

# Covering Note

This is the draft Annual Governance Statement (AGS) for 2022/2023.

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.

The AGS should reflect significant events in the relevant financial year, plus up to when the Accounts are approved by Committee.

The document and action plan will continue to be developed during this period.

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## 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

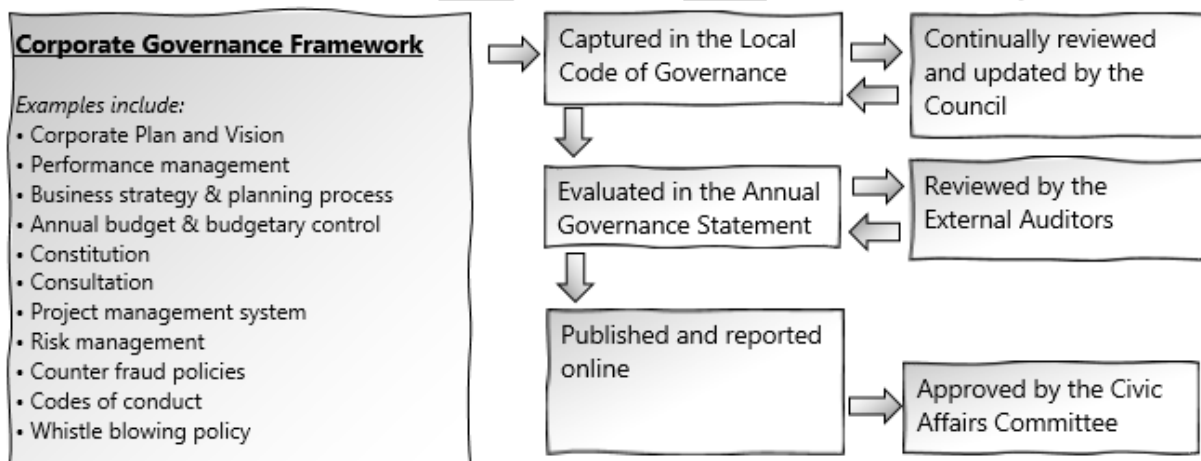
Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

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 set out aims and objectives which are published on [our website](#)<sup>1</sup>. The Council has a clear vision to "*lead a united city, 'One Cambridge - Fair for All', in which economic dynamism and prosperity are combined with social and environmental 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.

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



The Council produces a [Corporate Plan](#)<sup>2</sup>, which included four key priorities for 2022/2023:

- Leading Cambridge's response to the climate and biodiversity emergencies and creating a net zero council by 2030
- Tackling poverty and inequality and helping people in the greatest need
- Building a new generation of council and affordable homes and reducing homelessness
- Modernising the council to lead a greener city that is fair for all

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

### **Local Code of Governance**

We are responsible for ensuring that there is a sound system of governance which incorporates the system of internal control.

The Governance Framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the statement of accounts. It 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

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<sup>2</sup> <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. We have 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 <a href="#">website</a> .
The Executive	<p>The <a href="#">Executive</a> includes the Leader of the council and Executive Councillors. They make decisions on major service areas.</p> <p>They 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.</p>
Scrutiny and Overview Committees	<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"> <li>• <a href="#">Environment and Community Scrutiny Committee</a></li> <li>• <a href="#">Housing Scrutiny Committee</a></li> <li>• <a href="#">Planning and Transport Scrutiny Committee</a></li> <li>• <a href="#">Strategy and Resources Scrutiny Committee</a></li> </ul>
Leadership Team	Our management structure includes a <a href="#">Leadership Team</a> that is collectively responsible for managing and leading over 800 staff to deliver high-quality services and improve social, economic and environmental outcomes for Cambridge residents and businesses.
Civic Affairs Committee	<p>The Civic Affairs Committee 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"> <li>• Electoral issues</li> <li>• Audit and regulatory financial matters</li> <li>• Civic and democratic process management issues</li> <li>• Miscellaneous regulatory responsibilities</li> </ul> <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 <a href="#">published on the website</a>. The Committee has also appointed an independent person which is regarded as best practice.</p>

You can visit our website for more information about "[How the Council Works](#)".

