

DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17 AND DRAFT CODE OF CORPORATE GOVERNANCE

To: Audit and Accounts Committee

Date: 30th May 2017

From: LGSS Chief Internal Auditor

Electoral Division(s): All

Forward Plan Ref: N/A Key decision: **No**

Purpose: This report presents the Annual Governance Statement (AGS) for 2016/17 for consideration by the Audit and Accounts Committee prior to sign off by the Chief Executive and the Chairman of the General Purposes Committee.

The report also presents an update to the Council's Code of Corporate Governance, in line with the 2016 update to the CIPFA/SOLACE Delivering Good Governance In Local Government Framework.

Recommendation: The Audit and Accounts Committee is requested:

a) to consider if the AGS at Appendix A is consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2.

b) The Audit & Accounts Committee is requested to review and approve the revised draft Code of Corporate Governance at Appendix B.

<i>Officer contact:</i>	
Name:	Duncan Wilkinson
Post:	Chief Internal Auditor
Email:	Duncan.wilkinson@cambridgeshire.gov.uk
Tel:	01908 252089

1.0 PURPOSE

- 1.1 The Council is required to include an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Chairman of the General Purposes Committee.
- 1.2 The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 1.3 The draft AGS is presented to the Audit and Accounts Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and control.

2.0 BACKGROUND

- 2.1 The draft AGS (at Appendix A) has been compiled by staff in Internal Audit and Risk Management based upon the following sources of evidence:
 - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
 - A review and re-drafting of the Council's Code of Corporate Governance itself, based on the CIPFA/Solace *Delivering Good Governance in Local Government* Framework 2016 (at Appendix B).
 - Self-assurance statements prepared by directors;
 - The Chief Internal Auditor's opinion on the Council's internal control environment, which will be formally reported to the Audit Committee on 30th May 2017.

3.0 The Annual Governance Statement

- 3.1 The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (Solace). The key elements identified in the Statement are:
 - The Council's responsibilities for ensuring a sound system of governance;
 - An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
 - An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
 - The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
 - Reference to how issues raised in the previous year's Statement have been resolved;
 - A conclusion demonstrating a commitment to monitoring implementation through the next annual review.
- 3.2 'Significant Governance Issues' are those that:
 - Seriously prejudice or prevent achievement of a principal objective of the authority;

- Have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- Have led to a material impact on the accounts;
- The Audit Committee advises should be considered significant for this purpose;
- The Chief Internal Auditor reports on as significant in the annual opinion on the internal control environment;
- Have attracted significant public interest or have seriously damaged the reputation of the organisation;
- Have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

4.0 RECOMMENDATION

- 4.1 The Audit and Accounts Committee is requested to consider whether the draft AGS at Appendix A is consistent with the Committee's own perspective on internal control within the organisation and the definition of significant governance and control issues noted in paragraph 3.2 above.
- 4.2 The Audit and Accounts Committee is requested to review and approve the updated Code of Corporate Governance at Appendix B.

Source Documents	Location
Director Assurance Statement Returns The Code of Corporate Governance (see Appendix B)	OCT1108 Shire Hall Castle Hill Cambridge CB3 0AP

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Cambridgeshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which include arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (Solace) Framework *Delivering Good Governance in Local Government*.

This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Statement of Accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are:

ANNUAL GOVERNANCE STATEMENT

- Members exercising strategic leadership by developing and keeping under review the Council's vision and priorities. These set out and communicate the Council's vision of its purpose and intended outcomes for citizens and service users;
- An established business planning process which ensures that services are delivered in accordance with the Council's objectives and represents the best use of resources;
- The measurement of performance in achieving objectives through the mechanisms of the Council's performance management system;
- A written Constitution which specifies the roles and responsibilities of elected members and officers, with clear delegation arrangements and protocols for effective communication;
- Embedded Codes of Conduct which define the standards of behaviour for members and employees;
- The Constitution setting out Schemes of Delegation to members and officers; Financial Procedure Rules; and other supporting procedures for how decisions are taken and the processes and controls required to manage risk. Having arrangements in place to ensure these are reviewed regularly;
- An Audit and Accounts Committee which is responsible for independent assurance on the adequacy of the risk management framework and the associated control environment; the independent scrutiny of the Council's financial performance, to the extent that it affects the Council's exposure to risk and weakens the control environment; and for overseeing the financial reporting process;
- Statutory officers to support and monitor the Council's governance arrangements, ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful;
- Embedded arrangements for whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users;
- A Consultation Strategy to ensure the Council consults with and engages the diverse communities of Cambridgeshire, allowing them to have a say in the planning and reviewing of the services provided for them.
- A committee-based system of governance, which provides the Council with the high standards of Governance expected of a local authority. Under the committee system of governance, decisions are made by cross-party committees, meaning that a separate scrutiny function is no longer necessary.

ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Corporate Governance Framework, including the system of internal control. The review of effectiveness is informed by assurances from executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's and Risk Management's annual reports, and also by comments made by external auditors and other review agencies and inspectorates.

The Governance Framework and its constituent elements have been developed by executive managers and consulted upon with all members, the Audit and Accounts Committee and the Corporate Leadership Team, as appropriate.

The arrangements for reviewing the Governance Framework comprise:

- A review of the Governance Framework and Internal Control Environment in accordance with CIPFA guidance, carried out by Internal Audit annually. Within this, consideration has been given to ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government and the role of the Chief Internal Auditor in Public Service Organisations.
- In 2016/17, a complete review and re-drafting of the Council's Code of Corporate Governance was undertaken by staff within Internal Audit and reviewed with the Monitoring Officer, to reflect the new *Delivering Good Governance in Local Government Framework* issued by CIPFA/Solace in 2016.
- The annual report and opinion on the Internal Control environment prepared by the Chief Internal Auditor. This report draws upon the outcome of audit reviews undertaken throughout 2016/17 and is informed by the comments of external auditors and inspectors. The report is designed to provide assurance on the effectiveness of internal controls.
- The completion of Self-Assurance Statements by directors.
- The consideration of relevant outputs from member- and officer-led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates.

The key aspects of the review of effectiveness are:

i. Council Planning

There is a clear vision of the outcomes which the Council wants to achieve for local people as set out in the Business Plan.

The Council operates a planning process which integrates all aspects of strategic, operational and financial planning which has the full involvement of executive councillors and all senior managers of the Council. This ensures financial plans realistically support the delivery of the Council's priority outcomes and strategy obligations in the short and medium terms. The

ANNUAL GOVERNANCE STATEMENT

Business Planning process is subject to ongoing development and improvement, and in 2016/17 there has been a focus on ensuring a joined-up 'One Council' approach to Business Planning, with the introduction of a new pipeline process for Business Planning proposals and an emphasis on developing full Business Cases for all proposals.

The budget preparation process was subject to robust challenge by councillors and involved extensive consultation with the people and businesses of Cambridgeshire.

ii. Performance Management

The Council presents a corporate Integrated Resources and Performance Report to councillors on a monthly basis, which is available to the public on the Council's internet site, giving them an insight into the Council's overall performance.

In 2017/18 a review of the Council's corporate Key Performance Indicators will be undertaken, with the intention of aligning these more closely to financial reporting.

iii. Executive Decision Making and Scrutiny

Executive decisions are made by one of the Council's five cross-party service committees. A process is in place to allow for executive decisions to be reviewed following request by at least 8 members which must be made within 3 days of a decision being published.

iv. The Audit and Accounts Committee

The Audit and Accounts Committee provides independent, effective assurance on the adequacy of the Council's governance environment. All major political parties are represented on the Audit Committee.

The Audit and Accounts Committee met regularly during 2016/17, considering reports, including the annual Internal Audit Report, from the Chief Internal Auditor, the Council's Senior Finance Officers and the External Auditor. Additionally the Committee invited officers of the Council to attend the Committee on a number of occasions to assist the Committee in its work. The Chair of the Audit and Accounts Committee presents an annual report to Council detailing the work of the Audit and Accounts Committee in the preceding year.

v. Statutory Officers

The statutory functions undertaken by the Head of Paid Service, Monitoring Officer, S151 Officer, and the Executive Director of Children, Families and Adult Services were effectively fulfilled during 2016-17 and up to the date of this report.

vi. Management

The Council's Executive and Corporate Directors have provided assurance through Self-Assurance Statements that:

- They fully understand their roles and responsibilities;

ANNUAL GOVERNANCE STATEMENT

- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities;
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks;
- Service Directors and/or relevant senior staff have provided assurance on the key elements of risk and control in their areas of responsibility;
- Throughout the financial year they consider that risks and internal controls have been sufficiently addressed to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and other laws and regulations.

It was noted as part of this assessment that a review of the Assurance Framework of the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership (GCGP), for which Cambridgeshire County Council is the Accountable Body, had highlighted a knowledge gap in some members of the GCGP team, which is being addressed through training in 2017/18.

vii. Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

The Chief Internal Auditor is due to provide his annual report to the Audit Committee on 30th May 2017. This report will outline the key findings of the audit work undertaken during 2016/17, including areas of significant weakness in the internal control environment.

An assurance scoring mechanism, based on three opinions, is used to reflect the effectiveness of the Council's internal control environment. The opinions are:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

From the audit reviews undertaken during 2016/17, 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 Audit and Accounts Committee on a quarterly basis.

