

Draft Annual Governance Statement 2020 - 21

To: Audit & Accounts Committee

Date: 22nd July 2021

From: Neil Hunter, Head of Internal Audit

Electoral division(s): All

Purpose: This report presents the Annual Governance Statement (AGS) for 2020 - 21 for consideration by the Audit and Accounts Committee, prior to sign off by the Chief Executive and the Chairman of the Strategy and Resources Committee.

Recommendation: The Audit and Accounts Committee is requested 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.

Officer contact:

Name: Neil Hunter
Post: Head of Audit & Risk Management
Email: neil.hunter@cambridgeshire.gov.uk
Tel: 01223 715317

Member contact:

Name: Councillor Wilson
Post: Chair, Audit & Accounts Committee
Email: Graham.Wilson@cambridgeshire.gov.uk
Tel: 01223 706398

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 Chair of Strategy and Resource 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:
 - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
 - A review of the Council's Code of Corporate Governance itself, based on the CIPFA/Solace *Delivering Good Governance in Local Government* Framework.
 - Self-assurance statements prepared by directors and input from the Joint Management Team;
 - The Head of Internal Audit's opinion on the Council's internal control environment, which will also be reported to the Audit & Accounts Committee on 22nd July 2021.

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 Head of Internal Audit 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.

Source Documents

Director Assurance Statement Returns

Location: Cambridgeshire County Council Code of Corporate Governance

OCT1108

Shire Hall

Castle Hill

Cambridge

CB3 0AP

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1. BACKGROUND AND SCOPE

1.1 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, including 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 require all relevant bodies to prepare an annual governance statement.

1.2 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 2021 and up to the date of approval of the Annual Report and Statement of Accounts. Where elements of the framework underwent changes following the May 2021 local elections, this is noted below.

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1.3 KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

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

Leadership and Decision-Making:

- 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;
- A written Constitution which specifies the roles and responsibilities of elected members and officers, with clear delegation arrangements and protocols for effective communication. The Constitution sets 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. There are arrangements in place to ensure these are reviewed regularly;
- Embedded Codes of Conduct which define the standards of behaviour for members and employees;
- An Engagement and 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;

Monitoring the Achievement of Objectives:

- The mechanisms of the Council's performance management system, and financial and performance reporting, provide oversight of the Council's performance in achieving objectives;
- The Council's risk management system provides local and corporate oversight of how risk is identified and controlled to support the achievement of objectives;

Oversight and Scrutiny:

- The Audit and Accounts Committee 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 support and monitor the Council's governance arrangements, ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful;

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- There are embedded arrangements for whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users;
- The committee-based system of governance provides the Council with the high standards of governance expected of a local authority. Under the committee system, decisions are made by cross-party committees, meaning that a separate scrutiny function is no longer necessary.
- The work of Internal Audit provides independent and objective assurance across the whole range of the Council's activities.

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2. REVIEW OF EFFECTIVENESS

2.1 APPROACH AND SCOPE FOR THE 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 Head of Internal Audit and Risk Management's annual reports.
- 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 Joint Management 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 Head of Internal Audit in Public Service Organisations.
- An annual review of the Council's Code of Corporate Governance undertaken by staff within Internal Audit.
- The annual report and opinion on the internal control environment prepared by the Head of Internal Audit. This report draws upon the outcome of audit reviews undertaken throughout 2020/21 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.

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2.2 APPROACH AND SCOPE FOR THE REVIEW OF EFFECTIVENESS

The key aspects of the review of effectiveness are outlined below. The Council's Committee structure and Constitution underwent some significant changes following the local elections in May 2021. This report reflects the structures in place during the 2020/21 financial year and highlights any subsequent changes.

Additionally, it should be noted that the Council's operations in 2020/21 and onwards have been significantly impacted by the ongoing Covid-19 pandemic. The effects of this are noted where relevant below. However, in order to provide a more detailed and comprehensive picture of how the pandemic has affected governance within the Council, and the actions undertaken to address the impact, an additional section on Covid-19 has also been included at section 3 of this report, below.

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, and 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 budget preparation process was subject to robust challenge by councillors and involved consultation with the people and businesses of Cambridgeshire. The Business Plan was approved by Full Council in February 2021.

ii. Performance Management

The Council presents a corporate Integrated Finance Monitoring Report to councillors on a monthly basis, in addition to quarterly Finance Monitoring Reports supplied to service committees. The Council also maintains a suite of Key Performance Indicators, which are mapped to the Priority Outcomes of the Council's Strategic Framework, with subsidiary indicators relating to the performance of the Council's corporate services.