## **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. 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.

## **Review and assurance mechanisms**

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Management activities contribute to the continuous review of the Local Code of Governance, and also inform the Annual Governance Statement. In addition, assurance can be provided from other sources:

### **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 the extent to which the Council can rely on it. This has been considered in the development of the Annual Governance Statement.

Regular updates are presented to the Civic Affairs Committee throughout the year which outline the key findings of the internal audit work undertaken during 2022/2023, including any areas of significant weakness in the internal control environment.

Resource was allocated to supporting the Council deliver Covid-19 activities, where this could help to maintain or improve the governance, risk and control environment. Consequently, resources have been diverted from typical assurance-based activities. Internal audit maintains a risk-based plan and this approach was supported by the Civic Affairs Committee. The breadth of and volume of other risk-based assurance was less than usual, however core assurance work was delivered, and we considered the governance, risk and 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 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 2022/2023, and this remains at a similar level to the previous year.

### **Partnership assurance**

The Council has services which are delivered in partnership with other Councils. Where other Councils are the lead authority, they will provide assurance back to Cambridge City Council that controls are effective, and where there is opportunity for improvement. This includes Waste Services, Planning and Development, plus Information and Communications Technology.

The Council set up an Investment Partnership with Hill Investment Partnerships in 2017. Updates on all the Cambridge Investment Partnerships current projects are provided quarterly to the Housing Scrutiny Committee, and information is available on their [website](#). Cambridge City Housing Company Ltd was established in 2016 as a wholly owned company. The Council's published annual statement of accounts includes details of the Housing Company, and reports on the Council's relationship with the Housing Company, financial performance

and loan arrangements. The Council receives information on the Housing Company through its Strategy & Resources Scrutiny Committee. The Committee reviews the Housing Company's business plan, and the Council's published Corporate Plan sets out the objectives, activities and people involved in management and decisions.

### **External reviews**

The Trade Waste function of the Shared Waste Services received positive assurance from their Internal audit reviews and maintained their accreditation with the ISO9001 (Quality Management) and ISO14001 (Environmental Management) standards.

The Huntingdonshire District Council and Cambridge City Council CCTV Shared Service achieved accreditation in: ISO 900-2015; BS7958: Control Room Management and Operations; plus the Surveillance Cameras Commissioners Code of Compliance.

The Local Government and Social Care Ombudsman (LGSCO) resolve complaints in the public sector and provides annual statistic on performance. In 2022-23 the LGSCO received 15 complaints relating to Cambridge City Council. Of these, 6 were treated as complaints where a decision was applicable. As a result of the LGO's detailed investigations, 5 were upheld and the remaining case was not upheld. The LGSCO were satisfied that 100% of their recommendations from 2022-23 cases were implemented by the Council. Information is included in our Annual Report. No public interest reports were published.

### **External Audit**

Ernst & Young (now EY) are the appointed external auditor, and their results report (ISA260) will be presented to the Civic Affairs committee later in 2023. For 2021/2022 financial year EY issued ["unqualified" audit opinions](#) on the financial statements, value for money conclusion and whole of government accounts which provided assurance to the Council.

### **Public Services Network**

The Council completed the Cabinet Office compliance verification process for the Public Services Network Code of Connection (PSN), and a certificate was issued. This demonstrated that the information technology infrastructure was sufficiently secure to connect to the PSN.

### **The Financial Management Code**

Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. Councils are required to be compliant with the code.

A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government, to give a comprehensive picture of financial management in the Council.

Our evaluation has demonstrated that the requirements of the code are being satisfied.



## Significant events

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Significant events have the potential to significantly affect our governance, risk and control environment. Immediate impacts could include the Council's decision-making processes, risk management, and the overall capacity and capability of the Council. In the longer term it can also impact our strategic outcomes, financial and organisational resilience, stakeholder engagement and accountability.

The financial year 2022/2023 was another year of change and turbulence for many people and organisations in Cambridge, in the face of a complex and intertwined set of circumstances. Following the upheaval and tragedy of the global pandemic across the previous two years, 2022/2023 saw war break out in mainland Europe, leading to hundreds of thousands of people fleeing the tragic situation there and exacerbating energy supply and price shocks.