It is the opinion of the Chief Internal Auditor that, taking into account all available evidence, good assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2016/17, and this remains at a similar level from

ANNUAL GOVERNANCE STATEMENT

2015/16. The detail to support this assessment will be provided in the Annual Internal Audit Report which will be presented to the Audit and Accounts Committee on 30th May 2017.

viii. Review of Internal Audit

The Public Sector Internal Audit Standards were introduced from April 2013. A self-assessment of Internal Audit's compliance with these Standards is conducted annually and was most recently presented to the Audit and Accounts Committee in June 2016. The Cambridgeshire office of LGSS Internal Audit also underwent an external review of compliance with Public Sector Internal Audit Standards in December 2016. This included a review of a number of audits undertaken over the current and previous financial year; interviews with relevant officers, including all members of the Internal Audit team along with the Council's Chief Finance Officer, Monitoring Officer and Chief Executive; and consideration of Internal Audit policies and procedures.

This review identified no areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity, an extremely positive result. Some areas for improvement were identified, and these will be implemented before a follow-up assessment is conducted in 2017/18 against the latest set of Public Sector Internal Audit Standards released in April 2017.

ix. External Audit

BDO was the Council's appointed External Auditor for the 2015/16 Accounts. As well as an examination of the Council's financial statements, the work of the Council's External Auditor included an assessment of the degree to which the Council delivers value for money in its use of its resources. In the Annual Audit letter, the external auditor issued an unqualified conclusion on the ability of the Council to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

x. Risk Management

The Council managed its risks during 2016/17 in accordance with the approved Risk Management Policy and the Risk Management Procedures. The Strategic Management Team and Directorate Management Teams formally considered risk on a quarterly basis. Quarterly risk management reports were submitted to both the General Purposes Committee and the Audit and Accounts Committee.

The Internal Audit Plan for 2017/18 presented to the Audit and Accounts Committee in March 2017 is substantially based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2017/18.

A full review of the Council's corporate risk register and risk management is planned for 2017/18, and will take place alongside the review of corporate KPIs, to align risk reporting more closely to the Council's financial reporting processes.

ANNUAL GOVERNANCE STATEMENT

SIGNIFICANT GOVERNANCE ISSUES

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance on the effectiveness of the Council's governance arrangements. Arrangements in place comply with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Annual Governance Statement process allows the Council to identify any significant governance issues that have been identified, and the associated actions it is proposing to undertake to enhance its corporate governance arrangements. However there are no such actions requiring specific mention in the 2016/17 Annual Governance Statement.

Cambridgeshire does continue to face very significant future challenges associated with a significant reduction in Central Government funding, particularly from 2017/18 onwards. The Council's 5 year Business Plan is reflective of these pressures, and will be subject to annual review to ensure the extreme financial pressures facing the Council in the latter stages of the Plan can be met, whilst continuing to provide effective services to the people of Cambridgeshire.

It is recognized that in order to address this increased financial pressure on the organisation, the Council needs to transform and develop more effective working across all services. To achieve this, the Council has developed a Transformation Programme, which in 2016/17 has delivered a major restructure of key strategic functions including project management, business intelligence and communications, to operate as a central corporate resource. These services are now better placed to support further transformation across the organisation and ensure improved information-sharing across all the Council's directorates and services. The Transformation Programme will continue to be implemented and developed further in 2017/18, including the implementation of a new project management system across the Council and further development of the Business Planning process. Procurement and commissioning continues to be a key focus of the Transformation Programme to ensure the Council can drive best value from its contracts, and Internal Audit compliance testing will continue to support this.

In order to address financial pressures across the public sector, partnership working between the County Council and other public sector organisations is increasingly important. The 2015/16 review of governance arrangements identified that this was an area where Council guidance had become outdated, and therefore in 2016/17, a new Partnerships Governance Framework was produced at the County Council, to guide staff on the set-up, governance and management of effective partnerships.

On 16th March 2017, the Secretary of State for Communities and Local Government announced the Cambridgeshire and Peterborough Combined Authority devolution deal. The integrity of Cambridgeshire County Council is protected under this deal and the Council will continue to deliver the vast majority of services for residents as it does currently, with the Leader of the Council acting as a member of the Combined Authority. In future years, there is the potential that devolution in the region could evolve further and this may impact further upon the authority's governance arrangements. Cambridgeshire County Council already works closely with other local authorities in the region, and shares a Chief Executive and several Directors with Peterborough City Council.

ANNUAL GOVERNANCE STATEMENT

CONCLUSION

Based on the work that has been completed, assurance can be taken that the governance arrangements at Cambridgeshire County Council are fit for purpose.

Cambridgeshire County Council is committed to ensuring the implementation of all actions that are planned to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.