Throughout 2020/21, management, activity and performance reporting has remained as normal for directorates and as colleagues in these directorates are a key part of the production of performance reports they would have seen and commented on them as they move through the preparation and approval processes on the way to being shared for information at committees.

Performance reports were shared for information only rather than as main discussion items in 2020/21 for the majority of service committees, as part of the revised arrangements during the pandemic.

During the third lockdown period (Jan-Mar 2021) the production of Q3 performance reports was paused due to resourcing issues. This was scheduled to recommence for Q4 but the recent

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changes to the committee structures, alongside the new Joint Administration's wish to review strategy and approach have delayed this.

We are therefore reviewing our performance reporting across service committees both with the individual chairs and with the new Strategy and Resources Committee early in 2021/22.

Finance and performance reports are available to the public on the Council's internet site, giving an insight into the Council's overall performance, both financial and non-financial.

iii. Executive Decision Making and Scrutiny

Executive decisions were made by one of the Council's seven cross-party service committees in the 2020/21 financial year. Following the May 2021 local elections, the structure of the Council's committees has changed, and there are now five cross-party Policy and Service Committees, in addition to the Strategy and Resources Committee which has an overarching and co-ordinating role and has authority for oversight, operation and review of "Corporate Services".

During the 2020/21 financial year, process allowed for executive decisions to be reviewed following request by at least 9 full members of the General Purposes Committee, which must be made within 3 days of a decision being published. Following changes to the Council's Constitution agreed at the meeting of Full Council on 18th May 2021, the process now allows for executive decisions to be reviewed following request by at least 9 full members of the Strategy and Resources Committee, within the same timescales.

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 2020/21, considering reports, including the annual Internal Audit Report from the Head of Internal Audit; the Council's annual Statement of Accounts; debt management updates; safer recruitment in schools updates; and information on financial reporting and related matters from the Council's senior Finance officers and the External Auditor.

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, Director of Public Health, Service Director: Children's Services and Service Director: Adults and Safeguarding were effectively fulfilled during 2020-21 and up to the date of this report.

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vi. Management

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

- They fully understand their roles and responsibilities;
- 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.

A number of exceptions related to the ongoing Covid-19 pandemic were identified by the Director of Public Health, and these are detailed in full at Section 3.2, below. Additionally, an outline of the key actions undertaken by the Joint Management Team (JMT) to address and mitigate the risks of the pandemic are detailed at Section 3.1.

Additionally the Assistant Director for Property noted that currently, property-related decision-making and activity is shared across a number of services across the Council. As a result, the Property team does not have oversight of, the full spectrum of property activity across the Council's estate. This is due to be addressed as part of the Property Service Improvement Plan, through which there will be a move to a Corporate Landlord model that will allow more comprehensive assurance over all property through a single service director. This will include measures such as:

- Communication of central contacts / policy suite
- Review of membership and responsibilities of Strategic Property Asset Board
- Development of interaction of corporate functions supporting Property activity e.g. Procurement, Finance
- Clarification of roles and responsibilities between Property other services
- Develop and deploy property asset database
- Briefing to JMT and DMTs after election
- Internal Audit coverage of key risk areas – requests for audit activity have been made in key risk areas.

It should however be noted that, where property-related activity currently falls under the purview of other services across the Council, assurances over the current management and oversight of this activity is provided within the self-assurance statements completed by the relevant Executive and Corporate Directors of those services.

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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 Head of Internal Audit 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 Head of Internal Audit provided his annual report to the Audit Committee on 22nd July 2021. The report outlined the key findings of the audit work undertaken during 2020/21, 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 2020/21, 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 Head of Internal Audit that:

*On the basis of the audit work undertaken during the 2020/21 financial year, a **strong satisfactory** assurance opinion has been reached.*

My opinion is derived from an assessment of the range of individual opinions arising from work completed in 2020/21 by the Internal Audit team, taking account of the relative materiality of each area under review, and considering management's progress in addressing control weaknesses. Full details of the work completed by Internal Audit in-year are set out in the remainder of this report and at Appendix A, below; however, I would particularly highlight the following key pieces of evidence on which my opinion is based:

