cabinet will be asked to affirm these in July which set out member, lead officer and scrutiny involvement in the process. The Corporate Governance Committee are also being asked for their comments in June.
Ensure adequate consideration is given to the long term implications of the Great Cambridge City Deal and other large scale projects and that robust scrutiny of the City Deal by SCDC takes place.	The City Deal Executive Board plans to appoint an independent panel of economic experts to assess the long-term implications of projects approved through the City Deal process. A common specification for this work has been agreed in consultation with the country’s other

	<p>City Deal areas and the Cabinet Office. The council's Partnerships Review Committee will robustly scrutinise this work. The Corporate Governance Committee will continue to provide a scrutiny of the governance arrangements in relation to the setting up of a Combined Authority.</p>
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We consider that the Council's governance arrangements are fit for purpose in accordance with the governance framework.

We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2014/15, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed.....
Jean Hunter
Chief Executive

Signed.....
Ray Manning
Leader of the Council

CONCLUSION

The Council's Corporate Governance Committee is responsible for ensuring that the Council complies with its own governance code, including monitoring the effectiveness of the governance framework and ensuring plans are put in place to address any weaknesses and ensure continuous improvement of the system. The Committee believes that it has discharged that responsibility, and that this report is evidence of that. We recognise that there will always be room for improvement (which will need to be balanced by the costs associated with that, and whether the 'law of diminishing returns' applies), but on balance we are delighted to report that **we believe that, during 2014/15, the council was well-governed, and performed well.**