In response we implemented mitigating measures through our business continuity framework, with continuous risk management, and proactively worked with our stakeholders, partners and customers. This has positively contributed to many of the principals from our Local Code of Governance, such as engaging with stakeholders, determining interventions to achieve outcomes, managing risk, and adapting our internal controls.

Our Annual Report for 2022/2023 illustrates how it was an exceptional year and highlights how council services continued to adapt, seeking new ways of working – including with communities and partners - to deliver the services that are important to local.

The continued pressures illustrate how important 'good governance' has been to enable and sustain a whole system response. It has highlighted the systemic risks beyond the Councils control that can have a significant impact on achieving intended outcomes for the residents of Cambridge. This includes, for example, our ability to sustain partnerships, joined up delivery of services and multi-agency co-ordination mechanisms with police, fire, NHS, and other local authorities, where they are under significant strain, or under-resourced, or take a different approach to managing risk, accountability and transparency.

## Progress from the last Annual Governance Statement

The Council prepared an [Annual Governance Statement for 2021/2022](#) which was approved by the Civic Affairs Committee in November 2022:

Action	Update and status
Managing our recovery and resilience	<p>We recognised that the UK faced a sequence of significant and ongoing macroeconomic shocks over the past three years. Examples included the pandemic, and the war in Ukraine. The cost-of-living crisis raised the prospect of our many residents in the city facing further economic hardship. High inflation, a tight labour market, and supply chain disruption also created pressures and uncertainty.</p> <p>We continued to respond to emerging challenges and seek new ways of working (including our communities and partners) to deliver the services that are important to local people.</p>
Transformation, resources and risk management	<p>In 2020/2021 the council initiated an ambitious programme of transforming and modernising the way it works, the Our Cambridge Programme.</p> <p>This will deliver a more customer-focussed and efficient approach to service delivery, and a systems-based approach to delivering the council's vision of "One Cambridge, Fair for all" in partnership with communities and a wide range of partners and stakeholders.</p> <p>In 2022/2023 we continued the transformation by reviewing the organisational design of the council, identifying savings to achieve a balanced budget. Council approved a Senior Management Review.</p> <p>We also implemented revised project governance and reviewed our risk management framework to ensure it is complimentary to the Our Cambridge Programme.</p>
Minimising the fraud and error risks	<p>We continued to review and update our local policies and procedures to reflect best practice guidance such as national Fighting Fraud and Corruption Locally Strategy. The fraud landscape continues to develop, and it is important that we proactively respond to this.</p> <p>We completed post assurance work on Business Grant Schemes, working with the Cabinet Office, BEIS, and HMRC through data sharing initiatives. This included high levels of transactions and regular updates were reported to our Stakeholders.</p>
Maintaining good governance and proactively preparing for emerging legislative change.	<p>The Council is committed to maintaining good ethical governance, and our Local Code of Governance reflects the Seven Principles of Public Life in local government. To help enhance this process we reviewed our local guidance and promoted updates through our Intranet site.</p> <p>External factors continued to create uncertainty to developments in national legislation which could impact Councils. We continued to monitor and respond to emerging legislation (across key areas such as procurement, planning, environmental). This was also reflected in our revised Corporate Plan 2022-27, along with supporting policies and procedures.</p>

## Review of effectiveness

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The Council has a number of policies and procedures which are recorded in its [Local Code of Governance](#). These are mapped to the seven principles of good governance.

The effectiveness of the key elements of the governance framework is reviewed throughout the year. This activity 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.

The Council is involved in partnership working and has group relationships with other entities. The Cambridge City Housing Company Ltd, Cambridge Investment Partnership LLP, and the Cambridge Live Group are incorporated into Group Financial Statements in our Statement of Accounts. Activities of the groups are also reflected in our review of effectiveness where these have a significant impact on our governance arrangements.