- *Review of the organisation's Code of Corporate Governance and the evidence supporting the Council's Annual Governance Statement, which demonstrate a sound core of organisational governance.*
- *Reviews of Key Financial Systems consistently demonstrating a good or satisfactory assurance across all systems.*

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- *The organisational response to the Covid-19 pandemic, which demonstrated the strength of the Council's business continuity and risk management processes and the ability of senior management to respond effectively to unexpected challenges.*
- *In previous years, Internal Audit has highlighted a number of contract management issues in individual projects managed by the Major Infrastructure Delivery (MID) service. In 2020/21, at the service's request, Internal Audit implemented a full review of contract management in the service, including evaluating four major projects and assessing MID capital programme governance as a whole. This work identified significant areas for improvement; however the service has responded rapidly to these concerns, and action plans to address the issues are already underway.*
- *Although a high-profile issue relating to the tenancy of Manor Farm was reported publicly in 2020/21, this was first raised with the Internal Audit team in 2019. The affected service has responded positively to the issues identified, and the action plan to address the concerns is in the public domain. Additionally, it is noted that the organisation has completed a full review of the Whistleblowing Policy in light of the issues raised.*

It should be noted that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

The detail to support this assessment was provided in the Annual Internal Audit Report which was presented to the Audit and Accounts Committee on 22nd July 2021.

viii. Review of Internal Audit

The Public Sector Internal Audit Standards (PSIAS) were introduced from April 2013. The Internal Audit service has operated in compliance with PSIAS throughout the year, with a self-assessment exercise in April 2021 confirming compliance with the latest set of standards, issued in April 2017.

Internal Audit teams are required to undergo external reviews of compliance with PSIAS every five years. As the most recent external review of the Cambridgeshire team took place in the 2017/18 financial year, an external review against PSIAS requirements will be arranged in 2021/22.

ix. External Audit

On 14 December 2017, the PSAA board approved the appointment of Ernst & Young LLP to audit the accounts of Cambridgeshire County Council for a period of five years, covering the financial years from 1 April 2018 to 31 March 2023.

x. Risk Management

The Council maintains an approved Risk Management Policy and Risk Management Procedures. During 2020/21, the Joint Management Team and Directorate Management Teams formally considered risk on a quarterly basis. However, as part of the Council's immediate response to the pandemic, a bespoke risk register and action tracker was created to help manage the challenges

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of Covid-19, and JMT formally agreed a departure from the Council's business-as-usual risk management processes. More detailed information on the revised approach to risk management that operated during part of the 2020/21 financial year in response to the pandemic is available at Section 3.3, below.

The Internal Audit Plan for 2021/22 presented to the Audit and Accounts Committee in March 2021 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 2021/22.

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3. ADDITIONAL DETAIL ON THE IMPACT OF THE COVID-19 PANDEMIC

3.1 THE ROLE OF JOINT MANAGEMENT TEAM (JMT) Joint statement from JMT

As the full impacts of the pandemic on the organisation were emerging in March 2020, the Council put its Joint Management Team (JMT) onto an emergency management footing, meeting as the “Gold” command group. JMT Gold meetings initially took place on a daily basis, feeding into multi-agency forums across the County and Sub-region and supported by a tactical co-ordination group within the Council.

Under the Constitution, the Chief Executive is empowered to take emergency decisions on behalf of the local authority: a number of Committee meetings were initially cancelled, meaning that an alternative decision route was needed, pending the enactment of secondary legislation enabling local government Committees to meet virtually from April 2020. An exception and highlight report process across the different tiers of management and up to Member oversight was implemented in response to these issues.

JMT has provided an outline of the main actions taken to mitigate and manage key risks during the Covid-19 pandemic, and alterations to the Council’s normal governance structure which were necessitated as part of the organisation’s coronavirus response, as follows:

i. Decision-Making and Management:

- Regular meetings of JMT to address the ever-changing impacts of the pandemic; ensure swift actions were developed and agreed; and set the communications strategy both internal and external. This included clear recording of actions and timescales for delivery. The increased frequency of meetings has meant that issues, and potential risks, can be regularly and routinely raised and appropriate mitigating actions determined.
- JMT agreed a financial protocol in the early stages of the pandemic and updated this in order to translate the scheme of financial management and other aspects of our normal governance to the circumstances of the pandemic, enabling the Council to respond using its resources in an agile way to ensure delivery of services and responding to citizens’ needs.
- The Council followed the Cabinet Office guidance on procurement (across various Procurement Policy Notes (PPNs 2,3,4)) and established a panel for considering supplier requests for variations. Through this process the Council was able to focus on and escalate risks to procurement and its supply chain, ensuring continuity of cashflow to providers and of service to service users.
- Political briefings including CPF, Chairs and Vice-Chairs, Group Leaders, and the SCG and RCG Briefing for Local Leaders ensured political oversight.