CHAIRMAN OF GENERAL PURPOSES COMMITTEE AND CHIEF EXECUTIVE STATEMENT

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Chairman of the General Purposes Committee

Gillian Beasley
Chief Executive

Chairman of the Audit and Accounts
Committee

May 2017

CODE OF CORPORATE GOVERNANCE



Code of Corporate Governance

CODE OF CORPORATE GOVERNANCE

FOREWORD

From the Chairman of the General Purposes Committee

I am pleased to endorse this Code of Corporate Governance, which sets out the commitment of Cambridgeshire County Council to continue to uphold the highest possible standards of good governance. I hope you will find that the document clearly demonstrates our drive to ensure this.

Good governance is key to achieving our vision for Cambridgeshire.

CODE OF CORPORATE GOVERNANCE

INTRODUCTION

Good governance

Good governance is about how the County Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

Our commitment

Cambridgeshire County Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider

whether those objectives have led to the delivery of appropriate cost-effective services.

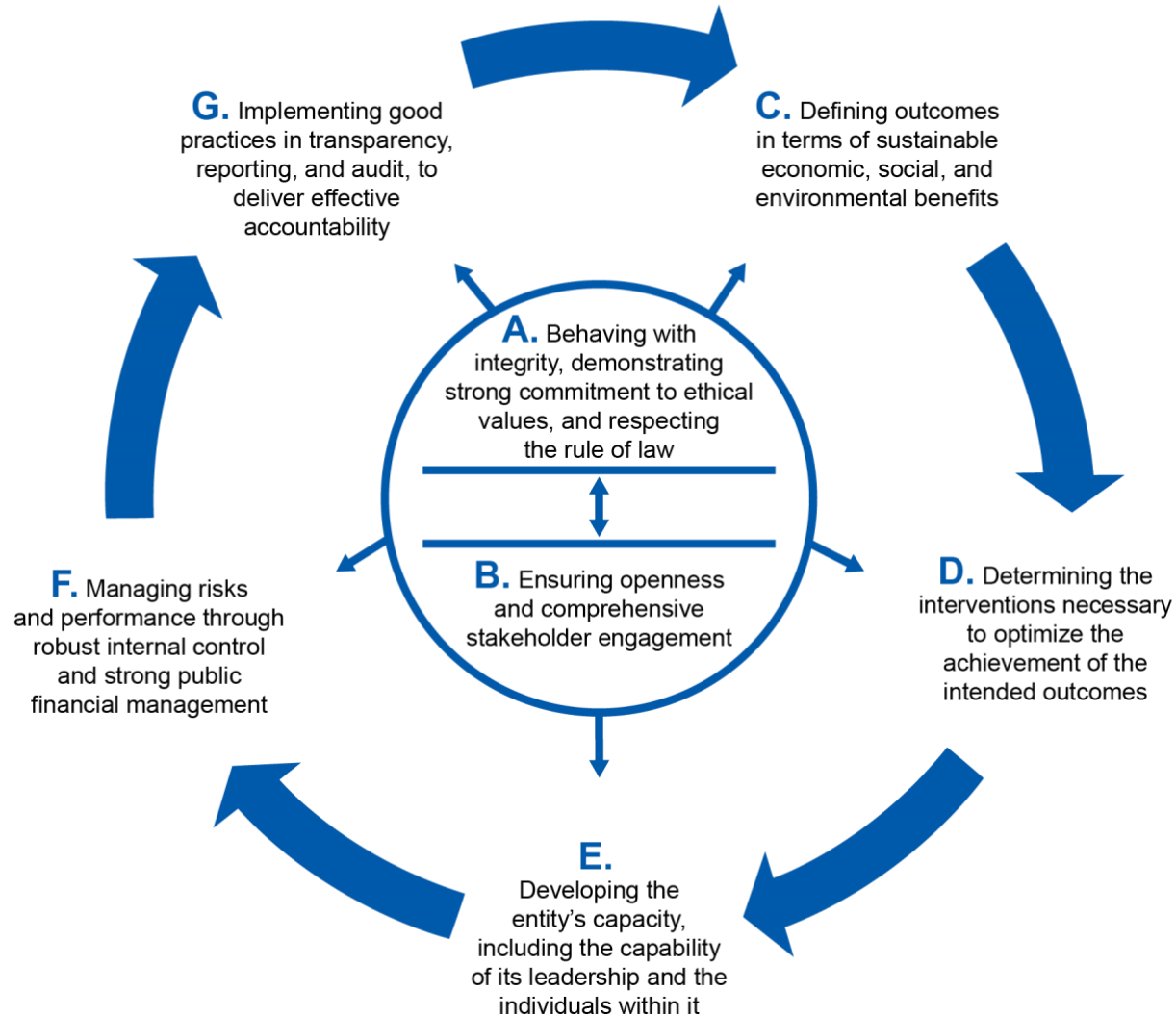
Corporate governance of Cambridgeshire is based on the following principles recommended by CIPFA/SOLACE in a joint document entitled 'Delivering Good Governance in Local Government' which builds on the seven Principles for the Conduct of Individuals in Public Life (Appendix A):