The review concludes that the Council has complied with its Code. Additional examples of good practice, emerging controls, and governance issues from the last twelve months, considered when completing the review are recorded below, and will be incorporated into the next revision of the Code where appropriate:

Principle	Review of effectiveness
<p>A Behave: integrity, ethical values, respect rule of law</p>	<ul style="list-style-type: none"> <li>• The Local Code of Governance was reviewed and updated to reflect the latest professional standards and guidance.</li> <li>• The Civic Affairs Committee approved a revised <a href="#">Whistleblowing Policy</a>, which reflected best practice guidance.</li> </ul>
<p>B Openness &amp; stakeholder engagement</p>	<ul style="list-style-type: none"> <li>• We have published more than 9,000 comments received as part of the consultation into the First Proposals for the new Local Plan being developed in partnership with South Cambridgeshire District Council, and an update to the development strategy. Emerging policies included in the First Proposals included a net zero carbon buildings policy, requiring net zero carbon operational emissions, a water efficiency policy and a requirement for all development to achieve a minimum 20% biodiversity net gain.</li> <li>• Following a successful pilot, which commenced in April 2022, the Council approved to permanently adopt <a href="#">Tenancy Audit</a> visits within City Homes. This work would ensure tenants are supported in a variety of ways, that our systems are up to date with the correct household information and our properties are being looked after and used for the intended purpose. As a result we have provided 26 victims of domestic abuse with support after reaching out for help, we have given advice and support to 147 households on moving to more suitable accommodation, and we have identified three sub-lets and two abandoned properties. 60% of properties visited were found to have property condition issues.</li> <li>• Condensation, damp and mould issues have been a priority. We have received 13 formal damp and mould complaints, and have received 248 contacts through the new dedicated damp and mould contact pathway, 214 of which were inspected in the year.</li> <li>• Other examples of consultation included: community and stakeholder engagement for the new community centre, library and pre-school facility in Barnwell.</li> </ul>

Principle	Review of effectiveness
<p>C Defining outcomes - economic, social, environmental</p>	<ul style="list-style-type: none"> <li>• The Council set out four new key priorities for Cambridge which are set out on <a href="#">our website</a>. These were included in the revised Corporate Plan 2022-27.</li> <li>• The Annual Report against the Corporate Plan was reviewed by the Strategy and Resources Committee. A new "<a href="#">State of the City</a>" profile accompanied the report to provide a brief analysis of how Cambridge measures up on a range of social, economic and environmental factors. This provides a broad overview of the context in which the council and its partners operate. It is intended that a fuller analysis will be developed over the coming year to provide a richer "City Portrait", which would then be replicated, developed and reported each year.</li> <li>• During the year we took forward major projects to reduce carbon emissions from council buildings, land and vehicles with the aim of achieving net zero carbon emissions from these assets by 2030. The <a href="#">Environment &amp; Scrutiny Committee approved the Waterbeach Renewable Energy Network (WREN) Solar Project</a> for a solar farm next to the Greater Cambridge Shared Waste Service depot in Waterbeach. Working with our partners at South Cambridgeshire District Council, the scheme will provide renewable electricity to charge electric vehicles at the site, enabling up to 20 diesel refuse collection vehicles to be replaced with electric vehicles. Update on other projects are included in our Annual Report.</li> <li>• The Housing Scrutiny Committee approved plans to procure and install measures such as external wall insulation, cavity wall insulation, ventilation upgrades and solar PV panels. This will improve the energy efficiency of the Council's existing housing stock.</li> <li>• The Housing Scrutiny Committee approved a new Void Management Policy and revised Re-Let Standard. This confirmed the council's commitment to ensuring a consistent approach to managing the turnaround of void repairs. The voids repair processes were reviewed, and a programme of communication with tenants and prospective tenants outlined.</li> </ul>