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- Regular updates to JMT from our Public Health specialists, so the implications of the progress COVID in our communities can be assessed by each council service and appropriate actions determined and implemented.
- In addition to the wider JMT meetings, the establishment of a sub-group from JMT, our COVID Gold/Strategic Group, which has met 3x a week to look more specifically at COVID prevention and Outbreak Management issues, risks and actions. Regular agenda items for this group include:
 - Review of the epidemiology at every Gold meeting, so that the changing pattern in the infection, and the associated risks and subsequent actions, are identified and actions determined and passed out to the appropriate services/groups.
 - Reports back from all elements of our Outbreak Management system (surveillance, outbreak management settings cells, testing and tracing etc.) so that issues and risks can be identified and acted on.
 - Regular reviews of national guidance and how this translates into the local context, so we are actively managing risks resulting from changes set out in this guidance.
 - Development of many specific/targeted action plans in response to areas of high infection and /or specific outbreaks, to help to manage and mitigate the spread of the infection.
 - Feedback from national and regional networks, and from the wider Cambridgeshire and Peterborough partners involved in the COVID response, so that we better understand how to shape and re-shape our response to COVID as part of this wider system, and so that we benefit from their insight and learning.
 - Constant internal and external communications and marketing campaigns that are tailored to ensure they reach their target audience to help prevent the spread of COVID; to help people understand what action to take if they experience symptoms or are a contact of those with a positive COVID test; and latterly to help people understand the importance of getting vaccinated and regular rapid testing.

ii. Oversight of Financial Impact:

- Throughout the pandemic there has been regular financial reporting of actual and estimated financial impact of the pandemic (this has been significant in income and expenditure terms, exceeding £70m). Initially this was through a weekly report circulated to JMT, with the frequency decreasing as the situation stabilised. This reporting was also formally submitted to Members culminating at General Purposes Committee.
 - Deployment of that level of extra resource has significantly mitigated risks to service provision, whilst not impacting the Council's underlying financial strength.
 - The Council has robust arrangements in place for financial monitoring and forecasting, including utilising the reporting tools of Mosaic, and the expertise of finance business partners working with demand led services. This leads to reliable and stable forecasts and clarity on the financial position during the year, alongside assurance about the levels of service and activity that this expenditure is supporting.

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- Professionals working in the Resources Directorate, particularly those embedded Finance Business Partners, as well as colleagues in internal audit, insurance, property and procurement are well-placed to identify and escalate service delivery or governance issues. Business Partners develop trusted and expert relationships with the service managers they support, as well as having an independent reporting line via the Chief Finance Officer to the JMT.

iii. Managing the Impact of Covid on Our Communities:

- Ensuring that our response to COVID (set out in our Local Outbreak Management Plan and our service-specific COVID plans) is evidence-based with a focus on the course of infection amongst groups who are more vulnerable to COVID (risk factors include age, ethnicity, underlying health conditions) as well as groups who experience social and economic hardship (risk factors include low wage economy, poor housing, homelessness, houses of multiple occupancy).
- Supplementing national schemes, such as those providing financial and practical support for those experiencing hardship through the impact of COVID, with additional local schemes to ensure we can meet demand for support, particularly in areas or communities with high needs.
- Systematically re-deploying staff into roles that are focused on support for people who are more vulnerable, pausing business-as-usual activities where necessary.
- Maximising on our links with community and voluntary sector organisations, faith groups and community leaders, so they can reach out to individuals and families who may otherwise be overlooked through more traditional routes for support.
- Setting up a partnership sub-group and establishing the decision-making process for the allocation of the Contain Outbreak Management Fund, to ensure we are rigorous in how we meet the national criteria for this fund with its focus on addressing inequalities exacerbated by COVID.
- Budget process were put in place to identify and justify funding support for vulnerable and other residents with a rigorous justification of Covid-related spend that was supported by Public Health colleagues and based on the latest Government guidance. Examples include:
 - Covid Support Grants were used to provide rest centres for rough sleepers in Peterborough to ensure most, if not all, were not left vulnerable to Covid by being on the streets.
 - Securing agreement to extra Covid contingency costs for capital projects to allow contractors to operate sites in a Covid-safe way.
 - Regular additional cleaning of public spaces in particular when lockdowns were lifted to ensure a safe environment for the public.
 - Closing Household Recycling Centres to prevent the spread of the disease in Spring 2020.