- A.** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B.** Ensuring openness and comprehensive stakeholder engagement.
- C.** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D.** Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E.** Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F.** Managing risks and performance through robust internal control and strong public financial management.
- G.** Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

CODE OF CORPORATE GOVERNANCE

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



CODE OF CORPORATE GOVERNANCE

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council:	This is evidenced by:
Behaving with integrity.	<ul style="list-style-type: none"> • The Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect through its Constitution, Business Plan and other key policies. • The Council's Codes of Conduct for officers and members, and supporting guidance, communicate the expectation that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation. The Council's Constitution (Part 5) sets out the underlying principles which underpin the Codes of Conduct, based on the Seven Principles of Public Life (the Nolan Principles). • The Council has in place a Behaviours Framework, which ensures that Cambridgeshire's vision and values are communicated to, and understood by, staff. This framework forms the basis of the annual staff appraisal process. • The Council has in place arrangements to ensure that Councillors and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and has in place appropriate processes to ensure that they continue to operate in practice. This includes maintaining the statutory Register of Members Interests, and requiring officers to make Declarations of Interests. • The Council has in place arrangements to ensure that core corporate policies and processes are designed in conformity with ethical standards, and are reviewed on a regular basis to ensure they are operating effectively. 	<ul style="list-style-type: none"> • Council Business plan • The Council's Constitution • Members Code of Conduct • Officers Code of Conduct • Cambridgeshire Behaviours Framework • Register of Members' Interests • Declaration of Interest Guidance • Rules relating to Gifts and Hospitality • Members Induction/Training • Financial Regulations • Contract Procedure Rules • Scheme of Delegation • Grievance Policy and Procedure • Information Governance Policies • LGSS Competencies • LGSS Values

CODE OF CORPORATE GOVERNANCE

Demonstrating strong commitment to ethical values.	<ul style="list-style-type: none"> • The Council's Constitution establishes a clear ethical framework for the Council's operation, and core corporate policies and procedures place emphasis on agreed ethical values. • The Council's Codes of Conduct and Behaviours Framework ensures that personal behaviour is underpinned with ethical values which permeate all aspects of the organisation's culture and operation. • The Council maintains an effective Constitution and Ethics Committee. • The Council's Partnerships Governance Guidance sets out key considerations to ensure that partnerships act with integrity and in compliance with the ethical standards expected by the organisation. 	<ul style="list-style-type: none"> • The Council's Constitution • Constitution and Ethics Committee • Partnerships Governance Guidance • Members Code of Conduct • Officers Code of Conduct • Cambridgeshire Behaviours Framework
Respecting the rule of law.	<ul style="list-style-type: none"> • The Council's policies and culture set the tone for members and staff to demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations, and ensure that statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. • The Council maintains and implements a Whistleblowing Policy to enable employees to raise any concerns of wrongdoing in confidence and without fear of reprisal. External suppliers, members of the public and Councillors may raise any concerns about suspected illegal or illegitimate practices via the Council's formal Complaints Procedure. • The Council recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on it by public law. The Council observes all specific legislative requirements placed upon it, as well as the requirements of general law, and deals with breaches of legal and regulatory provisions effectively. The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. • The Council ensures corruption and misuse of power are dealt with effectively through the Anti-Fraud and Corruption Policy. 	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy • Anti-Money Laundering Policy • Whistleblowing Policy • Formal Complaints Procedure • Role of the Monitoring Officer as per the Constitution

CODE OF CORPORATE GOVERNANCE

Principle B: Ensuring openness and comprehensive stakeholder engagement		
Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
Openness.	<ul style="list-style-type: none"> • The Council's Constitution, Forward Plan and cross-party Committee system ensures that decision-making is open and there is appropriate oversight and challenge, with an organizational commitment to openness. • The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided. • The Council's Business Plan, Statements of Accounts, and key strategies are available through the County Council Website. • An effective Internal Audit function is resourced and maintained, with regular reporting to the Audit and Accounts Committee. • The Council is committed to being transparent, accountable and to increasing the amount of data it publishes for reuse by others. The Council maintains the Cambridgeshire Insight websites to enable public access to data, maintains a Publication Scheme listing the information available to the public as a matter of course, and publishes responses to many Freedom of Information requests online. • The Council uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> • Forward Plan • The Council's Constitution • Committee System • Internal Audit • Audit and Accounts Committee • Cambridgeshire Insight websites • Publication Scheme • Freedom of Information • FOI Disclosure Log • County Council Website • Business Plan • Statement of Accounts • Committee agendas, reports and minutes • Register of Members' Interests