Principle	Review of effectiveness
<p>D Determine interventions to achieve outcomes</p>	<ul style="list-style-type: none"> <li>• The Environment and Community Scrutiny Committee approved the <a href="#">Biodiversity Strategy (2022 – 2030)</a> and accompanying Action Plan. The strategy was informed following a biodiversity audit and consultation in 2021. It identifies seven objectives to guide our work in response to Priority 1 of the Corporate Plan.</li> <li>• The Environment and Community Scrutiny Committee approved a <a href="#">litter strategy</a> to support positive change in behaviours, make it easy to dispose of litter, continue with our enforcement activity, when it is proportionate and reasonable to do so, maximise the productivity of our streets and open spaces waste management service and minimise the volume of litter.</li> <li>• The Housing Scrutiny Committee noted an <a href="#">update on the compliance related activities</a> delivered within the Estates and Facilities Team, including a summary on gas servicing, electrical testing and fire safety work.</li> <li>• The Housing Scrutiny Committee approved the allocation of up to 20 Council properties to Ukrainian refugees to support the Council's homelessness prevention plans and avert the need for temporary accommodation.</li> <li>• The Housing Scrutiny Committee approved a Minimum Energy Efficiency Standards Enforcement and Fee policy. This sets out how the Council will carry out its statutory responsibilities for ensuring minimum energy efficiency standards in the private rented sector, including enforcement of the regulations and fee setting in relation to financial penalties.</li> <li>• We worked with partner organisations to support residents struggling with the rising cost of living in Cambridge. As part of a joint 'Heating and Health' initiative with South Cambridgeshire and East Cambridgeshire District Councils funded by the Integrated Care Board (ICB), we organised a series of 11 Cost of Living Support Pop-Ups at community venues across the city from October 2022 to February 2023.</li> </ul>

Principle	Review of effectiveness
<p>E Develop capacity and capability of entity</p>	<ul style="list-style-type: none"> <li>The Council continued to progress the “Our Cambridge Transformation Programme”. Updates on the approach and progress were reported to the Strategy and Resources Committee and reported on <a href="#">our website</a>. This included proposals for changes to operations, future council infrastructure and identified areas for saving and reinvestment. Proposals for a new senior leadership structure were also reviewed and approved to take place from May 2023.</li> <li>The Centre for Governance and Scrutiny (CfGS) were commissioned to assess the Council's budget policy framework and process. This builds on wider work the Council is developing to enable and support its transformation journey. The <a href="#">review made ten wide-ranging recommendations</a>, covering political management arrangements, member training and development, as well as specific recommendations relating to the budget process and timetable. Officers will work with the Leader/Executive to develop a broader consultative process, with input from opposition Group Leaders, to consider how to take forward the recommendations of the Independent Remuneration Panel and Council-commissioned analysis of its decision making, and democratic processes undertaken by Centre for Governance and Scrutiny (CfGS).</li> <li>The Council completed an initial review of its assets for civic and administrative purposes. This was carried out to reflect the change in requirements, align with the transformation programme, climate change outcomes, and also support recovery of the wider City economy.</li> <li>The Environment &amp; Scrutiny Committee approved the future direction of travel and approach for community development services including priority work with children, young people, and families, and for community centres management. This is part of the council's Our Cambridge transformation programme.</li> </ul>
<p>F Manage risk &amp; performance, internal control, finance</p>	<ul style="list-style-type: none"> <li>The Environment and Community Scrutiny Committee <a href="#">received updates</a> on the Councils progress at delivering the Single Equality Scheme, and the Anti-Poverty Strategy.</li> <li>The Strategy &amp; Resources Committee recognised report findings from a project carried out between Cambridge City Council (CCC), Cambridge City Housing Company Ltd (CCHC) and Social Finance. This illustrated that it is not financially feasible at this time, in current market conditions, to expand the CCHC portfolio by the proposed 250 homes. It was agreed that expansion metrics would continue to be reviewed quarterly to consider expansion in future.</li> </ul>

Principle	Review of effectiveness
G Transparency, reporting, audit, accountability	<ul style="list-style-type: none"><li data-bbox="528 288 2027 453">• The Environment and Community Scrutiny Committee noted that the Local Government &amp; Social Care Ombudsman (LGO) has found there was <a href="#">fault by the Council “but not causing injustice”</a>, in relation to how the Council investigated a noise complaint from a large item of commercial equipment within the city. The LGO has also formally accepted that all the identified service improvement actions, offered by the Council to the complainant, have been fully actioned by the Council.</li><li data-bbox="528 475 2027 539">• The Housing Scrutiny noted a report which detailed <a href="#">findings of the Housing Ombudsman</a>. The report also outlined the actions taken by the Council to remedy the matter for the customer and identify areas for future improvement.</li></ul>

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## **Conclusion and opinion**

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The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. No significant governance issues were identified from our review of effectiveness. We have identified opportunities for improvement, and these are included in our Action Plan above.

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.

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