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- Ensuring their safe reopening by investing in measures to keep members of the public apart, through strong hygiene supplies and traffic management measures to manage queuing traffic.
- Closure of play parks and sports facilities with notices to explain the risks of their use, followed by their safe reopening in line with Government guidance.

iv. Resource Management and Oversight:

- The Resources Management Team met frequently throughout the pandemic and considered risks and issues for escalation to the JMT.
- JMT developed a strategic risk register focused on the Covid-19 pandemic, which is reviewed regularly. For more detailed information on the risk management approach, see Section 3.3, below.
- Clinically Extremely Vulnerable (CEV) work to manage escalations including evidence of demand management through supporting the most vulnerable. Targeted support work to manage escalations (e.g. carers).
- Track and Trace Gold meetings were stood up to provide evidence of rapid decisions making and resource planning; evidence of monitoring national policy and shaping it to the local level.
- Management of redeployment with evidence of risk management and resource allocations.

v. Managing Staff Safety and Wellbeing:

- Encouraging and enabling all staff to work from home wherever possible.
- Creating a safe environment in the office for those whose roles could not be undertaken at home, or who had special personal circumstances requiring them to be in the office
- Implementing Covid safe working practices for staff working on site or visiting sites, including social distancing measures.
- Providing mental health support for staff needing help to adapt to changing circumstances.
- Ensuring frequent and up to date communication with staff, from JMT Gold to P&E Silver on a daily basis through early months of the pandemic.
- Specific actions from JMT have included the creation and implementation of a suite of COVID risk assessments e.g. for our office spaces, our teams (who have been working in a range of settings throughout the pandemic) and for individuals.
- Property colleagues, including those with professional expertise in facilities management, building surveying and safety/compliance have been leading the response to the safety of our buildings and workplaces and responding to service requirements for provision of

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services at pace and in different places across the estate and in collaboration with partners.

3.2 THE ROLE OF THE DIRECTOR OF PUBLIC HEALTH

From the Director of Public Health

2020/21 has been an unusual year due to the ongoing emergency situation with the Covid-19 pandemic response. While the Director of Public Health believes that appropriate governance and risk management have been maintained throughout, some of the unusual issues are outlined below.

The significant responsibilities of the Director of Public Health and the Local Authority for Covid-19 outbreak management, has required development of a separate risk register for the Cambridgeshire and Peterborough Local Outbreak Management Plan, which is regularly reviewed at the Health Protection Board, chaired by the Director of Public Health. The Public Health Directorate risk register has also been maintained.

There has been a requirement for very rapid decision-making, recruitment of scarce interim or short-term infection control and public health expertise in a difficult employment market, and rapid setting up of processes and services to prevent and manage Covid-19. This means that some agency and interim recruitments have taken place outside the normal processes, e.g. using specialist agencies, and this has been done working closely with the HR team. More procurement waivers have been approved than in a normal year, due to the emergency situation and the need to set up services rapidly. Appropriate Cambridgeshire County Council processes have been followed to allow these exceptional recruitments and waivers.

Government grants - 'Test and Trace' grant and 'Contain Outbreak Management Fund' have been allocated for Covid-19 outbreak prevention and management, often with uncertainty about the duration of funding and with less information about grant conditions than in normal circumstances. We have worked closely with the finance team to set up appropriate procedures to allocate funding from these grants through the Finance Sub-Committee of the Health Protection Board and to track spend, and to ensure transparency through public reporting at the Local Outbreak Engagement Board.

3.3 IMPACT ON RISK MANAGEMENT

From the Director of Business Improvement & Development

In November 2019, a new risk management process was proposed by the Director for Business Improvement and Development (BID) and Head of Internal Audit. The new process and risk register format were agreed by JMT.

This process cemented the quarterly cycle for risk management and assessment on the control environment. The process includes regular meetings with and support for risk owners and management of the corporate and directorate risk registers through an online platform (GRACE). Work to refresh the corporate and directorate risk registers was undertaken at the start of 2020, however this work was paused following the outbreak of the Covid-19 pandemic.