CODE OF CORPORATE GOVERNANCE

Engaging comprehensively with institutional stakeholders.	<ul style="list-style-type: none"> • The Council considers those institutional stakeholders to whom the authority is accountable, to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. • The Council aims to develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. The Council's Partnerships Governance Guidance aims to ensure that partnerships are based on trust, a shared commitment to change, and a culture that promotes and accepts challenge among partners. • The Council is part of the Cambridgeshire Information Sharing Framework, developed by public sector organisations across Cambridgeshire and Peterborough to create a positive culture of sharing information with the aim of improving service delivery. 	<ul style="list-style-type: none"> • Partnerships Governance Guidance • Cambridgeshire Information Sharing Framework • The Council's Constitution • Recognition Agreement (unions)
Engaging with individual citizens and service users effectively.	<ul style="list-style-type: none"> • The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided. • The Council consults on its Business Plan proposals and other key aspects of its vision, strategic plans and priorities, with the local community and other key stakeholders. The Council takes account of the impact of decisions on future generations of tax payers and service users. • The Council encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. The Council maintains a customer feedback and complaints procedure to enable stakeholders to submit their views on Council performance and services. • A clear Consultation Strategy sets out how the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to 	<ul style="list-style-type: none"> • Business Plan Consultation • Consultation Strategy • Research and Consultation Database online • Public consultation • Community Impact Assessments • Youth Parliament • Customer Contact Centre and Complaints Procedure • Citizen First, Digital First Strategy

CODE OF CORPORATE GOVERNANCE

	ensure that service (or other) provision is contributing towards the achievement of intended outcomes	
--	---	--

CODE OF CORPORATE GOVERNANCE

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
Defining outcomes.	<ul style="list-style-type: none"> • The Council's Business Plan forms its agreed statement of the organisation's purpose and intended outcomes, which provides the basis for the authority's overall strategy, planning and other decisions. The Business Plan sets out the Council's Vision and defines the key outcomes for the people of Cambridgeshire. Specific Council strategies and policies link to the outcomes defined in the Business Plan. • The Business Plan sets out how the Council will deliver defined outcomes on a sustainable basis, within the resources that will be available. It also specifies the intended impact on, or changes for, stakeholders including citizens and service users, for the next five years. • The Business Plan sets out Key Performance Indicators (KPIs), developed by Service Committees, to be used to assess the achievement of the Council's outcomes. The Council's corporate KPIs are reported to General Purposes Committee and Audit and Accounts Committee as part of the regular Integrated Finance and Performance reporting. • The Council operates a risk management system to identify and manage risks to the achievement of outcomes. The Corporate Risk Register is reported to and reviewed by the Council's Senior Management Team, General Purposes Committee, and Audit and Accounts Committee on a regular basis. 	<ul style="list-style-type: none"> • Business Plan • Strategic Management Team • Risk Management Policy and Procedures • Corporate Risk Register • Statement of Accounts • Integrated Finance & Performance Reports • Capital Strategy (in Business Plan)

CODE OF CORPORATE GOVERNANCE

Sustainable economic, social and environmental benefits.	<ul style="list-style-type: none"> • The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. The Council seeks to take a longer-term view with regard to decision-making, which takes account of risks. • Community Impact Assessments are undertaken for the key proposals included in the Council's Business Plan, which identify the impact of decisions on different groups within the communities affected by the proposals. The Business Plan also incorporates the results of consultation with the local community and businesses. • The Council seeks to determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • The Council identifies and monitors corporate performance indicators, which demonstrate performance against the Council's planned outcomes and how benefits are being delivered. • The Council maintains a prudential financial framework, balancing commitments with available resources and monitoring income and expenditure levels to ensure a sustainable balance is achieved. 	<ul style="list-style-type: none"> • Business Plan • Business Plan Consultation • Annual Statement of Accounts • External Auditors reports • Community Impact Assessments • Integrated Finance & Performance Reporting • Consultation Strategy
---	--	---

CODE OF CORPORATE GOVERNANCE

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council:	This will be evidenced by:
Determining interventions.	<ul style="list-style-type: none"> The Council's Business Planning process incorporates Business Cases for proposed projects and savings, ensuring decision makers receive objective and rigorous analysis of a variety of options for achieving outcomes, indicating how intended outcomes would be achieved and associated risks. This ensures best value is achieved, however services are provided. The Council's Consultation Strategy ensures that decision-makers consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required, in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts 	<ul style="list-style-type: none"> Business Plan Business Cases Business Plan Consultation Community Impact Assessments Consultation Strategy

CODE OF CORPORATE GOVERNANCE

Planning interventions.	<ul style="list-style-type: none"> • The Council has an established annual Business Planning process which sets a five-year strategic plan for the Council that informs the development of strategic and operational plans, priorities and targets. The Business Plan is reviewed annually meaning that mechanisms for delivering outcomes are regularly reviewed and can be adapted to changing circumstances. • The Business Plan incorporates medium term resource planning, including estimates of revenue and capital expenditure. Budgets are prepared in accordance with the Council's objectives, strategies and the Business Plan. • The Business Plan establishes appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. The Council ensures that capacity exists to generate the information required to review service quality regularly. • As part of the Business Planning process, the Council engages with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. 	<ul style="list-style-type: none"> • Business Planning process • Business Plan • Partnerships Governance Guidance • Business Plan Consultation • Community Impact Assessments • Consultation Strategy
Optimising achievement of intended outcomes.	<ul style="list-style-type: none"> • The Council ensures the Business Plan integrates and balances service priorities, affordability and other resource constraints, and that the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • The Council's Business Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period, in order for outcomes to be achieved while optimising resource usage. • Achievement of Business Plan outcomes is monitored and reported to the Council's Senior Management Team through the Integrated Finance and Performance Reports, the Business Plan Savings Tracker and other reporting. • The Council maintains a robust system of risk management which identifies risks to the achievement of the Council's intended outcomes and puts in place mitigating actions to support achievement. 	<ul style="list-style-type: none"> • Business Plan • Risk Management Policy • Corporate Risk Register • Integrated Finance and Performance Reports • Business Plan Savings Tracker • Senior Management Team • Business Continuity Plans • Emergency Planning

CODE OF CORPORATE GOVERNANCE

	<ul style="list-style-type: none">The Council maintains systems of business continuity and emergency planning to deal with failures in service delivery or emergencies which may threaten achievement of the Council's intended outcomes.	
--	---	--

CODE OF CORPORATE GOVERNANCE

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
Developing the entity's capacity.	<ul style="list-style-type: none"> • The Council recognises the benefits of partnerships and collaborative working where added value can be achieved. • The Council maintains robust recruitment and selection processes to ensure that the Council is able to attract suitable candidates, ensuring a diverse workforce that will add value to the organisation. The Council also maintains a secondment policy to ensure that internal resource can be diverted to the areas that will add most value, and to develop the capabilities of staff. • The Council seeks to understand the capacity of its workforce and any gaps, and workforce development strategies are in place to develop the organisation's capacity as required to enhance the strategic allocation of resources. • The Council reviews its operations, performance and use of assets on a regular basis to ensure their continuing effectiveness, and seeks to improve resource use through appropriate application of techniques such as benchmarking and other options, in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. 	<ul style="list-style-type: none"> • Partnerships Governance Guidance • Recruitment and Selection Policy and Toolkit • Secondment Policy • Workforce Development Strategies • Transformation Programme • Business Plan • Business Planning Process • Integrated Finance and Performance Reporting • Corporate Risk Register

CODE OF CORPORATE GOVERNANCE

<p>Developing the capability of the entity's leadership and other individuals.</p>	<ul style="list-style-type: none"> • The Council's Constitution and Scheme of Delegation set out a clear statement of the respective roles and responsibilities of the Council's Executive, the Full Council and individual members. The Scheme of Delegation clarifies the type of decisions that are delegated and those reserved for collective decision making of the governing body. Committee Terms of References set out a clear statement of the respective roles and responsibilities of the Council's Committees. This ensures that a shared understanding of roles and objectives is maintained • The Council maintains protocols to ensure effective communication between Council Members and officers in their respective roles. • The Chief Finance Officer is a member of the Senior Management Team has thus has direct access to the Chief Executive and other members of the leadership team. • The Council develops the capabilities of members, senior management, and officers to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks, by: <ul style="list-style-type: none"> ➤ Ensuring Members and staff have access to appropriate induction tailored to their role, and that ongoing training and development matching individual and organisational requirements is available and encouraged; ➤ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; ➤ Holding staff to account through regular performance reviews which take account of training or development needs; ➤ Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external; ➤ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, and support individuals in maintaining their own physical and mental wellbeing. 	<ul style="list-style-type: none"> • The Council's Constitution • Scheme of Delegation • Committee Terms of Reference • Members Code of Conduct • Officers Code of Conduct • Protocol on Members/Officer Relations • Workforce Development Strategies • Induction Policy • Corporate Induction • Members Induction Programme • Member Development Programme • Performance Appraisal/PADP Scheme • Improving Performance Policy • Supervision Policy • Cambridgeshire Behaviours Framework • Role of Internal Audit • CFO member of SMT
---	---	---

CODE OF CORPORATE GOVERNANCE

Principle F: Managing risks and performance through robust internal control and strong public financial management