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At this point, JMT agreed that a separate risk register should be created to ensure full visibility of this new and rapidly changing risk. It was agreed that the Director BID should develop and monitor the COVID risk register on behalf of JMT. To develop this risk register in a timely way,

there was positive, proactive input from all members of JMT, directorate risk owners and other key officers.

Once the risk register was developed there was a clear and regular update (weekly from the beginning of May) and reporting process to incorporate emerging risks and triggers into the register and to allow for proportionate action plans and then controls to be developed. COVID risk register monitoring, reporting and escalations to JMT continued on a weekly basis until September 2020.

By September 2020, risk controls had been put in place against all COVID risks and actions were being managed within Directorates and monitored by JMT. At this stage, the Director BID, working with the Head of Internal Audit, presented a further paper on risk to JMT proposing that, as Covid-19 was likely to be an ongoing feature of our operating environment, it should be treated as a trigger, and reflected at the corporate risk register (CRR) and directorate risk register (DRR) level, and subject to escalation in the same way as any other trigger.

It was also agreed that the corporate and directorate risk registers should be refreshed, to ensure both that COVID-19 was appropriately captured as a trigger and that directorate risk registers are aligned both to each other and the corporate risk register, to allow for streamlined reporting and escalation. This refresh was essential to give an assurance that the corporate risk register remains an effective tool to support JMT in managing organisational risk, particularly during the pandemic where the control environment can change quickly.

The Director BID and the risk team from Internal Audit then met with all Directors and risk owners and the corporate risk register was updated and presented back to JMT in January 2021. Directorate management teams have also reviewed directorate risk registers with support from the risk management team.

Weekly escalation of risk remains as a standing item on the JMT agenda alongside standardised quarterly updates, as specified within the risk management framework.

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4. CONCLUSIONS AND APPROVAL

4.1 SIGNIFICANT GOVERNANCE ISSUES

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.

The Covid-19 pandemic has represented a very significant challenge for the authority in 2020/21 and to date, impacting on the authority's financial position and its ability to deliver planned objectives, as well as creating additional new responsibilities for the Council. Cambridgeshire County Council's response to these challenges is set out in detail at Section 3, above.

Increasingly, the authority's response to the coronavirus pandemic is being managed through business-as-usual processes that were already in place or have been developed throughout the 2020/21 financial year. As such, while it is recognised that the pandemic has represented a significant governance issue for Cambridgeshire County Council, there are no proposed actions to be undertaken, because governance frameworks have already been updated where necessary on a temporary or permanent basis to address this.

Following an earlier whistleblowing referral, during 2021 the Audit & Accounts Committee received the results of an internal audit report, completed by Mazars LLP, into the tenancy of Manor Farm as well as the Council's wider management of the County Farms Estate. The tenant of Manor Farm was also, until the completion of the report and his resignation, a County Councillor and Deputy Leader of the Council. The Audit & Accounts Committee has afforded considerable attention to these sensitive matters and the recommendations raised by the audit and the Council is progressing a detailed action plan in response. Owing to the connection of this audit to a very senior Councillor, we are including this reference in this section of the annual governance statement.

4.2 FUTURE GOVERNANCE CONSIDERATIONS

Cambridgeshire does continue to face very significant future challenges associated with an increase in demand and inflation and a significant reduction in Central Government funding, and this has been exacerbated by the impact of the pandemic. The Council's five year Business Plan is reflective of these pressures, and is 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.

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 public sector bodies in the region, and shares a Chief Executive and several Directors with Peterborough City Council. Governance arrangements for sharing staff and services across partners continue to evolve into 2021/22, and following the May 2021 local elections, the new Leaders of Cambridgeshire County and Peterborough City Councils

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have each commissioned a Corporate Peer Challenge review from the Local Government Association (LGA). These independent reviews, conducted at no cost to the Councils, will assess the shared services and joint governance arrangements between the two authorities.

4.3 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.

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 authority's Code of Corporate Governance has undergone its annual review and is due to be published on Cambridgeshire County Council's public-facing website. This document demonstrates in detail that the Council's corporate governance and policy framework is aligned to the principles outlined by CIPFA/SOLACE in their *Delivering Good Governance In Local Government Framework*, and gives more information on how governance arrangements are monitored and reviewed.

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.

4.4 CHAIR OF STRATEGY & RESOURCES 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.

Councillor Lucy Nethsingha
Leader of the Council

Gillian Beasley
Chief Executive

Councillor Graham Wilson
Chair of the Audit and Accounts Committee

July 2021