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
Managing risk	<ul style="list-style-type: none"> The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Robust and integrated risk management arrangements are in place and regularly reviewed to ensure that they are working effectively. Risk management is embedded into the culture of the County Council. The Council ensures that responsibilities for managing individual risks are clearly allocated, and the Corporate Risk register is reported to and reviewed by the Council's Senior Management Team, General Purposes Committee, and Audit and Accounts Committee on a regular basis. 	<ul style="list-style-type: none"> Risk Management Policy Risk Management Procedures Corporate Risk Group Corporate Risk Register Audit and Accounts Committee Risk Reports to Committees Project Management guidance
Managing performance	<ul style="list-style-type: none"> Members and senior management are provided with regular reports on performance and progress towards outcome achievement. The Council makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook The Council encourages effective and constructive challenge and debate on policies and objectives, to support balanced and effective decision making. 	<ul style="list-style-type: none"> Integrated Finance and Performance Reporting Committee agendas, reports and minutes Business Plan Savings Tracker Business Development Team Customer Feedback Internal Audit Reports

CODE OF CORPORATE GOVERNANCE

Robust internal control	<ul style="list-style-type: none"> • The Council ensures effective counter fraud, anti-corruption and anti-money laundering arrangements are in place. • Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by Internal Audit. • The Audit and Accounts Committee is independent of the executive and accountable to the governing body, and: <ul style="list-style-type: none"> ➤ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; ➤ ensures that its recommendations are listened to and acted upon. 	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy • Anti-Money Laundering Policy • Internal Audit • Internal Audit Annual Report • Annual Governance Statement • Risk Management Policy • Risk Management Procedures • Corporate Risk Register • Audit and Accounts Committee
Managing data	<ul style="list-style-type: none"> • The Council's information governance policies and procedures ensure that effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • The Council's Senior Information Risk Owner (SIRO) has lead responsibility to ensure that organizational information risks are properly identified and managed and the Council's Caldicott Guardians act as a champion for data confidentiality on behalf of service users in the social care domain. • The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies. 	<ul style="list-style-type: none"> • Data Protection Policy • Freedom of Information/EIR Regulations Policy • Information Security Incident Policy • Records Management Policy • Safe Information Handling Policy • Senior Information Risk Owner • Caldicott Guardians • Partnerships Governance Guidance • Cambridgeshire Information Sharing Framework
Strong public financial management	<ul style="list-style-type: none"> • The Council ensures that its financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. • The Council ensures that officers with a role in financial management are provided with the support and resources to ensure strong public financial management. 	<ul style="list-style-type: none"> • Financial Regulations • Integrated Finance and Performance Reporting • Business Plan • Business Planning Process • Budget Holder Information Pack

CODE OF CORPORATE GOVERNANCE

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles	To meet the requirements of this Principle, Cambridgeshire County Council;	This will be evidenced by:
Implementing good practice in transparency	<ul style="list-style-type: none"> • The Council seeks to write and communicate reports and other information for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • The Council complies with the Local Government Transparency Code and publishes information required in a timely manner. • The Council provides appropriate information to the public to ensure transparency, striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Committee agendas, papers and minutes • County Council website • Publication Scheme • Forward Plan • Cambridgeshire Insight websites

CODE OF CORPORATE GOVERNANCE

Implementing good practice in reporting	<ul style="list-style-type: none"> • The Council's Annual Governance Statement ensures robust arrangements for assessing the extent to which the principles contained in this Framework have been applied, and the results of this assessment are published. • The Council ensures that the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations. • The Council maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based. 	<ul style="list-style-type: none"> • Statement of Accounts • Annual Governance Statement • Annual External Audit Report and Letter • Internal Audit Reports • Integrated Finance and Performance Reporting • Partnerships Governance Guidance • Committee agendas, reports and minutes
Assurance and effective accountability	<ul style="list-style-type: none"> • The Council maintains an effective Audit and Accounts Committee and ensures that an effective internal audit function, with direct access to Members, is resourced and maintained. The Internal Audit service provide assurance with regard to governance arrangements and verify that recommendations are acted upon. • The Council ensures that recommendations for corrective action made by external audit are acted upon. • Cambridgeshire County Council welcomes peer challenge, reviews and inspections from regulatory bodies, as a result of which action plans are identified to implement recommendations. • When working in partnership, the Council ensures that arrangements for accountability are clear and the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • Audit & Accounts Committee • Role of Internal Audit • Peer Reviews • Results of External Inspections (Ofsted; CQC; ICO; etc.) • Partnerships Governance Guidance • Risk Management Procedures • Council Meetings

CODE OF CORPORATE GOVERNANCE

MONITORING AND REPORTING

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Audit and Accounts Committee for consideration and will form part of the Council's annual Financial Statement.

The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements

continue to be regarded as fit for purpose in accordance with the governance framework;

- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

The Annual Governance Statement will be signed by the Chair of the General Purposes Committee and the Chief Executive on behalf of the Council.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

CODE OF CORPORATE GOVERNANCE

APPENDIX A

Seven principles for the conduct of individuals in public life

The governance framework is supported by the seven **Principles of Public Life**, which set the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings (annexed to the **Members' Code of Conduct**).

1. Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

2. Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

3. Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office

5. Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

6. Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

7. Leadership

Holders of public office should promote and support these principles by leadership and example.